

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH -I

CP (CAA) No.629/230/HDB/ 2019
Connected with
CA (CAA) No. 165/230/HDB/2018

U/s 232 R/w Section 230 of Companies Act, 2013 & other
applicable provisions of the Companies Act, 2013

In the matter of

M/s. First Pass Semiconductors Private Limited
(' Transferor Company-1')

And

In the matter of M/s. MosChip Technologies Limited
(Transferee Company)

And

Their respective Shareholders and Creditors

First Pass Semiconductors Private Limited
Having its Registered Office at
Plot No.11, 2nd Floor, Galton Centre,
Shilpi Valley, Madhapur,
Hyderabad - 500 081, Telangana
Represented by its Director
Mr.Venkata Giri Babu Kondaveeti.

.... The First Petitioner/
Transferor Company-1

AND

M/s. MosChip Technologies Limited
Having registered office at
Plot No.83 & 84, 2nd Floor, Punnaiah Plaza,
Road No.2, Banjara Hills, Hyderabad - 500 034
Telangana.
Rep. by its Managing Director & CEO
Mr.Venkata Sudhakar Simhadri

.... The Second Petitioner /
Transferee Company





Date of order: 04.12.2019

Coram:

Hon'ble Shri Ratakonda Murali, Member (Judicial)
Hon'ble Shri Narender Kumar Bhola, Member (Technical)

Appearance:

For the Petitioners: Shri V.B. Raju, Advocates

For the Respondents: Shri T. Sujan Kumar Reddy, CGSC
along with Ms. G. Suma, Advocate for
Regional Director, Shri D. Suresh and
Shri R.K. Sahoo, AOL (party-in-person).

Heard on: 28.11.2019

**Per: Shri Ratakonda Murali,
Member (Judicial)**

1. The Petitioner Companies are seeking sanction of this Tribunal under sections 230 to 232 of the Companies Act, 2013 to the Scheme of Amalgamation of M/s. First Pass Semiconductors Private Limited (First Petitioner / Transferor Company-1) and M/s. GigaCom Semiconductor Private Limited (Second Petitioner / Transferor Company-2) with M/s. MosChip Technologies Limited (Petitioner Company / Transferee Company) and their respective Shareholders and Creditors w.e.f. the appointed date i.e. 01/04/2018 or the effective date whichever is earlier. The Scheme of Amalgamation is attached and marked as Annexure-J.

AVERMENTS:

2. The averments made in the Petition in brief:

2.1 **Transferor Company-1:**

The First Pass Semiconductors Private Limited, (hereinafter referred to as "First Pass" or "Transferor Company-1") was incorporated as a Private Limited Company in the then State of Andhra Pradesh on 3rd day of November, 2010 under Companies Act, 1956 and its





Corporate Identity Number is U72200TG2010PTC071071. The Registered Office of the First Petitioner Company is situated at Plot No.11, 2nd Floor, Galton Centre, Shilpi Valley, Madhapur, Hyderabad, Telangana - 500081, India. The authorised, issued, subscribed and paid-up share capital of the First Petitioner Company's on 31st March, 2018 was as under:-

Particulars	Rupees (INR)
Authorised Share Capital	
15,00,000 Equity shares of Rs. 10/- each	1,50,00,000
Total	1,50,00,000
Issued, Subscribed and Paid-up Share Capital	
12,50,000 Equity shares of Rs. 10/- each fully paid-up	1,25,00,000

Subsequent to the above date and till the date of filing the Scheme, there has been no change in the authorised, issued, subscribed and paid up capital of the First Petitioner Company. The First Petitioner Company is engaged in the business of Semiconductors, Integrated Circuit (IC) and Application Specific Integrated Circuit (ASIC) layout designs etc.

2.2 Second Petitioner / Transferee Company:

The MosChip Technologies Limited (formerly known as "MosChip Semiconductor Technology Limited") (hereinafter referred to as "Second Petitioner / Transferee Company") having its registered office in the State of Telangana was originally incorporated under the name and style of M/s. Netmos Technology India Private Limited with the Registrar of Companies, Hyderabad under Certificate of Incorporation No.01-32184 of 1999-2000. Subsequently the name was changed to M/s. MosChip Technologies Limited and fresh certificate of incorporation consequent on the conversation was issued by the Registrar of Companies on 24th July 2000. Again the Company has changed its name from M/s. MosChip Semiconductor Technology Limited to M/s. MosChip





Technologies and certificate of incorporation consequent on change of name was issued by Registrar of Companies. The Registered Office of the Second Petitioner Company is situated at Plot No.83 & 84, 2nd Floor, Punnaiah Plaza, Road No.2, Banjara Hills, Hyderabad, Telangana - 500034, India. The authorised, issued, subscribed and paid-up share capital of the Second Petitioner / Transferee Company's on 31st March, 2018 was as under:

	No. of Shares of Rs.2/- each	Amount in Rs.
Authorised Capital		
Equity shares of Rs.02/- each	275,155,000	550,310,000
Issued, Subscribe and Paid up capital:		
As on 31-03-2018: Equity shares of Rs.02/- each	131,576,815	263,153,630
Additions to Issued, Subscribed and Paid up capital after 31st March, 2018.		
Equity shares allotted to promoters pursuant to conversion of warrants on preferential basis on 17 th April, 2018.	6,074,240	12,148,480
Equity shares allotted to promoters on preferential basis as on 28 th July, 2018.	400,000	800,000
67,00,000 equity shares allotted to non-promoters on preferential basis as on 18 th October, 2018.	6,700,000	13,400,000



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2,76,500 equity shares allotted to employees of the Transferee Company pursuant to exercise of ESOP as on 26 th October, 2018.	276,500	553,000
22,22,222 equity shares allotted to non-promoters pursuant to conversion of equal number of warrants on preferential basis as on 11 th December, 2018.	2,222,222	44,44,444
Issued, Subscribe and Paid up capital as on 31-12-2018.	147,249,777	294,499,554

Subsequent to the above date and till the date of filing the Scheme, there has been no change in the authorised, issued, subscribed and paid up capital of the Second Petitioner Company. The Second Petitioner / Transferee Company is engaged in the business of Semiconductors, Integrated Circuit (IC) and Application Specific Integrated Circuit (ASIC) layout designs etc.

Copies of the audited financial statements as on 31st March, 2018 and unaudited provisional financial statements as on 31st January, 2018 of respective petitioner companies are annexed to the petition.

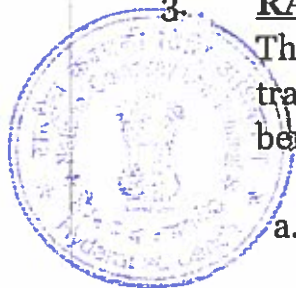
3. **RATIONALE FOR THE PROPOSED SCHEME**

The Amalgamation of the transferor companies with the transferee company, inter-alia, have the following benefits:

- a. The Transferor Companies and the Transferee Company are engaged in the same line of business namely Semiconductor design services. The Transferee Company proposes to acquire the Transferor Companies to expand its scale of business, customer reach and geographical spread. The Transferor Companies have the requisite talent pool which will enhance the skill sets of the transferee Company's business.







- b. The amalgamation of the Companies will facilitate in providing a complete suite of Semiconductor design services to customers thus augmenting the business and overall profitability. The amalgamation will ensure a complete synergy between all the Companies to further the business prospects and provide a strong and focused base to undertake the business more advantageously. The amalgamation will have beneficial results for the amalgamating companies, their stakeholders and all concerned.
- c. The synergies created by the scheme of amalgamation would increase the organizational capability, the project execution abilities, the operational efficiencies arising from pooling of human capital and leadership having vast experience as well as divergent to compete in an increasingly globalized and competitive industry.
- d. The proposed arrangement will strengthen the 'MosChip' brand, leading to a stronger market presence with expanded footprint, and providing customers with seamless experience, thus strengthening its position in the industry, in terms of the asset base, revenues, product and service range.
- e. This Scheme provides for the amalgamation of the Transferor Companies with the Transferee Company and the consequent treatment of assets and liabilities of respective Companies in the manner provided for in the Scheme.



BOARD RESOLUTION

4. In view of the aforesaid, the Board of Directors of respective Petitioner Companies vide their resolutions dated 23rd July, 2018, have considered and approved the proposed Scheme of Amalgamation of the Transferor-1 Company with the Transferee Company. The copy of Board Resolution of the respective Petitioner companies approving the Scheme of Amalgamation is annexed as Annexure-H and Annexure -I respectively.

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5. **1st STAGE APPLICATION**

It is averred in the first stage, this Tribunal vide orders passed in joint Application bearing CA (CAA) No.165/230/HDB/2019 on 22.07.2019 ordered dispensing with meetings of the Equity Shareholders, Secured and Unsecured Creditors of the First Petitioner Company and Secured Creditors of the Transferee Company. Further this Tribunal ordered to hold meetings of the Equity Shareholders and Unsecured Creditors of the Transferee Company on 6th September, 2019 and appointed Chairpersons for conducting the meetings of the Equity Shareholders and Unsecured Creditors of the Transferee Company. The Chairpersons appointed by this Tribunal conducted the meetings of the Equity Shareholders and Unsecured Creditors of the Transferee Company on 6th December, 2019 and filed their respective reports on 13th September, 2019. It is stated in the report that the meeting was attended by 114 shareholders and out of 114 shareholders, 98 shareholders having 10,15,65,013 shares constituting 99.73% voted in favour of the Scheme. Further out of total unsecured value of Rs. 53,48,70,629/, only 31 Unsecured creditors having a debt of Rs. 34,46,20,865/- attended and 100% voted in favour of the Scheme.

6. **REPORTS FROM STATUTORY AUTHORITIES**

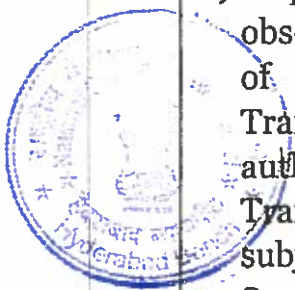
It is averred notices were issued to Regional Director, SER, RoC, Official Liquidator on 17.10.2019 and to the concerned IT Authorities on 17.10.2019, as per directions of this Tribunal on 04.10.2019. The publication was also carried out in "Business Standard (English Daily) and "Nava Telangana" (Telugu Daily) both published from Hyderabad Editions on 09.11.2019.

7. The Regional Director, South Eastern Region, MCA, Hyderabad filed his report on 15.11.2019. The observations raised by the Regional Director and submissions made by the Petitioner Companies vide memo dated 27.11.2019 are given against each.

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Observations by Regional Director	Submissions made by the Petitioner Companies.
a) Vide para 5 of Regional Director's report, this Tribunal is requested to approve the scheme subject to Petitioner Companies obtaining no objection certificate from Stock Exchange Board of India (SEBI).	Petitioner Company submitted that BSE in its letter dated 09-04-2019 addressed to the transferee company has referred to SEBI letter dated 05.04.2019 and further submitted that the petitions are filed by the company before NCLT after fulfilling the observations on draft scheme by SEBI / Stock Exchange and hence it is stated that the company is not required again to get no objection from SEBI.
b) Vide para 6 of RD's report, the Tribunal is requested to direct the Petitioner Companies to file a fresh typed scheme with proper numbering of paras for the Hon'ble Tribunal's record.	The Petitioner Companies submitted that the Scheme provides for clause No.12.4 in part III of the scheme and therefore there is no ambiguity with respect to the said para number.
c) At para 7 of RD's report, it is observed that the combination of authorised capital of the Transferor Companies into the authorised capital of Transferee company should be subject to compliance of Section 232(3)(i) of the Companies Act, 2013 including payment of differential fee by the Transferee Company as per Clause 12.9 of Part-III of the Scheme	Petitioner Company submitted that it shall comply with the Provisions of Sec 232(3) (i) including payment of differential fee, if any, by the Transferee Company as per the scheme.
d) Vide para 8 of RD's report this Tribunal is requested to seek clarification from Petitioner	The Petitioner Company has submitted that upon sanctioning of the scheme by



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companies as to whether they had complied with the provision of FEMA / RBI.	this Tribunal they shall comply with necessary rules, regulations under RBI / FEMA as the case may be.
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8. The Official Liquidator filed his report vide OLR No. 51/2019 dated 22.11.2019 with certain observations and the same were replied by way of a Memo filed by the Petitioner Companies on 27.11.2019.

Observations of the Official Liquidator	Reply submitted by the Petitioner Company
Vide para 6(a) of his report the Official Liquidator requested this Hon'ble Tribunal to direct the Petitioner / Transferor Company No.1 to submit an undertaking to the effect that there would be no retrenchment of any employee who were in service as on Appointed Date (i.e.01-04-2018) as well.	The Petitioner Company submitted that as per Clause 7.1 of the Scheme the employees of the Transferor Companies shall become the employees of the Transferee Company on such terms and conditions as mentioned in the Scheme and also submitted undertakings in this regard to this Tribunal.
Vide para 6(b) of his report the Official Liquidator requested this Tribunal to direct the Transferor and Transferee Companies to submit an undertaking to the effect that the Record Date would be decided and fixed as per SEBI Regulations, immediately after sanction of the Scheme.	The Petitioner submitted that Clause 12.5 of the Scheme provides for Transferee Company to give such confirmations / undertakings as may be necessary in accordance with the Rules and Regulations of SEBI amended from time to time which includes Fixation of Record Date by the Board of Directors of the Transferee Company and also submitted undertakings in this regard to this Tribunal.



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9. S.T.Mohite & Co, Chartered Accountants vide certificate dated 24.07.2018 for the Petitioner / Transferee Company has certified that the Accounting Treatment is in compliance with all applicable Accounting Standards as notified under Section 133 of the Companies Act, 2013 and other generally accepted Accounting Principles which are at page Nos.384 of the Petition.

10. **CONSIDERATION**

Upon the Scheme coming into effect and without any further application, act or deed, the Transferee Company shall, in consideration of the transfer of the undertaking and the entire business by way of amalgamation of the Transferor Company-1 with the Transferee Company, the Transferee Company will issue and allot, to every equity shareholder of the Transferor Company-1, holding fully paid-up equity shares in the Transferor Company-1 and whose names appear in the register of members of the Transferor Company-1 on the Record Date to be announced by the Board of the Transferor Company-1, 4568 (Four Thousand Five Hundred and Sixty Eight only) Equity Shares of the Transferee Company, credited as fully paid-up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") for every 1000 (One thousand) Equity Shares of Rs.10 /- each fully paid-up, held by such shareholder in the capital of the Transferor Company-1 ("Share Exchange Ratio - 01").

Further, a valuation certificate obtained from K.V. Srinivas & Associates, Chartered Accountants dated 21.07.2018 and C.A.Bhavani Shanker Mylavarapu and fairness opinion dated 21.07.2018 provided by Quintessence Enterprises Pvt. Ltd., SEBI Registered Category-1 Merchant Banker is annexed at Page Nos.370-383 of the Petition.

11. **OBSERVATION:**

We have heard the Learned Counsel appearing for the Transferor No.1 and Transferee Companies and perused the material papers on record. The Scheme of

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Amalgamation appears to be fair and reasonable and is not contrary to public policy and is not violating any of the provisions of law. The Petitioner Companies have filed memo complying with the observations raised by the Regional Director and directions given by Official Liquidator as state supra. Further the Scheme is between the Petitioner Companies and their shareholders and as such it is submitted that the Scheme does not adversely affect the rights of the creditors.

12. The Learned Counsel for Petitioner Companies state that the Directors of the Petitioner Companies have no material interest in the proposed Scheme of Amalgamation except shareholders in general.
13. There are no investigation proceedings pending pursuant to the provisions of the Companies Act against the Petitioner Companies under Section 206 to 212 of the Companies Act, 2013.
14. It is stated the Transferor Company No.1 and Transferee Company are closely held Companies and the Transferee Company is a listed Company on Bombay Stock Exchange and copy of approval given by the said Exchange is annexed and marked as Annexure-M.
15. The proposed Scheme is in the interests of the Transferor Companies and the Transferee Company, their respective shareholders, employees, creditors and all persons concerned.

ORDER

16. After hearing the Counsel for the Petitioner Companies and after considering the material on record, this Tribunal passed the following order:
 - (1) While Approving the Scheme, we make it clear that this order should not be construed as an order in anyway

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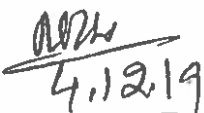
other requirement which may be specially required under any law.

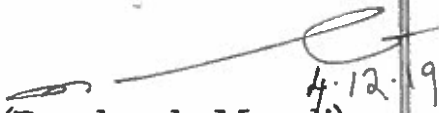
- (2) The Appointed Date is fixed as 01.04.2018.
- (3) The Scheme of Amalgamation as consented by the Equity Shareholders, Secured and Unsecured of the petitioner companies, is sanctioned and confirmed so as to be binding on all the members, creditors, employees, concerned statutory and regulatory authorities and all other stakeholders of the Petitioner Companies.
- (4) Direct the Petitioner Companies to preserve its books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of provisions of Section 239 of the Companies Act, 2013.
- (5) Direct the Petitioner Companies to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme the Petitioner Companies shall not be absolved for any of its statutory liability in any manner.
- (6) Direct the Petitioner Companies involved in the Scheme to comply with Rule 17 (2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Petitioner Companies within 30 days after the date of receipt of certified copy of the order, shall cause certified copy to be delivered in Form INC-28 to the Registrar of Companies concerned for registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Petitioner Companies.
- (7) The tax implications, if any, arising out of the scheme is subject to final decision of Concerned Tax Authorities and the decision of the Concerned Tax Authorities shall be binding on the Transferee Company subject to its right of appeal and revision under the relevant provisions of law.
- (8) The Transferor Company no.1 shall be dissolved without going through the process of winding up.



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- (9) The Petitioner Companies shall until the completion of the Scheme of Amalgamation, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by a Chartered Accountant or a Cost Accountant or a Company Secretary to the effect that the Scheme of Amalgamation is being complied with in accordance with the orders of the Tribunal as required under Section 232 (7) of the Companies Act, 2013.
- (10) Any person shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.


(Narender Kumar Bhola)
Member (Technical)


(Ratakonda Murali)
Member (Judicial)




Dy. Regr./Asst. Regr./Court Officer/
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY CA (CAA) No. 629/230/HDB/2019
केस संख्या
CASE NUMBER. (P. (CAA) No. 629/230/HDB/2019
निर्णय का तारीख
DATE OF JUDGEMENT. 4/12/19
प्रति तैयार किया गया तारीख
COPY MADE READY ON. 5/12/19

SCHEME OF AMALGAMATION AND ARRANGEMENT**BETWEEN****FIRST PASS SEMICONDUCTORS PRIVATE LIMITED
(Transferor Company-1)****AND****GIGACOM SEMICONDUCTOR PRIVATE LIMITED
(Transferor Company-2)****AND****MOSCHIP TECHNOLOGIES LIMITED
(Formerly known as Moschip Semiconductor Technology Limited)
(Transferee Company)****AND****THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS****UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013****GENERAL****A) BACK GROUND AND DESCRIPTION OF COMPANIES**

- 1) **First Pass Semiconductors Private Limited ("First Pass" or "Transferor Company-1")** was incorporated as a private limited Company on 03rd November, 2010 under the Companies Act, 1956 and having its registered office at Plot No 11, 2nd Floor, Galton Center, Shilpi Vally, Madhapur, Hyderabad, Telangana - 500081. The CIN of the Company is U72200TG2010PTC071071. The PAN of the Company is AABCF6752C. The Transferor Company-1 is engaged in the business of Semiconductor and Systems.



The main objects of the Transferor Company-1 are set out in its Memorandum of Association.

- 2) **GigaCom Semiconductor Private Limited ("GigaCom" or "Transferor Company-2")** was incorporated as a private limited Company on 12th September 2012 under the Companies Act, 1956 and having its registered office at 8th Floor, MVR Vinayagar Trade Center, VIP Road CBM Compound, Asilmetta Visakhapatnam, Andhra Pradesh - 530003. The CIN of the Company is U74999AP2012PTC104865. The PAN of the Company is AAECG8897Q. The Transferor Company-2 is engaged in the business of Semiconductor and Systems.

The main objects of the Transferor Company-2 are set out in its Memorandum of Association.

- 3) **MosChip Technologies Limited or "MosChip" or "Transferee Company" formerly known as MosChip Semiconductor**

For Moschip Technologies Ltd.

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Technology Limited is a Listed Public Limited Company incorporated on July 27, 1999 under the Companies Act, 1956 and having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. The CIN of the Company is L31909TG1999PLC032184. The PAN of the Company is AACCM3938L. The equity shares of the Transferee Company are listed on BSE Limited (Scrip ID: MOSCHIP, Security Code: 532407). The Transferee Company is engaged in the business of Semiconductor, Systems and IoT.

The main objects of the Transferee Company are set out in its Memorandum of Association.

- 4) This Scheme is presented for the Amalgamation of Transferor Company-1 and Transferor Company-2 (collectively the "Transferor Companies") with the Transferee Company and the consequent dissolution of the Transferor Companies without Winding up and issuance of New Equity Shares (as defined hereinafter) to the shareholders of the Transferor Companies in accordance with the Share Exchange Ratio-1 and Share Exchange Ratio-2 (as defined hereinafter), pursuant to Section 230 - 232 and other applicable provisions of the Companies Act, 2013. In addition, this Scheme of Amalgamation also provides for various matters consequential or otherwise integrally connected herewith.

B) OBJECTS AND RATIONALE FOR THE SCHEME

- 1) The Transferor Companies and the Transferee Company are engaged in the same line of business namely Semiconductor design services. The Transferee Company proposes to acquire the Transferor Companies to expand its scale of business, customer reach and geographical spread. The Transferor Companies have the requisite talent pool which will enhance the skill sets of the transferee Company's business.
- 2) The amalgamation of the Companies will facilitate in providing a complete suite of Semiconductor design services to customers thus augmenting the business and overall profitability. The amalgamation will ensure a complete synergy between all the Companies to further the business prospects and provide a strong and focused base to undertake the business more advantageously. The amalgamation will have beneficial results for the amalgamating companies, their stakeholders and all concerned.
- 3) The synergies created by the scheme of arrangement would increase the organizational capability, the project execution abilities, the operational efficiencies arising from pooling of human capital and leadership having vast experience as well as divergent to compete in an increasingly globalized and competitive industry.
- 4) The proposed arrangement will strengthen the 'MosChip' brand, leading to a stronger market presence with expanded footprint, and providing customers with seamless experience, thus strengthening its position in the industry, in terms of the asset base, revenues, product and service range.
- 5) This Scheme provides for the amalgamation of the Transferor Companies with the Transferee Company and the consequent treatment of assets and liabilities of respective Companies in the manner provided for in the Scheme.

In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed
For Moschip Technologies Ltd,

For First Pass Semiconductor Pvt. Ltd,

Director

MD/CEO



- the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of all the companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Amalgamation and Arrangement for the transfer and vesting of the entire Undertaking(s) (herein after defined) and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

C) PARTS OF THE SCHEME:

This scheme of Amalgamation is divided into following parts

- (i) **Part I**, which deals with definitions of the terms used in this Scheme of Amalgamation & Arrangement and sets out the share capital of the Transferor Companies and the Transferee Company;
 - (ii) **Part II**, which deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Companies to and in the Transferee Company;
 - (iii) **Part III**, which deals with the Consideration i.e. issue of new equity shares by the Transferee Company to the eligible shareholders of the Transferor Companies, as applicable and cancellation of shares held by Transferee Company in the Transferor Company-1;
 - (iv) **Part IV**, which deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;
 - (v) **Part V**, which deals with the dissolution of the Transferor Companies and the general terms and conditions applicable to this Scheme of Amalgamation & Arrangement and other matters consequential and integrally connected thereto.
- D)** The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with the relevant provisions of the Income Tax Act, 1961 including but not limited to Section 2(IB) and Section 47 thereof.

PART I

GENERAL PROVISIONS

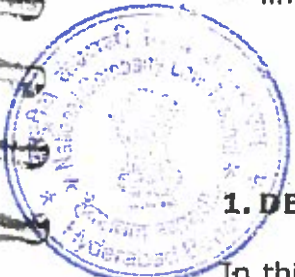
1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 "Act" or "the Act" means the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force; the terms "Act" and "Section" shall be construed accordingly.
- 1.2 "Appointed Date" means the date from which this Scheme shall become operative viz., 1st April, 2018 (First day of April, Two Thousand and Eighteen) or such other date(s) as may be approved by the NCLT or any other competent authority having jurisdiction to sanction the Scheme.

For Meechip Technologies Ltd.

For First Peak Conductors Pvt. Ltd,



1.3 "Board" or "Board of Directors" means the board of directors of the Transferor Companies or the Transferee Company, as the case may be, and shall include a committee of directors, if any constituted or appointed and authorized to take any decision for the implementation of this scheme on behalf of such Board of Directors.

1.4 "BSE" shall mean BSE Limited

1.5 "Bench" means the Hon'ble National Company Law Tribunal. (NCLT) Bench of Hyderabad or such other authority empowered to sanction the Scheme as per the provisions of the Act.

1.6 "Effective Date" means the last of the dates on which the certified or authenticated copies of the order of the National Company Law Tribunal sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Companies and by the Transferee Company. Any references in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date;

Any reference in this Scheme to the words "*upon the scheme becoming effective*" or "*effectiveness of this Scheme*" or "*date of coming into effect of the Scheme*" or "*Scheme coming into effect*" shall mean the Effective Date.

1.7 "Equity Share(s)" means the equity shares of the Transferor Company-1 or the Transferor Company-2 or the Transferee Company, as the case may be.

1.8 "IT Act" means the Income Tax Act, 1961 and any other statutory modifications, amendments, restatements or re-enactments thereof, from time to time and to the extent in force.

1.9 "Governmental Authority" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India including but not limited to Securities and Exchange of India, Stock Exchanges, Registrar of Companies, Official Liquidator and National Company Law Tribunal;

1.10 "Law" or "Applicable Law" includes all applicable statutes, enactments, acts of legislature or Parliament, Laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory Authority, Tribunal, Board, Court of India or any other Country or jurisdiction as applicable.

1.11 "Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

1.12 "New Equity Shares" means Equity Shares of Transferee Company with a face value of Rs. 2 /- (Rupees Two only) each, to be issued to share holders of the Transferor Companies pursuant to this scheme, upon approval of NCLT in exchange of equity shares held in Transferor Companies.

1.13 "NCLT" means the Hon'ble National Company Law Tribunal. (NCLT) Bench at Hyderabad;

or Moschip Technologies Ltd.

For First Pass Semiconductors Pvt. Ltd,

- 1.14 "Registrar of Companies" or "ROC"** means the Registrar of Companies at Hyderabad
- 1.15 "Rules"** means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.16 "Record Date"** means the date to be fixed by the Board of respective companies for the purpose of determining the members of Transferor Companies to whom shares will be allotted pursuant to this Scheme;
- 1.17 "Scheme" or "The Scheme" or "This Scheme" or "Scheme of Arrangement" or "Scheme of Amalgamation"** "Scheme" means this Scheme of Arrangement being Amalgamation of the Transferor Companies with the Transferee Company, with the approval of their respective shareholders and creditors as submitted to BSE, to SEBI and to the NCLT together with any modification(s) approved or directed by the NCLT Hyderabad Bench;
- 1.18 "SEBI"** means the Securities and Exchange Board of India.
- 1.19 "Shareholders"** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of concerned company as the context may require and shall include any third party transferees of such persons registered. The word "Shareholder" and "Member" are used to denote the same meaning and are used interchangeably.
- 1.20 "Stock Exchange"** means BSE where the equity shares of the Transferee Company are listed and traded. The Designated Stock Exchange (DSE), for the purpose of coordinating with SEBI in relation to obtaining the in-principle approval to the Scheme, shall be BSE.
- 1.21 "Transferor Company-1"** means **"First Pass Semiconductors Private Limited"** a Company incorporated as a private limited Company on 03rd November, 2010 under the Companies Act, 1956 and having its registered office at Plot No 11, 2nd Floor, Galton Center, Shilpi Vally, Madhapur, Hyderabad, Telangana - 500081 (CIN Number: U72200TG2010PTC071071).
- 1.22 "Transferor Company-2"** means **"GigaCom Semiconductor Private Limited"** a Company incorporated as a private limited Company on 12th September 2012 under the Companies Act, 1956 and having its registered office at 8th Floor, MVR Vinayagar Trade Center, VIP Road CBM Compound, Asilmetta Visakhapatnam, Andhra Pradesh - 530003 (CIN Number: U74999AP2012PTC104865).
- 1.23 "Transferee Company"** means **"MosChip Technologies Limited"** (formerly known as MosChip Semiconductor Technology Limited) or **"MosChip"**, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034 (CIN Number: L31909TG1999PLC032184).
- 1.24 "Transferor Companies"** means First Pass Semiconductors Private Limited and Gigacom Semiconductor Private Limited.



For First Pass Semiconductors Pvt. Ltd.

[Signature]

Director

For Moschip Technologies Ltd.

[Signature]

MD/CEO

1.25 "**Tribunal**" means the Hon'ble National Company Law Tribunal. (NCLT) Bench at Hyderabad or such other authority empowered to sanction the Scheme as per the provisions of the Act.

1.26 "**Undertaking**" shall mean and include each of the whole of the undertaking(s) and entire businesses of the Transferor Companies as a going concern, including (without limitation):

(I) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Companies, including but not limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), and interests in its subsidiaries, cash balances or deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, Service Level Agreements, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, good will, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits), easements, privileges, liberties, mortgages, hypothecations, pledges or other security interests created in favour of the Transferor Companies and advantages of whatsoever nature and where so ever situated in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad; whole of the undertaking of the Transferor Companies, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trademarks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, licenses, tenancy rights, premises, ownership, flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities,



For First Pass Semiconductors Pvt. Ltd,

Director

or Moschip Technologies Ltd.,

Director

equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, GST, sales tax, value added tax, turnover tax, service tax, etc.), Software License, Domain / Websites etc., in connection / relating to the Transferor Companies and other claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Companies, as on the Appointed Date.

(II) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Companies, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized;

(III) All agreements, rights, contracts, entitlements, permits, permissions, sanctions, grants, no objection certificates, licenses, approvals, authorizations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, Security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Business activities and operations of the Transferor Companies;

(IV) All records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Transferor Companies;

(V) All permanent employees engaged by the Transferor Companies as on the Effective Date;

(VI) All rights, entitlements, export/import incentives and benefits including advance licenses, bids, tenders (at any stage as it may be), letters of intent, expressions of interest, development rights (whatever vested or potential and whether under agreements or otherwise), subsidies, tenancies in relation to office, benefit of any deposits privileges, all other rights, receivables, powers and facilities of every kind, nature and description whatsoever and provisions and benefits of all agreements, contracts and arrangements, including technological licensing agreements, STPI arrangements, statutory licenses, franchises and all other interests in connection with or relating thereto;

(VII) all intellectual property rights created, developed or invented by employees concentrated on the research, development or marketing of products (including process development or enhancement) in connection with the Transferor Companies;

(VIII) all benefits and privileges under letters of permission and letters, of approvals, all tax credits, including MAT credit, CENVAT and other Input credits, refunds; reimbursements, claims,

For First Pass Certification Pvt. Ltd,

For Moschip Technologies Ltd

exemptions, benefits under GST, service tax laws, value added tax, purchase tax, sales tax or any other duty or tax or cess or imposts under central or state law including sales tax deferrals, advance taxes, tax deducted at source, right to carry forward and set-off unabsorbed losses, if any and depreciation, deductions and benefits under the Income-tax Act, 1961;

1.27 In this Scheme, unless the context otherwise requires:

- (a) references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- (b) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- (c) words in the singular shall include the plural and vice versa; and
- (d) all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL OF THE TRANSFEROR COMPANIES AND THE TRANSFEREE COMPANY

The Capital Structure of the Transferor Companies and the Transferee Company as on appointed date i.e. 1st April, 2018 and immediately before implementation of the scheme are as under:

2.1) The share capital of the Transferor Company-1 as on 31st March 2018 was as under:

Authorised Capital	Amount in Rs.
1,500,000 Equity shares of Rs.10/- each	15,000,000
Total	15,000,000
Issued, Subscribed and Paid-Up Capital	
1,250,000 Equity shares of Rs. 10/- each fully paid up	12,500,000
Total	12,500,000

[*Note: Out of 1,250,000 Equity Shares, 228,750 Equity Shares are proposed to be purchased by the Transferee Company from the Selected shareholders of Transferor Company-1 through Share Purchase Agreement dated 23rd June, 2018]

Subsequent to the above balance sheet date and till the date of approval of Board to the said scheme, there is no change in the share capital structure of Transferor Company-1.

2.2) The share capital of the Transferor Company-2 as on 31st March 2018 was as under:

Authorised Capital	Amount in Rs.
10,000 Equity shares of Rs.10/- each	100,000
Total	100,000

For First Pass Semiconductors Pvt. Ltd,

For Maschip Technologies Ltd.

Issued, Subscribed and Paid-Up Capital	
10,000 Equity shares of Rs. 10/- each fully paid up	100,000
Total	100,000

Subsequent to the above balance sheet date and till the date of approval of Board to the said scheme, there is no change in the share capital structure of Transferor Company-2.

2.3) The share capital of the Transferee Company is as under:

	No of shares of Rs. 2 each	Amount in Rs.
Authorised Capital		
Equity shares of Rs.02/- each	275,155,000	550,310,000
Issued, Subscribe and Paid up capital:		
As on 31-03-2018: Equity shares of Rs.02/- each	131,576,815	263,153,630
Additions to Issued, Subscribed and Paid up capital after 31st March, 2018		
Equity shares allotted to promoters pursuant to conversion of warrants on preferential basis on 17 th April, 2018	6,074,240	12,148,480
Equity shares allotted to promoters on preferential basis as on 28 th July, 2018	400,000	800,000
67,00,000 equity shares allotted to non promoters on preferential basis as on 18 th October, 2018	6,700,000	13,400,000
2,76,500 equity shares allotted to employees of the Transferee Company pursuant to exercise of ESOP as on 26 th October, 2018.	276,500	553,000
22,22,222 equity shares allotted to non promoters pursuant to conversion of equal number of warrants on preferential basis as on 11 th December, 2018	2,222,222	44,44,444
Issued, Subscribe and Paid up capital as on 31-12-2018	147,249,777	294,499,554

a) The Transferee Company has issued and allotted the following warrants, which will be converted into equal number of Equity shares of Rs. 2 each. The conversion will be after receipt of balance consideration, payable within 12 months from date of allotment.

- on 20th July, 2018 - 44,44,444 warrants on preferential basis to non promoters
- on 27th July, 2018 - 35,55,555 warrants on preferential basis to promoters.

b) The Transferee Company has outstanding employee stock options under its existing employee stock option schemes, the exercise of which may result in an increase in the issued and subscriber and paid-up share capital of the Transferee Company.

c) It is hereby clarified that the Transferee Company will be free to make further issue of Equity Shares during the pendency of this Scheme of Arrangement, as per provisions of the Companies Act, 2013 and Rules and Regulations made thereunder and other applicable laws, rules and

For First Pass Semiconductors Pvt. Ltd.

For Moschip Technologies Ltd.

regulations including SEBI regulations. The equity shares of Transferee Company are, at present, listed on BSE Limited.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modifications approved or imposed or directed by NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

AMALGAMATION, TRANSFER AND VESTING OF UNDERTAKINGS OF THE TRANSFEROR COMPANIES WITH THE TRANSFEEE COMPANY

4) TRANSFER AND VESTING OF UNDERTAKINGS

4.1. Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire businesses and undertakings of the Transferor Companies including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all furniture and fixtures, computers / data processing, office equipment, testing equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, authorizations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Section 230 to 232, of the Act, and pursuant to the orders of the Central Government or any other appropriate authority sanctioning this Scheme and without any further act, instrument or deed, be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.

4.2. With effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date in the books of account of the Transferor Companies and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Companies or on any income earned from those assets.

4.3. With effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes.

4.4. With effect from the Appointed Date, all the Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at

For First Pass Semiconductors Pvt. Ltd.



Director

For Moschip Technologies Ltd.



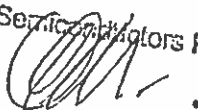
any time in future become due between the Transferor Companies and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any such party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

- 4.5. All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Companies after the Appointed Date, over the assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Companies, the same shall, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Appointed Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by any of the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 4.6. All the existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Appointed Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.7. It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.8. With effect from the Appointed Date, all statutory licences, permissions, approvals or consents to carry on the operations of the Transferor Companies shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the undertaking of the Transferor Companies pursuant to this Scheme. The benefit of all statutory and regulatory permissions, factory licences, environmental approvals and consents, sales tax registrations or other licences and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.
- 4.9. The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and in accordance with Section 2(1B) of the Income-tax Act, 1961.

5) LEGAL PROCEEDINGS


- 5.1. Any suit, appeal or other proceedings of whatever nature by or against the Transferor Companies is pending as on the Appointed Date, the

rst Pass Services Pvt. Ltd.



Director

For Moschip Technologies Ltd.



MD/CEO

... shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

- 5.2. In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies after the Appointed Date, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

6) CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 6.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, memorandum of understanding, undertakings, term sheets, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Companies and to which the Transferor Companies are a party and which are subsisting or having effect on the Appointed Date, shall be in full force and effect, be effective against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto.
- 6.2. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation's, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.
- 6.3. With effect from the Appointed Date and upon the Scheme becoming effective, without prejudice to the generality of the forgoing, all rights and licenses including those relating to intellectual property rights, such as trademarks, service marks, designs, patents, copyrights and domain names (whether registered or not), know-how, technical know-how, trade names, descriptions trading styles, franchises, labels, label designs, logos, emblems, and items of such nature, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights forming part of/ relating to the Transferor Companies or to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be entitled/eligible, shall be in full force and effect be effective against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obliged thereto.
- 6.4. Without prejudice to the generality of the foregoing, the Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies and the



For First Pacs Semiconductors Pvt. Ltd,

Director

For Micschip Technologies Ltd.

MD/CEO

name or the Transferee Company shall be substituted as "insured" in the policies as if the Transferee Company was initially a party thereto.

7) STAFF AND EMPLOYEES OF THE TRANSFEROR COMPANIES

- 7.1. On the Scheme taking effect as aforesaid, the employees, if any, of the Transferor Companies on the Appointed Date shall be deemed to have become the employees of the Transferee Company and their employment with the Transferee Company shall be on the following terms and conditions:
- i. The terms and conditions of service applicable to the employees shall not be less favourable than those applicable to them as on the Appointed Date;
 - ii. The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or otherwise and for all purposes will be reckoned from the date of their appointment with the Transferor Companies; and
 - iii. The Transferee Company undertakes to continue to abide by the agreement/settlement if any entered into by the Transferor Companies with any of its employees, which is in force as on the Appointed Date,
 - iv. It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company. The Trustees including Board of Directors of the Transferee Company shall be entitled to adopt such course in this regard as may be advised provided however that there shall be no discontinuation or breakage in the service of the employees of the Transferor Companies.

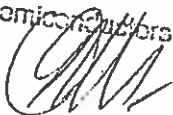
8) CONDUCT OF BUSINESS

With effect from the Appointed Date and up to and including the Effective Date:

8.1. The Transferor Companies shall be deemed to have been carrying on and shall carry on their respective business and activities and shall be deemed to have been held and stood possessed of and shall hold and stand possessed of all of the Assets of the Transferor Companies for and on account of, and in trust for, the Transferee Company. The Transferor Companies hereby undertake to hold the said Assets with utmost prudence until the Effective Date.

8.2. All the profits or income, taxes whether direct or indirect (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to the Transferor Companies or expenditure or losses arising or incurred or suffered by the Transferor Companies

For First Pass Semiconductors Pvt. Ltd,



Director

For Meschip Technologies Ltd,



MD/CEO

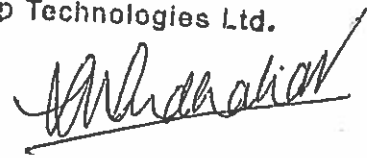
shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.

- 8.3. On and after the Appointed Date and until the Effective Date, the Transferor Companies shall not without the prior written approval of the Board of Directors of the Transferee Company undertake (i) any material decision in relation to their businesses and affairs and operations including purchase of any capital assets, whether tangible or intangible (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business) (iii) any new business, or discontinue any existing business or change the installed capacity of facilities.
- 8.4. With effect from the date of the Board meeting of the Transferee Company approving the Scheme and upto and including the Effective Date, the Transferor Companies shall carry on its business and activities with reasonable diligence, prudence and in the same manner as carried on before and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any share capital, advance monies to the Directors, Shareholders and promoters of the Transferor Companies or repay any loans or advances borrowed, issue additional guarantees, indemnities, letters of comfort or commitments or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking of the Transferor Companies or any part thereof without the prior written consent of the Transferee Company.
- 8.5. Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes

9) TREATMENT OF TAXES

- 9.1. Any tax liabilities under the Income-tax Act, 1961, Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, service tax, luxury tax, stamp laws, Goods and Service Tax (GST) or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/duties/levies allocable or related to the business of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.
- 9.2. All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, GST etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, GST etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or

For Moschip Technologies Ltd.

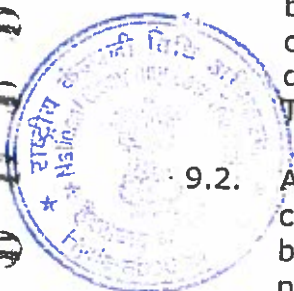


MD/CEO

First Pass Semiconductors Pvt. Ltd.



Director



activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

9.3. Any refund under the Tax Laws due to Transferor Companies consequent to the assessments made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

9.4. Without prejudice to the generality of the above, all benefits including under the income tax including MAT credits, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, GST etc., to which the Transferor Companies are entitled in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

10) BANK OPERATION

Upon the Scheme being sanctioned and taking effect, all cheques, drafts, pay orders, direct and indirect tax balances and/or payment advices of any kind or description issued in favour of the Transferor Companies, either before or after the Appointed Date, or in future, may be deposited with the Bank of the Transferee Company and credit of all receipts thereunder will be given in the accounts of the Transferee Company.

11) SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking(s) of the Transferor Companies under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART III

CONSIDERATION

12) ISSUE OF SHARES BY THE TRANSFEE COMPANY

A) SHARE EXCHANGE RATIO FOR TRANSFEROR COMPANY - 01

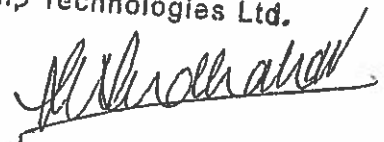
12.1. The share exchange ratio stated in Clause 12.2 of this Scheme has been determined by the Board of Directors of the Transferor Company-1 and the Transferee Company based on their independent judgment after taking into consideration the valuation report dated 21st July, 2018 provided by K. V. Srinivas & Associates., Chartered Accountants (FRN: 016283S) & CA Bhavani Shankar Mylavarapu, Practicing

For First Pass Semiconductors Pvt. Ltd,



Director

For Moschip Technologies Ltd.



Chartered Accountant, and the fairness opinion dated 21st July, 2018 provided by Quintessence Enterprises Pvt Ltd, SEBI Registered Category -1Merchant Banker.

12.2. Upon the Scheme coming into effect and without any further application, act or deed, the Transferee Company shall, in consideration of the transfer of the undertaking and the entire business by way of amalgamation of the Transferor Company-1 with the Transferee Company, the Transferee Company will issue and allot, to every equity shareholder of the Transferor Company-1, holding fully paid-up equity shares in the Transferor Company-1 and whose names appear in the register of members of the Transferor Company-1 on the Record Date to be announced by the Board of the Transferor Company-1, 4568 (Four Thousand Five Hundred and Sixty Eight only) Equity Shares of the Transferee Company, credited as fully paid-up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") for every 1000 (One thousand) Equity Shares of Rs.10 /- each fully paid-up, held by such shareholder in the capital of the Transferor Company-1 ("Share Exchange Ratio - 01").

B) SHARE EXCHANGE RATIO FOR TRANSFEROR COMPANY - 02

12.3. The share exchange ratio stated in Clause 12.4 of this Scheme has been determined by the Board of Directors of the Transferor Company-2 and the Transferee Company based on their independent judgment after taking into consideration the valuation report dated 21st July, 2018 provided by K. V. Srinivas & Associates., Chartered Accountants (FRN: 016283S) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant, and the fairness opinion dated 21st July, 2018 provided by Quintessence Enterprises Pvt Ltd, SEBI Registered Category -1Merchant Banker.

12.4. Upon the Scheme coming into effect and without any further application, act or deed, the Transferee Company shall, in consideration of the transfer of the undertaking and the entire business by way of amalgamation of the Transferor Company-2 with the Transferee Company, the Transferee Company will issue and allot, to every equity shareholder of the Transferor Company-2, holding fully paid-up equity shares in the Transferor Company-2 and whose names appear in the register of members of the Transferor Company-2 on the Record Date to be announced by the Board of the Transferor Company-2, 2234 (Two Thousand Two Hundred and Thirty Four) Equity Shares of the Transferee Company, credited as fully paid-up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") for every 10 (Ten) Equity Share of Rs.10 /- each fully paid-up, held by such shareholder in the capital of the Transferor Company-2 ("Share Exchange Ratio - 02").

C) GENERAL:

12.5 The New Equity Shares of Transferee Company issued and allotted in terms of Clause 12.2 & 12.4 above, shall be in dematerialized form and shall be listed and/or admitted to trading on the relevant Stock Exchange, where the equity shares of Transferee Company are listed and/or admitted to trading as on Effective Date. The New Equity Shares of the Transferee Company shall, however, be listed subject to Transferee Company obtaining the requisite approvals from all the relevant government & regulatory authorities pertaining to the listing

For First Pass Semiconductors Pvt. Ltd,

Director,

For Moschip Technologies Ltd.

MD/CEO

Equity Shares of the Transferee Company. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable laws for complying with the formalities of the stock exchange.

- 12.6. Pursuant to the Scheme, the shares of the Transferor Companies held by its equity shareholders (both in physical and dematerialized form), shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled. The equity shares of Transferor Companies held in physical form shall be deemed to have been automatically cancelled without any requirement to surrender the certificates for shares held by the shareholders of the Transferor Companies. The 228,750 Equity Shares held by Transferee Company in Transferor Company-1 shall stand cancelled and no new shares will be allotted to that extent.
- 12.7. If, applying the Share Exchange Ratio-1 and Share Exchange Ratio-2, a person eligible to receive Equity Shares of the Transferee Company pursuant to the Clause 12.2 & 12.4, becomes entitled to receive any fractional Equity Shares of Transferee Company (a "fractional entitlement"), such person shall be entitled to receive instead of such fractional entitlement, Equity Shares of the Transferee Company as follows:
- (a) if the fractional entitlement is less than 0.5 (zero point five) it shall be rounded down so that such person will receive, zero (0) Equity Shares of the Transferee Company instead of such fractional entitlement; and
 - (b) if the fractional entitlement is 0.5 (zero point five) or more it shall be rounded up so that such person will receive, one (1) Equity Share of the Transferee Company instead of such fractional entitlement.
- 12.8. The New Equity Shares in the Transferee Company to be issued to the shareholders of the Transferor Companies shall be subject to the Memorandum and Articles of Association of the Transferee Company and the New Equity Shares so issued shall rank pari-passu in all respects with the existing Equity Shares of the Transferee Company.
- 12.9. Consequent to and as part of the amalgamation of the Transferor Companies with the Transferee Company herein, the Authorised Share capital of the Transferor Companies shall stand merged into and combined with the Authorised Share Capital of the Transferee Company pursuant to the Scheme, without any further act of deed, and without payment of any registration or filing fee on such combined Authorised Share Capital, the Transferor Companies and the Transferee Company having already paid such fees. Accordingly, the Authorised Share Capital of the Transferee Company resulting from the amalgamation of the Transferor Companies with the Transferee Company shall be a sum of Rs.56,54,10,000 divided into 28,27,05,000 Equity Shares of Rs.02/- each and Clause V of the Memorandum of Association of the Transferee Company shall stand altered accordingly.

It is further clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as maybe required

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Director

MD/CEO

Under the Act. Clause V' of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act accordingly by deleting the existing Clause and replacing it by the following:

"The Authorized Share Capital of the Company is Rs.56,54,10,000 (Rupees Fifty Six Crore Fifty Four Lakhs Ten Thousand Only) divided into 28,27,05,000 (Twenty Eight Crores Twenty Seven Lakhs and Five Thousand Only) equity shares of Rs.2/- (Two Only) each with power of the company to consolidate & convert, subdivide, reduce or increase the capital into issue any new shares with preferential rights and conditions attached thereto, subject to the Companies Act, 2013."

12.10. The New Equity Shares to be issued by the Transferee Company under this Scheme of Arrangement shall be subject to lock-in pursuant to applicable law.

12.11. Approval of the Scheme by the shareholders of Transferee Company shall be deemed to be due Compliance of the provisions of section 42, 62 if any and other relevant or applicable provisions of the Companies Act, 2013 and Rules made thereunder for the issue and allotment of the Equity shares by Transferee Company to the shareholders of Transferor Companies as provided hereinabove.

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

13) ACCOUNTING TREATMENT

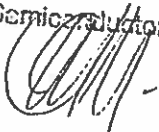
Upon this Scheme coming into effect, the amalgamation of the Transferor Companies with the Transferee Company shall be accounted for as per the "Indian Accounting Standard (Ind AS) 103 for Business Combination" prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, (if applicable), as amended from time to time such that:

13.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting for and dealing with the value of the assets and liabilities in the books of the Transferee Company, all assets and liabilities shall be recorded at Fair Value and recognize the difference between the said Fair Value and the consideration for transfer of undertaking(s) under this Scheme of Arrangement in accordance with paragraph 12.2 and 12.4 above, as Goodwill/Capital Reserve/Gain from bargain purchase price.

Transferee company shall extinguish the acquisition cost of 228,750 held by it in Transferor company 1 and recognize the same under Goodwill.

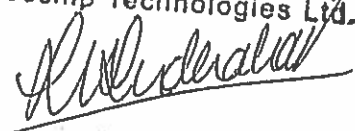
13.2. In case of any difference in accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in accordance with

For First Pass Services Pvt. Ltd.



Director

For Moschip Technologies Ltd.



MD/CEO

'Indian Accounting Standard Ind AS-8 Accounting Policies, Change in Accounting Estimates and Errors', in the books of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

- 13.3. Subject to provisions of this Scheme, the Transferee Companies shall abide by Indian Accounting Standard Ind AS-103 issued by the Institute of Chartered Accountants of India.
- 13.4. The amalgamation of Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.
- 13.5. All inter-corporate deposits, cross holdings, loans and advances, outstanding balances or other obligations between Transferee Company and Transferor Companies shall be cancelled and there shall be no obligation/outstanding in that behalf.
- 13.6. Notwithstanding the above, the Transferee Company, in consultation with their statutory auditors, are authorized to account for this Scheme and effect thereof in any manner whatsoever as may be deemed fit in accordance with the applicable accounting standards.

14) DECLARATION OF DIVIDEND

- 14.1 During the period between the Appointed Date and up to and including the Effective Date, the Transferor Companies shall not declare any dividend without the prior written consent of the Board of Directors of the Transferee Company.
- 14.2 For the avoidance of doubt, it is hereby declared that nothing in the Schemes shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the Record Date for the purpose of dividend and the shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.

PART – V

DISSOLUTION OF TRANSFEROR COMPANIES AND GENERAL TERMS AND CONDITIONS

15) DISSOLUTION OF THE TRANSFEROR COMPANIES WITHOUT WINDING UP

On the coming into effect of this Scheme, the Transferor Companies shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Companies shall without any further act, instrument or deed be and stand dissolved.

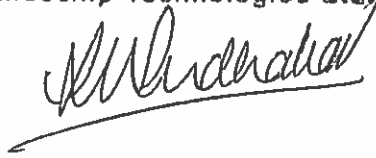
16) VALIDITY OF EXISTING RESOLUTIONS, ETC.

For First Pass Semiconductors Pvt. Ltd,



Director

For Moschip Technologies Ltd,



MD/CEO

Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.


17) MODIFICATION OF SCHEME

17.1. Subject to approval of NCLT, the Transferor Companies and the Transferee Company by their respective Board of Directors or any director/executives or any committee authorised in that behalf (herein after referred to as the "Delegate") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which NCLT or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferee Company may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Transferor Companies and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by NCLT or any Governmental Authorities, which the Board of Directors of the Transferee Company find unacceptable for any reason, then the Transferee Company shall be at liberty to withdraw the Scheme.

17.2. For the purpose of giving effect to this Scheme or to any modification(s) therefor addition(s) thereto, the Delegates (acting jointly) of the Transferor Companies and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders or depositors, if any of the Transferor Companies) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Companies or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

18) SEVERABILITY

For First Pass Semiconductors Pvt. Ltd,



Director

For Moschip Technologies Ltd,



MD/CEO

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

19) FILING OF APPLICATIONS

The Transferor Companies and the Transferee Company shall use their best efforts to make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act, before the NCLT, Hyderabad bench, for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

20) CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to —

- 20.1. Approvals from SEBI, the Stock exchange as may be required;
- 20.2. The Scheme being approved by the requisite majority of members, creditors of the Transferor Companies and approved by the Shareholders of the Transferee Company through resolution passed in terms of paragraphs 9 (a) and 9 (b) of Annexure 1 of the SEBI Circular dated March 10, 2017 and also approved by the requisite majority of the creditors of the Transferee Company;
- 20.3. The scheme having been approved by NCLT, Hyderabad bench, and the Transferee Company having received a certified true copy of order of Tribunal approving the Scheme;
- 20.4. Certified true copy of order of Tribunal approving the Scheme being filed with the Registrar of Companies having jurisdiction over the Transferee Company.
- 20.5. All other sanctions and approvals, as may be required by law, in respect of this Scheme being obtained.

21) COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (saved as expressly otherwise agreed) of the Transferor Companies and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.

For First Pass Semiconductors Pvt. Ltd,



Director

of Moschip Technologies Ltd.



MD/CEO