



**NOTICE OF MEETING OF
EQUITY SHAREHOLDERS OF**

MOSCHIP TECHNOLOGIES LIMITED
(formerly known as MosChip Semiconductor Technology Limited)

**(CONVENED AS PER THE DIRECTIONS OF
THE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH 'NCLT' OR 'TRIBUNAL')**



MOSCHIP TECHNOLOGIES LIMITED

(formerly known as MosChip Semiconductor Technology Limited)

CIN: L31909TG1999PLC032184

Reg Office: Plot No. 83&84, 2nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad - 500034

Tel: 040-6622-9292, Fax: 040-6622-9393

Website: www.moschip.com, Email id: investorrelations@moschip.com

NOTICE OF MEETING OF EQUITY SHAREHOLDERS OF MOSCHIP TECHNOLOGIES LIMITED (formerly known as MosChip Semiconductor Technology Limited) (CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH ('NCLT' OR 'TRIBUNAL'))

Meeting of Equity Shareholders of MosChip Technologies Limited	
Day	Friday
Date	September 06, 2019
Time	11:00 AM
Venue	State Gallery of Art Auditorium, Road No.1, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500 033

POSTAL BALLOT AND REMOTE E-VOTING	
Commencing on	Wednesday, August 07, 2019 at 9.00 AM
Ending on	Thursday, September 05, 2019 at 5.00 PM

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HYDERABAD
CA (CAA) No. 165/230/HDB/2019**

**FORM NO. CAA.2
[Pursuant to Section 230(3) and
Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamation Rules, 2016)]
In the matter of the Companies Act, 2013;**

And

**In the matter of Application under Sections 230-232 read with other relevant provisions
of the Companies Act, 2013**

And

In the matter of Scheme of Amalgamation of First Pass Semiconductors Private Limited (Transferor Company-1), Gigacom Semiconductor Private Limited (Transferor Company-2) with MosChip Technologies Limited (Transferee Company) and their respective Shareholders and Creditors.

MosChip Technologies Limited,
(formerly known as MosChip Semiconductor Technology limited)
a company incorporated under the provisions of the
Companies Act, 1956 and having its registered office at
Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza,
Road No. 02, Banjara Hills, Hyderabad, Telangana - 500 034.

... Applicant Company / Transferee Company

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY
PURSUANT TO THE ORDER DATED JULY 22, 2019 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH**

To
The Equity Shareholders of MosChip Technologies Limited,

NOTICE is hereby given that by an Order dated July 22, 2019 (the 'Order'), the Hon'ble National Company Law Tribunal, Hyderabad Bench as directed that a meeting to be held of the Equity Shareholders of the Applicant Company for the purposes of considering, and if thought fit, approving, with or without modification(s), the amalgamation embodied in the Scheme of Amalgamation of First Pass Semiconductors Private Limited (Transferor Company-1), GigaCom Semiconductor Private Limited (Transferor Company-2) and MosChip Technologies Limited (Applicant Company / Transferee Company) and their respective shareholders and Creditors ('Scheme' or 'the Scheme').

In pursuance of the said Order, and as directed therein, further notice is hereby given that a meeting of the equity shareholders of the Applicant Company will be held at State Gallery of Art Auditorium, Road No.1, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500 033, on Friday, September 06, 2019 at 11:00 a.m., at which time and place you are requested to attend. At the meeting, the following resolution will be considered and, if thought fit, passed, with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017, the observation letters issued by the BSE Limited, dated 09 April 2019 and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Hon'ble National Company Law Tribunal, Hyderabad Bench (**NCLT**) and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the NCLT or any other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the **Board** of Directors of the Company (the Board, which term shall be deemed to mean and include one or more committee(s) constituted / to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the amalgamation embodied in the Scheme of Amalgamation of First Pass Semiconductors Private Limited ('Transferor Company-1'), GigaCom Semiconductor Private Limited ('Transferor

Company-2') with MosChip Technologies Limited ('Transferee Company') and their respective Shareholders and Creditors (**Scheme**) placed before this meeting and initialled by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT all the directors, Mr. Jayaram Susarla, the Chief Financial Officer, and Mr. Suresh Bachalakura, the Company Secretary, (together, the **Authorised Persons**) be and are hereby authorised jointly and severally to do all such acts, deeds, matters and things, as they may, in their absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required or imposed by the NCLT while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purposes of resolving any questions or doubts or difficulties that may arise including passing such accounting entries and / or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Authorised Persons may deem fit and proper."

Copies of the Scheme of Amalgamation and of the Statement under Section 230 read with Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Form of Proxy, Attendance Slip and other annexures as stated in the Index, are annexed to this Notice. Copy of the Scheme and the statement under Section 230 (3) can also be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the Registered Office of the Applicant / Transferee Company between 10:30 a.m. and 12:30 p.m.

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form, duly signed or authorized by the said person, are deposited at the Registered Office of the Applicant Company at Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500034, not later than 48 hours before the time fixed for the aforesaid meeting. Proxy Form is enclosed herewith and can be obtained free of charge on any day (except Saturday, Sunday and public holidays) at the Registered Office of the Applicant / Transferee Company.

In compliance with the order issued by NCLT dated July 22, 2019, the provisions of Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013, Rule 6(3)(xi) & Rule 9 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014, Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India, the Applicant Company has provided the facility of voting by postal ballot and remote e-voting so as to enable the equity shareholders, which includes the Public Shareholders (as defined in the Notes below), to consider and approve the Scheme by way of the aforesaid resolution. The Applicant Company has provided the facility of ballot / polling paper at the venue of the meeting.

Accordingly, you may cast your vote either through postal ballot or through remote e-voting or through ballot / polling paper at the venue of the meeting. It is clarified that casting of votes by such remote e-voting or postal ballot does not disentitle members from attending the meeting. However, the members who have cast their votes by remote e -voting or postal ballot will not be eligible to cast their votes at the meeting.

The shareholders may refer to the notes to this Notice for further details on postal ballot and remote e-voting.

The NCLT has appointed Shri B.V.Papa Rao, Advocate, to be the Chairman of the said meeting, including for any adjournment or adjournments thereof.

The Scheme, if approved by the meeting, will be subject to the subsequent approval of the NCLT.

Dated this July 30, 2019
Place: Hyderabad

B.V.Papa Rao
Chairman Appointed for the Meeting

Address: S2/C143, Siva Sadan
Opp. Sri Venkateswara Swamy Temple,
Sachivalaya Nagar, Vanasthalipuram,
Hyderabad - 500 070.

CIN: L31909TG1999PLC032184

Registered Office:

Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 02,
Banjara Hills, Hyderabad, Telangana- 500 034

Notes for the meeting of the Equity Shareholders of the Applicant Company:

1. Only registered equity shareholders of the Applicant Company are entitled to attend and vote either in person or in proxy (A PROXY NEED NOT BE AN EQUITY SHAREHOLDER OF THE APPLICANT COMPANY) or in the case of a body corporate or Registered Foreign Portfolio Investors (“RFPI”) or Foreign Institutional Investors (“FII”), by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the equity shareholders of the Applicant Company. The authorised representative of a body corporate/RFPI/FII which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting of the equity shareholders of the Applicant Company provided a copy of authorisation giving the requisite authority / the resolution of the board of directors or other governing body of the body corporate/RFPI/FII authorising such representative to attend and vote at the meeting of the equity shareholders of the Applicant Company is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the equity shareholders of the Applicant Company.
2. As per Section 105 of the Companies Act, 2013 and rules made thereunder, a person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
3. In case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company/ list of beneficial owners as received from National Depository Services (India) Limited (“NSDL”) or Central Depository Securities Limited (“CDSL”) in respect of such joint holding, will be entitled to vote.
4. All alterations made in the form of proxy should be initialled.
5. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending the conclusion of the meeting, a shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Applicant Company, provided that not less than 3 (three) days of notice in writing is given to the Applicant Company.
6. The Notice is being sent to all the Equity Shareholders, whose names appeared in the Register of Members / Beneficial Owners as per the details furnished by the depositories as on July 26, 2019. A soft / electronic copy of the Notice indicating the process and manner of remote e-voting along with the Attendance Slip and Proxy Form is being sent to all the Equity Shareholders whose e-mail ids are registered with the Applicant Company / Registrar and Transfer Agent (RTA) / Depository Participant(s) for communication purposes unless any Member has requested for a physical copy of the same. For those Members who have not registered their e-mail addresses, physical copies of this Notice along with Attendance Slip and Proxy Form are being sent in the permitted mode. This Notice is also displayed / posted on the website of the Company www.moschip.com and on website of Karvy at www.evoting.karvy.com
7. The equity shareholders of the Applicant Company to whom the notice is sent (as mentioned above) and whose names appear in the records of the Applicant Company as on July 26, 2019 shall be eligible to attend and vote at the meeting of the equity shareholders of the Applicant Company either in person or by proxies or cast their votes either through postal ballot or by using remote e-voting facility.
8. The Notice convening the meeting will be published through advertisement in “The Business Standard - Hyderabad Edition” in English language and translation thereof in “Nava Telangana - Telangana Edition” in Telugu language.
9. A Member or his / her Proxy is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.
10. Registered equity shareholders who hold shares in dematerialized form are requested to bring their Client ID and DPID details for easy identification of the attendance at the meeting.
11. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of the equity shareholders as on July 26, 2019. Persons who are not equity shareholders of the Applicant Company as on July 26, 2019 should treat this notice for information purposes only.
12. Material documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Applicant Company between 10:30 a.m. and 12:30 p.m. on all working days (except Saturdays, Sundays and public holidays) up to the date of the meeting.

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13. The quorum of the Meeting of the Equity Shareholders of the Applicant Company shall be 30 (Thirty) Equity Shareholders of the Applicant Company, present in person. In case the quorum is not there at the designated time when the meeting is called, then, the Meeting may be adjourned by half an hour and thereafter, the person(s) present for voting shall be deemed to constitute the quorum.
 14. Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”), inter alia, provides that approval of Public Shareholders of the Applicant Company to the Scheme shall be obtained and that the applicant company shall provide for voting through e-voting. Since the Applicant Company is seeking the approval of its equity shareholders to the Scheme by way of voting through postal ballot and e-voting, no separate procedure for voting through postal ballot and e-voting would be required to be carried out by the Applicant Company for seeking approval to the Scheme by its Public Shareholders in terms of the SEBI Circular. The aforesaid notice sent to the equity shareholders of the Applicant Company would be deemed to be the notice sent to the Public Shareholders of the Applicant Company. For this purpose, the term “Public” shall have the meaning assigned to it in Rule 2 (d) of the Securities Contracts (Regulations) Rules, 1957 and the term “Public Shareholders” shall be construed accordingly. In terms of SEBI Circular, the Applicant Company has provided the facility of voting by postal ballot and e-voting to its Public Shareholders.
 15. Kindly note that the equity shareholders can opt for only one mode for voting i.e. either by postal ballot or remote e-voting or voting at the venue of the meeting. If an equity shareholder has opted for remote e-voting, then he / she should not vote by postal ballot form also and vice versa. However, in case equity shareholder(s) cast their vote via both postal ballot and remote e-voting, then voting validly done through remote e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
 16. The equity shareholders of the Applicant Company attending the meeting who have not cast their vote either through postal ballot or remote e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity shareholders who have cast their votes through postal ballot or remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
 17. Subject to Note No. 14 mentioned above, in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders, voting in person or by proxy or by postal ballot or e-voting, agree to the Scheme.
 18. Further, in accordance with the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the Public Shareholders (through postal ballot, remote e-voting and e-voting & ballot at the meeting) in favour of the aforesaid resolution for approval of the Scheme are more than the number of votes cast by the Public Shareholders against it.
 19. The Applicant Company has engaged the services of KARVY for facilitating e-voting for the aforesaid meeting. Please note that e-voting is optional. Equity shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 33 below.
 20. The voting period for postal ballot and remote e-voting shall commence on and from Wednesday, August 07, 2019 at 9:00 a.m. and will end on Thursday, September 05, 2019 at 5:00 p.m. During this period, equity shareholders of the Applicant Company holding shares either in physical form or in dematerialized form as on July 26, 2019, may cast their vote electronically or by postal ballot. The e-voting module shall be disabled by Karvy for voting on Thursday, September 05, 2019 at 5:00 p.m. Once the vote on the resolution is cast by an equity shareholder, he or she will not be allowed to change it subsequently.
 21. A postal ballot form along with self-addressed postage prepaid envelope is also enclosed. Equity shareholders, voting in physical form are requested to carefully read the instructions printed in the attached postal ballot form. Equity shareholders who have received the postal ballot form by e-mail and who wish to vote through postal ballot form, may send their request to the registrar and share transfer agents, Karvy Fintech Private Limited by email at evoting.msctl@karvy.com mentioning their Folio / DPID & Client ID No. No other form or photocopy of the postal ballot form is permitted.
 22. Equity shareholders shall fill in the requisite details and send the duly completed and signed postal ballot form in the enclosed self-addressed postage pre-paid envelope to the scrutinizer so as to reach the scrutinizer before 5:00 p.m. on or before Thursday, September 05, 2019. Postal ballot form, if sent by courier or by registered post / speed post at the expense of an equity shareholder will also be accepted. Any postal ballot form received after the said date and time shall be treated as if the reply from the equity shareholders has not been received.
 23. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected by the scrutinizer.
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24. The vote on postal ballot cannot be exercised through proxy.
25. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint equity shareholders.
26. The postal ballot form should be completed and signed by the equity shareholders (as per specimen signature registered with the Applicant Company and / or furnished by the Depositories). In case, shares are jointly held, this form should be completed and signed by the first named equity shareholder and, in his/her absence, by the next named equity shareholder. Holder(s) of Power of Attorney (“PoA”) on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Applicant Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/authorisation giving the requisite authority to the person voting on the postal ballot form.
27. The NCLT has appointed Mr. S.Srikanth, Practising Company Secretary to act as scrutinizer to scrutinise votes cast either through e-voting or on postal ballot or on poll at the meeting and submit a report on votes cast to the Chairman of the meeting.
28. The scrutinizer will submit a consolidated report to the Chairperson of the NCLT convened meeting after scrutinizing the voting made by shareholders, including Public Shareholders, of the Applicant Company through postal ballot, e-voting and voting at the meeting. For this purpose, the term “Public” shall have the meaning assigned to it in Rule 2(d) of the Securities Contract (Regulations) Rules, 1957 and the term “Public Shareholders” shall be construed accordingly.
29. The results of votes cast through (i) remotee-voting process, (ii) postal ballot and (ii) e-voting & ballot / polling paper at the venue of the meeting including the separate results of the postal ballot and remotee-voting exercised by the Public Shareholders will be announced within 48 hours of the passing of the resolution at the meeting on September 06, 2019 and will be displayed on the notice board at the registered office of the Applicant Company for a period of three days. The results, together with the scrutinizer’s reports, will also be displayed on the website of the Applicant Company, www.moschip.com and on the website of Karvy, www.evoting.karvy.com, besides being communicated to BSE Limited.
30. Any queries / grievances pertaining to:
- voting by Postal Ballot can be addressed to Mr. Suresh Bachalakura, Company Secretary and Compliance Officer of the Applicant Company at Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500 034 or through e-mail to investorrelations@moschip.com.
 - the e-voting process, Members may refer to the ‘Frequently Asked Questions’ (FAQs) and e-voting user manual for shareholders available at www.evoting.karvy.com, under help section or write an email to evoting.msctl@karvy.com.
31. Foreign Portfolio Investors (FPIs) who are registered Equity Shareholder(s) of the Company would be required to deposit certified copies of Custodial resolutions / Power of Attorney, as the case may be, authorising the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Company not later than 48 (forty eight) hours before the commencement of the meeting.
32. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Company / List of Beneficial Owners as received from the National Securities Depository Limited / Central Depository Services (India) Limited in respect of such joint holding will be entitled to vote.
33. **Voting through Electronic Means (E-Voting)**
The ‘Step by Step’ procedure and instructions for casting your vote electronically are as under:
The instructions for Shareholders voting electronically (E-voting) are as under:
- i. Open the internet browser by typing the URL <https://evoting.karvy.com>
 - ii. Enter the login credentials (i.e. User ID and password mentioned above). In case of physical folio, User ID will be EVENT number followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
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- iii. After entering the login credentials appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the Event i.e., MosChip Technologies Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding as mentioned herein above
 - viii. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

Other Instructions :

- ix. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
- x. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. July 26, 2019.
- xi. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email srkpcs99@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT No".
- xii. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 26, 2019, may obtain the User ID and password in the manner as mentioned below:
 - a. If e-mail address or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - b. Member may call Karvy's toll free number 1-800-3454-001.
 - c. Member may send an e-mail request to investorrelations@moschip.com.
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual for members available at the download section of <https://evoting.karvy.com> or contact Karvy at Tel. No. 1800 345 4001 (toll free).

PROCEDURE OF VOTING AT MEETING

Members who have not exercised their votes through remote e-voting or postal ballot are entitled to vote at the meeting. Members who have already cast their vote by remote e-voting mechanism or postal ballot prior to the meeting are also authorized to attend the meeting but shall not be entitled to cast their vote again at the general meeting.

Voting to the resolution as contained in the Notice shall be conducted also through ballot / poll at the venue of the meeting. Relevant facility for voting shall also be made available at the meeting and members attending the meeting, who have not already cast their vote by remote e-voting or postal ballot shall be able to exercise their right to vote at the meeting. Members who are entitled to vote can cast their vote through ballot / poll paper at the Meeting. The Company will make arrangement in this respect including distribution of ballot papers under the supervision of a scrutinizer appointed for this purpose. Members are required to mention Folio No. DP ID & Client ID No. and number of shares held, etc. on the ballot papers.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HYDERABAD
CA (CAA) No. 165/230/HDB/2019**

FORM NO. CAA.2

**[Pursuant to Section 230(3) and
Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamation Rules, 2016)]**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230-232 read with other relevant provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of First Pass Semiconductors Private Limited (Transferor Company-1), Gigacom Semiconductor Private Limited (Transferor Company-2) with MosChip Technologies Limited (Transferee Company) and their respective Shareholders and Creditors.

MosChip Technologies Limited,
(formerly known as MosChip Semiconductor Technology limited)
a company incorporated under the provisions of the
Companies Act, 1956 and having its registered office at
Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza,
Road No. 02, Banjara Hills, Hyderabad,
Telangana - 500 034.

... Applicant Company / Transferee Company

EXPLANATORY STATEMENT UNDER SECTION 230 (3) OF THE COMPANIES ACT, 2013 AND SECTION 102 OF THE COMPANIES ACT 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENT AND AMALGAMATIONS) RULES, 2016, FOR THE MEETING OF EQUITY SHAREHOLDERS OF MOSCHIP TECHNOLOGIES LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH.

Pursuant to the Order dated July 22, 2019, passed by Hon'ble National Company Law Tribunal, Hyderabad Bench in Company Application No. CA (CAA) NO. 165/230/HDB/2019, a meeting of the Equity Shareholders of the Applicant Company is scheduled to be held on Friday, September 06, 2019 at 11.00 a.m. to obtain their approval to the Scheme of Amalgamation of First Pass Semiconductors Private Limited (Transferor Company-1), GigaCom Semiconductor Private Limited (Transferor Company-2) with MosChip Technologies Limited (Applicant Company / Transferee Company) and their respective shareholders and Creditors ('Scheme' or 'the Scheme').

1. The Hon'ble National Company Law Tribunal, Hyderabad Bench, by Order dated July 22, 2019, was pleased to issue directions for convening of the meeting of the Equity Shareholders of the Applicant Company at State Gallery of Art Auditorium, Road No.1, Kavuri Hills, Madhapur, Hyderabad, Telangana - 500 033 on Friday, September 06, 2019 at 11.00 a.m. In terms of the said Order, NCLT has appointed Mr. Shri B.V.Papa Rao, Advocate, to be the Chairman of the said meeting including for any adjournment or adjournments thereof. The said Order will be available for inspection at the Registered Office of the Applicant Company at Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500 034, on any working day of the Company up to the date of meeting between 10:30 a.m. and 12:30 p.m.
2. In addition to the meeting of the Equity Shareholders of the Applicant Company convened on the directions of the National Company Law Tribunal, to seek the approval of the said Shareholders pursuant to Section 230 read with Section 232 of the Companies Act, 2013 further read with other relevant provisions of the Companies Act, 2013, approval of the Equity Shareholders of the Applicant Company is also sought by way of remote e-voting as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circulars and the Companies Act, 2013.
3. The Board of Directors of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited at their meeting held on July 23, 2018 have approved the Scheme of Amalgamation, while the Board of Directors of MosChip Technologies Limited in their meeting held on July 23, 2018 have approved the scheme of

amalgamation under which the entire undertaking of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited will get amalgamated with the Company / MosChip Technologies Limited. A copy of the Scheme, setting out the terms and conditions of the amalgamation as approved by the Board of Directors of First Pass Semiconductors Private Limited (Transferor Company-1), GigaCom Semiconductor Private Limited(Transferor Company-2)and MosChip Technologies Limited (Transferee Company) is enclosed herewith as **Annexure 1**. The proposed scheme is envisaged to be effective from the Appointed Date but shall be made operative from the Effective Date (as defined in the Scheme).

4. Background of the Companies:

A. First Pass Semiconductors Private Limited

i) **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 e-mail id is giri.kondaveeti@firstpass-semi.com. The Transferor Company-1 is engaged in the business of Semiconductor and Systems.

ii) The objects for which First Pass has been established are set out in its memorandum of association. The main objects of First Pass include:

"III.A) The Main Objects to be pursued by the company on its incorporation are:

- 1 To develop Integrated Circuit (IC) and Application Specific Integrated Circuit (ASIC) layout designs for education and commercial purposes and to develop software related hereto.
- 2 To carry on the business of imparting training in the fields of Integrated Circuit (IC) layout engineering and Very Large Scale Integrated Designs (VLSI) using Computer Aided Design (CAD) Tools and to offer consultancy services in related areas.
- 3 To import and export IC Layout Engineering and VLSI Design, CAD Tools and related hardware equipment for educational and other purposes.
- 4 To carry on the business of designing, developing, altering, buying and selling, exchanging, distributing, marketing and generally dealing in all kinds of Computer Software techniques / packages and to impart training, educating and to render replacement services in the field of data processing and computer engineering and render all other services that are normally offered by Data Processing centers to all types of Clientele.
- 5 To export, import, trade or otherwise deal in Computer, Computer ancillaries programmes, software and other related products.

Clause III.(B).(29) of the memorandum of association of First Pass permits First Pass:

29)To amalgamate with any company or companies having objects altogether or in part similar to those of this Company."

iii) There has been no change in the main objects in the Memorandum of Association of First Pass Semiconductors Private Limited during the last 5 years. A copy of the Memorandum of Association is available for inspection at the registered office as mentioned in Point No. 21 of this statement.

iv) First Pass is, actively engaged in serving multiple customers in Design Verification, Physical Design and Analog Layout space. It serves both India and USA based customers.

v) The authorised, issued, subscribed and paid-up share capital of First Pass as on March 31, 2019 is as under:

Particulars	Amount (₹)
Authorised Capital	
1,500,000 Equity Shares of ₹10/- each.	15,000,000
Total (Authorised Capital)	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 (Issued, Subscribed and Paid-up Capital)	12,500,000

There has been no change in the authorised, issued, subscribed and paid-up share capital of First Pass Semiconductors Private Limited (Transferor Company-1) from 31.03.2019 till date.

- vi) There has been no change in the name and registered office of First Pass during the last 5 years.
- vii) The equity shares of First Pass are not listed on any stock exchange.
- viii) The Board of Directors of First Pass had at their meeting held on July 23, 2018 unanimously approved the Scheme. The Directors who voted in favour of / against / did not participate or vote in relation to the Scheme are as follows:

Sl. No.	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Srinivasa Rao Kakamanu	Voted in favour
2.	Mr. Venkata Giri Babu Kondaveeti	Voted in favour
3.	Mr. Mallikarjuna Rao Karicherla	Voted in favour
4.	Ms. Kalpana Damarla	Voted in favour

- ix) The names of the Promoters and the present directors of First Pass along with their addresses are as follows:

Sl. No.	Name	Address
Promoters		
1.	Mr. Srinivasa Rao Kakumanu	703, North Block, Express Towers, White Fields, Kondapur, Hyderabad, Telangana.
2.	Mr. Venkata Giri Babu Kondaveeti	E102, Fresh Living Apartment, Shilpi Valley, Madhapur, Hyderabad, Telangana.
3.	Mr. Mallikarjuna Rao	K BG2, Gopal Krishna Apt, Sumitra Nagar, Kukatpally, Hyderabad, Telangana.
4.	Ms. Kalpana Damarla	703, North Block, Express Towers, White Fields, Kondapur, Hyderabad, Telangana.
5	Ms. Rekha	K E102, Fresh Living Apartment, Shilpi Valley, Madhapur, Hyderabad, Telangana.
Promoter Group Individual(s) / Entity(ies) - NIL		
Directors		
1.	Mr. Srinivasa Rao Kakumanu	703, North Block, Express Towers, White Fields, Kondapur, Hyderabad, Telangana.
2.	Mr. Venkata Giri Babu Kondaveeti	E102, Fresh Living Apartment, Shilpi Valley, Madhapur, Hyderabad, Telangana.
3.	Mr. Jayaram Susarla	4-7-10/3/306, Block C, Shanti Gardens, Raghavendra Nagar, Nacharam, Hydlangana - 500076.
4.	Mr. Suresh Bachalakura	H. No:5-66, Flat no. 103, 02 Floor, Sai Balaji Nilayam, HSDarga, Shaikpet, Hyderabad, Telangana - 500008.

B. GigaCom Semiconductor Private Limited.

- i) **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 e-mail id is venkata.simhadri@gigacomsemi.com. The Transferor Company-2 is engaged in the business of Semiconductor and Systems.
- ii) The objects for which GigaCom has been established are set out in its memorandum of association. The main objects of GigaCom include:

“III.A) The Main Objects to be pursued by the company on its incorporation are:

- 1. To carry on the Business of development of Semiconductors, Integrated Circuit (IC) and Application Specific Integrated Circuit (ASIC) layout designs for commercial purposes, to develop Software related thereto and to render, offer other Information Technology enable services whether in India or abroad.

2. To carry on the business of development, design, trade, buy, sell, hire, import, export and deal in all types of semiconductors, computer peripherals, Integrated Circuit (IC) and Application Specific Integrated Circuit (ASIC), visual display units, printers, calculators, all types of integrated circuits, add-on cards printed circuit boards, computer components, subassemblies and other electronic items thereof.
3. To set up training centers and to conduct, sponsor or otherwise participate in training programmes, sources, seminars and conferences in respect of any of the object of the Company and for spreading or imparting knowledge and use of computers and computer programming languages including the publication of books, journals, bulletins study/course materials, circulars, newsletters and undertake development of all kinds of systems software, systems software conversion, expert systems, microprocessor based software, back office/remote data entry, to depute personnel to design and develop software in India and abroad and to start Technology Parks in India and abroad of software and hardware and to carry on annual maintenance of computer hardware, software and networking equipment's and similar equipment's.

Clause III.(B).(06) of the memorandum of association of GigaCom permits GigaCom:

- 06) "To amalgamate with any other company having all or any of its objects similar to the objects of the company in any manner, whatsoever, whether with or without a liquidation of the company."
- iii) There has been no change in the main objects in the Memorandum of Association of GigaCom Semiconductor Private Limited during the last 5 years. A copy of the Memorandum of Association is available for inspection at the registered office as mentioned in Point No. 21 of this statement.
- iv) GigaCom is, actively engaged in IP development and licensing apart from Mixed Signal Design Services. It has strong customer relationships with top-tier companies for both design services and IP licensing.
- v) The authorised, issued, subscribed and paid-up share capital of GigaCom as on March 31, 2019 is as under:

Particulars	Amount (₹)
Authorised Capital	
10,000 Equity Shares of ₹10/- each.	100,000
Total (Authorised Capital)	100,000
Issued, Subscribed and Paid-up capital	
10,000 Equity shares of Rs.10/- each fully paid up	100,000
Total (Issued, Subscribed and Paid-up Capital)	100,000

There has been no change in the authorised, issued, subscribed and paid-up share capital of GigaCom Semiconductor Private Limited (Transferor Company-2) from 31.03.2019 till date.

- vi) There has been no change in the name during the last 5 years. On 09.01.2017, the registered office of GigaCom has been shifted from "Plot No: 11, Sy. No. 8, 9, First Floor, Galton Center, Shilpi Valley, Madhapur, Hyderabad, Telangana-500081" to "8th Floor, MVR Vinayagar Trade Center, VIP Road CBM Compound, Asilmetta Visakhapatnam, Andhra Pradesh-530003".
- vii) The equity shares of GigaCom are not listed on any stock exchange.
- viii) The Board of Directors of GigaCom had at their meeting held on July 23, 2018 unanimously approved the Scheme. The Directors who voted in favour of / against / did not participate or vote in relation to the Scheme are as follows:

Sl. No.	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Venkata Sudhakar Simhadri	Voted in favour
2.	Mr. Venkata Giri Babu Kondaveeti	Voted in favour

ix) The names of the Promoters and the present directors of GigaCom along with their addresses are as follows:

Sl. No.	Name	Address
Promoters		
1.	Mr. Venkata Sudhakar Simhadri	19878, Seagull way, Saratoga, CA 95070, USA.
2.	Mr. Venkata Giri Babu Kondaveeti	E102, Fresh Living Apartment, Shilpi Valley, Madhapur, Hyderabad, Telangana.
Promoter Group Individual(s) / Entity(ies) - NIL		
Directors		
1.	Mr. Venkata Sudhakar Simhadri	19878, Seagull way, Saratoga, CA 95070, USA.
2.	Mr. Venkata Giri Babu Kondaveeti	E102, Fresh Living Apartment, Shilpi Valley, Madhapur, Hyderabad, Telangana.

C. MosChip Technologies Limited

- i) MosChip Technologies Limited ("MosChip"/"Transferee Company"), was originally incorporated on 27/07/1999 under the Companies Act, 1956, under the name "NetMos Technology India Private Limited" as a private company limited by shares, with the Registrar of Companies, Andhra Pradesh, Hyderabad. It was converted from private company to public company under section 44 of the Companies Act, 1956, under the name "MosChip Semiconductor Technology Limited", further the name of the Company has changed to "MosChip Technologies Limited" certificate of Incorporation consequent on Change of Name was issued by the Registrar of Companies, Hyderabad, on 05/03/2019. The CIN of MosChip Technologies Limited is L31909TG1999PLC032184. The Permanent Account Number of MosChip Technologies Limited is AACCM3938L.
- ii) The Registered Office of MosChip is situated at Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500 034. in the State of Telangana.
- iii) The e-mail id of MosChip is investorrelations@moschip.com.
- iv) The objects for which MosChip has been established are set out in its memorandum of association. The main objects of MosChip include:

"III.A) The Main Objects to be pursued by the company on its incorporation are:

1. To carry on the business of and to render consultancy, training and professional services in the area of Information technology and software development, to develop programmes and systems, to undertake turnkey software projects and operation research to offer complete hardware and software solutions and technical services and to subject the same to commercial exploitation, export, import, and to act as dealers and authorised representatives of the same.
2. To carry out researches, investigations and experimental work of every description in relation to the electrical, electronic and telecommunication industry, to act as consultants and advisers, or provide consultation services, in all aspects of automation, including computerization or any others, to Government, statutory or semi-government organization, business, commerce and industry, or any other organization of whatever nature, in all their branches, activities, operations or projects.
3. To undertake the designing, development and programming of systems and application software either for its own use or for sale in India or abroad and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems and analogue / digital / electronic / optical / laser / photographic equipment and to provide design services of ASIC, Embedded Technologies, Design automation including architecture development, RTL development synthesis, Mixed signal design, Technology Migration Retargeting, Logic design, Logic verification, Circuit design, Physical design, Gate Array / standard cell implementations Physical verifications, Hardware design, ATM, Embedded operating systems, Device Drives, DSP Hardware network protocols, Routing, Frame relays, High speed Bus design, Network management and EDA methodologies, Custom tool and CUI development, Tool customization, Frame works, Data and code conversions in India or elsewhere in the world and to buy, sell, import and export, deal, convert and exploit the same on commercial lines or otherwise in respect of the same.

4. To carry on the business of and to provide application and development in the area of Internet and e-commerce and to offer web-based solutions, to publish multimedia websites for companies, corporations, institutions and to create design services for web site, internet business solutions, intranet, extranet, and other information over internet.
5. To set up and run electronic data processing centers and to carry on the business of data processing, word processing, software development, programming and consultancy, system studies, management consultancy, techno-economic feasibility studies of project, design and development of management information systems, technical analysis of data, data storage and retrieval services and services of all kinds and description in connection with commerce, finance, accounts, medicine, engineering, communication and other technological fields.
6. To carry on the business of manufacturers, developers, buyers, sellers, importers, exporters, agents, job-workers, assemblers and dealers of Metal Oxide Semiconductor Chips, Chips of Integrated Circuit nature and all types of computer and communication systems including microcomputers, macro computers, workstations, software and hardware of all descriptions, peripherals and accessories, parts and consumables including mother boards. VDUs, LCDs and such other products or things which may be considered either as an integral part of a computer system or as an optional attachment or supplement thereto and to undertake turnkey projects and operations, research, to offer complete solutions and technical services including data transmission, data processing devices whether present or future and to subject the same to commercial exploitation either for its own use or for sale in India or elsewhere in the world and to execute and install thereof the same whether by the company or on behalf of manufactures, owners and users.

Clause III.(B).(12) of the memorandum of association of MosChip permits MosChip:

12)“To amalgamate with any company or companies having objects altogether or in part similar to those of this company.”

- v) There has been no change in the main objects in the Memorandum of Association of MosChip Technologies Limited during the last 5 years. A copy of the Memorandum of Association is available for inspection at the registered office as mentioned in Point No. 21 of this statement.
- vi) MosChip is, inter alia, engaged in the business of Semiconductor, Systems and IoT services.
- vii) The authorised, issued, subscribed and paid-up share capital of MosChip as on March 31, 2019 is as under:

Particulars	Amount (₹)
Authorised Capital	
275,155,000 Equity Shares of ₹ 2/- each.	550,310,000
Total (Authorised Capital)	550,310,000
Issued, Subscribed and Paid-up capital	
14,72,49,777 Equity Shares of ₹ 10/- each.	294,499,554
Total (Issued, Subscribed and Paid-up Capital)	294,499,554

There has been no change in the authorised share capital from 31.03.2019 till date, further, the issued, subscribed and paid-up share capital of MosChip (Transferee Company) has increased to Rs. 301,610,664 (150,805,332 Equity shares) from 31.03.2019 to till date of the Notice.

- viii) The name of the Company has been changed to “MosChip Technologies Limited” from “MosChip Semiconductor Technology Limited” w.e.f. 05th March, 2019. The registered office of the company was not changed in last 05 years.
- ix) The equity shares of MosChip are listed on BSE Limited.
- x) The Board of Directors of MosChip have at their meeting held on July 23, 2018 unanimously approved the Scheme. The Directors who voted in favour of / against / did not participate or vote in relation to the Scheme are as follows:

Sl. No.	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. K. Pradeep Chandra	Voted in favour
2.	Mr. K. Ramachandra Reddy	Voted in favour
3.	Mr. D.G. Prasad	Voted in favour
4.	Mr. Prasad Gajjala	Voted in favour
5.	Mr. RajaPraturi	Voted in favour
6.	Mr. Singa Rao Gottipati	Voted in favour
7.	Mr. Damodar Rao Gummadapu	Voted in favour
8.	Mr. Camillo Martino	Was absent and hence did not participate in the meeting
9.	Ms. Poornima Shenoy	Was absent and hence did not participate in the meeting

xi) The names of the Promoters and the present directors of MosChip along with their addresses are as follows:

Sl. No.	Name	Address
Promoters		
1.	K. Ramachandra Reddy	PlotNo.828, RoadNo.42, NearPeddamma Temple, Jubilee Hills, Hyderabad, Telangana - 500033.
2.	Damodar Rao Gummadapu	Pl No 15 Bhavyas Alluri Meadows, White Fields, Kondapur Hyderabad, Telangana -500084
3.	K. Pratibha Reddy	PlotNo.828, RoadNo.42, NearPeddamma Temple, Jubilee Hills, Hyderabad, Telangana - 500033.
4.	C Dayakar Reddy	Plot 686, Road No 33, Jubilee Hills, Shaikpet, Hyd-33.
5.	C Surekha Reddy	Plot 686, Road No 33, Jubilee Hills, Shaikpet, Hyd-33.
6.	Vinay D Kumar	53 Whisper Valley, H S Darga, Golconda Post, Hyd-08.
7.	C Rama Reddy	45 ICRISAT Colony, Phase-1, Brig Sayeed Rd, Tadbund, Secunderabad, Telangana - 500009.
8.	Joseph K. Wai	24940, Oneonta DR, Los Altos, California - 94022, USA.
9.	Eddie Sin Po Chiu	Block M, 07th floor, Scenic Villas, Scenic Villa Drive, Pokfulam, Hong Kong, China
10.	Gary Kennedy	15155, Alondra Lane, Saratoga, California 95070, USA.
11.	Art Khachaturian	5911, Fleet Street, San Jose, USA.
12.	Steve Shu Fun Kam	28001 Arastradero Road, Los Altos Hills, California 94022, USA.
13.	Sean Paul Carney	905, Wailea DR, Menlo Park, California 94025, USA
Promoter Group Individual(s) / Entity(ies)		
14..	Oshin Global Pte Ltd	1 Scotts Road, No 21-07 Shaw Centre, Singapore 228208 Singapore, 111111.
15.	Eiji Holdings Pte Ltd	60 Tessensohn Road, No 02-01a Club Csc @ Tessensohn Singapore, Singapore, 217664.
Directors		
1.	Mr. K. Pradeep Chandra	8-2-541/A, Road No. 7, Opp. Meridian School, Banjara Hills, Hyderabad, Telangana - 500034.
2.	Mr. Venkata Sudhakar Simhadri	19878, Seagull way, Saratoga, CA 95070, USA.
3.	Mr. K. Ramachandra Reddy	PlotNo.828, RoadNo.42, NearPeddamma Temple, Jubilee Hills, Hyderabad, Telangana - 500033.
4.	Mr. Prasad Gajjala	1-10-15, Flat No. 401, Gharonda Annapurna Apartments, Ashok Nagar, Hyderabad, Telangana - 500020
5.	Mr. D. G. Prasad	8-3-222/C/1/19, A-8, Madhura Nagar, Ameerpet, Hyd-38.
6.	Mr. RajaPraturi	Villa No - 276, Indu Fortune Fields, KPHB Colony, Phase -13, Kukatpally, Hyderabad, Telangana - 500072.
7.	Mr. Damodar Rao Gummadapu	Pl No 15 Bhavyas Alluri Meadows, White Fields, Kondapur Hyderabad, 500084

5. Relationship among the Companies who are parties to the Scheme:

First Pass Semiconductors Private limited is a related party to MosChip Technologies Limited, wherein MosChip presently holds 228,750 Equity Shares of First Pass constitutes of 18.3%. Further, MosChip and First Pass has had entered into a Shareholders Agreement dated 23rd July, 2018 whereas the CFO & Company Secretary of MosChip are appointed as directors in First Pass, and the business affairs of First Pass is in control of MosChip by virtue of the Shareholders Agreement.

GigaCom Semiconductor Private Limited is a related party to MosChip Technologies Limited, wherein Mr. Venkata Sudhakar Simhadri, Managing Director & CEO of MosChip is a Director and Promoter in GigaCom, holding 99.999% shareholding in the Company.

1. Rationale / Benefits of the Scheme:

a) The following are rationale and benefits of 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.

7. Salient features of the Scheme:

- i. This Scheme is between First Pass Semiconductors Private Limited, GigaCom Semiconductor Private Limited and MosChip Technologies Limited and their respective shareholders and Creditors under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder.
- ii. First Pass Semiconductors Private Limited, GigaCom Semiconductor Private Limited and MosChip Technologies Limited shall, as may be required, make petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act read with applicable rules made thereunder, to the National Company Law Tribunal, Hyderabad, for sanction of the Scheme and all matters ancillary or incidental thereto.
- iii. "Appointed Date" means the 1st day of April, 2018.
- iv. "Effective Date" means the date or last of the dates on which the certified copy of the order of the Tribunal sanctioning the Scheme is filed with the Registrar of Companies, Vijayawada, Andhra Pradesh and the Registrar of Companies, Hyderabad, Telangana by the Transferor and Transferee Companies.
- v. Pursuant to the Scheme coming into effect and upon the entire businesses and the whole of the undertakings of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies) being transferred to and vested in Transferee Company (MosChip Technologies Limited), the Transferee Company shall without any further application or deed, issue, allot and credit as fully paid up, to every shareholder of the Transferor Companies whose names appear in the Register of Members of Transferor Companies on the Record Date, new equity shares in the following proportion:

(a) 4568 (Four Thousand Five Hundred and Sixty Eight only) Equity Shares of the Transferee Company, credited as fully paid-up with rights attached thereto 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) 2234 (Two Thousand Two Hundred and Thirty Four) Equity Shares of the Transferee Company, credited as fully paid-up with rights attached thereto 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").

vi. The Scheme is conditional upon and subject to the following:

- Approval of the Scheme by requisite majority of shareholders and creditors of MosChip Technologies Limited and such classes of persons of the said Companies, if any, as applicable or as may be required under the Act and / or as may be directed by the Tribunal;
- Compliance with the other provisions of the SEBI Circular, including seeking approval of the shareholders of MosChip Technologies Limited through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of MosChip Technologies Limited are more than the votes cast by the public shareholders against it as required by the SEBI Circular.
- The Scheme being sanctioned by the NCLT under Sections 230 to 232 of the Act; and
- Certified or authenticated copy of the final Order of the NCLT, sanctioning this Scheme under the provisions of Sections 230 to 232 of the Act, being filed with the Registrar of Companies by the Transferor Companies and the transferee Company.

vii. The Scheme, inter-alia, provides for the following matters:

- Transfer and vesting of the whole of the Undertaking of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies) comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, with MosChip Technologies Limited (Transferee Company) on a going concern basis as expressed in Para 4.2 of Part II of the Scheme;
- Transfer of all legal proceedings by or against First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies) as on the Appointed Date, to the name of the Transferee Company and the same shall be continued and enforced by or against MosChip Technologies Limited (Transferee Company), to the exclusion of the Transferor Companies as expressed in Para 5.1 of Part II of the Scheme;
- Transfer of all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies) is a party, to MosChip Technologies Limited (Transferee Company) as expressed in Para 6.1 of Part II of the Scheme;
- The executives, staff, workers and other employees in the service of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies) shall become the executives, staff, workers and other employees of MosChip Technologies Limited (Transferee Company) as expressed in Para 7.1 of Part II of the Scheme;
- Change of Authorised Capital Clause of MosChip Technologies Limited (Transferee Company) as expressed in Para 12.9 of Part II of the Scheme;
- Cancellation of 2,28,750 shares held by MosChip Technologies Limited (Transferee Company) in First Pass Semiconductors Private Limited (Transferor Company-1) as expressed in Para 12.6 of Part II of the Scheme;
- Consequent issue of shares by MosChip Technologies Limited (Transferee Company) to the shareholders of First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies), as expressed in Para 12.2 and 12.4 of Part II of the Scheme;
- The dissolution without winding up of the First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited (Transferor Companies), as expressed in Para 15 of Part V of the Scheme.

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET THEMSELVES FULLY ACQUAINTED WITH THE PROVISIONS THEREOF.

9. Summary of Valuation Report including basis of valuation and Fairness opinion

- i. Summary of Valuation Report obtained from K. V. Srinivas & Associates, Chartered Accountants (FRN: 016283S) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant.

The valuation of First Pass, GigaCom and MosChip were done for determining the Share Exchange Ratio-01 & Share Exchange Ratio-02, the Valuers have adopted various models such as PECV Model (Profit Earnings Capacity Value), Discounted Cash Flows method (DCF) and have arrived the value based on weighted average.

- ii. Fairness Opinion obtained from Quintessence Enterprises Private Limited, Category I Merchant Banker:

The Merchant Banker is of the opinion that the Share Exchange Ratio - 01 & 02, considered for the purpose of the Scheme is fair to the equity shareholders of MosChip Technologies Limited.

- iii. The Valuation Report and Fairness Opinion are available for inspection at the Registered Office of MosChip Technologies Limited.

- iv. A copy of the Valuation Report and Fairness Opinion are enclosed to this notice as **Annexure 2** and **Annexure 3** respectively.

10. The proposed Scheme was placed before the Audit Committee of MosChip Technologies Limited at its meeting held on July 23, 2018. The Audit Committee recommended the Scheme to the Board of Directors of MosChip Technologies Limited after taking the following into consideration:

- v. The Valuation Report dated July 21, 2018 issued by M. V. Srinivas & Associates, Chartered Accountants (FRN: 016283S) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant, recommending the Share Exchange Ratio- 01 & 02 for issue of shares pursuant to the Scheme;

11. Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:

- i. MosChip Technologies Limited has received, in terms of Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Observation Letter dated April 9, 2019 from BSE Limited giving its no-objection to the Scheme. A Copy of the said letter is enclosed as **Annexure 4**.
- ii. As required by the SEBI Circular, MosChip Technologies Limited has filed the Complaints Report dated December 31, 2018 with the BSE Limited. After filing of the Complaint Report, MosChip Technologies Limited has not received any complaints. Copy of the said report is enclosed as **Annexure 5**.
- iii. Further, it is confirmed that the copy of the NCLT Order sanctioning the Draft Scheme shall be filed with the Registrar of Companies, Hyderabad and the Registrar of Companies, Vijayawada, by MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited.
- iv. In compliance with the requirement of Section 230 (5) of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, a notice in the prescribed form and seeking approvals, sanctions or no-objections shall be served to the concerned regulatory and government authorities for the purpose of the proposed Scheme.

12. Amounts due to Unsecured Creditors as on January 31, 2019

Particulars of amounts due to Unsecured Creditors from respective Companies involved in the Scheme as at January 31, 2019 are detailed herein:

Name of Company	Amount (in Rs.)
MosChip Technologies Limited	53,48,70,630
First Pass Semiconductors Private Limited	1,67,27,492
GigaCom Semiconductor Private Limited	10,41,584

13. Capital Structure Pre and Post Scheme:

Pre Scheme shareholding pattern of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited as on March 31, 2019 and the Post Scheme (expected) shareholding pattern of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited is as under:

A) Pre-Scheme shareholding pattern of MosChip Technologies Limited is as under:

Sl.No.	Description	Name of Shareholder	Transferee Company MosChip Technologies Limited Equity Shares Pre-Sche 130me	
			No. of shares	%
(A)	Shareholding of Promoter and Promoter Group			
1.	Indian			
(a)	Individuals / Hindu Undivided Family	C. Rama Reddy	4,000	0.00
		K. Ramachandra Reddy	39,43,037	2.68
		K. Pratibha Reddy	398	0.00
		C. Dayakar Reddy	2,19,761	0.15
		C. Surekha Reddy	5,30,001	0.36
		Damodar Rao Gummadapu	2,04,000	0.14
(b)	Central Government/ State Government(s)		-	-
(c)	Bodies Corporate		-	-
(d)	Financial Institutions / Banks		-	-
(e)	Any Others			
	Sub Total(A)(1)		49,01,197	3.33
2.	Foreign			
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	Joseph K Wai	7,80,632	0.48
		Vinay D Kumar	1,05,623	0.07
		Eddie Sin Po Chiu	1,000	0.00
		Garry Kennedy	2,62,978	0.18
		Steve Shu Fun Kam	44,400	0.03
		Sean Paul Carney	33,671	0.02
		Art Khachaturian	17,39,497	1.18
(b)	Bodies Corporate	Oshin Global Pte Ltd	8,15,31,739	55.37
		Eiji Holdings Pte Ltd	1,96,000	0.13
(c)	Institutions		-	-
(d)	Any Others		-	-
	Sub Total(A)(2)		8,46,23,540	57.47
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		8,95,24,737	60.80
(B)	Public shareholding			
1.	Institutions			
(a)	Mutual Funds/ UTI		-	-
(b)	Financial Institutions / Banks		150	0.00
	Sub-Total (B)(1)		150	0.00

2.	Central Government / State Government(s)		-	-
(d)	Venture Capital Funds		-	-
(e)	Insurance Companies		-	-
(f)	Foreign Institutional Investors		-	-
(g)	Foreign Venture Capital Investors		-	-
(h)	Any Other		-	-
	Sub-Total (B)(2)		-	-
3.	Non-institutions			
(a)	Bodies Corporate		50,63,513	3.44
(b)	Individuals	(i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	2,49,30,427	16.93
		(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	1,56,32,748	10.61
(c)	Any Other	(i) NBFCs Registered with RBI	41,300	0.03
		(ii) Trusts	-	-
		(iii) Foreign Nationals	57,53,366	3.91
		(iv) Hindu Undivided Family	-	-
		(v) Non Resident Indians	9,38,394	0.64
		(vi) Overseas Corporate bodies	51,13,241	3.47
		(vii) Unclaimed Shares	-	-
		(viii) Clearing Members	13,431	0.01
	Sub-Total (B)(3)		5,74,86,420	39.04
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)+B(3)		5,74,86,570	39.04
	TOTAL (A)+(B)		14,70,11,307	99.84
(C)	i) Shares held by Custodians and against which DRs have been issued		2,38,470	0.16
	ii) Employee benefit trust under SEBI (Share based Employee benefit) Regulations, 2014			
	TOTAL (C)		-	-
	GRAND TOTAL (A)+(B)+(C)		14,72,49,777	100.00

Post-Scheme (Expected):

Sl.No.	Description	Name of Shareholder	Transferee Company MosChipTechnologiesLimited Equity Shares Pre-Sche130me	
			No. of shares	%
(A)	Shareholding of Promoter and Promoter Group			
1.	Indian			
(a)	Individuals / Hindu Undivided Family	C. Rama Reddy	4,000	0.00
		K. Ramachandra Reddy	39,43,037	2.56
		K. Pratibha Reddy	398	0.00
		C. Dayakar Reddy	2,19,761	0.14
		C. Surekha Reddy	5,30,001	0.34
		Damodar Rao Gummadapu	2,04,000	
(b)	Central Government / State Government(s)		-	
(c)	Bodies Corporate		-	
(d)	Financial Institutions / Banks		-	
(e)	Any Others			
	Sub Total(A)(1)		49,01,197	3.18
2.	Foreign			
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	Joseph K Wai	7,80,632	0.51
		Vinay D Kumar	1,05,623	0.07
		Eddie Sin Po Chiu	1,000	0.00
		Garry Kennedy	2,62,978	0.17
		Steve Shu Fun Kam	44,400	0.03
		Sean Paul Carney	33,671	0.02
		Art Khachaturian	17,39,497	1.13
(b)	Bodies Corporate	Oshin Global Pte Ltd	8,15,31,739	52.89
		Eiji Holdings Pte Ltd	1,96,000	0.13
(c)	Institutions		-	
(d)	Any Others		-	
	Sub Total(A)(2)		8,46,23,540	54.90
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)		8,95,24,737	58.08
(B)	Public shareholding			
1.	Institutions			
(a)	Mutual Funds/ UTI		-	
(b)	Financial Institutions / Banks		150	0.00
	Sub-Total (B)(1)		150	0.00
2.	Central Government / State Government(s)		-	
(d)	Venture Capital Funds		-	
(e)	Insurance Companies		-	

(f)	Foreign Institutional Investors		-	
(g)	Foreign Venture Capital Investors		-	
(h)	Any Other		-	
	Sub-Total (B)(2)		-	
3.	Non-institutions			
(a)	Bodies Corporate		50,63,513	3.28
(b)	Individuals	(i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	2,90,24,720	18.83
		(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	1,56,32,748	10.14
(c)	Any Other	(i) NBFCs Registered with RBI	41,300	0.03
		(ii) Trusts	-	
		(iii) Foreign Nationals	85,58,143	5.55
		(iv) Hindu Undivided Family	-	
		(v) Non Resident Indians	9,38,394	0.61
		(vi) Overseas Corporate bodies	51,13,241	3.32
		(vii) Unclaimed Shares	-	
		(viii) Clearing Members	13,431	0.01
	Sub-Total (B)(3)		6,43,85,490	41.77
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)+B(3)		6,43,85,640	41.77
	TOTAL (A)+(B)		15,39,10,377	99.85
(C)	i) Shares held by Custodians and against which DRs have been issued			
	ii) Employee benefit trust under SEBI (Share based Employee benefit) Regulations, 2014		2,38,470	0.15
	TOTAL (C)		-	
	GRAND TOTAL (A)+(B)+(C)		15,41,48,847	100.00

Pre-Scheme and Post-Scheme shareholding pattern of First Pass Semiconductors Private Limited is as under:

Sr No	Description	Name of Shareholder	Pre-Scheme	
			No. of shares	%
(A)	Shareholding of Promoter and Promoter Group			
1	Indian			
	Individuals/ Hindu Undivided Family	Name of the Promoters		
		Kondaveeti Venkata Giri Babu	337,500	27
		Kakumanu Srinivasa Rao	558,750	44.7
(b)	Central Government/ State Government(s)			
(c)	Bodies Corporate	MosChip Technologies Limited	228,750	18.3
(d)	Financial Institutions/ Banks			
(e)	Any Others			
	Sub Total(A)(1)		1,125,000	90
2	Foreign			
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	Venkata Sudhakar Simhadri	125,000	10
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Others	-	-	-
	Sub Total(A)(2)	-	125,000	10
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	1,250,000	100
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	-	-	-
(b)	Financial Institutions / Banks	-	-	-
(c)	Central Government/ State Government(s)	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	-	-	-
(f)	Foreign Institutional Investors	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-
(h)	Any Other	-	-	-
	Sub-Total (B)(1)	-	-	-
2	Non-institutions			
(a)	Bodies Corporate	-	-	-
(b)	Individuals	-	-	-
	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	-	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-

(c)	Any Other	-	-	-
	Sub-Total (B)(2)			
(B)	Total Public Shareholding TOTAL (A)+(B)	-	-	-
		-	1,250,000	100
(C)	Shares held by Custodians and against which DRs have been issued	-	-	-
	GRAND TOTAL (A)+(B)+©	-	1,250,000	100

Post-Scheme (Expected):

First Pass Semiconductors Private Limited, being the Transferor Company, Post Scheme Shareholding Pattern shall not be applicable to the Transferor Company.

Pre-Scheme and Post-Scheme shareholding pattern of GigaCom Semiconductor Private Limited is as under:

Sr No	Description	Name of Shareholder	Pre-Scheme	
			No. of shares	%
(A)	Shareholding of Promoter and Promoter Group			
1	Indian			
	Individuals/ Hindu Undivided Family	Name of the Promoters		
		Kondaveeti Venkata Giri Babu	1	0.001
(b)	Central Government/ State Government(s)	-	-	-
(c)	Bodies Corporate	-	-	-
(d)	Financial Institutions/ Banks	-	-	-
(e)	Any Others	-	-	-
	Sub Total(A)(1)	-	1	0.001
2	Foreign			
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	Mr. Venkata Sudhakar Simhadri	9,999	99.999
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Others	-	-	-
	Sub Total(A)(2)	-	9,999	99.999
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	10,000	100
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	-	-	-
(b)	Financial Institutions / Banks	-	-	-
(c)	Central Government/ State Government(s)	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	-	-	-
(f)	Foreign Institutional Investors	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-

(h) Any Other	-	-	-
Sub-Total (B)(1)	-	-	-
2 Non-institutions			
(a) Bodies Corporate	-	-	-
(b) Individuals	-	-	-
i. Individual shareholders holding nominal share capital up to Rs 2 lakh	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-
(c) Any Other	-	-	-
Sub-Total (B)(2)			
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-
TOTAL (A)+(B)	-	10,000	100
(C) Shares held by Custodians and against which DRs have been issued	-	-	-
GRAND TOTAL (A)+(B)+©	-	10,000	100

Post-Scheme (Expected):

GigaCom Semiconductor Private Limited, being the Transferor Company, Post Scheme Shareholding Pattern shall not be applicable to the Transferor Company.

14. Effect of the Scheme on various parties:

i. Directors and Key Managerial Personnel (KMP)

The Directors and KMP and their respective relatives of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited may be deemed to be concerned / interested in the Scheme only to the extent of their shareholding in MosChip Technologies Limited / First Pass Semiconductors Private Limited / GigaCom Semiconductor Private Limited or to the extent that the said Directors / KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in MosChip Technologies Limited / First Pass Semiconductors Private Limited / GigaCom Semiconductor Private Limited, if any. Save as aforesaid, none of the Directors / KMP of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited have any material interest in the Scheme.

Shareholding of Directors and Key Managerial Personnel of MosChip Technologies Limited:

Name of the Directors and Key Managerial Personnel	Equity Shares held in		
	MosChip Technologies Limited	First Pass Semiconductors Private Limited	GigaCom Semiconductors Private Limited
Mr. K. Pradeep Chandra	-	-	-
Mr. Venkata Sudhakar Simhadri	45,16,634	1,25,000	99,999
Mr. K. Ramachandra Reddy	39,43,037	-	-
Mr. Raja Praturi	-	-	-
Mr. Prasad Gajjala	2,750	-	-
Mr. D. G. Prasad	-	-	-
Mr. Damodar Rao Gummadapu	2,04,000	-	-
Mr. Jayaram Susarla (CFO)	-	-	-
Mr. Suresh Bachalakura (Company Secretary)	30,345	-	-

Shareholding of Directors and Key Managerial Personnel of First Pass Semiconductors Private Limited:

Name of the Directors and Key Managerial Personnel	Equity Shares held in		
	MosChip Technologies Limited	First Pass Semiconductors Private Limited	GigaCom Semiconductors Private Limited
Mr. Srinivasa Rao Kakamanu	-	558,750	-
Mr. Venkata Giri Babu Kondaveeti	-	337,500	1
Mr. Jayaram Susarla	-	-	-
Mr. Suresh Bachalakura	30,345	-	-

Shareholding of Directors and Key Managerial Personnel of GigaCom Semiconductor Private Limited:

Name of the Directors and Key Managerial Personnel	Equity Shares held in		
	MosChip Technologies Limited	First Pass Semiconductors Private Limited	GigaCom Semiconductors Private Limited
Mr. Venkata Sudhakar Simhadri	45,16,634	1,25,000	99,999
Mr. Venkata Giri Babu Kondaveeti	-	337,500	1

ii. Promoter and Non-Promoter Members

- First Pass Semiconductors Private Limited

Promoters of First Pass Semiconductors Private Limited will get direct shareholding in MosChip Technologies Limited in accordance with the Share Exchange Ratio-01 mentioned in the proposed Scheme which is based on the valuation report obtained from K. V. Srinivas & Associates, Chartered Accountants (FRN: 0162835) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant.

- GigaCom Semiconductor Private Limited

Promoters of GigaCom Semiconductor Private Limited will get direct shareholding in MosChip Technologies Limited in accordance with the Share Exchange Ratio-02 mentioned in the proposed Scheme which is based on the valuation report obtained from K. V. Srinivas & Associates, Chartered Accountants (FRN: 0162835) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant.

Save as aforesaid, the rights and interest of the Promoters and Non-Promoter Shareholders of MosChip and Promoters of First Pass & GigaCom involved in the Scheme will not be prejudicially affected by the Scheme.

iii. Depositors

As on date, MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited do not have any depositors, therefore, the effect of the Scheme on any depositors does not arise.

iv. Creditors

Under the Scheme, there is no arrangement with the creditors of First Pass and GigaCom. Pursuant to the Scheme, the creditors of First Pass and GigaCom will become the creditors of MosChip. No compromise is offered under the Scheme to any of the creditors of First Pass and GigaCom. The liability towards the creditors of First Pass and GigaCom is neither reduced nor extinguished and consequently, the creditors of First Pass and GigaCom will not be affected in any manner by the Scheme.

v. Debenture holders

As on date, MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited do not have any debenture holders, therefore, the effect of the Scheme on debenture holders does not arise.

vi. Deposit trustee and debenture trustee

As on date, MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited do not have any deposit trustee or debenture trustee, therefore, the effect of the Scheme on deposit trustee and debenture trustee does not arise.

vii. Employees

The employees of the First Pass Semiconductors Private Limited (Transferor Company-1), GigaCom Semiconductor Private Limited (Transferor Company-2) shall become the employees of the MosChip Technologies Limited (Transferee Company) as expressed in Para 7.1 of Part II of the Scheme. Hence, the rights and interests of the employees of the Companies involved in the Scheme will not be prejudicially affected by the Scheme.

15. Effect of the Scheme on material interest of Directors, KMP& Debenture Trustee

None of the Directors and Key Managerial Personnel of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited respectively have any material personal interest in the Scheme, save to the extent of shares held by the Directors / KMP in MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited, if any.

As on date, MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited do not have any debenture trustee, therefore, the effect of the Scheme on debenture trustee does not arise.

16. No investigation or proceedings under the Companies Act, 1956 and /or Companies Act, 2013 have been instituted or are pending in relation to the MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited.
17. There are no winding up proceedings pending against MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited as of date.
18. MosChip Technologies Limited and First Pass Semiconductors Private Limited have made a joint application before the Hyderabad Bench of the National Company Law Tribunal for the sanction of the Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 of the Companies Act, 2013.
19. In compliance with the provisions of Section 232 (2) of the Companies Act, 2013, the Board of Directors of MosChip Technologies Limited, at its meeting held on July 23, 2018, have adopted a Report, inter-alia, explaining the effect of the Scheme on each class of shareholders (promoter and non-promoter shareholders) and key managerial personnel. A copy of the Report adopted by the Board of Directors of the Transferee Company is enclosed to this Explanatory Statement as Annexure 6.
20. It is confirmed that the copy of the Scheme, as approved by Board, has been filed with the Registrar of Companies, Hyderabad and the Registrar of Companies, Vijayawada by the Transferee Company and Transferor Companies as the case may be.
21. Following documents will be available for inspection by the shareholders of the Applicant Company at its registered office between 10:30 a.m. to 12:30 p.m. on all working days, except Saturdays, Sundays and Public Holidays, up to the date of the meeting namely:
 - a Latest Audited Financial Statements (including Consolidated Financial Statements, as applicable) of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited for the year ended March 31, 2019;
 - b Copy of Memorandum of Association and Articles of Association of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited;
 - c Copies of the orders of National Company Law Tribunal, Hyderabad Bench dated July 22, 2019 in pursuance of which the meeting is to be convened;
 - d Copy of the Scheme of Amalgamation;
 - e Certificate issued by the Auditors of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;

-
- f Copies of the resolutions passed by the respective Board of Directors of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited;
 - g Report adopted by the Board of Directors of MosChip Technologies Limited, First Pass Semiconductors Private Limited and GigaCom Semiconductor Private Limited at their respective meetings held on July 23, 2018 pursuant to the provisions of Section 232 (2) (c) of the Companies Act, 2013;
 - h Valuation Report on recommendation of Share Exchange Ratio - 01 & 02 dated July 21, 2018 issued by K. V. Srinivas & Associates, Chartered Accountants (FRN: 016283S) & CA Bhavani Shankar Mylavarapu, Practicing Chartered Accountant;
 - i Fairness Opinion dated July 21, 2018 issued by Quintessence Enterprises Private Limited, Category 1 merchant banker; and
 - j Such other information or documents as the Board or the management believes necessary and relevant for making decision for or against the Scheme.
22. The persons to whom the Notice is sent may vote in the meeting either in person or by proxy, or where applicable, by voting through electronic means.

This statement may be treated as an Explanatory Statement under Sections 230 to 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Section 102, Section 108 & 110 and other applicable provisions of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement and Proxy Form may be obtained from the Registered Office of the Applicant Company.

Dated this July 30, 2019

Place: Hyderabad

B.V. PapaRao

Chairman Appointed for the Meeting

Address: S2/C143, Siva Sadan
Opp. Sri Venkateswara Swamy Temple,
Sachivalaya Nagar, Vanasthalipuram,
Hyderabad - 500 070.

CIN: L31909TG1999PLC032184

Registered Office:

Plot No. 83 & 84, 02nd Floor, Punnaiah Plaza,
Road No. 02, Banjara Hills, Hyderabad- 500034

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 Valley, 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 (Formerly known as MosChip Semiconductor Technology Limited) or “MosChip” or “Transferee Company”** 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 Ration-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 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 there levant provisions of the Income Tax Act, 1961 including but not limited to Section 2(1B) 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.
- 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 shareholders 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;
- 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.

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- 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 Valley, 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 Semiconductor Technology 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 together the "Transferor Company-1" and the "Transferor Company-2"
- 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):
- (l) 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 wheresoever 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
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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, 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, 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
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 17th April, 2018	6,074,240	12,148,480
Equity shares allotted to promoters on preferential basis as on 28th July, 2018	400,000	800,000
67,00,000 equity shares allotted to non promoters on preferential basis as on 18th 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 26th 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 11th 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.
- i) on 20th July, 2018 - 44,44,444 warrants on preferential basis to non promoters
 - ii) 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 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 TRANSFEREE 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 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.

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- 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 same 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 name of 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 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 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 to 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 then dependent 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 - 1 Merchant 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 the independent judgment after taking into consideration the valuation report dated 21st July, 2018 provided by K. V. Srinivas & Associates., Chartered Accountants (FRN: 0162835) & CA Bhavani Shankar Mylavarapu, Practising Chartered Accountant, and the fairness opinion dated 21st July, 2018 provided by Quintessence Enterprises Pvt Ltd, SEBI Registered Category - 1 Merchant Banker.
- 12.3. 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 of the New 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 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 here in above.

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 Slandered (Ind AS) 103 for Business Combination" prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Slandered) Rules, 2015, (if applicable), as amended form time to time such that:

- 13.1. Upon the corning 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 '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 Scheme 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.

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 (hereinafter 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

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.

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Date : 21 July, 2018

To,
The Board of Directors,
Moschip Semiconductor Technology Limited,
Hyderabad - 500034

To,
The Board of Directors,
First Pass Semiconductors Private Limited,
Hyderabad-500081

To,
The Board of Directors,
Gigacom Semiconductor Private Limited,
Hyderabad-530003

**Fair Value of the Equity Shares of “First Pass Semiconductors Private Limited” and
“Gigacom Semiconductor Private Limited” as at March 31, 2018**

Dear Sirs,

As requested by you, and in accordance with the terms of our engagement letter dated July 12th 2018 with Moschip Semiconductor Technology Limited, we have undertaken a valuation exercise to determine the fair market value of the fully paid up equity shares of Rs. 10 each of First Pass Semiconductors Private Limited and the fair market value of the fully paid up equity shares of Rs. 10 each of Gigacom Semiconductor Technology Limited as at March 31, 2018

1. Scope and Purpose of this Report

- 1.1. Moschip Semiconductor Technology Limited (herein after referred to as “Moschip”) is a publicly listed Company engaged in the business of development and design of System on chip Technologies (Semiconductor) and Internet on Things (IOT) with registered office situated in Hyderabad.
- 1.2. Moschip proposes to acquire First Pass Semiconductors Private Limited, a Private Limited Company incorporated in India with its registered office at Hyderabad (hereinafter referred to as “FPS) and in this connection has entered in to a term sheet dated July 2, 2018 with FPS.
- 1.3. Moschip also proposes to acquire Gigacom Semiconductor Private Limited, a Private Limited Company incorporated in India with its registered office at Vishakapatnam (hereinafter referred to as “Gigacom India”) and in this connection has entered into a term sheet dated July 4, 2018 and an addendum to term sheet dated July 6, 2018 with Gigacom India.
- 1.4. Both FPS and Gigacom India are not related parties of Moschip and there are no significant common shareholders. However, there are common shareholders between FPS and Gigacom India.



- 1.5. As per the term sheet with FPS, Moschip proposes to purchase 2,28,750 equity shares of FPS at a price of Rs. 205.52 per share aggregating to Rs. 470.127 lakhs and acquire the balance 10,21,250 shares of FPS by way of merger by issue of 46,65,000 fully paid up equity shares of Moschip under a scheme of amalgamation. Moschip also proposes to pay Rs. 330 lakhs to the employees of FPS as a part of the proposal.
- 1.6. As per the term sheet and the addendum with Gigacom India, Moschip proposes to acquire the entire 10,000 fully paid up equity shares of Gigacom India by issue of 22,34,000 fully paid up equity shares of Moschip under a scheme of amalgamation.
- 1.7. Moschip proposes to enter into a draft scheme of amalgamation with FPS and Gigacom India for carrying out the transaction.
- 1.8. As requested, we have carried out an independent valuation of FPS and Gigacom India with a view to arrive at the fair value of equity shares of FPS and Gigacom India and subsequent there to arrive at a swap ratio for issue of Moschip equity shares. For the purpose of the swap ratio, the 26 weeks average of the quoted market price of the equity shares of Moschip at the valuation date as applicable to a preferential issue, under the requirements of SEBI (ICDR) Regulations, 2009 is considered.
- 1.9. The information contained herein and this report is absolutely confidential. It is intended only for the sole use and information of your Company and only in connection with the proposed acquisition of FPS and Gigacom India. We are not responsible to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of FPS or Gigacom India shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any thereof, other than in connection with the proposed transfer of equity shares as aforesaid can be done only with our prior permission in writing.

2. Sources of Information

- 2.1. For the purposes of the valuation exercise, we have relied upon the following sources of information :
 - a. audited financial statements of FPS and Gigacom India for the financial years 2015-16 and 2016-17.
 - b. Provisional financial statements of FPS and Gigacom India for the financial year 2017-18 as provided by the management of these Companies.
 - c. Projected financial statement prepared and furnished by the managements of FPS and Gigacom India for the financial years 2018-19 to 2022-23 indicating the future financial performance of these Companies.
 - d. Such other information and explanations, which we believed were relevant to the present exercise and which have been provided by the management of FPS and Gigacom India.

3. Assumptions

- 3.1 The primary assumptions pertaining to the valuation under various methods detailed in this report are enclosed as **Annexure 1**.
- 3.2 We have carried out an independent evaluation of the aforesaid documents and information and have determined the fair value of the equity shares of FPS and Gigacom India, taking into account the assumptions as mentioned in Annexure 1.

4. Exclusions and Limitations

- 4.1 This report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2 Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of FPS, Gigacom india or their business undertakings referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. Valuation analysis and result and specific to the purpose of valuation and the valuation date is as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if



A handwritten signature in blue ink, appearing to read 'K.V. Srinivas'.

A handwritten signature in blue ink, appearing to read 'U. K. Srinivas'.

done on behalf of any other entity. The Valuation engagement does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

- 4.3. Valuation analysis and results are also specific to the date of this report. A valuation of this nature involves consideration of various factors including but not restricted to industry trends in particular. Our report is issued on the understanding that FPS and Gigacom India have drawn our attention to all the matters, which they are aware of concerning the financial position of their Companies and any other matter, which may have an impact on our opinion, on the fair value of the equity shares of these Companies, including any significant changes that have taken place or are likely to take place in the financial position of the Companies subsequent to the proposed acquisition. We have no responsibility to update this report for event and circumstances occurring after the date of this report.
- 4.4. In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data. We have evaluated the information provided to us by FPS and Gigacom India, through broad inquiry analysis and review (but have not independently investigated or otherwise verified the data provided). The terms of our engagement were such that we were entitled to rely upon the information provided by FPS and Gigacom India. Also, we have been given to understand by the management of FPS and Gigacom India that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by FPS and Gigacom India and their impact on the present exercise it is further assumed there is full compliance with all applicable central, state, and local environmental regulations and laws.
- 4.5. No investigation of FPS and Gigacom India's claim to title of assets has been made for the purpose of this valuation and its claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts, Therefore, no responsibility is assumed for matters of a legal nature.
- 4.6 We have not conducted or provided an analysis or prepared a model for any fixed assets valuation and have wholly relied on information provided by FPS and Gigacom India's management in that regard.

5. Brief background of FPS and Gigacom India

- 5.1. **First Pass Semiconductors Private Limited** is a Private Limited Company incorporated under the Companies Act, 1956 on 3rd November 2010 engaged in the business of providing ASIC design services, Its registered office is situated at Plot No 11, Galton Centre, Shipli Valley, Vittal Rao Nagar Rd, Vittal Rao Nagar, Madhapur, Hyderabad, Telangana 500081. FPS is promoted by **Mr. Srinivas Rao K and Mr. Giri Kondaveeti**
- 5.2. **Gigacom Semiconductor Private Limited** is a limited liability Company incorporated under the Companies Act, 1956 on 12 September 2012 primarily started as a service delivery centre for Gigacom Semiconductor LLC. Its registered office is situated at 8th Floor, MVR's Vinayagar Trade Center, VIP Road, Vishakapatnam, Andhra Pradesh-530003, India. The Company is promoted by Mr. Venkata Sudhakar Simhadri.
- 5.3. The paid up share capital of **First Pass Semiconductors Private Limited** as on 31st March 2018 is Rs. 1,25,00,000 comprising of 12,50,000 Equity Shares of Rs. 10 each fully paid up and the paid up capital of **Gigacom Semiconductor Private Limited** as on 31st May 2018 is INR 100,000 comprising of 10,000 Equity Shares of INR 10 each fully paid up.
- 5.4. The revenue of FPS for the year ended 31 March 2018 as per the provisional financial is Rs.1,243 lakhs and the profit before tax is Rs.100.21 lakhs. The revenue of Gigacom India for the year ended 31 March 2018 as per the provisional financials in INR 398 lakhs and the profit before tax is Rs. 50.41 lakhs.

6. Valuation Approach

- 6.1 Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.



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there are two internationally accepted valuation methodologies for arriving at the fair value of a share namely, the income approach and the market approach.

Guidance is also available from the Institute of Chartered Accountants of India (ICAI) which has published a “Technical Guide for Valuation” in 2009 and prescribes the approaches for generally accepted valuation methodologies such as the Income approach and the market approach similar to the internationally accepted valuation methodologies. However, ICAI also allows for a third method which is the asset approach for arriving at the fair value of a share.

Ind AS 113, “Fair Value Measurement” prescribes the fair value hierarchy for measuring the fair value of an equity instrument as (i) using the quoted price in an active market form an identical item (ii) other observable input like the quoted price in a market that is not active for an identical item and (iii) using valuation techniques such as income approach and market approach.

For the purpose of determining fair value, a valuer may therefore, use any of the approaches as per the generally / internationally accepted valuation methodologies which in its opinion are most appropriate based on the facts of each valuation. Reliance is placed on the case of Dr. Mrs. Renuka Datla vs. Solvay Pharmaceutical B.V. & Ors on 30 October, 2003, in which it was held that, a valuer has to give a justification for selecting or rejecting a method.

The internationally / generally accepted valuation methodologies have been discussed hereinafter, along with the reasons for choice of approach used based on the facts of the case.

6.2 Income Approach

Usually under the Income Based Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method.

Under DCF method, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the company. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Under PECV method, the average earning on the basis of past 3 to 5 years are first determined, adjustment are then made for any exceptional transaction or items or non-recurring nature. The adjusted average earning are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc.

6.3. Market Approach

Under this approach the valuation is done on the basis of the quoted market price of the company in case it is a publicly traded company, or publicly traded comparable businesses / date is reviewed in order to identify a peer group similar to the subject company and then their multiples are applied to the entity being valued to determine the fair value.

Usually under the market based approach, the methods that may be applied are Market Price Method, Comparable Multiple Method (CMM), Comparable Transaction Method (CTM) or Price of Recent Investment Method (PORI). Under CMM method various multiple like EV/ Sales, EV/EBITDA, P/BV, P/E Price/Sales can be used to value a business depending upon the facts and circumstances of the cases.

6.4. Assets Approach

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company. This methodology is likely to be appropriate for businesses which derive value mainly from the underlying value of its assets rather than its earnings, such as in the case of real estate business or investment business.



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Usually under the assets based approach, the methods that maybe applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value.

6.5. Basis and conclusion for adoption of approach

Since, FPS and Gigacom India are services driven organizations; with profits in the past and the belief of the management to meet the future projections; we have considered to take an average of both the Income approaches by giving more weightage to DCF and lesser weightage PECV.

The market approach is not relevant in the current case, as FPS and Gigacom India are not publicly traded and there are no market quotations or a similar peer group.

The assets approach is also not relevant in the current case, as the value of the Business of FPS and Gigacom India are not derived by the assets held and the Business is not capital intensive.

For the purpose of valuation of Moschip, the Income approach is not considered as Moschip has not made any profit in the past. The assets approach is also not relevant as the Business of Moschip is not derived by the assets held by the Company. Since, Moschip is a publicly listed Company and the equity shares of Moschip are widely traded, we have considered the market price approach for the fair valuation of equity shares of Moschip.

7. Valuation Analysis - DCF

- 7.1 Discounted Cash Flow model indicates the fair market value of a business based on the value of cash flows that a business is expected to generate in future. This method involves the estimation of post-tax “Operating cash flows (EBITDA)” for the projected period, after taking into account the business’s requirement of reinvestment in terms of capital expenditure and incremental working capital. In this method, the cash flows are projected for a definite period into the future, which generally is an extra-ordinary growth period and after this definite period, a terminal value is computed assuming a stable growth period. The cash flows for the discrete period and the terminal value are aggregated as on the valuation date to arrive at the Value under the DCF method. The DCF technique is essentially based on cash flow projections, discount rate and the terminal value.
- 7.2 The management of FPS and Gigacom India have prepared financial projections for the period of 5 years from Financial year 2018-19 to Financial Year 2022-23. We have relied on these projections and the respective managements assured that the projections are the best estimates taking into account various macro conditions and micro factors like competition, demand projections, capacity, earning capability, management bandwidth etc.
- 7.3 We adopted a discount rate of 19.05% and growth rate of 2.65% for the purposes of discounting the future cash flows and the same is arrived as detailed in Annexure 1.

8. Valuation Analysis - PECV

- 8.1. Under the PECV method, value of a Business is arrived at by capitalizing its future maintainable profits after adjusting for non-recurring, unusual, abnormal items of income and expenditure.
- 8.2 Thus the PECV method requires the determination of three relevant parameters of the Business being valued. These are “future maintainable profits”, “the appropriate future tax rate” and “the capitalization rate”. The PECV is a multiple of the maintainable profit and the capitalization rate.
- 8.3 For this purpose we have considered the maintainable profits for the Financial Years 2015-16, 2016-17 and 2017-18 obtained the weighted average maintainable profits.
- 8.4 The capitalization rate for the above purposes is arrived at by taking average PE ratio of Software Small and Medium Companies listed in the BSE and having a turnover between INR 50 Crores and INR 255 Crores, which stood at 25.465 times for the year ended 31 March 2018.

9. Valuation Analysis - Market price method

- 9.1 Under the market price method, the higher of the average of the weekly high and low of the closing prices of the equity shares quoted on the Stock exchange during 26 week preceding the relevant date OR 2 weeks preceding the relevant date.



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9.2 The relevant date for this valuation is 23rd July, the day on which the proposed scheme of amalgamation is proposed to be placed before the Board of Directors of Moschip for approval.

10. Recommendation of fair value of equity shares for the proposed acquisition :

10.1 Though different values have been arrived at under each of the above two methodologies, for the purpose of recommending a fair market value of the shares of FPS and Gigacom India, it is necessary to arrive at a single value for the equity share of the Companies. It is however important to note that in doing so, we are not attempting to arrive at the absolute value of the equity shares of FPS and Gigacom India, but an indicative fair market value based on accepted valuation methodologies. Considering the fact the business of FPS and Gigacom India are intended to be continued on a “going concern” basis and the Business is at a stage where the management expects it to grow, we have taken the weighted average of the values determined under DCF method and PECV method, in arriving at the fair market values.

10.2 The average fair market value is to be divided by the number of outstanding equity shares of FPS and Gigacom India to arrive at the Fair value of each equity share of FPS and Gigacom India.

10.3 In the ultimate analysis, Valuation will have to be tempered by the exercise of judicious discretion and judgement taking into account all the relevant factors. there will always be several factors, e.g. equality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of the share. Valuation is an art, not an exact science. Mathematical certainly in not demanded, nor indeed is it possible.

10.4 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined here in above referred to earlier in this report, in our opinion, the fair value of equity shares is arrived as under :

- a. FPS - Rs. 2,455.39 Lakhs (Calculations are enclosed as Annexure 2)
- b. Gigacom India - Rs. 761.02 Lakhs (Calculations are enclosed as Annexure 3)

The value per equity share is arrived as under :

- a. FPS - Rs. 196.43 (considering the total number of shares outstanding at 12,50,000 as on 31 March 2018).
- b. Gigacom India - Rs 7,610.17 (considering the total number of shares outstanding at 10,000 as on 31 March 2018).
- c. Moschip - Rs. 33.36 (Average of 26 weeks as at 21st July 2018)

11. Swap ratio :

11.1 The swap ratio for FPS based on the fair value of the equity share is at 4.86 i.e. 4.86 shares of Moschip for one share held in FPS. The swap ratio for Gigacom India based on the fair value of the equity share is at 228.12 i.e 228.12 shares of Moschip for one share held in Gigacom India. (Calculations are enclosed as Annexure 4)

11.2 The swap ratio of FPS as prescribed by Moschip is at 4.57 and it is within the limits of the swap ratio of 4.86 arrived at in this valuation.

11.3 The swap ratio of Gigacom India as prescribed by Moschip is at 223.4 and it is within the limits of the swap ratio of 228.12 arrived at in this valuation.

Yours faithfully
for K.V. Srinivas & Associates,
ICAI Firm Registration No. 0162835

Yours faithfully



K. Vijaya Srinivas
Proprietor
M.No. 211565



CA Bhavani Shankar Mylavarapu
Practicing Chartered Accountant
M.No. 216663

Annexure 1 - Assumptions

S.no.	Particulars	Adopted	Remarks
1.	Projected Financials		The projected financials are based on the working provided by the management. Explicit growth period of 5 years considered.
2.	Cash Flows considered for DCF method		EBIDTA / Working capital change / Capex renewal / Taxes in India etc.
3.	Risk Free Return	7.17%	India 10 year Bond coupon rate
4.	Equity Risk Premium	5.08%	Equity Risk Premium is from www.stern.nyu.edu/~adamodar/pc/datasets/ctryprem.xls , published by Aswath Damodaran from NYE Stern School of Business.
5.	Country Risk	2.19%	Country Risk is from www.stern.nyu.edu/~adamodar/pc/datasets/ctryprem.xls , published by Aswath Damodaran from NYE Stern School of Business.
6.	Beta	1.15	Beta is calculated as a co-variance of BSE 500 Index to BSE Small Cap for 3 years.
7.	Cost of Equity (3+4+5) *6	16.55%	Cost of Equity is arrived by applying the following formula: (Risk Free Return + Equity Risk Premium)
8.	Additional Risk Premium for Unlisted Status	2.50%	Additional discounting for unlisted status of the Company
9.	Total Cost of Equity (7+8)	19.05%	Additional risk premium of 2.50% towards unlisted status of the Company is added to cost of equity at S.No.7
10.	Project GDP Growth Rate	7.50%	http://www.grantthornton.in/globalassets/1.-member-prms/india/assets/pdfs/grant_thornton-valuation_insights-October_2015.pdf
11.	Projected Inflation Growth Rate	4.85%	https://www.statista.com/statistics/271322/inflation-rate-in-india/
12.	Growth Rate (10-11)	2.65%	Growth rate (Projected average growth rate of 7.5% for the Indian economy after adjusting for inflation of 4.85%) which is deducted from the total cost of equity for computing the terminal value.



Annexure 2 - Valuation of FPS

A.DCF method :

Discounted cash flow		T-2	T-1	T0	T1	T2	T3	T4	T5	Terminal
INR lakhs		Fy15-16	Fy16-17	Fy17-18	Fy18-19	Fy19-20	Fy20-21	Fy21-22	Fy22-23	Value
Revenue (A)		599	942	1,243	2,023	2,598	3,244	4,128	5,345	
EBIDTA (B)		132.44	111.06	113.90	267.86	538.52	703.84	936.06	1,262.30	
EBIDTA% (C)		22.12%	11.79%	9.17%	13.24%	20.73%	21.69%	22.67%	23.62%	
NOPAT (D)		87.98	65.38	71.53	193.65	386.46	503.16	667.17	900.49	
Adjustments :										
Depreciation (E)					3.90	6.78	10.01	14.43	16.61	
Working capital adjustment (F)					(169.29)	(124.00)	(139.18)	(190.52)	(262.17)	
Estimated capital expenditure (G)					(15.60)	(11.51)	(12.92)	(17.68)	(24.34)	
Free cash flows (H=D+E+F+G)					12.66	257.72	361.07	473.40	630.60	630.60
Discount factor (I)					0.92	0.77	0.65	0.54	0.46	0.46
Present value of free cash flows (J=H*I)					11.61	198.41	233.50	257.16	287.74	287.74
Terminal value (K)										1,755
Sum of present value of cash flows	988.41									
Present value of terminal value	1,754.69									
Enterprise value	2,743.10									
Cash balance (FD balances)	79.00									
Entity value as per DCF	2,822.10									

B. PECV method :

		T-2	T-1	T0
INR lakhs		Fy15-16	Fy16-17	Fy17-18
Reported profit before tax and other income		107.69	87.97	93.29
Weights		1	2	3
Weighted profits		107.69	175.94	279.87
Maintainable PBT	93.92			
Tax rate (28%)	26.30			
Maintainable PAT	67.62			
PE multiple	25.47			
Capitalized value of Business as per PECV	1,721.95			

C. Summary :

INR lakhs

Valuation Methodology	Amount	Weights	Value
DCF method	2,822.10	2	5,644.21
PECV method	1,721.95	1	1,721.95
Total		3	7,366.16

Weighted average valuation

2,455.39



Annexure 3 - Valuation of Gigacom india

A.DCF method :

Discounted cash flows		T-2	T-1	T0	T1	T2	T3	T4	T5	Terminal Value
INR lakhs		Fy15-16	Fy16-17	Fy17-18	Fy18-19	Fy19-20	Fy20-21	Fy21-22	Fy22-23	
Revenue (A)		198	291	398	557	780	1,092	1,420	1,846	
EBIDTA (B)		21.00	19.40	56.89	77.72	113.41	164.04	217.07	286.55	
EBIDTA% (C)		10.61%	6.67%	14.29%	13.95%	14.54%	15.02%	15.29%	15.53%	
NOPAT (D)		16.58	8.22	32.73	58.99	83.88	119.21	156.22	205.28	
Adjustments :										
Depreciation (E)					0.80	1.91	3.47	5.11	6.44	
Working capital adjustment (F)					(6.49)	(9.09)	(12.72)	(13.36)	(17.36)	
Estimated capital expenditure (G)					(3.18)	(4.46)	(6.24)	(6.55)	(8.52)	
Free cash flows (H=D+E+F+G)					50.11	72.25	103.72	141.42	185.84	185.84
Discount factor (I)					0.92	0.77	0.65	0.54	0.46	0.46
Present value of free cash flows (J=H*I)					45.93	55.62	67.07	76.82	84.80	84.80
Terminal value (K)										517
Sum of present value of cash flows	330.24									
Present value of terminal value	517.12									
Enterprise value	847.36									
Cash balance (FD balances)	-									
Entity value as per DCF	847.36									

B. PECV method :

		T-2	T-1	T0
INR lakhs		Fy15-16	Fy16-17	Fy17-18
Reported profit before tax and other income		16.40	12.45	50.41
Weights		1	2	3
Weighted profits		16.40	24.90	151.23
Maintainable PBT	32.09			
Tax rate (28%)	8.98			
Maintainable PAT	23.10			
PE multiple	25.47			
Capitalized value of Business as per PECV	588.33			

C. Summary :

	INR lakhs		
Valuation Methodology	Amount	Weights	Value
DCF method	847.36	2	1,694.72
PECV method	588.33	1	588.33
Total		3	2,283.05

Weighted average valuation

761.02



Annexure 4 - Swap Ratio

Company	FPS	Gigacom India
Total paid up equity shares (A)	1,250,000	10,000
No. of shares purchased against cash consideration (B)	228,750	-
Value of cash consideration (INR lakhs) (C)	800	-
Number of shares to be acquired in swap (D=A-B)	1,021,250	10,000
Fair value as per valuation in INR lakhs(E)	2,455	761
Fair value per share of Moschip (F)	33.36	33.36
Number of shares of Moschip at the fair value (G=(E-C)/F*10 ⁵)	4,962,190	2,281,226
Swap ratio at fair value (H=G/D)	4.86	228.12
Swap ratio proposed by Moschip (I)	4.57	223.40



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