

List of Documents relating to Comprehensive Scheme of Arrangement

1. Draft Comprehensive Scheme of Arrangement between Spice Mobility Limited and Spice Digital Limited and Spice IOT Solutions Private Limited and Mobisoc Technology Private Limited and Spice Labs Private Limited and their respective Shareholders and Creditors.
2. Other document relating to the Comprehensive Scheme of Arrangement:
 - a) Certified True Copy of the Valuation Report as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
 - b) Certified True Copy of the Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report.
 - c) Certified True Copy of the Fairness opinion by a SEBI Registered merchant banker on valuation of assets / shares done by the valuer for the listed entity.
 - d) Shareholding pattern in accordance with Regulation 31 (1) of the SEBI (LODR) Regulations, 2015 for pre and post scheme of amalgamation – For all unlisted entities.
 - e) Audited financials of last 3 years of all the companies -- For all unlisted entities.
 - f) Certified True Copy of the Auditor's Certificate as per Para 1(A)(5) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
 - g) Detailed Compliance Report as per the format specified in Annexure IV of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 duly certified by the Company Secretary, Chief Financial Officer and the Managing Director, confirming compliance with various regulatory requirements specified for schemes of arrangement and all accounting standards

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ANNEXURE-A

COMPREHENSIVE SCHEME OF ARRANGEMENT

BETWEEN

SPICE MOBILITY LIMITED

AND

SPICE DIGITAL LIMITED

AND

SPICE IOT SOLUTIONS PRIVATE LIMITED

AND

MOBISOC TECHNOLOGY PRIVATE LIMITED

AND

SPICE LABS PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



PREAMBLE

(A) BACKGROUND AND DESCRIPTION OF COMPANIES WHO ARE PARTIES TO THE SCHEME

1. **Spice Mobility Limited** (hereinafter called '**SML**') was incorporated on December 23, 1986 under the Companies Act, 1956, having its registered office at S Global Knowledge Park, 19A & 19B, Sector 125, Noida, Uttar Pradesh - 201301 and e-mail id - complianceofficer@smobility.in. The equity shares of SML is listed on National Stock Exchange of India Limited (hereinafter called '**NSE**') and BSE Limited (hereinafter called '**BSE**'). The Corporate Identity Number of the company is L72900UP1986PLC008448. Further, the Permanent Account Number of the company is AABCM5619D. SML through its subsidiaries is primarily engaged in the business of digital technology services, Financial Technology Services, value added telecom services and retail of mobile handsets and related products. The Board of SML has decided to shift the registered office of company from the State of Uttar Pradesh to the State of Delhi.
2. **Spice Digital Limited** (hereinafter called '**SDL**') was incorporated on April 04, 2000 under the Companies Act, 1956, having its registered office at 60-D, Street No. C-5, Sainik Farms, New Delhi - 110062. The Corporate Identity Number of the company is U72900DL2000PLC104989 and e-mail id - kokila.arora@spicedigital.in. Further, the Permanent Account Number of the company is AABCC9662Q. SDL is presently engaged in the business of providing:
 - a) Digital Technology services, Value added services including mobile content services to the customers of domestic and international telecom operators, development & sale of telecom related software, (hereinafter collectively referred to as '**DTS Business**'); and
 - b) Financial Technologies Services such as domestic money transfer services, Aadhar enabled payment services, bill payments through Bharat Bill Payment System, and Ticketing services ('**FinTech Business**').
3. **Spice IOT Solutions Private Limited** (hereinafter called '**Spice IOT**') was incorporated on October 29, 2016 under the Companies Act, 2013, having its registered office at S Global Knowledge Park, 19A & 19B, Sector 125, Noida, Uttar Pradesh - 201301. The Corporate Identity Number of the company is U72900UP2016PTC087428 and e-mail id - rohit.ahuja@spiceglobal.com. Further, the Permanent Account Number of the company is AAXCS7948H.



Spice IOT was incorporated with the main object of carrying on the business of manufacturing, trading, export, import, service, solution of hardware and software accelerator, product of internet of things, e-commerce, internet, media, allied items, computer personnel etc, developing and maintaining hardware, software and communication infrastructure, software, packages and applications etc. The Board of Spice IOT has decided to shift the registered office of the Company from the state of Uttar Pradesh to the state of Delhi.

- 4. **Mobisoc Technology Private Limited** (hereinafter called ‘**Mobisoc**’) was incorporated on August 12, 2006 under the Companies Act, 1956, having its registered office at D-60, Street No. C-5 Sainik Farms New Delhi - 110062. The Corporate Identity Number of the company is U72300DL2006PTC151960 and e-mail id - akansha.sharma@spicelabs.in. Further, the Permanent Account Number of the company is AAECM7582L. Mobisoc is engaged in software development activities and providing management and support services in the field of telecommunication technology. The Company is also in the business of digital marketing in which it is providing services to the clients to enhance their business via mobile marketing, lead generation, app download and website.
- 5. **Spice Labs Private Limited** (hereinafter called ‘**Spice Labs**’) was incorporated on May 25, 2009 under the Companies Act, 1956, having its registered office at Plot No. 62, Basement Pocket 2, Jasola, New Delhi - 110025. The Corporate Identity Number of the company is U72300DL2009PTC311320 and e-mail id – ishan.narula@spicedigital.in. Further, the Permanent Account Number of the company is AANCS0789G. Spice Labs is primarily engaged in the business of developing, and providing digital software solutions as offshore service provider to business enterprises.

(B) PURPOSE AND RATIONALE FOR THE COMPREHENSIVE SCHEME OF ARRANGEMENT

The Board of respective companies are desirous of streamlining the ownership and business operations of SML, SDL, Spice IOT, Mobisoc & Spice Labs through a Comprehensive Scheme of arrangement pursuant to sections 230-232 and other applicable provisions, if any, of the Act, which involves: (a) Demerger of DTS Business Undertaking (*as defined hereinafter*) of SDL into SML; and (b) Amalgamation of Spice IOT, Mobisoc and Spice Labs with SML. The proposed Comprehensive Scheme of Arrangement is in the interest of shareholders and creditors on account of the following reasons:



1. SML through its subsidiaries is primarily engaged in the Business of digital technology services, Financial Technology Services, value added telecom services and retail of mobile handsets and related products. Over the last few years, digital technology and apps have gained prominence in terms of business potential and growth and mobile handsets have become only a mode to access these digital technology services. Therefore, to keep pace with these changing business dynamics, SML intends to focus predominantly on digital platforms and services.
2. The services business has been at the forefront of technological innovations and has evolved as a key digital transformation player in terms of technological advancements as well as development of digital products & solutions.
3. SML, along-with its subsidiaries, aspires to become a leader in digital technologies in India and other emerging markets which are witnessing similar technology adoption trends and continue to invest into new products and service areas which will provide significant growth opportunities going forward. SML is focusing on building solutions in the mobile governance, mobile money and mobile entertainment domains.
4. The service business of SML, being carried out through SDL, can be broadly classified into two categories (a) **Digital Technology Services Business (DTS)** - Telco Support Solutions, Mobility Software Solutions, Mobile Advertising, Social Networking, USSD Service and other related services and (b) **FinTech Business** - Under the brand name "**Spice Money**", Cash Deposit, Cash Withdrawals, Bill Payments etc. as per the licenses issued under the Pre-paid Instrument, Bharat Bill Payment System, Aadhaar Enabled Payment Systems etc.

In order to streamline the business structure and aligning it with the future growth prospects, the flagship listed company of the group i.e. SML is proposed to directly carry out the DTS Business going forward.

5. Further, the FinTech Business is at a nascent stage and has tremendous scope to grow in the future. Hence, it is desirous to grow the FinTech Business through organic & inorganic expansion including acquisition / consolidation of similar businesses. It would require investments into the operational and functional aspects of the business and substantial investment into marketing and brand building including strategic partnership with an investor for fund raising and / or acquisition of technology.



6. The proposed restructuring will be synergistic and optimal as there exists certain commonality in the operational infrastructure that may be needed for running the respective businesses.
7. The restructuring proposed under this Scheme when made effective will build a stronger and sustainable business and it would be desirous, among other, for the following reasons:
 - (a) consolidation of similar businesses into one entity;
 - (b) achieve more focused business and management control;
 - (c) provide greater efficiency and optimal utilisation of resources;
 - (d) optimization of overheads, administrative, managerial and other expenditure through consolidation of companies / businesses resulting into simplification of group structure and streamlining for growth, capital raising in specific business and / or securing strategic partnerships;
 - (e) reduce legal and regulatory compliances; and
 - (f) create enhanced value for all stakeholders of the respective companies.

PARTS OF THE COMPREHENSIVE SCHEME OF ARRANGEMENT:

This Comprehensive Scheme of Arrangement is divided into the following parts:

1. **PART I** - Definitions, Share Capital, Details of Directors and Promoters;
2. **PART II** - Demerger of DTS Business Undertaking from SDL to SML;
3. **PART III** - Amalgamation of Spice IOT, Mobisoc and Spice Labs into SML;
and
4. **PART IV** - General Terms and Conditions.



PART – I

DEFINITIONS, SHARE CAPITAL, DIRECTORS AND PROMOTERS

1. DEFINITIONS

In this Scheme (*as defined hereinafter*), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

- 1.1 **“Act” or “The Act”** means the Companies Act, 2013, and shall include rules and regulations made thereunder and any statutory modifications, re-enactments and / or amendments thereof for the time being in force;
- 1.2 **“Applicable Laws”** mean any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 1.3 **“Appointed Date”** means April 01, 2017 or such other date as may be fixed or approved by the Hon’ble National Company Law Tribunal (“NCLT” / “Tribunal”) or any other Appropriate Authority (*as defined hereinafter*);
- 1.4 **“Appropriate Authority”** means:
 - a. The government of any jurisdiction (including any central, state, municipal or local government or political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
 - b. Any public international organization or supranational body and its institutions, departments, agencies and instrumentalities;
 - c. Any governmental, quasi-governmental or private body or agency lawfully, exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation) the Competition Commission of India, Securities Exchange Board of India (‘SEBI’), Reserve Bank of India (‘RBI’), Regional Director, Registrar of Companies, Official Liquidator and the Tribunal; and
 - d. Any stock exchanges in India.



- 1.5 **“Board” of “Board of Directors”** in relation to each of the companies forming part of the Scheme, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto.
- 1.6 **“DTS Business Undertaking / DTS Business”** means all the business, undertakings, properties and liabilities of whatsoever nature and kind and wherever situated pertaining to the DTS Business of SDL and shall include (without limitation):
 - 1.6.1 all properties and assets, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, present or future including all plant and machinery, buildings, vehicles, offices, investments (including investments in various Indian and overseas companies engaged in the similar business), interest, capital work-in-progress, furniture, fixtures, office equipment, appliances, computers, accessories, licenses, permits, quotas, approvals, registrations (including the Unique Identification Number (‘UIN’) for making investments in overseas companies), lease and tenancy rights in relation to office, stores and commercial or residential properties, incentives, if any, municipal permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relatable to the DTS Business of SDL and all other permissions, rights (including rights under any contracts, government contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other designs, trade secrets, or intellectual property rights of any nature and all other interest exclusively relating to the services being dealt with by the DTS Business, and all deposits, advances and or moneys paid or received by SDL in connection with or pertaining or relatable to the DTS Business, corporate guarantees issued by SDL and the benefits of any bank guarantees issued in relation to and for the benefit of the DTS Business of SDL, deferred tax benefits, privileges, all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the DTS Business of SDL;
 - 1.6.2 All the debts, liabilities, including contingent liabilities, duties and obligations (including the obligations towards bank guarantees) pertaining or relatable to the



DTS Business of SDL. For the purpose of this Scheme, it is clarified that liabilities pertaining to the DTS Business of SDL shall include:

- i. the liabilities, which arises out of the activities or operations of the DTS Business;
 - ii. specific loans and borrowings raised, incurred and utilized for the activities or operations of the DTS Business;
 - iii. liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Remaining Business of SDL, being the amounts of general or multipurpose borrowings of SDL allocated in the same proportion which the value of the assets of the DTS Business of SDL bears to the total value of SDL.
- 1.6.3 all taxes (direct or indirect), surcharges, cess, duties, levies imposed by any governmental entity, including without limitation, goods and service tax, excise, property tax, stamp duty and registration fees, together with any interest and penalties with respect to such amounts, taxes and duties paid or payable relatable to DTS Business;
- 1.6.4 all deposits and balances with government, semi government, local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by SDL directly or indirectly in connection with or relating to the DTS Business;
- 1.6.5 all necessary books, records, files, papers, product, specification, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the DTS Business of SDL; and
- 1.6.6 all employees of SDL substantially engaged in the DTS Business and those employees that are determined by the Board of SDL, to be substantially engaged in or relatable to the DTS Business of SDL.

Provided however that any question that may arise, including without limitation, as to whether a specified asset or property (including any books and records etc.) or liability pertains or does not pertain to the DTS Business, or whether it arises out of the activities or operations of the DTS Business or whether provided for or not in the books of accounts of SDL, shall be decided by mutual agreement between the Board of SDL and SML.



- 1.7 **“Effective Date”** means the last of the dates on which the conditions specified in Clause 34 are complied with. Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall mean and refer to the Effective Date;
- 1.8 **“IT Act”** shall mean Income Tax Act, 1961 and shall include rules and regulations made thereunder and any statutory modifications, re-enactments and / or amendments thereof for the time being in force;
- 1.9 **“Mobisoc”** means Mobisoc Technology Private Limited, a company incorporated under the Companies Act 1956, having its registered office at D-60, Street No. C-5 Sainik Farms New Delhi - 110062;
- 1.10 **“NCLT”** means Hon’ble National Company Law Tribunal at Allahabad and Hon’ble National Company Law Tribunal at New Delhi, individually or collectively, as the context may require, to which this Scheme in its present form or with any modification(s) made or to be made and approved under Clause 33 of this Scheme is submitted for its sanctioning under sections 230 to 232 and other applicable provisions, if any, of the Act;
- 1.11 **“Record Date”** means the date to be fixed by the Board of respective companies for the purpose of determining the members of SDL and Spice Labs to whom shares will be allotted pursuant to Clause 5.1, Clause 13.11 and Clause 16.2, if required, of this Scheme;
- 1.12 **“Remaining Business of SDL”** means the business of SDL other than DTS Business Undertaking transferred to SML pursuant to Part II of the Scheme;
- 1.13 **“Registrar of Companies”** means Registrar of Companies, Kanpur and NCT of Delhi and Haryana, individually or collectively, as the context may require;
- 1.14 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Comprehensive Scheme of Arrangement, in its present form or with any modification(s) made or to be made and approved under Clause 33 of this Scheme;
- 1.15 **“SDL”** means Spice Digital Limited, a company incorporated under the Companies Act 1956, having its registered office at 60-D, Street No. C-5, Sainik Farms, New Delhi - 110062;
- 1.16 **“SML”** means Spice Mobility Limited, a company incorporated under the Companies Act 1956, having its registered office at S Global Knowledge Park, 19A & 19B, Sector 125, Noida, Uttar Pradesh - 201301;
- 1.17 **“Spice IOT”** means Spice IOT Solutions Private Limited, a company incorporated under the Act, having its registered office at S Global Knowledge



Park, 19A & 19B, Sector 125, Noida, Uttar Pradesh - 201301;

1.18 "Spice Labs" means Spice Labs Private Limited, a company incorporated under the Companies Act 1956, having its registered office at Plot No. 62, Basement Pocket 2, Jasola, New Delhi - 110025;

1.19 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. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

Upon the occurrence of the Effective Date, the Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

It is further provided that **Part II** of the Scheme shall take effect and be operative prior to coming into effect of **Part III** of the Scheme.



3. DETAILS OF SHARE CAPITAL, DIRECTORS AND PROMOTERS

3.1 Spice Mobility Limited ('SML')

3.1.1 The Share Capital SML as on March 31, 2017 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
33,00,00,000 equity shares of Rs. 3/- each	99,00,00,000
Total	99,00,00,000
Issued, Subscribed and Paid-up	
22,78,63,982 equity shares of Rs. 3/- each	68,35,91,946
Total	68,35,91,946

Subsequent to the above date and till the date of approval of Board to the said Scheme there is no change in the Share Capital structure as set out above.

3.1.2 The list of Directors of SML is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Dilip Kumar Modi	36, Amrita Shergill Marg , New Delhi-110003	00029062	21-08-2006
2	Hanif Mohamed Dahya	5 Beechwood Road, Allendale, New Jersey,07401 United States of America	01068575	26-08-2013
3	Preeti Malhotra	House No. 40, NRI Complex, Greater Kailash-IV , New Delhi-110019	00189958	24-04-2010



4	Subramanian Murali	2001, ATS Greens Village, Sector - 93A Noida – 201304, Uttar Pradesh, India	00041261	07-05-2015
5	Suman Ghose Hazra	E-604, Krishna Apra Residency, Sector-61, Noida – 201301	00012223	07-05-2015
6	Umang Das	1B Jangpura, Mathura Road, New Delhi – 110014	00027912	07-05-2015

3.1.3 The list of Promoters of SML is as follows:

S. No.	Name	Address
1	Spice Connect Private Limited	Address: 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062



3.2 Spice Digital Limited ('SDL')

3.2.1 The Share Capital of SDL as at March 31, 2017 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
10,00,00,000 equity shares of Rs. 10/- each	100,00,00,000
Total	100,00,00,000
Issued, Subscribed and Paid-up	
3,97,70,984 equity shares of Rs. 10/- each	39,77,09,840
Total	39,77,09,840

Subsequent to the above date and till the date of approval of Board to the said Scheme there is no change in the Share Capital structure as set out above.

3.2.2 The list of Directors of SDL is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Mr. Dilip Kumar Modi	36, Amrita Shergill Marg, New Delhi-110003	00029062	11-05-2017
2	Mr. Subramanian Murali	2001, ATS Greens Village, Sector 93A, Noida-201304, U.P.	00041261	04-07-2012
3	Mr. Suman Ghose Hazra	E-604, Krishna Apra Residency, Sector-61, Noida-201301, U.P.	00012223	24-03-2015
4	Mr. Suresh Kumar Jain	H.No. B 105, Sector 26 Noida, PS-Sector 20, Teh.	01308010	16-04-2015



		Dadri, District Gautam Budh Nagar 201301 U.P.		
5	Mr. Umang Das	1 - B Jang Pura, Mathura Road, New Delhi-110014	00027912	24-03-2015

3.2.3 The list of Promoters of SDL is as follows:

S. No.	Name	Address
1	Spice Mobility Limited	S Global Knowledge Park 19A & 19B, Sector 125, Noida- 201301, Uttar Pradesh

3.3 **Spice IOT Solutions Private Limited (“Spice IOT”)**

3.3.1 The Share Capital of Spice IOT as on March 31, 2017 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
10,000 equity shares of Rs. 10/- each	1,00,000
Total	1,00,000
Issued, Subscribed and Paid-up	
10,000 equity shares of Rs. 10/- each	1,00,000
Total	1,00,000

Subsequent to the above date and till the date of approval of Board to the said Scheme there is no change in the Share Capital structure as set out above.



3.3.2 The list of Directors of Spice IOT is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Mr. Dilip Kumar Modi	36, Amrita Shergill Marg , New Delhi-110003	00029062	29-10-2016
2	Mr. Rohit Ahuja	A – 27, Sector – 26, Noida - 201301	00065417	29-10-2016

3.3.3 The list of Promoters of Spice IOT is as follows:

S. No.	Name	Address
1	Spice Mobility Limited	S Global Knowledge Park 19A & 19B, Sector 125, Noida- 201301, Uttar Pradesh

3.4 **Mobisoc Technology Private Limited ('Mobisoc')**

3.4.1 The Share Capital of Mobisoc as on March 31, 2017 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
1,50,00,000 equity shares of Rs. 10/- each	15,00,00,000
Total	15,00,00,000
Issued, Subscribed and Paid-up	
1,00,10,000 equity shares of Rs. 10/- each	10,01,00,000
Total	10,01,00,000

Subsequent to the above date and till the date of approval of Board to the said Scheme there is no change in the Share Capital structure as set out above.



3.4.2 The list of Directors of Mobisoc is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Mr. Madhusudan Venkatachary	55, H.C.L. Tower-1, B-9/16, Sector 62, Noida 201301, U.P.	02650160	31-03-2009
2	Ms. Seema Salwan	47, Pusa Road, New Delhi-110005	06944301	27-03-2015
3	Mr. Sunil Kapoor	104, 1st Floor, Tower Manchester 2 Mahagun Moderne, Sector-78 Noida-201301, U.P.	05322540	20-01-2014
4	Mr. Sunil Kumar Bhansali	71, Daryaganj, New Delhi-110002	00225693	27-03-2015

3.4.3 The list of Promoters of Mobisoc is as follows:

S. No.	Name	Address
1	Spice Digital Limited	60-D, Street No. C-5, Sainik Farms, New Delhi – 110062



3.5 **Spice Labs Private Limited (“Spice Labs”)**

3.5.1 The Share Capital of Spice Labs as on March 31, 2017 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
1,00,50,000 equity shares of Rs. 10/- each	10,05,00,000
Total	10,05,00,000
Issued, Subscribed and Paid-up	
1,00,50,000 equity shares of Rs. 10/- each	10,05,00,000
Total	10,05,00,000

Subsequent to the above date and till the date of approval of Board to the said Scheme there is no change in the Share Capital structure as set out above.

3.5.2 The list of Directors of Spice Labs is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Mr. Madhusudan Venkatachary	55, H.C.L. Tower-1, B-9/16, Sector 62, Noida 201301, U.P.	02650160	13-09-2014
2	Ms. Seema Salwan	47, Pusa Road, New Delhi-110005	06944301	28-03-2015
3	Mr. Sunil Kapoor	104, 1st Floor; Tower Manchester 2 Mahagun Moderne, Sector-78 Noida- 201301, U.P.	05322540	14-04-2015



4	Mr. Sunil Kumar Bhansali	71, Daryaganj, New Delhi-110002	00225693	28-03-2015
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3.5.3 The list of Promoters of Spice Labs is as follows:

S. No.	Name	Address
1	Spice Digital Limited	60-D, Street No. C-5, Sainik Farms, New Delhi – 110062



PART – II

DEMERGER OF DTS BUSINESS UNDERTAKING OF SDL INTO SML

4. TRANSFER AND VESTING OF DTS BUSINESS UNDERTAKING

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, DTS Business Undertaking, as defined in Clause 1.6 of this Scheme shall, pursuant to the provisions of sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the order of NCLT(s) or other Appropriate Authority, if any, sanctioning the Scheme, without any further act, deed, matter or thing, stand transferred to and vested in and/ or deemed to be transferred to and vested in SML at values appearing in the books of SDL on a going concern basis and in accordance with section 2(19AA) of the IT Act, so as to become the assets and liabilities of SML and there shall be vested in SML, all the rights, titles, interests or obligations of the said DTS Business Undertaking therein and shall be free from all encumbrances.

4.2 Without prejudice to the generality of the above said Clause:

4.2.1 Any and all assets relating to the DTS Business Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recorded pursuant to this Scheme shall stand transferred and vested by SDL to SML and shall become the property and an integral part of SML. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly.

4.2.2 Any and all movable properties of SDL relating to the DTS Business Undertaking, other than those specified in sub-clause 4.2.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of SML. The investments held in dematerialized form will be transferred to SML by issuing appropriate delivery instructions to the depository participant with whom SDL have an account.

4.2.3 The immovable properties standing in the books of SDL in relation to DTS Business Undertaking, if any, and any documents of title or rights and easements in relation thereto shall be vested in and transferred to and / or be deemed to have



been vested in and transferred to SML automatically without requirement of execution of any further documents for registering the name of SML as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar etc. may rely on the Scheme along with the copy of the order passed by the NCLT(s), to make necessary mutation entries and changes in the land or revenue records to reflect the name of SML as owner of the immovable properties. For the purpose of vesting of immovable properties to SML, SDL is hereby empowered/authorized to execute any documents/enter into any arrangements for and on behalf of SML.

- 4.2.4 In respect of the assets owned by SDL in relation to the DTS Business Undertaking as on the Effective Date, including actionable claims, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any, with the local and other authorities, body corporates, customers, etc., SDL shall, if so required by SML, may issue notices/ intimations in such form as SML may deem fit and proper stating that pursuant to the NCLT(s) or any other Appropriate Authority having sanctioned this Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of SML as the person entitled thereto, to the end and intent that the right of SDL to recover or realize the same stands transferred to SML and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.2.5 With effect from the Appointed Date but upon the Scheme becoming effective, all debts, liabilities, duties and obligations of every kind, nature and description of SDL in relation to the DTS Business Undertaking, shall be deemed to and shall stand transferred to SML, without any further act, deed, matter or thing and shall become the debts, liabilities, duties and obligations of SML. SML shall undertake to meet, discharge and satisfy such debts, liabilities, duties and obligations and in order to give effect to the provisions of this Clause, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities duties and obligations have arisen.
- 4.2.6 Where any of the debt, liabilities, duties and obligations of SDL relating to the DTS Business Undertaking as on the Appointed Date, deemed to be transferred to SML have been discharged by SDL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of SML and all loans raised and used and all liabilities and obligations incurred by SDL for the operations of the DTS Business Undertaking after the Appointed



Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of SML and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing stand transferred to SML and shall become the liabilities and obligations of SML which shall undertake to meet, discharge and satisfy the same and in order to give effect to the provisions of this Clause, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen.

4.2.7 All assets and properties of SDL relating to the DTS Business Undertaking, as on the Appointed Date, whether or not included in the books of SDL and all assets and properties which are acquired by SDL, relating to the DTS Business Undertaking, on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of SML and shall under the provisions of sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the order of NCLT(s) or other Appropriate Authority, if any, sanctioning the Scheme, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in SML upon the coming into effect of this Scheme.

4.2.8 The transfer and vesting of the DTS Business Undertaking aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to the DTS Business Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the DTS Business Undertaking.

4.2.9 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of this Scheme, SDL and SML shall execute all such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary documents, with the Registrar of Companies to give formal effect to the above provisions, if required.

5. CONSIDERATION

5.1 Upon this Scheme becoming effective SML shall, without any further application, act or deed, issue and allot equity shares to the equity shareholders of SDL (*other than the equity shares as held by SML in SDL*) whose names appear in the register of its members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid in the following manner (hereinafter referred as Equity Shares):-



“2.682 fully paid up equity shares of face value of Rs. 3/- (Rupees Three) of SML to be issued and allotted to the equity shareholders of SDL against 1 fully paid up equity share of face value of Rs. 10/- (Rupees Ten) each held in SDL.”

- 5.2 The ratio in which Equity Shares are to be issued and allotted to the shareholders of SDL is herein referred to as the **“Share Exchange Ratio”**. Subject to Clause 12.1.3, if SDL restructures its share capital during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate actions.
- 5.3 The Equity Shares in SML, to be issued to the members of SDL pursuant to Clause 5.1 above, shall be subject to the Memorandum and Articles of Association of SML and shall rank pari passu, with the existing equity shares of SML.
- 5.4 SML shall not issue any fractional shares in respect of the fractional entitlements, if any, arising out of Clause 5.1 to which the shareholders of SDL may be entitled on issue and allotment of the equity shares of SML. In lieu of the fractional entitlement, SML shall pay to such shareholder, cash equal to the value of such fractional entitlement determined in accordance with the valuation of the shares of SML considered for the purpose of swap ratio as set-out in Clause 5.1 above.
- 5.5 Equity Shares of SML issued in terms of Clause 5.1 of this Scheme will be listed and/ or admitted to trading on the BSE and NSE where the shares of SML are listed and/or admitted to trading in terms of SEBI (Listing Obligations and Disclosure Requirements), 2015.
- 5.6 SML shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges, if any. On such formalities being fulfilled the said stock exchanges shall list and/or admit such Equity Shares for the purpose of trading.
- 5.7 The issue and allotment of equity shares by SML to the members of SDL pursuant to Clause 5.1 above is an integral part of this Scheme.
- 5.8 The approval of this Scheme by the members of SML shall be deemed to be due compliance of the provision of 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment of Equity Shares by SML to the members of SDL, as provided in this Scheme.



6. ACCOUNTING TREATMENT

6.1 ACCOUNTING TREATMENT IN SDL

SDL shall account for the demerger of DTS Business Undertaking in accordance with generally accepted accounting principles, such as:

- 6.1.1 The carrying value of assets and liabilities of the DTS Business Undertaking shall be reduced from the carrying value of assets and liabilities of SDL;
- 6.1.2 SDL shall reduce the balance in retained earnings and general reserves attributable to the DTS Business Undertaking from its books of accounts. It is clarified that the balance in securities premium account and share buy-back account shall not be reduced by SDL.
- 6.1.3 The inter-company balances, if any, appearing in the books of accounts of SDL and SML relating to the DTS Business Undertaking shall stand cancelled.
- 6.1.4 The difference, if any, between the net assets (*i.e. difference between the carrying value of assets and liabilities related to DTS Business Undertaking*) transferred to SML pursuant Clause 6.1.1 as reduced by reserves pursuant to Clause 6.1.2 and after giving effect to inter-company balances pursuant to Clause 6.1.3, shall be recorded as capital reserve by SDL.

6.2 ACCOUNTING TREATMENT IN SML

SML shall account for the demerger of DTS Business Undertaking in accordance with the Indian Accounting Standard (Ind AS) 103 "Business Combinations" notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and generally accepted accounting principles, such as

- 6.2.1 SML shall, record the assets and liabilities of DTS Business Undertaking vested in it pursuant to this Scheme at the respective carrying value as appearing in the books of SDL.
- 6.2.2 SML shall preserve the identity of the reserves related to the DTS Business Undertaking as reduced by SDL pursuant to Clause 6.1.2 above and shall record in its books in the same form in which they appear in the books of SDL.
- 6.2.3 The inter-company balances, if any, appearing in the books of accounts of SDL and SML relating to the DTS Business Undertaking shall stand cancelled. Further, SML shall make the necessary adjustments as required to be made in the consolidated financials of SML for DTS Business Undertaking.



- 6.2.4 SML shall credit the aggregate face value of equity shares issued by it to the shareholders of SDL pursuant to Clause 5.1 of this Scheme to the equity share capital account in its books of accounts.
- 6.2.5 The difference, if any, between the net assets (*i.e. difference between the carrying value of assets and liabilities related to DTS Business Undertaking*) transferred to SML pursuant Clause 6.2.1 as reduced by reserves recorded by SML pursuant to Clause 6.2.2 and after giving effect to adjustments mentioned in Clause 6.2.3 and Clause 6.2.4, shall be recorded as capital reserve by SML.

7. STAFF, WORKMEN AND EMPLOYEES

- 7.1 On the Scheme becoming effective, all staff, workmen and employees of SDL in relation to the DTS Business Undertaking, in service on the Effective Date shall be deemed to have become staff, workmen and employees of SML with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service and the terms and conditions of their employment with SML shall not be less favorable than those applicable to them with reference to SDL on the Effective Date. SML further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past services with SDL shall also be taken into account. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to SDL in relation to the DTS Business Undertaking, shall be decided by Board of SDL.
- 7.2 The equitable interest in accounts / funds of the employees, staff and workman whose services are transferred to SML, relating to provident fund and gratuity fund shall be identified, determined and transferred to SML. Until such time, SML may, subject to the necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of SDL to the relevant funds of SDL.
- 7.3 SML at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deed of confirmation or other writings or arrangements with any party to any contract or arrangement or any Government authority to which SDL is a party in order to give a formal effect to the above provisions. SML shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the SDL and to carry out or perform all such formalities or compliances, referred to above, on behalf of SDL.



7.4 SML undertakes to abide by agreement/ settlement, if any, entered into by SDL for the employees of the DTS Business Undertaking of SDL.

8. LEGAL PROCEEDINGS

8.1 All legal proceedings of whatsoever nature by or against SDL pending and/ or arising on or after the Appointed Date and relating to SDL in relation to the DTS Business Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against SML in the manner and to the same extent as would or might have been continued and enforced by or against SDL, in relation to the DTS Business Undertaking.

8.2 After the Appointed Date, if any proceedings are taken against SDL in relation to the DTS Business Undertaking, in respect of the matters referred to in the Clause 8.1 above, it shall defend the same at the cost of SML and SML shall reimburse and indemnify SDL against all liabilities and obligations incurred by SDL in respect thereof, in relation to the DTS Business Undertaking.

8.3 SML undertakes to have all legal or other proceedings initiated by or against SDL in relation to the DTS Business Undertaking, referred to in Clause 8.1 above transferred in its name and to have the same continued, prosecuted and enforced by or against SML to the exclusion of SDL in relation to the DTS Business Undertaking.

9. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

9.1 With effect from Appointed Date and upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise of whatsoever nature to which SDL, in relation to the DTS Business Undertaking, is a party or to the benefit of which SDL, in relation to the DTS Business Undertaking, may be eligible and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, SML and may be enforced as fully and effectually as if, instead of SDL, SML had been a party or beneficiary or obligee thereto or there under.

9.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of SDL, in relation to the DTS



Business Undertaking shall stand transferred to SML, as if the same were originally given by, issued to or executed in favour of SML and SML shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to SML. SML shall intimate the concerned government authorities as may be necessary in this behalf who shall be bound by the same.

- 9.3 With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to brands, trademarks, know-how, technical know-how, trade names, descriptions, trading style, 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 in relation to DTS Business Undertaking to which SDL is a party or to the benefit of which SDL may be entitled/ eligible shall be enforceable in full force and effect on, or against, or in favour of, SML as the case may be and may be enforced as fully and effectually as if instead of SDL, SML had been a party or beneficiary or obligee thereto.
- 9.4 SML shall be entitled to the benefit of all insurance policies which have been issued in respect of SDL pertaining to the DTS Business Undertaking and the name of SML shall be substituted as "Insured" in the policies as if SML was initially a party.
- 9.5 SML, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to DTS Business Undertaking to which SDL is a party in order to give formal effect to the above provisions. SML shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of SDL and to carry out or perform all such formalities or compliances, referred to above, on behalf of SDL.
- 9.6 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature which SDL, in relation to DTS Business Undertaking owns or is a party to and which cannot be transferred to SML for any reason whatsoever, SDL shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of SML, in so far as it is permissible so to do, till such time as the transfer is effected.



10. OTHER ENTITLEMENTS

- 10.1 All cheques and other negotiable instruments, payment orders received in the name of SDL relating to the DTS Business Undertaking after the Effective Date shall be accepted by the bankers of SML and credited to the account of SML. Similarly, the bankers of SML shall honour cheques issued by SDL relating to the DTS Business Undertaking for payment after the Effective Date.
- 10.2 Upon the coming into effect of this Scheme the resolutions, if any, of SDL in relation to DTS Business Undertaking, which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of SML and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in SML.

11. TREATMENT OF TAXES/DUTIES/CESS ETC.

- 11.1 It is expressly clarified that upon the Scheme becoming effective all taxes payable by SDL related to DTS Business Undertaking from the Appointed Date onwards shall be treated as the tax liability of SML.
- 11.2 All taxes of any nature, duties, cess or any other like payment or deductions made by SDL in relation to DTS Business Undertaking to any statutory authorities such as income tax, goods and service tax etc. or any tax deduction or collection at source, relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been on account of or paid by SML and the relevant authorities shall be bound to transfer to the account of and give credit for the same to SML upon the passing of the orders on this Scheme by NCLT(s) and upon relevant proof and documents being provided to the said authorities.
- 11.3 Upon the Scheme becoming effective, SML is also expressly permitted to revise income tax, withholding tax, goods and service tax and other statutory returns and filings under the tax laws notwithstanding that the period of filing/ revising such returns may have lapsed pursuant to the provisions of this Scheme.

12. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 12.1 With effect from the date of approval of this Scheme by the Board of respective companies and up to and including the Effective Date:
 - 12.1.1 SDL undertakes to preserve and carry on the business of DTS Business Undertaking with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or



encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT(s); or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the Board of SML has been obtained.

12.1.2 SDL shall not take, enter into, perform or undertake, as applicable:

- (a) any material decision in relation to business and affairs and operations of DTS Business Undertaking;
- (b) any agreement or transaction (other than an agreement or transaction in the ordinary course of business) in relation to DTS Business Undertaking; and
- (c) such other matters as SML may notify from time to time; without the prior written consent of the Board of Directors of SML.

12.1.3 Without prejudice to the generality of Clause 12.1.2 above, SDL shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise) decrease, reduction, reclassification, sub-division, consolidation, re-organisation or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 5.1), except under any of the following circumstances:

- (a) by mutual consent of the respective Board of SDL and SML; or
- (b) as may be permitted under this Scheme

12.2 SDL may, jointly with SML or with the prior written consent of SML, apply to any governmental authority for such consents, approvals and sanctions as may be required pursuant to, or in connection with the Scheme.

12.3 SDL shall carry on and be deemed to have carried on all business and activities of the DTS Business Undertaking and shall stand possessed of all the assets, rights, title and interest of SDL, in relation to the DTS Business Undertaking for and on account of and in trust for SML.

12.4 With effect from the Appointed Date and upon the Scheme becoming effective, all profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon), by SDL, in relation to the DTS Business Undertaking shall for all purposes, be treated as the profits and cash, taxes or losses of SML.



- 12.5 All accretions and depletions to SDL, in relation to the DTS Business Undertaking shall be for and on account of SML.
- 12.6 Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by SDL, in relation to the DTS Business Undertaking shall be deemed to have been exercised by SDL for and on behalf of and in trust for and as an agent of SML. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the DTS Business Undertaking of SDL that have been undertaken or discharged by SDL, shall be deemed to have been undertaken for and on behalf of and as an agent for SML.
- 12.7 SDL shall not vary the terms and conditions of service of its employees in relation to the DTS Business Undertaking except in the ordinary course of its business.

13. REMAINING BUSINESS OF SDL

- 13.1 The Remaining Business of SDL and all the assets, liabilities, obligations and employees pertaining thereto, shall continue to belong to and be vested in and be managed by SDL.
- 13.2 All legal, taxation or other proceedings by or against SDL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of SDL (including those relating to any property, right, power, liability, obligation or duties of SDL in respect of the Remaining Business of SDL) shall be continued and enforced by or against SDL.
- 13.3 All statutory licenses / authorization (including the licenses issued by RBI / UIDAI / NPCI under the Pre-paid Instrument, Bharat Bill Payment System, Aadhaar Enabled Payment Systems etc.), permissions, approvals, quotas or consents held by SDL relating to the Remaining Business of SDL, shall continue to vest with SDL.
- 13.4 All trademarks, patents, designs, copyrights and other intellectual property rights or consents held, registered or owned by SDL in respect of Remaining Business of SDL, shall continue to vest with SDL.
- 13.5 All staff, workmen and employees of SDL, in relation to the Remaining Business of SDL will continue to be employees of SDL.
- 13.6 All assets and properties acquired by SDL in relation to the Remaining Business of SDL on and after the Appointed Date shall belong to and continue to remain vested in SDL.



- 13.7 It is further provided that SML and SDL shall take the necessary actions including the increase in the equity share capital, if required, to meet the financial eligibility criteria (*i.e. net worth, owned fund, net owned fund etc.*) to carry on the Fintech business as per relevant regulations issued by RBI from time to time.
- 13.8 With effect from the Appointed Date and including the Effective Date -
- 13.8.1 SDL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business of SDL for and on its own behalf; and
- 13.8.2 All income or profit accruing to SDL or expenditure or losses arising or incurred by it relating to Remaining Business of SDL are and shall for all purposes, be treated as the income or profit or expenditure or losses, as the case may be, of SDL.
- 13.9 Upon this Scheme becoming effective and with effect from the Appointed Date, SDL shall, without any further application, act, deed, or thing, would pay INR 17.29 per share to its equity shareholders (*other than equity shares held by SML*) whose names appear in the register of its members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid and SDL would cancel such equity shares from the equity share capital account in its books of accounts.
- 13.10 The cancellation of the equity share capital of SDL pursuant to Clause 13.9 above shall be effected as an integral part of the Scheme. The order of NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction of share capital and no further act, deed or thing as required under the provisions of the Act would be required.
- 13.11 Any equity shareholder(s) who does not want to accept the option of payment provided in Clause 13.9 above and submits in writing his / her intention, not receive such payment from SDL, would be issued and allotted equity shares in SML in the following manner:-

“ 0.733 fully paid up equity shares of face value of Rs. 3/- (Rupees Three) of SML to be issued and allotted to the equity shareholders of SDL, against 1 fully paid up equity shares of face value of Rs. 10/- (Rupees Ten) each held in SDL.”

Upon effectiveness of the Scheme, SDL will dispatch a letter to the equity shareholders (*other than equity shares held by SML*) of SDL if they wish to exercise the option to get the additional shares of SML as mentioned above.



- 13.12 The Equity Shares in SML, to be issued to the members of SDL pursuant to Clause 13.11 above, if any, shall be subject to the Memorandum and Articles of Association of SML and shall rank pari passu, with the existing equity shares of SML.
- 13.13 SML shall not issue any fractional shares in respect of the fractional entitlements, if any, arising out of Clause 13.11 to which the shareholders of SDL may be entitled on issue and allotment of the equity shares of SML. In lieu of the fractional entitlement, SML shall pay to such shareholder, cash equal to the value of such fractional entitlement determined in accordance with the valuation of the shares of SML considered for the purpose of swap ratio as set-out in Clause 13.11 above.
- 13.14 Equity Shares of SML issued in terms of Clause 13.11 of this Scheme will be listed and/ or admitted to trading on the BSE and NSE where the equity shares of SML are listed and/or admitted to trading in terms of SEBI (Listing Obligations and Disclosure Requirements), 2015.
- 13.15 SML shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges, if any. On such formalities being fulfilled the said stock exchanges shall list and/or admit such Equity Shares for the purpose of trading.
- 13.16 The issue and allotment of equity shares by SML to the members of SDL pursuant to Clause 13.11 above is an integral part of this Scheme.
- 13.17 The approval of this Scheme by the members of SML shall be deemed to be due compliance of the provision of 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment of Equity Shares by SML to the members of SDL, as provided in this Scheme.

14. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of SDL in relation to the DTS Business Undertaking pursuant to this Scheme and the continuance of the legal proceedings by or against SML, under Clause 8.1 hereof shall not affect any transactions or proceedings already completed by SDL in relation to the DTS Business Undertaking on and after the Appointed Date to the end and intent, that SML accepts all acts, deeds and things done and executed by and/ or on behalf of SDL, as acts, deeds and things done and executed by and on behalf of SML.



PART – III

AMALGAMATION OF SPICE IOT, MOBISOC & SPICE LABS WITH SML

15. TRANSFER AND VESTING OF BUSINESS AND UNDERTAKING

15.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and whole of the undertaking(s), property and liabilities of Spice IOT, Mobisoc & Spice Labs shall, pursuant to the provisions of sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the order of NCLT(s) or other Appropriate Authority, if any, sanctioning the Scheme, shall without any further act, deed, matter or thing, stand transferred to and vested in and / or deemed to be transferred to and vested in SML, as a going concern, so as to become the properties and liabilities of SML in accordance with section 2(1B) of the IT Act.

15.2 Without prejudice to the generality of the above said Clause:

15.2.1 All the assets, rights and properties of Spice IOT, Mobisoc & Spice Labs (whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, present or future, existing or contingent, tangible or intangible) of whatsoever nature and wherever situated, of or belonging to or in the possession or control of Spice IOT, Mobisoc & Spice Labs including but not limited to data processing equipment, computers and servers, computer software, furniture and fixtures, investments, office equipment, electrical installations, telephones, telex, facsimile, other communication facilities, any registrations, copyrights, permits, approvals, all rights or title or interest in property(ies) by virtue of any court order or decree, contractual arrangement, allotment, grant, lease, possession or otherwise, memorandum of understandings, tenancy rights, hire purchase contracts, lending contracts, permissions, incentives, tax registrations, tax credit (such as advance income tax, withholding tax credit, input credit of goods and service tax and Minimum Alternate Tax ('MAT') credit), contracts, engagements, arrangements of all kinds, rights, titles, interests, benefits and advantages of whatsoever nature and wherever situated 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 Spice IOT, Mobisoc & Spice Labs, industrial, regulatory and other licenses, municipal and other statutory permissions, approvals including but not limited to right to use and avail electricity connections, water connections, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, all records, files, papers, computer programs, manuals, data, quotations, list of present and former vendors and suppliers, and all other rights, title, lease, interest, contracts,



consent, approvals or powers of every kind, nature and descriptions whatsoever, shall under the provisions of sections 230 to 232 of the Act and any other applicable provisions of the Act, and pursuant to the order of NCLT(s) or any other Appropriate Authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges, if any affecting the same, as on the Effective Date be transferred to and / or deemed to be transferred to and vested in SML, so as to become the properties and assets of SML with effect from Appointed Date.

- 15.2.2 With respect to such assets and properties of Spice IOT, Mobisoc & Spice Labs as on the Effective Date, as are movable in nature and are capable of transfer by physical delivery or endorsement and delivery or novation and delivery, including cash in hand, the same shall be so transferred to SML and deemed to have been handed over by physical delivery or by endorsement and delivery or novation and delivery, as the case may be, to SML to the end and intent that the property and benefit therein passes to SML with effect from the Appointed Date.
- 15.2.3 In respect of the movable assets owned by Spice IOT, Mobisoc & Spice Labs as on the Effective Date, other than those mentioned in Clause 15.2.2 above, including actionable claims, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any, with the local and other authorities, body corporate(s), customers etc., Spice IOT, Mobisoc & Spice Labs shall, if so required by SML, and / or SML may, issue notices or intimations in such form as SML may deem fit and proper, stating that pursuant to NCLT(s) having sanctioned this Scheme, the debt, loan, advance or other asset, be paid or made good or held on account of SML, as the person entitled thereto, to the end and intent that the right of Spice IOT, Mobisoc & Spice Labs to recover or realize the same stands transferred to SML and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 15.2.4 The immovable properties standing in the books of Spice IOT, Mobisoc & Spice Labs, if any, and any documents of title or rights and easements in relation thereto shall be vested in and transferred to and / or be deemed to have been vested in and transferred to SML automatically without requirement of execution of any further documents for registering the name of SML as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar etc. may rely on the Scheme along with the copy of the order passed by the NCLT(s), to make necessary mutation entries and changes in the land or revenue records to reflect the name of SML as owner of the immovable



properties. For the purpose of vesting of immovable properties to SML, Spice IOT, Mobisoc and / or Spice Labs are hereby empowered/authorized to execute any documents/enter into any arrangements for and on behalf of SML.

15.2.5 All assets and properties which are acquired by Spice IOT, Mobisoc & Spice Labs on or after the Appointed Date but prior to the Effective Date shall be deemed to be and shall become the assets and properties of SML and shall under the provisions of sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or be deemed to be transferred to and vested in SML upon the coming into effect of this Scheme pursuant to the provisions of sections 230 to 232 of the Act and other applicable provisions, if any, of the Act.

15.3 With effect from the Appointed Date, all reserves, debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of Spice IOT, Mobisoc & Spice Labs shall be transferred or be deemed to have been transferred to SML, to the extent they are outstanding on the Effective Date, without any further act, deed, matter or thing and the same shall be assumed by SML so as to become, on and from the Appointed Date, the liabilities and obligations of SML on the same terms and conditions as were applicable to Spice IOT, Mobisoc & Spice Labs. SML shall undertake to meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause.

15.4 Where any of the debt, liabilities (including contingent liabilities), duties and obligations of Spice IOT, Mobisoc & Spice Labs as on the Appointed Date, deemed to be transferred to SML, have been discharged by Spice IOT, Mobisoc & Spice Labs after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of SML, and all loans raised and used and all liabilities and obligations incurred by Spice IOT, Mobisoc & Spice Labs after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of SML, and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to SML and shall become the liabilities and obligations of SML on same terms and conditions as were applicable to Spice IOT, Mobisoc & Spice Labs. SML shall undertake to meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any



contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of this Clause.

- 15.5 Loans, advances and other obligations (including any guarantee, letter of credit, letter of comfort or any other instrument or arrangements 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 Spice IOT, Mobisoc & Spice Labs and SML, shall stand discharged and there shall be no liability in that behalf on either party.

16. CONSIDERATION

- 16.1 Since the entire paid-up equity share capital of Spice IOT & Mobisoc is held directly or indirectly by SML, no shares of SML will be issued or allotted to the shareholders of the Spice IOT & Mobisoc in consideration for amalgamation. Upon this Scheme being effective, the entire issued, subscribed and paid up share capital of Spice IOT & Mobisoc shall, *ipso facto*, without any further application, act or deed stand cancelled.

- 16.2 Upon this Scheme becoming effective SML shall, without any further application, act or deed, issue and allot equity shares to the equity shareholders of Spice Labs (*other than the equity shares as would be held by SML in Spice Labs upon effectiveness of Part II of the Scheme*) whose names appear in the register of its members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid in the following manner (hereinafter referred as Equity Shares):-

“1.299 fully paid up equity shares of face value of Rs. 3/- (Rupees Three) of SML to be issued and allotted to the equity shareholders of Spice Labs against 1 fully paid up equity shares of face value of Rs. 10/- (Rupees Ten) each held in Spice Labs.”

- 16.3 The ratio in which Equity Shares are to be issued and allotted to the shareholders of Spice Labs is herein referred to as the “Share Exchange Ratio”. Subject to Clause 23.1.3, if Spice Labs restructures its share capital during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate actions.
- 16.4 The Equity Shares in SML, to be issued to the members of Spice Labs pursuant to Clause 16.2 above, shall be subject to the Memorandum and Articles of Association of SML and shall rank *pari passu*, with the existing equity shares of SML.
- 16.5 SML shall not issue any fractional shares in respect of the fractional entitlements, if any, arising out of Clause 16.2 to which the shareholders of Spice



Labs may be entitled on issue and allotment of the equity shares of SML. In lieu of the fractional entitlement, SML shall pay to such shareholder, cash equal to the value of such fractional entitlement determined in accordance with the valuation of the shares of SML considered for the purpose of swap ratio as set-out in Clause 16.2 above.

- 16.6 Equity Shares of SML issued in terms of Clause 16.2 of this Scheme will be listed and/ or admitted to trading on the BSE and NSE where the shares of SML are listed and/or admitted to trading in terms of SEBI (Listing Obligations and Disclosure Requirements), 2015.
- 16.7 SML shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges, if any. On such formalities being fulfilled the said stock exchanges shall list and/or admit such Equity Shares for the purpose of trading.
- 16.8 The issue and allotment of equity shares by SML to the members of Spice Labs pursuant to Clause 16.2 above is an integral part of this Scheme.
- 16.9 The approval of this Scheme by the members of SML shall be deemed to be due compliance of the provision of 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment of Equity Shares by SML to the members of Spice Labs, as provided in this Scheme.

17. ACCOUNTING TREATMENT

SML shall account for the amalgamation of Spice IOT, Mobisoc & Spice Labs in its books of accounts as per the 'Pooling of Interests Method', as described in Indian Accounting Standard (Ind AS) 103 "Business Combinations" notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, such as:

- 17.1 SML shall record all the assets and liabilities of Spice IOT, Mobisoc & Spice Labs vested in SML pursuant to this Scheme at their respective carrying values appearing in the books of Spice IOT, Mobisoc & Spice Labs.
- 17.2 SML shall preserve the identity of the reserves of the Spice IOT, Mobisoc & Spice Labs vested in SML pursuant to Scheme in the same form in which they appear in the books of Spice IOT, Mobisoc & Spice Labs.
- 17.3 The inter-company balances and investments, if any, appearing in the books of accounts of Spice IOT, Mobisoc & Spice Labs and SML shall stand cancelled.



Further, SML shall make the necessary adjustments as required to be made in the consolidated financials of SML for Spice IOT, Mobisoc, & Spice Labs.

- 17.4 SML shall credit the aggregate face value of equity shares issued by it to the shareholders of Spice Labs pursuant to Clause 16.2 of this Scheme to the equity share capital account in its books of accounts.
- 17.5 The difference, if any, between the net assets (*i.e. difference between the carrying value of assets and liabilities*) transferred to SML pursuant Clause 17.1 as reduced by reserves recorded in SML pursuant to Clause 17.2 and after giving effect to adjustments mentioned in Clause 17.3 and Clause 17.4, shall be adjusted in the capital reserve of SML.
- 17.6 In case of any difference in accounting policy between Spice IOT, Mobisoc & Spice Labs and SML, the accounting policies followed by SML will prevail and the difference will be quantified and adjusted in the capital reserves recorded in accordance with Clause 17.5 above, to ensure that the financial statements of SML reflect the financial position on the basis of consistent accounting policy.

18. STAFF, WORKMEN AND EMPLOYEES

- 18.1 On the Scheme becoming effective, all staff, workmen and employees of Spice IOT, Mobisoc & Spice Labs in service on the Effective Date shall be deemed to have become staff, workmen and employees of SML with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with SML shall not be less favorable than those applicable to them with reference to Spice IOT, Mobisoc & Spice Labs on the Effective Date.
- 18.2 It is expressly provided that, on the Scheme becoming effective, Provident Fund, Gratuity Account, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of Spice IOT, Mobisoc & Spice Labs shall be transferred to and shall get consolidated with the corresponding funds or account of SML. SML shall have the obligation to make contributions to the said Fund or account or Funds or accounts in accordance with the provisions thereof or 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 Spice IOT, Mobisoc & Spice Labs in relation to such Fund or account or Funds or accounts shall become those of SML. It is clarified that the services of the staff, workmen and employees of Spice IOT, Mobisoc & Spice Labs will be treated as having been continuous for the purpose of the said Fund or account or Funds or accounts. Until such time that SML creates or arranges



for its own funds or accounts, SML may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of Spice IOT, Mobisoc & Spice Labs to the relevant fund or accounts of Spice IOT, Mobisoc & Spice Labs, as the case may be. Such contributions and other balances pertaining to the employees of Spice IOT, Mobisoc & Spice Labs shall be transferred to the funds or accounts created by SML on creation of relevant funds or arrangements or accounts by SML.

19. LEGAL PROCEEDINGS

- 19.1 All legal proceedings, if any, of whatsoever nature by or against Spice IOT, Mobisoc & Spice Labs, pending and / or arising on or after the Appointed Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in the Scheme but shall be continued and enforced by or against SML as the case may be, in the manner and to the same extent as would or might have been continued and enforced by or against Spice IOT, Mobisoc & Spice Labs.
- 19.2 SML undertakes to have all legal and / or other proceedings initiated by or against Spice IOT, Mobisoc & Spice Labs referred to in Clause 19.1 above, transferred in its name and to have the same continued, prosecuted and enforced by or against SML, to the exclusion of Spice IOT, Mobisoc & Spice Labs.

20. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC

- 20.1 With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements, insurance policies, indemnities, guarantees and other instruments of whatsoever nature in relation to Spice IOT, Mobisoc & Spice Labs, or to the benefit of which Spice IOT, Mobisoc & Spice Labs may be eligible, and which are subsisting or having effect on or immediately before the Effective Date, shall be in full force and effect, on or against or in favor of SML and may be enforced as fully and effectually as if, instead of Spice IOT, Mobisoc & Spice Labs, SML had been a party or beneficiary or obligee thereto.
- 20.2 With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to copyrights, trademarks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, logos, emblems, and items of such nature, colour schemes, utility models, holograms, bar codes, designs, patents, privileges and any rights, title or interest in intellectual property rights in relation to Spice IOT, Mobisoc & Spice Labs, to which Spice IOT, Mobisoc & Spice Labs is a party or to the benefit of which



Spice IOT, Mobisoc & Spice Labs may be entitled or eligible, shall be in full force and effect, on or against or in favor of SML as the case may be, and may be enforced as fully and effectually as if, instead of Spice IOT, Mobisoc & Spice Labs, SML had been a party or beneficiary or obligee thereto.

- 20.3 SML shall be entitled to the benefit of all insurance policies which have been issued in respect of Spice IOT, Mobisoc & Spice Labs and the name of SML shall be substituted as "Insured" in the policies as if SML was initially a party.
- 20.4 With effect from the Appointed Date and upon the Scheme becoming effective, all permits including operating permits, quotas, rights, entitlements, licenses including those relating to tenancies, trademarks, patents, copyrights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to Spice IOT, Mobisoc & Spice Labs, and all rights relating thereto to the benefit of which Spice IOT, Mobisoc & Spice Labs may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favor of or against SML, and may be enforced fully and effectually as if, instead of Spice IOT, Mobisoc & Spice Labs, SML had been a beneficiary or obligee thereto.
- 20.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals, exemption schemes, or consents required to carry on operations in Spice IOT, Mobisoc & Spice Labs, respectively, shall stand vested in or transferred to SML without any further act or deed, and shall be appropriately mutated / transferred by the statutory authorities concerned therewith in favor of SML. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Spice IOT, Mobisoc & Spice Labs shall vest in and become available to SML pursuant to the Scheme.
- 20.6 SML at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to Spice IOT, Mobisoc & Spice Labs to which Spice IOT, Mobisoc & Spice Labs is a party in order to give formal effect to the above provisions. SML shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of Spice IOT, Mobisoc & Spice Labs and to carry out or perform all such formalities or compliances, referred to above, on behalf of Spice IOT, Mobisoc & Spice Labs.



21. OTHER ENTITLEMENTS

- 21.1 All cheques and other negotiable instruments, payment orders received in the name of Spice IOT, Mobisoc & Spice Labs after the Effective Date shall be accepted by the bankers of SML and credited to the account of SML. Similarly, the bankers of SML shall honour cheques issued by Spice IOT, Mobisoc & Spice Labs for payment after the Effective Date.
- 21.2 Upon the coming into effect of this Scheme the resolutions, if any, of Spice IOT, Mobisoc & Spice Labs, which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of SML and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in SML.

22. TREATMENT OF TAXES/DUTIES/CESS ETC.

- 22.1 It is expressly clarified that upon the Scheme becoming effective all taxes payable by Spice IOT, Mobisoc & Spice Labs from the Appointed Date onwards shall be treated as the tax liability of SML. Similarly all credits for tax deduction at source on income of Spice IOT, Mobisoc & Spice Labs shall be given to SML; or obligation for deduction of tax at source on any payment made by or to be made by SML shall be made or deemed to have been made and duly complied with if so made by Spice IOT, Mobisoc & Spice Labs. Similarly any advance tax payment required to be made by specified due dates in the tax laws shall also be deemed to have been made correctly if so made by Spice IOT, Mobisoc & Spice Labs.
- 22.2 All taxes of any nature, duties, cess or any other like payment or deductions made by Spice IOT, Mobisoc & Spice Labs to any statutory authorities such as income tax, goods and service tax etc. or any tax deduction or collection at source, relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been on account of or paid by SML and the relevant authorities shall be bound to transfer to the account of and give credit for the same to SML upon the passing of the orders on this Scheme by NCLT(s) and upon relevant proof and documents being provided to the said authorities.
- 22.3 Upon the Scheme becoming effective, SML is also expressly permitted to revise income tax, withholding tax and other statutory returns and filings under the tax laws notwithstanding that the period of filing/ revising such returns may have lapsed and to claim refunds, advance tax credit (including the Minimum Alternate Tax ('MAT') credit) and withholding tax credits etc., pursuant to the provisions



of this Scheme. SML shall be entitled to refund and/or set off all amounts paid by Spice IOT, Mobisoc, Spice Labs or SML under income tax or any other disputed amount under appeal, if any, upon this Scheme being effective.

23. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

23.1 With effect from the date of approval of this Scheme by the Board of respective companies and upto and including the Effective Date:

23.1.1 Spice IOT, Mobisoc & Spice Labs undertake to preserve and carry on the business with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with NCLT(s); or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if prior written consent of the Board of SML has been obtained.

23.1.2 Spice IOT, Mobisoc & Spice Labs shall not take, enter into, perform or undertake, as applicable:

- (a) any material decision in relation to its business and affairs and operations
- (b) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and
- (c) such other matters as SML may notify from time to time; without the prior written consent of the Board of SML.

23.1.3 Without prejudice to the generality of Clause 23.1.2 above, Spice IOT, Mobisoc & Spice Labs shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise) decrease, reduction, reclassification, sub-division, consolidation, re-organisation or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 16.2), except under any of the following circumstances:

- (a) by mutual consent of the respective Board of Spice IOT, Mobisoc & Spice Labs and SML; or
- (b) as may be permitted under this Scheme.



- 23.1.4 Spice IOT, Mobisoc & Spice Labs may, jointly with SML or with the prior written consent of SML, apply to any governmental authority for such consents, approvals and sanctions as may be required pursuant to, or in connection with the Scheme.
- 23.2 Spice IOT, Mobisoc & Spice Labs shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest of Spice IOT, Mobisoc & Spice Labs for and on account of, and in trust for SML.
- 23.3 With effect from the Appointed Date and upon the Scheme becoming effective, all profits and cash accruing to or losses arising or incurred (including the effect of taxes, if any, thereon), by Spice IOT, Mobisoc & Spice Labs, shall for all purposes, be treated as the profits or cash or losses, of SML.
- 23.4 All accretions and depletions to Spice IOT, Mobisoc & Spice Labs shall be for and on account of SML.
- 23.5 Any of the rights, powers, authorities, privileges, attached, related or pertaining to or exercised by Spice IOT, Mobisoc & Spice Labs shall be deemed to have been exercised by Spice IOT, Mobisoc & Spice Labs for and on behalf of, and in trust for and as an agent of SML. Similarly, any of the obligations, duties and commitments attached, related or pertaining to Spice IOT, Mobisoc & Spice Labs that have been undertaken or discharged by Spice IOT, Mobisoc & Spice Labs, shall be deemed to have been undertaken for and on behalf of and as an agent for SML.
- 23.6 Spice IOT, Mobisoc & Spice Labs shall not vary the terms and conditions of service of their employees except in the ordinary course of their business.

24. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of Spice IOT, Mobisoc & Spice Labs, pursuant to this Scheme, and the continuance of the legal proceedings by or against SML shall not affect any transactions or proceedings already completed by Spice IOT, Mobisoc & Spice Labs, on and after the Appointed Date, to the end and intent that SML accepts all acts, deeds and things done and executed by and / or on behalf of Spice IOT, Mobisoc & Spice Labs, as acts, deeds and things done and executed by and / or on behalf of SML.

25. COMPLIANCE WITH SECTION 2(1B) OF THE IT ACT

The provisions of this Scheme as they relate to the amalgamation of Spice IOT, Mobisoc & Spice Labs into and with SML have been drawn up to comply with the conditions relating to “amalgamation” as defined under section 2(1B) of the



IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the IT Act, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the IT Act. Such modification will, however, not affect the other parts of the Scheme.

26. DISSOLUTION OF SPICE IOT, MOBISOC & SPICE LABS

On the Scheme becoming effective

- (i) Spice IOT, Mobisoc & Spice Labs shall without any further act or deed stand dissolved without being winding up and no person shall make assert or take any claims, demands or proceeding against a director or officer or employee thereof in his capacity as such director or officer or employee except in so far as may be necessary for enforcing the provisions of the NCLT's order sanctioning this Scheme;
- (ii) The right of every shareholder of the dissolved Spice IOT, Mobisoc & Spice Labs to or in respect of any equity share held by them in the dissolved Spice IOT, Mobisoc & Spice Labs shall stand extinguished and, thereafter, no such shareholder shall make, assert or take any claims, demands or proceedings in respect of any such equity share; and
- (iii) Upon the Scheme coming into effect, the Board of Spice IOT, Mobisoc & Spice Labs shall, without any further acts, resolutions, filings, instruments or deeds, shall cease to exist and stand dissolved.



PART – IV

GENERAL TERMS AND CONDITIONS

27. CHANGE OF NAME

27.1 Upon sanction of this Scheme, the name of Spice Mobility Limited shall stand changed without any further act, instrument or deed on the part of Spice Mobility Limited, to "**Spice Digital Limited**" and the Memorandum of Association and Articles of Association of Spice Mobility Limited shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under section 13, section 16 or any other applicable provisions of the Act, would be required to be separately passed.

27.2 Upon sanction of this Scheme, the name of Spice Digital Limited shall stand changed without any further act, instrument or deed on the part of Spice Digital Limited to "**Spice Mobility Limited**" or such other name as may be reserved / approved by Registrar of Companies and the Memorandum of Association and Articles of Association of Spice Digital Limited shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under section 13, section 16 or any other applicable provisions of the Act, would be required to be separately passed.

28. AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF SML

28.1 With effect from the Appointed Date and upon the Scheme becoming effective, the main objects of the Memorandum of Association of SML shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of DTS Business Undertaking, Mobisoc and Spice Labs, pursuant to the provisions of section 13, section 14 and any other applicable provisions of the Act. Therefore, in addition to the existing clauses of Clause III (A) of the Memorandum of Association of SML, the following clauses shall be inserted and read as under:

- 9. *To provide value added services inter-alia SMS, SMS based content services, games, interactive voice response systems for content, entertainment services, managed services, manpower support services, software support services, data analytical services, voice mail system, alert services.*



- 10. *To design, manufacture, develop, buy, invent, improve, maintain, sell, sell as service, resell, distribute, market, promote, import, export, repair, alter, convert, license, hire, lease, and otherwise deal in all kinds of computer software and programmes, applications, network based software solutions, internet based software solutions, for any purpose including on computers, data processing machines, cards, memory equipments or any other equipments and materials including computer peripherals and accessories of every kind and description, and to provide customer support, training and consultancy services relating to all or any of the foregoing matters and things including relating or incidental thereto.*
- 11. *To design, manufacture, develop, buy, invent, improve, maintain, sell, resell, distribute, market, promote, import, export, repair, alter, convert, license, hire, lease and otherwise deal in all kinds of equipments including networking, computers, computer hardware, data processing machines, cards, memory equipments or any other equipments and materials, computer peripherals and accessories of every kind and description.*
- 12. *To provide, develop, design, establish, maintain, organize, undertake, facilitate, manage, operate, purchase, sell, resell, distribute, market, promote, import, export and deal in all types of products and services including payment enabling services for the enterprises and any organisation/consumers through any mode including M-Commerce, E-Commerce in any model and allied activities related thereto.*
- 13. *To provide, render, facilitate, organize, distribute, promote and deal in the business relating to mobile marketing and advertising solutions, services and platforms and to act and operate as mobile advertising aggregator and intermediary; to develop, provide and operate mobile web ad network covering the mobile internet and mobile applications.*

28.2 For the purposes of amendment in the Memorandum of Association and Articles of Association of SML as provided in this Clause, the consent/approval given by the members of SML to this Scheme pursuant to section 230 to 232 and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of SML as required under the provisions of section 13, section 14 and any other applicable provisions of the Act shall be required to be passed for making such change/amendment in the Memorandum of Association and Articles of Association of SML. On filing of the certified copy of this Scheme as sanctioned by the NCLT(s), in terms of section 230 to 232 and any other applicable provisions of the Act, together with the order of the NCLT(s) and a



printed copy of the Memorandum of Association and Articles of Association for the purposes of section 13, section 14 and any other applicable provisions of the Act, the Registrar of Companies shall register the same and make the necessary alteration in the Memorandum of Association and Articles of Association of SML accordingly and shall certify the registration thereof in accordance with the provisions of section 13, section 14 and any other provisions of the Act.

- 28.3 Upon the Scheme becoming effective, SML shall file with the Registrar of Companies all requisite forms and complete the compliance and procedural requirements under the Act, if any, to give effect to amendment in the Memorandum of Association pursuant to this Clause.

29. INCREASE IN AUTHORISED SHARE CAPITAL OF SML

- 29.1 Upon the Scheme becoming effective, the authorized share capital of SML in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of SML by the authorized share capital of Mobisoc & Spice Labs as on the Effective Date and the Memorandum of Association and Articles of Association of SML (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and no further resolution(s) under section 13, section 14, section 61, section 232 and any other applicable provisions of the Act, would be required to be separately passed and for this purpose the stamp duties and fees paid on the authorized share capital of Mobisoc & Spice Labs shall be utilized and applied to the increased authorized share capital of SML and no payment of any additional stamp duty and / or fee shall be payable by SML for increase in the authorized share capital to that extent.
- 29.2 Upon the Scheme becoming effective, without any further act or deed the authorized share capital of SML shall stand enhanced to an amount of 124,05,00,000/- (Rupees One Twenty Four Crore and Five Lakh only) divided into 41,35,00,000 (Forty One Crore and Thirty Five Lakh only) equity shares of Rs. 3/- (Rupees Three only) each.

The Clause V of the Memorandum of Association of SML shall stand substituted to read as follows:

"The authorised share capital of the Company is 124,05,00,000/- (Rupees One Twenty Four Crore and Five Lakh only) divided into 41,35,00,000 (Forty One



Crore and Thirty Five Lakh only) equity shares of Rs. 3/- (Rupees Three only) each. The Company shall have power to increase or reduce the same and to divide the shares in the capital of the Company for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights or privileges or conditions as may be determined by or in accordance with these articles and to modify or abrogate any such rights, privileges and conditions in such manner as is for the time being provided under the Act and / or Articles of the Company and consolidate or subdivide these shares and to issue shares of higher or lower denomination.

- 29.3 Upon the Scheme becoming effective, SML shall file with the Registrar of Companies all requisite forms and complete the compliance and procedural requirements under the Act, if any, to give effect for such increase in the authorized share capital. It is hereby clarified that for the purposes of increasing the authorized share capital in accordance, the sanction of the NCLT(s) shall be deemed to be sufficient for the purposes of effecting this amendment.

30. DIVIDENDS

- 30.1 Notwithstanding the above Clauses of the Scheme, SML, SDL, Spice IOT, Mobisoc & Spice Labs shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- 30.2 The holders of the shares of SML, SDL, Spice IOT, Mobisoc & Spice Labs shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 30.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards, and subject to the approval, if required, of the shareholders of SML, SDL, Spice IOT, Mobisoc & Spice Labs as the case may be.

31. APPLICATION TO NCLT(s)

- 31.1 SML, SDL, Spice IOT, Mobisoc & Spice Labs shall, with all reasonable dispatch, make applications or petitions under sections 230 to 232 and other applicable provisions of the Act to NCLT(s) or any other Appropriate Authority, for sanction of this Scheme under the provisions of law.



- 31.2 Since no shares of SML are being issued to the shareholders of Spice IOT or Mobisoc, pursuant to Part III of the Scheme, as the case may be, Article 23 of Schedule 1B of the Indian Stamp Act, 1899 as applicable to the state of Uttar Pradesh or the relevant judicial precedents and Article 23 of Schedule-IA of the Indian Stamp Act as applicable to the state of Delhi would not be applicable and no stamp duty would be payable on the order sanctioning the Scheme passed by the jurisdictional NCLT(s) in the states of Uttar Pradesh and Delhi.
- 31.3 It is further clarified that no shares would be issued by SML in lieu of its shareholding held in SDL and Spice Labs. Therefore, the consideration for the purpose of recording/ registration and payment of stamp duty for the shareholding of SML in SDL and Spice Labs shall be treated as nil.
- 31.4 The Registrar/Sub-Registrar of Assurances and/or the Tehsildar/Collector or other land authority, where the properties of SDL, Spice IOT, Mobisoc or Spice Labs as the case may be, are located post effectiveness of the Scheme, shall cause the record of title to be mutated in the land records of the registries so as to give effect to this Scheme and no separate duty shall be payable for such transfer and vesting of immovable properties.

32. APPROVAL OF THE SCHEME THROUGH E-VOTING

The approval of shareholders of SML shall be obtained through e-Voting (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to this Scheme). The Scheme shall be acted upon only if the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it in accordance with the SEBI circular no. CFD/DIL3/CIR/2017/21 issued on March 10, 2017 subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time.

33. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

SML, SDL, Spice IOT, Mobisoc & Spice Labs by their respective Board may assent to any modifications / amendments including withdrawal / termination / abandon to the Scheme or to any conditions or limitations that NCLT(s) and / or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the their respective Board. SML, SDL, Spice IOT, Mobisoc & Spice Labs, by their respective Board, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise



howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

34. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 34.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and / or creditors of the companies involved in the Scheme, as prescribed under the Act and / or as may be directed by NCLT(s) and / or any other Appropriate Authority as may be applicable.
- 34.2 The sanction of this Scheme by NCLT(s) and / or any other Appropriate Authority under sections 230 to 232 and other applicable provisions, if any, of the Act.
- 34.3 The requisite, consent, approval or permission of the central government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.
- 34.4 Certified or authenticated copy of the order of NCLT(s) sanctioning the Scheme being filed with the Registrar of Companies by the respective companies involved in the Scheme.

35. EFFECT OF NON-RECEIPT OF APPROVALS

Subject to Clause 36, in the event of any of the said sanctions and approvals referred to in Clause 34 not being obtained and / or the Scheme not being sanctioned by NCLT(s) or such other Appropriate Authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme.

36. SEVERABILITY

If any part / transaction / provision of this Scheme cannot be proceeded with or is found to be unworkable for any reason whatsoever including non-receipt of any approval as envisaged under Clause 34 or unenforceable under the present or future Laws, then subject to the decision of SML, SDL, Spice IOT, Mobisoc or Spice Labs, as the case may be, such part / transaction / provision shall be



severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and/or provisions of this Scheme.

37. COSTS, CHARGES AND EXPENSES

On sanction and approval of the Scheme by NCLT(s) or such other Appropriate Authority, if any, all costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of SML, SDL, Spice IOT, Mobisoc or Spice Labs arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by SML.



Dated: 22 December 2017

To

The Board of Directors**Spice Mobility Limited**S Global Knowledge park 19A & 19B,
Sector 125, Noida
District Gautam Buddha nagar
UP -201301**Sub: Recommendation of fair share exchange ratio and fair share entitlement ratio for the proposed mergers and demerger**

Dear Sir and Madam,

We refer to the engagement letters dated 01 November 2017 and subsequent addendum letter dated 20 November 2017 (hereinafter referred to as the "Engagement Agreement") whereby Spice Mobility Limited ("SML") (hereinafter referred to as the "Client" or "You") have requested S.R. Batliboi & Co. LLP (hereinafter referred to as "SRBC", 'we', or 'us') to recommend fair share exchange ratios and fair share entitlement ratio for the proposed mergers and demerger between SML, Spice Digital Limited ("SDL"), Spice IOT Solutions Private Limited ("Spice IOT"), Mobisoc Technology Private Limited ("Mobisoc"), Spice Labs Private Limited ("Spice Labs") under a comprehensive Scheme of Arrangement ("Proposed Scheme").

SML, SDL, Spice IOT, Mobisoc and Spice Labs are together hereinafter referred to as the 'Companies'. The Management of aforesaid companies is together hereinafter referred to as the 'Management'.

SCOPE AND PURPOSE OF THIS REPORT

Spice Mobility Limited ("SML") was incorporated in 1986 and has its registered office in Noida, Uttar Pradesh. SML through its subsidiaries is engaged in trading of mobile handsets and their accessories, information and communication technology services business, provision of value added services to the telecom operators etc. Shares of SML are listed on the Bombay Stock exchange and the National Stock Exchange. For the year ended 31 March 2017, SML reported consolidated total revenue of ₹9,168 million with consolidated net loss after tax of ₹384 million.

Spice Digital Limited ("SDL"), a subsidiary of SML, through its various subsidiaries primarily operates in two business segments:

- (i) Value added services & mobile content services to the domestic and international telecom operators, development & sale of telecom related software, and booking of railway & air tickets through its agents ("DTS business undertaking").
- (ii) Financial technologies services such as domestic money transfer services, Aadhar enabled payment services, pre-paid instruments and Bharat Bill Payment System ("Fintech business undertaking").



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

For the year ended 31 March 2017, SDL reported consolidated total revenue of ₹2,601 million with consolidated net profit after tax of ₹53 million.

Spice Labs Private Limited ("Spice Labs") operates as a subsidiary of SDL. Spice Labs is primarily engaged in the business of developing and providing software solutions as offshore service provider to various subsidiaries of SDL on a cost plus mark-up basis. For the year ended 31 March 2017, Spice Labs reported revenue of ₹14.5 million with net loss after tax of (₹2.3) million.

We understand that the Management of the Companies are contemplating restructuring of SML, SDL, Spice IOT, Mobisoc and Spice Labs through a comprehensive scheme of arrangement under section 230 to 232 and other applicable provisions of the Companies Act 2013 ("Proposed Scheme"). The Proposed Scheme involves the following:

- (i) Demerger of DTS business undertaking of SDL into SML. We understand that as consideration of this demerger, SML will issue its equity shares to the 'other' shareholders of SDL (shares held by shareholders other than SML). As part of this demerger in the Proposed Scheme, SDL will cancel shares held by 'other' shareholders in residual SDL against consideration to be paid in cash (after giving effect to the aforesaid demerger). In case any of such 'other' shareholder opts not to receive cash, then SML shall issue shares in exchange of the shares held by such 'other' shareholder in residual SDL.
- (ii) Merger of Spice IOT, Mobisoc and Spice Labs into SML. We understand that no shares will be issued by SML in consideration of the merger of Spice IOT, Mobisoc as these companies are directly / indirectly wholly owned subsidiaries of SML. However, we understand that SML to issue its equity shares to the 'other' shareholders of Spice Labs to the extent of their stake in Spice Labs (other than shares held by SML in Spice Labs).

For the aforesaid purpose the Clients have appointed SRBC to submit a report recommending:

- (i) Fair share entitlement ratio for the proposed demerger of DTS business undertaking into SML.
- (ii) Recommendation of consideration for cancellation of shares held by 'other' shareholders in residual SDL and fair exchange ratio on exchange of shares held by 'other' shareholders in residual SDL for shares in SML (as the case may be).
- (iii) Fair share exchange ratio for the proposed merger of Spice Labs into SML.

The scope of our services is to conduct a relative (and not absolute valuation) of the equity shares of the Companies and report on the fair exchange/ entitlement ratio for the Proposed Scheme in accordance with generally accepted professional standards except for recommendation of cash consideration payable to 'other' shareholders of SDL wherein we have provided absolute value.

We have been provided with the historical information of the Companies upto 30 September 2017. We have considered the same in our analysis and made adjustments for the facts made known to us (past or future) till the date of our report. The current valuation does not factor impact of any event which is unusual or not in normal course of business. We do not expect the Companies to declare any dividend for a differential yield as compared to that declared in the



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

past. Further, we have been informed that there are no outstanding Employee Stock Options ("ESOPs") for any of the Companies.

This report is our deliverable in respect of our recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers 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.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management for each of the respective companies:

- With respect to SML
 - Audited financial statement of SML and its various subsidiaries for the financial year ended 31 March 2017.
 - Unaudited YTD financials for the period April 2017 to September 2017 (YTD Sep'17).
 - Valuation report pertaining to various surplus real estate properties held by SML and its subsidiaries.
 - Transaction details and the valuation report pertaining to the recent transaction in SDL.
 - Shareholding pattern of SML and its subsidiaries as on 30 September 2017.
 - Carved out financial of Fintech and DTS business undertaking of SDL for FY17 and YTD Sep'17.

- With respect to SDL
 - Audited financial statement of SDL and its various subsidiaries for the financial year ended 31 March 2017 (on standalone basis).
 - Unaudited financial of S Mobile Devices Limited for FY17 and YTD Sep'17.
 - Unaudited carved out financials (top level summary profit and loss account and balance sheet without schedules and notes to accounts) of Fintech and DTS business undertaking of SDL for FY17 (based on audited financials of FY17 and YTD Sep'17).



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

- Draft Scheme of Arrangement
- Other relevant information and documents

We have relied on the above while arriving at the fair share exchange ratios and entitlement ratio for the Proposed Scheme.

Apart from the above, publicly available information and proprietary databases subscribed to by us were also utilized.

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise. The Companies have been provided with the opportunity to review the draft report (excluding our conclusion) as part of our standard practice to ensure that factual inaccuracies / omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this report and (iii) are based on the unaudited balance sheet of the Companies as at 30 September 2017.

The Management have represented to us that the business activities of the Companies have been carried out in the normal and ordinary course between 30 September 2017 and the report date and that no material change has occurred in their respective operations and financial position between 30 September 2017 and the report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. quality 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 a share. This concept is also recognized in judicial decisions.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair equity share exchange/ entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

exercise of individual judgement. There is, therefore, no indisputable single result. While we have provided our recommendation of the fair equity share exchange/ entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the share exchange/ entitlement ratio. The final responsibility for the determination of the fair equity share exchange/ entitlement ratio at which the Proposed Scheme shall take place will be with the respective Board of Directors, who should take into account other factors such as their own assessment of the Proposed Scheme and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data. In accordance with the terms of our engagements and as is customary in valuations, we have assumed and relied upon, without independent verification, the accuracy of information made available to us by the Companies. We have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information furnished by the Companies.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

We are not advisors with respect to legal and regulatory matters for the Proposed Scheme. This report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

The fee for the engagement is not contingent upon the recommendation of this report. We owe responsibility to only client who have appointed us under the terms of our engagement letter and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. This valuation report is subject to the laws of India.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed scheme, without our prior written consent.



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

SHARE CAPITAL DETAILS OF THE COMPANIES

Spice Mobility Limited

The current issued, subscribed and paid up equity share capital of SML is ₹683.5 mn, consisting of 227,863,982 equity shares of face value of ₹3 each fully paid up.

The shareholding pattern is as follows:

Shareholders	Number of shares	% shareholding
Promoter & Promoter Group	169,447,570	74.36%
Public	58,416,412	25.64%
Total	227,863,982	100.0%

Source: BSE filings as at 30 September 2017

Spice Digital Limited

The current issued, subscribed and paid up equity share capital of SDL is ₹397.7 mn, consisting of 39,770,984 equity shares of face value of ₹10 each fully paid up.

The shareholding pattern is as follows:

Shareholders	Number of shares	% shareholding
Spice Mobility Limited	39,763,121	99.98%
Other shareholders	7,863	0.019%
Total	39,770,984	100.0%

Source: Management

Spice Labs Private Limited

The current issued, subscribed and paid up equity share capital of Spice Labs is ₹100.5 mn, consisting of 10,050,000 equity shares of face value of ₹10 each fully paid up.

The shareholding pattern is as follows:

Shareholders	Number of shares	% shareholding
Spice Digital Limited	10,039,997	99.90%
Other shareholders	10,003	0.099%
Total	10,050,000	100.0%

Source: Management

APPROACH - BASIS OF PROPOSED SCHEME

We understand from the Management that the Proposed Scheme contemplates restructuring of SML, SDL, Spice IOT, MTP and Spice Labs under the provisions of Section 232 and other applicable provisions of the Companies Act, 2013. Arriving at the fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme would require determining the relative value of SML and DTS business segment of SDL, SML and residual SDL (other than for recommendation of cash consideration for shares in residual SDL which is absolute value),



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

SML and Spice Labs. These values are to be determined independently without considering the current mergers/demerger or possible upside on account of synergies, and hence do not include any possible strategic premium.

There are several commonly used and accepted methods for determining the fair value of the Companies, which have been considered in the present case, to the extent relevant and applicable, including:

- Market Price Method
- Comparable Companies Multiple Method
- Price of Recent Investment Method
- Discounted Cash Flow method
- Net Asset Value method

It should be understood that the valuation of any business / company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of business / companies and their assets.

The application of any particular approach/methods of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Market Price ("MP") Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Since the shares of the SML are listed on the stock exchanges and are frequently traded, we have considered market price method for the present exercise.

Comparable Companies Multiple ("CCM") Method

Under CCM method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through stock market valuations of listed companies and the transaction valuation. This



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the present case, we have considered the CCM method to value DTS business undertaking of SDL, Residual SDL and S Mobile Devices Limited.

For valuation of surplus real estate assets, we have relied upon independent valuation reports for the respective real estate assets as provided to us by the Management

Price of Recent Investment Method ("PORI")

Under this method, recent investment/transaction in the business between two unrelated parties is considered as the base value if there are no substantial changes since the transaction.

We have been informed that the Board of Directors of SML in their Board Meeting on 22 December 2017 have announced the sale of 100% stake in Omniventures Private Limited ("OPL") at an notified amount of ₹1,00,000. We have considered this transaction in our valuation analysis.

Further, we understand that in September 2017, SML has acquired 10.78% stake (4.28 million shares) in SDL from MediaTek Singapore Pte. Ltd. at ₹80.58 per share.

We have considered the above mentioned transactions for the valuation of SDL and OPL considering that the transactions took place between two unrelated, knowledgeable and willing parties and can be considered to be an arm's length transactions.

Price Earning Capacity Value ("PECV") Method

Under this method, average profit after tax of a business is capitalized by return rate.

In the present case, we have considered PECV method to value Spice Labs which is engaged in providing services to fellow subsidiaries of SDL on cost plus basis.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of each of the Companies, value arrived above under DCF method for the Companies is adjusted for the value of loans, cash, non-operating assets/liabilities (e.g. value of non-operating investments/surplus assets, impact of contingent liability, etc.) as deemed appropriate. The total value for equity shareholders is then divided by the estimated total number of equity shares of the respective companies in order to work out the value per equity share of the Companies.

We understand from the Management, SML being listed entity cannot share forecast business plan for each entity / segment. Hence we have not used DCF method in our analysis.

Net Asset Value ("NAV") Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

We have not considered NAV method as asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the businesses which is widely regarded as the true determinant of value of assets for most of the industries. The asset values recorded in books of accounts are also impacted by accounting policies which may be discretionary at times.

BASIS OF RECOMMENDING FAIR SHARE EXCHANGE RATIOS AND FAIR SHARE ENTITLEMENT RATIO

The basis of recommending fair share exchange ratios and fair share entitlement ratio would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality 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 a share. This concept is also recognised in judicial decisions.



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

Demerger of DTS Business undertaking from SDL to SML

As discussed above, we have applied Market Price method, CCM method and Net Asset Value Method for the valuation of SML and CCM method for valuation of DTS business undertaking of SDL.

We have thus arrived at an equity value of ₹63.29 per share for DTS business undertaking of SDL and ₹ 23.59 per share for SML.

Valuation approach	SML		DTS business undertaking of SDL	
	Value	Weight	Value	Weight
	₹/share	%	₹/share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	63.29	100
Asset approach **	11.07	0	56.28	-
Relative value per share	23.59		63.29	
Entitlement ratio	2.682			

* For SML, given it acts a holding company and we have updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value)

** Based on book value of NAV

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the entitlement ratio of 2.682 equity shares of SML (of ₹3/- each fully paid up) for every 1.00 equity shares of SDL (of ₹10/- each fully paid up).

Consideration for residual SDL

As discussed above, we have applied CCM method for valuation of residual SDL (Fintech business) whereas SML has been valued using various methods as provided above in the report.

We have thus arrived at an equity value of ₹17.29 per share for residual SDL and ₹23.59 per share for residual SML.

Valuation approach	SML		Residual SDL	
	Value	Weight	Value	Weight
	₹/share	%	₹/share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	17.29	100
Asset approach **	11.07	0	17.77	-
Relative value per share	23.59		17.29	
Entitlement ratio	0.733			

* For SML, given it acts a holding company and we have updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value)

** Based on book value of NAV



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Recommendation of fair share exchange ratios and fair share entitlement ratio for the Proposed Scheme

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend price per share of residual SDL (after giving effect to the demerger of DTS business undertaking) as ₹17.29.

Where 'other' shareholders (other than SML) opt to receive shares in SML, we recommend an entitlement ratio of 0.733 equity shares of SML (of ₹3/- each fully paid up) for every 1.00 equity shares of residual SDL (of ₹10/- each fully paid up).

Merger of Spice Labs into SML

As discussed above, we have applied PECV method for valuation of Spice Labs and various methods of valuation of SML. Suitable rounding off may have been done in the values arrived at for the purpose of arriving at a whole number recommendation.

We have thus arrived at an equity value of ₹23.59 per share for SML and ₹30.64 per share for Spice Labs.

Valuation approach	SML		Spice Labs	
	Value	Weight	Value	Weight
	₹/share	%	₹/share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	30.64	100
Asset approach **	11.07	0	8.39	-
Relative value per share	23.59		30.64	
Exchange ratio	1.299			

* For SML, given it acts a holding company and we have updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value)

**Based on book value of NAV

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the exchange ratio of 1.299 equity shares of SML (of ₹3/- each fully paid up) for every 1.00 equity shares of Spice Labs (of ₹10/- each fully paid up).

It should be noted that we have not examined any other matter including economic rationale for the Transaction per se or accounting, legal or tax matters involved in the Proposed Scheme.

Respectfully submitted,

S.R. Battliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Ravi Bansal
Partner
Membership No: 49365
Place: Mumbai



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Spice Mobility Limited

CIN No.-L72900UP1986PLC008448

S Global Knowledge Park, 19A & 19B, Sector 125,

Noida - 201301, UP, India, India, | Tel: +91 120 3355131

www.spicemobility.in | complianceofficer@smobility.in

spice**REPORT OF AUDIT COMMITTEE OF SPICE MOBILITY LIMITED DATED 22ND DECEMBER, 2017 RECOMMENDING COMPREHENSIVE SCHEME OF ARRANGEMENT****Members Present**

- | | | |
|---------------------------|---|----------|
| 1. Mr. Suman Ghose Hazra | - | Chairman |
| 2. Mr. Subramanian Murali | - | Member |
| 3. Mr. Umang Das | - | Member |

In Attendance:

- | | | |
|-----------------|---|--|
| Mr. M.R. Bothra | - | Vice President – Corporate Affairs & Company Secretary |
|-----------------|---|--|

Invitees;

- | | | |
|-------------------|---|---|
| Mr. S. K. Jain | - | Director, Spice Digital and Spice Online Private Limited, Subsidiaries of the Company |
| Mr. Madhusudan V. | - | CFO |
| Mr. Raghav Khara | - | Representative, S.R. Batliboi & Co., LLP |

1. Background

The 70th Audit Committee Meeting of Spice Mobility Limited was held on Friday, the 22nd December, 2017. A draft Comprehensive Scheme of Arrangement between Spice Mobility Limited (“SML”), Spice Digital Limited (“SDL”), Spice IOT Solutions Private Limited (“Spice IOT”), Mobisoc Technology Private Limited (“Mobisoc”) And Spice Labs Private Limited (“Spice Labs”) and their respective shareholders and creditors (“**Comprehensive Scheme of Arrangement**” or “**Scheme**” or “**Scheme of Arrangement**”) was placed before the Audit Committee for recommendation of the Scheme, by the Audit Committee to the Board of Directors of the Company in accordance with the requirement of the Securities and Exchange Board of India (“**SEBI**”) Circular No. CFD/DIL3/CIR/2012/21 dated March 10, 2017 (“**Circular**”).

This Report of the Audit Committee is made in order to comply with the requirements of the said Circular.

2. Areas of business of entity(ies) involved in the proposed Comprehensive Scheme of Arrangement

The Audit Committee was apprised about the areas of business of various entity(ies) involved in the proposed Comprehensive Scheme of Arrangement, as detailed hereunder:



SML through its subsidiaries is primarily engaged in the business of digital technology services, Financial Technology Services, value added telecom services and retail of mobile handsets and related products.

SDL is presently engaged in the business of providing:

- a) Digital Technology services, Value added services including mobile content services to the customers of domestic and international telecom operators, development & sale of telecom related software, (hereinafter collectively referred to as '**DTS Business**'); and
- b) Financial Technology Services such as domestic money transfer services, Aadhar enabled payment services, bill payments through Bharat Bill Payment System ,and Ticketing services ('**FinTech Business**').

DTS Business (including investments in various Indian and Overseas companies engaged in the similar business) is being transferred by SDL to SML by way of Demerger as a Part of the proposed Scheme.

Spice IOT was incorporated with the main object of carrying on the business of manufacturing, trading, export, import, service, solution of hardware and software accelerator, product of internet of things, e-commerce, internet, media, allied items, computer personnel etc, developing and maintaining hardware, software and communication infrastructure, softwares, packages and applications etc.

Mobisoc is engaged in software development activities and providing management and support services in the field of telecommunication technology. The Company is also in the business of digital marketing in which it is providing services to the clients to enhance their business via mobile marketing, lead generation, app download and website.

Spice Labs is primarily engaged in the business of developing, and providing digital software solutions as offshore service provider to business enterprises.

3. Documents for Valuation and Fairness Opinion in relation to the proposed Scheme of Arrangement

The following documents were also placed before the Audit Committee:

- i. Draft Comprehensive Scheme of Arrangement;
- ii. Valuation Report dated 22nd December, 2017 recommending the fair share exchange ratio and fair share entitlement ratio in relation to the said Scheme received from M/s. S. R. Batliboi & Co., LLP, Chartered Accountants.
- iii. Fairness Opinion dated 22nd December, 2017 on the exchange ratio and share entitlement ratio in relation to the said Scheme received from M/s. Corporate Professionals Capital Private Limited, SEBI registered Merchant Banker.



4. Rational and Reasons of Proposed Scheme of Arrangement

The Audit Committee has observed that the proposed Scheme is in the interest of shareholders, creditors and employees on account of the following reasons:-

1. SML through its subsidiaries is primarily engaged in the Business of digital technology services, Financial Technology Services, value added telecom services and retail of mobile handsets and related products. Over the last few years, digital technology and apps have gained prominence in terms of business potential and growth and mobile handsets have become only a mode to access these digital technology services. Therefore, to keep pace with these changing business dynamics, SML intends to focus predominantly on digital platforms and services.
2. The services business has been at the forefront of technological innovations and has evolved as a key digital transformation player in terms of technological advancements as well as development of digital products & solutions.
3. SML, along-with its subsidiaries, aspires to become a leader in digital technologies in India and other emerging markets which are witnessing similar technology adoption trends and continue to invest into new products and service areas which will provide significant growth opportunities going forward. SML is focusing on building solutions in the mobile governance, mobile money and mobile entertainment domains.
4. The service business of SML, being carried out through SDL, can be broadly classified into two categories (a) **Digital Technology Services Business (DTS)** - Telco Support Solutions, Mobility Software Solutions, Mobile Advertising, Social Networking, USSD Service and other related services and (b) **FinTech Business** - Under the brand name "**Spice Money**", Cash Deposit, Cash Withdrawals, Bill Payments etc. as per the licenses issued under the Pre-paid Instrument, Bharat Bill Payment System, Aadhaar Enabled Payment Systems etc.

In order to streamline the business structure and aligning it with the future growth prospects, the flagship listed company of the group i.e. SML is proposed to directly carry out the DTS Business going forward.

5. Further, the FinTech Business is at a nascent stage and has tremendous scope to grow in the future. Hence, it is desirous to grow the FinTech Business through organic & inorganic expansion including acquisition / consolidation of similar businesses. It would require investments into the operational and functional aspects of the business and substantial investment into marketing and brand building including strategic partnership with an investor for fund raising and / or acquisition of technology.
6. The proposed restructuring will be synergistic and optimal as there exists certain commonality in the operational infrastructure that may be needed for running the respective businesses.



7. The restructuring proposed under this Scheme when made effective will build a stronger and sustainable business and it would be desirable, among other, for the following reasons:

- (a) consolidation of similar businesses into one entity;
- (b) achieve more focused business and management control;
- (c) provide greater efficiency and optimal utilisation of resources;
- (d) optimization of overheads, administrative, managerial and other expenditure through consolidation of companies / businesses resulting into simplification of group structure and streamlining for growth, capital raising in specific business and / or securing strategic partnerships;
- (e) reduce legal and regulatory compliances; and
- (f) create enhanced value for all stakeholders of the respective companies.

5. Recommendation of the Audit Committee

The Audit Committee after detailed deliberations and due consideration of all the relevant documents/ information placed before it and taking into account the interests of the Company, shareholders and employees recommends the same for favorable consideration by the Board of directors of the Company, Stock Exchanges, SEBI, NCLT and other authorities.



Mr. Suman Ghose Hazra
(Chairman, Audit Committee)

DIN: 00012223

Address: E - 604, Krishna Apra Residency, Sector - 61
Noida - 201301, Uttar Pradesh, India

Date: 22nd December, 2017

Place: Noida

FAIRNESS OPINION

ON SHARE EXCHANGE RATIO AND SHARE ENTITLEMENT RATIO FOR THE PROPOSED
MERGERS AND DEMERGER BETWEEN SPICE MOBILITY LIMITED, SPICE DIGITAL
LIMITED, SPICE IOT SOLUTIONS PRIVATE LIMITED, MOBISOC TECHNOLOGY PRIVATE
LIMITED AND SPICE LABS PRIVATE LIMITED

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22nd December, 2017

Strictly Private & Confidential



Corporate Professionals Capital Private Limited

CIN - U74899DL2000PTC104508

D 28, South Extn. Part- I, New Delhi 110049, India | T: +91 11 40622200 | F: +91 11 40622201 | E: mb@indiap.com
www.corporateprofessionals.com

Ref. No: CPC/MB/218A/2017-18

Dated: 22nd December 2017

SEBI Reg. No: INM000011435

The Board of Directors

Spice Mobility Limited

S Global Knowledge Park 19A & 19B,

Sector 125, Noida

District Gautam Buddha Nagar

UP -201301

Subject: Fairness Opinion on the share exchange ratio and share entitlement ratio for the proposed mergers and demerger under a composite Scheme

Dear Sir/s,

We refer to our appointment for the purpose of arriving at an opinion on the Valuation report issued by S.R. Batliboi & Co. LLP, Chartered Accountants on the share exchange ratio and share entitlement ratio for the proposed mergers and demerger between Spice Mobility Limited ("SML"), Spice Digital Limited ("SDL"), Spice IOT Solutions Private Limited ("Spice IOT"), Mobisoc Technology Private Limited ("Mobisoc"), Spice Labs Private Limited ("Spice Labs") under a comprehensive Scheme of Arrangement ("Proposed Scheme").

With reference to the above, Corporate Professionals Capital Private Limited has been appointed as Merchant Bankers by the management of SML to provide a Fairness Opinion on the valuation report dated 22nd December, 2017 issued by S.R. Batliboi & Co. LLP Chartered Accountants on the captioned subject.

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the Caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate

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Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, National Company Law Tribunal ("NCLT") and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the directions of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

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Yours Faithfully,

For Corporate Professionals Capital Private Limited

Maneesh Srivastava
Maneesh Srivastava
[Associate Vice President]



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CONTEXT AND BACKGROUND

We understand that the Management of the Companies are contemplating restructuring of SML, SDL, Spice IOT, Mobisoc and Spice Labs through a comprehensive scheme of arrangement under section 232 and other applicable provisions of the Companies Act 2013 ("Proposed Scheme"). The Proposed Scheme involves the following:

- (i) Demerger of DTS business undertaking of SDL into SML. We understand that as consideration of this demerger, SML will issue its equity shares to the 'other' shareholders of SDL (shares held by shareholders other than SML). As part of this demerger in the Proposed Scheme, SDL will cancel shares held by 'other' shareholders in residual SDL against consideration to be paid in cash (after giving effect to the aforesaid demerger). In case any of such 'other' shareholder opts not to receive cash, then SML shall issue shares in exchange of the shares held by such 'other' shareholder in residual SDL.
- (ii) Merger of Spice IOT, Mobisoc and Spice Labs into SML. We understand that no shares will be by issued by SML in consideration of the merger of Spice IOT, Mobisoc as these companies are directly / indirectly wholly owned subsidiaries of SML. However, we understand that SML to issue its equity shares to the 'other' shareholders of Spice Labs to the extent of their stake in Spice Labs (other than shares held by SML in Spice Labs).

We further understand that, the Valuer has prepared their report dated 22nd December 2017 recommending:

- (i) Fair share entitlement ratio for the proposed demerger of DTS business undertaking into SML.
- (ii) Recommendation of consideration for cancellation of shares held by 'other' shareholders in residual SDL and fair exchange ratio on exchange of shares held by 'other' shareholders in residual SDL for shares in SML (as the case may be).
- (iii) Fair share exchange ratio for the proposed merger of Spice Labs into SML.

We, Corporate Professionals Capital Private Limited have been appointed as Merchant Bankers by the management of SML and WSFL to provide a Fairness Opinion on the valuation report dated 22nd December, 2017 issued by S.R. Batliboi & Co. LLP Chartered Accountants in accordance with SEBI Listing Regulations.



1. **Spice Mobility Limited** (hereinafter called 'SML') was incorporated on December 23, 1986 under the Companies Act, 1956, having its registered office at S Global Knowledge Park, 19A & 19B, Sector 125, Noida, Uttar Pradesh – 201301. The equity shares of SML is listed on National Stock Exchange of India Limited (hereinafter called 'NSE') and BSE Limited (hereinafter called 'BSE'). SML through its subsidiaries is engaged in trading of mobile handsets and their accessories, information and communication technology services business, provision of value added services to the telecom operators etc.
2. **Spice Digital Limited** (hereinafter called 'SDL') was incorporated on April 04, 2000 under the Companies Act, 1956, having its registered office at 60-D, Street No. C-5, Sainik Farms, New Delhi - 110062.
SDL, a subsidiary of SML, through its various subsidiaries primarily operates in two business segments:
 - 2.1. Value added services & mobile content services to the domestic and international telecom operators, development & sale of telecom related software, and booking of railway & air tickets through its agents ("DTS business undertaking").
 - 2.2. Financial technologies services such as domestic money transfer services, Aadhar enabled payment services, pre-paid instruments and Bharat Bill Payment System ("Fintech business undertaking").
3. **Spice Labs Private Limited** (hereinafter called 'Spice Labs') was incorporated on May 25, 2009 under the Companies Act, 1956, having its registered office at Plot No. 62, Basement Pocket 2, Jasola, New Delhi - 110025. Spice Labs Private Limited ("SPICE LABS") operates as a subsidiary of SDL. Spice Labs is primarily engaged in the business of developing and providing software solutions as offshore service provider to various subsidiaries of SDL on a cost plus mark-up basis.



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With reference to the Valuation Report issued by S.R. Batliboi & Co. LLP Chartered Accountants, dated 22nd December, 2017, the approach of the Valuer is as under-

There are several commonly used and accepted methods for determining the fair value of the Companies, which have been considered in the present case, to the extent relevant and applicable, including:

- Market Price Method
- Comparable Companies Multiple Method
- Price of Recent Investment Method
- Discounted Cash Flow method
- Net Asset Value method

Market Price ("MP") Method

Since the shares of the SML is listed on the stock exchanges and are frequently traded, valuer has considered market price method for the present exercise.

Comparable Companies Multiple ("CCM") Method

In the present case, valuer has considered the CCM method to value DTS business undertaking of SDL, Residual SDL and S Mobile Devices Limited.

For valuation of surplus real estate assets, valuer has relied upon independent valuation reports for the respective real estate assets as provided to them by the Management

Price of Recent Investment Method ("PORI")

We have been informed that the Board of Directors of SML in their Board Meeting on 22 December 2017 have announced the sale of 100% stake in Omniventures Private Limited ("OPL") at a notified amount of '1,00,000. We have considered this transaction in our valuation analysis.

Valuer has considered valuation multiples of a recent transaction taken in September 2017, through which SML has acquired 10.78% stake (4.28 million shares) in SDL from MediaTek Singapore Pte. Ltd. at INR 80.58 per share. The valuer have considered the above mentioned transactions for the valuation of SDL and OPL.

Price Earning Capacity Value ("PECV") Method

The valuer has considered PECV method to value Spice Labs which is engaged in providing services to fellow subsidiaries of SDL on cost plus basis.

Discounted Cash Flows (DCF) Method

The Valuer has not used DCF method in their analysis as the Management of SML being listed entity cannot share forecast business plan for each entity / segment.



Net Asset Value ("NAV") Method

The Valuer has not considered NAV method stating that the asset values reflected in books of accounts are generally not a true indicator of the future distributable cash/profit generating ability of the businesses which is widely regarded as the true determinant of value of assets for most of the industries.

BASIS OF RECOMMENDING FAIR SHARE EXCHANGE RATIOS AND FAIR SHARE ENTITLEMENT RATIO

Demerger of DTS Business undertaking from SDL to SML

The valuer has arrived at an equity value of INR 63.29 per share for DTS business undertaking of SDL and INR 23.59 per share for SML.

Valuation approach	SML		DTS business undertaking of SDL	
	Value	Weight	Value	Weight
	Per share	%	Per share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	63.29	100
Asset approach **	11.07	0	56.28	-
Relative value per share	23.59		63.29	
Entitlement ratio	2.682			

* For SML, given it acts a holding company, valuer has updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value)

** Based on book value of NAV

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, valuer has recommended the entitlement ratio of 2.682 equity shares of SML (of INR 3/- each fully paid up) for every 1 equity shares of SDL (of INR 10/- each fully paid up).

Consideration for residual SDL

The valuer has arrived at an equity value of INR 17.29 per share for residual SDL and INR 23.59 per share for residual SML.

Valuation approach	SML		Residual SDL	
	Value	Weight	Value	Weight
	Per share	%	Per share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	17.29	100
Asset approach **	11.07	0	17.77	-
Relative value per share	23.59		17.29	
Entitlement ratio	0.733			



* For SML, given it acts a holding company, we have updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value).

** Based on book value of NAV

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the valuer has recommended price per share of residual SDL (after giving effect to the demerger of DTS business undertaking) as INR 17.29 .

Where 'other' shareholders (other than SML) opt to receive shares in SML, valuer has recommended an exchange ratio of 0.733 equity shares of SML (of INR 3/- each fully paid up) for every 1 equity shares of residual SDL (of INR 10/- each fully paid up).

Merger of Spice Labs into SML

The valuer has arrived at an equity value of INR 23.59 per share for SML and INR 30.64 per share for Spice Labs.

Valuation approach	SML		SPICE LABS	
	Value	Weight	Value	Weight
	Per share	%	Per share	%
Market approach	22.40	50	NA	-
Income approach *	24.79	50	30.64	100
Asset approach **	11.07	0	8.39	-
Relative value per share	23.59		30.64	
Exchange ratio	1.299			

* For SML, given it acts a holding company, the valuer has updated the Book NAV with the fair value of real estate assets and various investments (sum of parts value)

**Based on book value of NAV

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the valuer has recommended the exchange ratio of 1.299 equity shares of SML (of INR 3/- each fully paid up) for every 1 equity shares of Spice Labs (of INR 10/- each fully paid up).



CONCLUSION & OPINION

We have reviewed the valuation report of the valuer issued M/s S.R. Batliboi & Co. LLP Chartered Accountants dated 22nd December 2017 on the share exchange ratio and share entitlement ratio for the proposed mergers and demerger in this composite Scheme of Arrangement.

We have further considered that the valuer has considered usual and conventional methodologies adopted for transactions of a similar nature and their reasonable judgment, in an independent and bona fide manner based on their previous experience of assignments of a similar nature and reasoning for choosing or otherwise of different valuation methodologies.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, we have reviewed the valuation report of the Valuer dated 22nd December 2017 recommending Share Exchange Ratio and Share Entitlement Ratio for the Scheme of Arrangement and consider it to be fair and reasonable from the point of view of equity shareholders of "SML"

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- We wish to emphasize that, we have relied on explanations and information provided by the respective management, valuer and other public available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in "SML,SDL, Spice IOT, MOBISOC, Spice Labs' and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion. This opinion is issued on the understanding that the Management of SML under the Scheme and the valuer through their Valuation report dated 22nd December 2017 have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

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Annexure E-2

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**SHAREHOLDING PATTERN OF SPICE DIGITAL LIMITED PRIOR TO
COMPREHENSIVE SCHEME OF ARRANGEMENT**

(AS ON OCTOBER 31, 2017)

S. No.	Name of the Shareholder	Number of shares held in the Company	% holding
1.	Spice Mobility Ltd.	3,97,63,121	99.98
2.	Dilip Modi	1,728	0
3.	Veena Modi	28	0
4.	Divya Tongya	28	0
5.	Atul Prakash	56	0
6.	Om Prakash Dani	28	0
7.	Anuj Bajpai	2,880	0.01
8.	Amit Sharma	2,260	0.01
9.	Rahul Bassi	855	0
	Total	3,97,70,984	100.00

**SHAREHOLDING PATTERN OF SPICE DIGITAL LIMITED POST COMPREHENSIVE
SCHEME OF ARRANGEMENT**

S. No.	Name of the Shareholder	Number of shares held in the Company	% holding
1.	Spice Mobility Ltd.	3,97,63,121	99.98
2.	Dilip Modi	1,728	0
3.	Veena Modi	28	0
4.	Divya Tongya	28	0
5.	Atul Prakash	56	0
6.	Om Prakash Dani	28	0
7.	Anuj Bajpai	2,880	0.01
8.	Amit Sharma	2,260	0.01
9.	Rahul Bassi	855	0
	Total	3,97,70,984	100.00

For and on behalf of Spice Digital Limited


(Kokila Arora)
Company Secretary



Spice IOT Solutions Private Limited

CIN: U72900UP2016PTC087428

Regd. Office: S Global Knowledge Park, 19A & 19B, Sector-125,
Noida – 201 301, District Gautam Buddha Nagar, Uttar Pradesh
Tel: +91-1203355131,

Annexure E-3

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SHAREHOLDING PATTERN OF SPICE IOT PRIVATE LIMITED PRIOR TO COMPREHESIVE SCHEME OF ARRANGEMENT

(AS ON OCTOBER 31, 2017)

S. No.	Name of the Shareholder	Number of shares held in the Company	Percentage (%)
1.	Spice Mobility Limited	9,999	99.99%
2.	Rohit Ahuja*	1	0.01%
	Total	10,000	100.00%

* Nominee of Spice Mobility Limited

Note: Post the Comprehensive Scheme of Arrangement, Spice IOT Private Limited shall stand dissolved and the shares of Spice IOT Private Limited shall get extinguished.

For SPICE IOT SOLUTIONS PRIVATE LIMITED


Director/Authorised Signatory

S Global Knowledge Park, Plot No. 19A & 19B, Sector 125, Noida 201301 (UP)
 CIN:U72300DL2006PTC151960 E-mail:info@spicedigital.in www.spicedigital.in
 Tel: +91-120-3355131 Fax: +91-120-3859414

**SHAREHOLDING PATTERN OF MOBISOC TECHNOLOGY PRIVATE LIMITED PRIOR
 TO COMPREHESIVE SCHEME OF ARRANGEMENT**

(AS ON OCTOBER 31, 2017)

S. No.	Name of the Shareholder	Number of shares held in the Company	Percentage (%)
1.	Spice Digital Ltd.	10,009,999	100.00%
2.	Dilip Kumar Modi*	1	0.00%

* nominee of SDL.

Note: Post the Comprehensive Scheme of Arrangement, Mobisoc Technology Private Limited shall stand dissolved and the shares of Mobisoc Technology Private Limited shall get extinguished.

For and on behalf of Mobisoc Technology Private Limited


 (Akansha Sharma)
 Company Secretary



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**SHAREHOLDING PATTERN OF SPICE LABS PRIVATE LIMITED PRIOR TO
COMPREHESIVE SCHEME OF ARRANGEMENT****(AS ON OCTOBER 31, 2017)**

S. No.	Name of the Shareholder	Number of shares held in the Company	Percentage (%)
1.	Spice Digital Ltd.	10,039,997	99.90
2.	Dilip Kumar Modi	5,000	0.05
3.	Lokesh Gupta	5,000	0.05
4.	Subramanian Murali	1	0.00
5.	Madhusudan Venkatachary	1	0.00
6.	Ashok Agarwal	1	0.00
TOTAL		10,050,000	100.00

Note: Post the Comprehensive Scheme of Arrangement, Spice Labs Private Limited shall stand dissolved and the shares of Spice Labs Private Limited shall get extinguished.

For and on behalf of Spice Labs Private Limited


(Ishan Narula)
Company Secretary



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Name of the Company: Spice Digital Limited

(Rs. in Crores)

	As per last Limited Review ¹	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2017-18 (6 months)	2016-17	2015-16	2014-15
Equity Paid up Capital	39.77	39.77	39.77	39.77
Total Reserves and surplus	260.59	259.43	255.85	246.00
Carry forward losses	NIL	NIL	NIL	NIL
Net Worth ²	297.24	296.08	292.51	282.66
Miscellaneous Expenditure	NIL	NIL	NIL	NIL
Secured Loans	14.53	5.25	9.59	NIL
Unsecured Loans	NIL	NIL	NIL	NIL
Fixed Assets	32.95	28.19	24.61	25.42
Income from Operations	94.97	182.22	171.87	104.29
Total Income	99.88	195.67	182.51	116.80
Total Expenditure	97.93	179.84	168.26	97.99
Exceptional Income / (Expenses)	NIL	(8.15)	NIL	NIL
Profit before Tax	1.95	7.69	14.25	18.61
Profit after Tax ³	1.16	3.60	9.95	12.83
Cash profit	4.15	7.66	14.22	18.56
EPS	0.29	0.90	2.50	3.23
Book value	74.74	74.45	73.55	71.07


¹basis the limited reviewed financials of Spice Mobility Limited, the holding company of Spice Digital Limited


²Net Worth = Equity Share Capital + Free Reserves + Securities Premium - Miscellaneous Expenditure written off

³Cash profit/ (loss) = Profit after Tax + Depreciation (+/-) Deferred Taxes

Note: The above figures are reinstated / depicted based on IND AS from April 01, 2015.

For and on behalf of Spice Digital Limited


(Kokila Arora)
Company Secretary



Spice IOT Solutions Private Limited

CIN: U72900UP2016PTC087428

Regd. Office: S Global Knowledge Park, 19A & 19B, Sector-125,
Noida – 201 301, District Gautam Buddha Nagar, Uttar Pradesh

Tel: +91-1203355131,

Annexure - A-3

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Name of the Company: Spice IOT Solutions Private Limited


(In rupees)

	As per Audited Finance as at 30.09.2017	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
		2016-17	2015-16	2014-15
Equity Paid up Capital	100,000	100,000	NA	NA
Reserves and surplus	0.00	0.00	NA	NA
Carry forward losses	(32,682)	(17,682)	NA	NA
Net Worth	67,318	82,318	NA	NA
Miscellaneous Expenditure	0.00	0.00	NA	NA
Secured Loans	0.00	0.00	NA	NA
Unsecured Loans	0.00	0.00	NA	NA
Fixed Assets	0.00	0.00	NA	NA
Income from Operations	0.00	0.00	NA	NA
Total Income	0.00	0.00	NA	NA
Total Expenditure	15,000	17,682	NA	NA
Profit before Tax	(15,000)	(17,682)	NA	NA
Profit after Tax	(15,000)	(17,682)	NA	NA
Cash profit	(15,000)	(17,682)	NA	NA
EPS	(1.50)	(4.19)	NA	NA
Book value	6.73	8.23	NA	NA

Net Worth = Equity Share Capital + Free Reserves + Securities Premium - Miscellaneous Expenditure written off

Cash profit/ (loss) = Profit after Tax + Depreciation (+/-) Deferred Taxes

For SPICE IOT SOLUTIONS PRIVATE LIMITED


 Director/Authorised Signatory

Name of the Company: Mobisoc Technology Private Limited

(Rs. in Crores)

	As per last Limited Review ¹	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2017-18 (6 months)	2016-17	2015-16	2014-15
Equity Paid up Capital	10.01	10.01	10.01	10.01
Total Reserves and surplus	0.44	(0.50)	(0.33)	(0.45)
Carry forward losses	NIL	0.49	0.42	0.45
Net Worth ²	10.45	9.51	9.59	9.56
Miscellaneous Expenditure	NIL	NIL	NIL	NIL
Secured Loans	NIL	NIL	NIL	NIL
Unsecured Loans	NIL	NIL	NIL	NIL
Fixed Assets	0.20	0.30	0.80	1.45
Income from Operations	11.69	14.11	15.97	14.68
Total Income	12.18	14.76	16.34	14.97
Total Expenditure	10.83	14.92	16.17	15.28
Profit before Tax	1.35	(0.15)	0.16	(0.31)
Profit after Tax	0.94	(0.16)	0.03	(0.31)
Cash profit ³	1.05	0.37	0.97	0.44
EPS	0.94	(0.17)	0.52	(0.31)
Book value	10.45	9.51	9.59	9.56

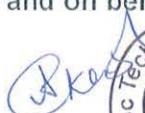
¹Basis the limited reviewed financials of Spice Mobility Limited, the ultimate holding company of Mobisoc Technology Private Limited


²Net Worth = Equity Share Capital + Free Reserves + Securities Premium - Miscellaneous Expenditure written off

³Cash profit/ (loss) = Profit after Tax + Depreciation (+/-) Deferred Taxes

Note: The above figures are reinstated / depicted based on IND AS from April 01, 2015.

For and on behalf of Mobisoc Technology Private Limited


(Akansha Sharma)
Company Secretary



Annexure - F5

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Name of the Company: Spice Labs Private Limited

(Rs. in Crores)

	As per last Limited Review ¹	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2017-18 (6 months)	2016-17	2015-16	2014-15
Equity Paid up Capital	10.05	10.05	10.05	10.05
Total Reserves and surplus	(1.61)	(3.96)	(3.75)	(3.48)
Carry forward losses	1.61	3.98	3.78	3.48
Net Worth ²	8.44	6.09	6.30	6.57
Miscellaneous Expenditure	NIL	NIL	NIL	NIL
Secured Loans	NIL	NIL	NIL	NIL
Unsecured Loans	NIL	NIL	NIL	NIL
Fixed Assets	0.34	0.03	0.05	0.09
Income from Operations	7.43	1.45	1.57	3.98
Total Income	7.53	2.44	2.00	4.87
Total Expenditure	5.08	2.17	2.22	4.29
Exceptional Income / (Expense)	NIL	0.30	0.08	NIL
Profit before Tax	2.45	(0.03)	(0.30)	0.58
Profit after Tax ³	2.35	(0.23)	(0.30)	0.58
Cash profit	2.36	0.48	(0.27)	0.94
EPS	2.34	(0.21)	(0.03)	0.57
Book value	8.40	6.06	6.27	6.54

¹basis the limited reviewed financials of Spice Mobility Limited, the ultimate holding company of Spice Labs Private Limited

²Net Worth = Equity Share Capital + Free Reserves + Securities Premium - Miscellaneous Expenditure written off

³Cash profit/ (loss) = Profit after Tax + Depreciation (+/-) Deferred Taxes

Note: The above figures are reinstated / depicted based on IND AS from April 01, 2015.

For and on behalf of Spice Labs Private Limited


(Ishan Narula)
Company Secretary



Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

Auditor's Report

Private and confidential

The Board of Directors
Spice Mobility Limited
Global Knowledge Park,
19A & 19B, Sector-125, Noida,
Uttar Pradesh - 201301,
India

22 December 2017

Independent Auditor's Report on the proposed accounting treatment specified in the Proposed Scheme of Arrangement in pursuance of the provision of Section 230-232 of the Companies Act, 2013 ('Act')

1. This report is issued in accordance with the terms of our engagement letter dated 12 October 2017.
2. Spice Mobility Limited, Spice Digital Limited, Spice IOT Solutions Private Limited, Mobisoc Technology Private Limited and Spice Labs Private Limited have entered into a Comprehensive Scheme of Arrangement providing, inter-alia, for (a) Demerger of DTS Business Undertaking of Spice Digital Limited into Spice Mobility Limited; and (b) Amalgamation of Spice IOT Private Limited, Mobisoc Technology Private Limited and Spice Labs Private Limited with Spice Mobility Limited ("**Proposed Scheme**") as per the terms of the Proposed Scheme. The Proposed Scheme is subject to approval of the respective Shareholders, Creditors, National Company Law Tribunal and other Statutory & Regulatory authorities, as applicable.
3. We, the statutory auditors of the Spice Mobility Limited ("the Company"), have examined the proposed accounting treatment as specified in Clause 6.2 and 17 of the Proposed Scheme and as reproduced in Annexure 1 to this Report, with reference to its compliance with the applicable Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder and other generally accepted accounting principles in India.

Management's Responsibility

4. The responsibility for preparation of the Proposed Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards read with rules made thereunder and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

5. Our responsibility is only to examine and report whether the proposed accounting treatment referred to in Clause 6.2 and 17 of the Proposed Scheme and specified in Annexure 1 complies with the applicable Accounting Standards and accounting principles generally accepted in India. Nothing contained in this Report, nor anything said or done in the course of, or in connection with the services that are subject to this Report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalekshmi
Mumbai - 400 011



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Auditor's Responsibility (Continued)

6. We conducted our examination of the proposed accounting treatment in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India, in so far as applicable for the purpose of this Report. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Proposed Scheme.

Opinion

8. In accordance with the requirement of Indian Accounting Standard 103 on Business Combination, merger and de-merger are between companies under 'common control', therefore the financial information should be restated from the beginning of the preceding period in the financial statements.

In our view and read with above, we confirm that the accounting treatment proposed in the Proposed Scheme as mentioned in the Annexure 1, is in conformity with Accounting Standards specified in Section 133 of the Act and accounting principles generally accepted in India.

For ease of reference, Clause 6.1 of the Proposed Scheme, duly authenticated on behalf of the Company, is reproduced as Annexure 1 to this Report, and is initialed by us only for the purpose of identification.

Restriction on Use

9. This report is issued at the request of the Board of Director of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 230 to 232 of the Act for onward submission to National Stock Exchange of India Limited, Bombay Stock Exchange, National Company Law Tribunal and Regional Director. This report should not be used for any other purpose or to be distributed to any other parties without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Vikram Advani
Partner
Membership No: 091765



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Annexure 1

ACCOUNTING TREATMENT IN THE BOOKS OF SML"6.2 ACCOUNTING TREATMENT IN SML

SML shall account for the demerger of DTS Business Undertaking in accordance with the Indian Accounting Standard (Ind AS) 103 "Business Combinations" notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and generally accepted accounting principles, such as

6.2.1 SML shall, record the assets and liabilities of DTS Business Undertaking vested in it pursuant to this Scheme at the respective carrying value as appearing in the books of SDL.

6.2.2 SML shall preserve the identity of the reserves related to the DTS Business Undertaking as reduced by SDL pursuant to Clause 6.1.2 above and shall record in its books in the same form in which they appear in the books of SDL.

6.2.3 The inter-company balances, if any, appearing in the books of accounts of SDL and SML relating to the DTS Business Undertaking shall stand cancelled. Further, SML shall make the necessary adjustments as required to be made in the consolidated financials of SML for DTS Business Undertaking.

6.2.4 SML shall credit the aggregate face value of equity shares issued by it to the shareholders of SDL pursuant to Clause 5.1 of this Scheme to the equity share capital account in its books of accounts.

6.2.5 The difference, if any, between the net assets (i.e. difference between the carrying value of assets and liabilities related to DTS Business Undertaking) transferred to SML pursuant Clause 6.2.1 as reduced by reserves recorded by SML pursuant to Clause 6.2.2 and after giving effect to adjustments mentioned in Clause 6.2.3 and Clause 6.2.4, shall be recorded as capital reserve by SML".

"17. ACCOUNTING TREATMENT

SML shall account for the amalgamation of Spice IOT, Mobisoc & Spice Labs in its books of accounts as per the 'Pooling of Interests Method', as described in Indian Accounting Standard (Ind AS) 103 "Business Combinations" notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, such as:

17.1 SML shall record all the assets and liabilities of Spice IOT, Mobisoc & Spice Labs vested in SML pursuant to this Scheme at their respective carrying values appearing in the books of Spice IOT, Mobisoc & Spice Labs.

17.2 SML shall preserve the identity of the reserves of the Spice IOT, Mobisoc & Spice Labs vested in SML pursuant to Scheme in the same form in which they appear in the books of Spice IOT, Mobisoc & Spice Labs.

17.3 The inter-company balances and investments, if any, appearing in the books of accounts of Spice IOT, Mobisoc & Spice Labs and SML shall stand cancelled. Further, SML shall make the



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necessary adjustments as required to be made in the consolidated financials of SML for Spice IOT, Mobisoc, & Spice Labs.

17.4 SML shall credit the aggregate face value of equity shares issued by it to the shareholders of Spice Labs pursuant to Clause 16.2 of this Scheme to the equity share capital account in its books of accounts.

17.5 The difference, if any, between the net assets (i.e. difference between the carrying value of assets and liabilities) transferred to SML pursuant Clause 17.1 as reduced by reserves recorded in SML pursuant to Clause 17.2 and after giving effect to adjustments mentioned in Clause 17.3 and Clause 17.4, shall be adjusted in the capital reserve of SML.

17.6 In case of any difference in accounting policy between Spice IOT, Mobisoc & Spice Labs and SML, the accounting policies followed by SML will prevail and the difference will be quantified and adjusted in the capital reserves recorded in accordance with Clause 17.5 above, to ensure that the financial statements of SML reflect the financial position on the basis of consistent accounting policy".



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Spice Mobility Limited

CIN No.-L72900UP1986PLC008448

S Global Knowledge Park, 19A & 19B, Sector 125,

Noida - 201301, UP, India, India, | Tel: +91 120 3355131

www.spicemobility.in | complianceofficer@smobility.in

spice

It is hereby certified that the draft Comprehensive Scheme of Arrangement between Spice Mobility Limited and Spice Digital Limited and Spice IOT Solutions Private Limited and Mobisoc Technology Private Limited and Spice Labs Private Limited and their respective Shareholders and Creditors does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and this circular, including the following:

Sl.	Reference	Particulars
1	Regulations 17 to 27 of LODR Regulations	Corporate governance requirements
2	Regulation 11 of LODR Regulations	Compliance with securities laws
Requirements of this circular		
(a)	Para (I)(A)(2)	Submission of documents to Stock Exchanges
(b)	Para (I)(A)(2)	Conditions for schemes of arrangement involving unlisted entities
(c)	Para (I)(A)(4) (a)	Submission of Valuation Report
(d)	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards
(e)	Para (I)(A)(9)	Provision of approval of public shareholders through e- voting



M.R. Bothra
Vice President – Corporate Affairs
& Company Secretary



Dilip Modi
Executive Chairman

Certified that the transactions / accounting treatment provided in the draft Comprehensive Scheme of Arrangement involving Spice Mobility Limited and Spice Digital Limited and Spice IOT Solutions Private Limited and Mobisoc Technology Private Limited and Spice Labs Private Limited are in compliance with all the Accounting Standards applicable to a listed entity.



Madhusudan V.
Chief Financial Officer



Dilip Modi
Executive Chairman

Date:19.01.2018

