

**SCHEME OF ARRANGEMENT  
BETWEEN  
WEP PERIPHERALS LIMITED  
AND  
WEP SOLUTIONS LIMITED  
(Formerly known as Datanet Systems Limited)  
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS  
UNDER SECTIONS 391 TO 394 AND OF THE COMPANIES ACT, 1956**

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**CHAPTER - I**

**PREAMBLE**

THIS SCHEME OF ARRANGEMENT is presented under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 for: -

1. De-merger of *"PRINTER BUSINESS"* of *WEP PERIPHERALS LIMITED* (the "Transferor Company") into *WEP SOLUTIONS LIMITED*(*formerly known as Datanet Systems Limited*) (the "Transferee Company");
2. Issue of fresh equity shares to the Shareholders of *WEP PERIPHERALS LIMITED* in lieu of cash for demerger of *PRINTER BUSINESS* into *WEP SOLUTIONS LIMITED*(*formerly known as Datanet Systems Limited*) (the "Fresh Equity Shares")
3. Listing of Fresh Equity Shares on the Bombay Stock Exchange Limited, Mumbai.

**CHAPTER - II**

**PRELIMINARY**

**1. Definitions:**

In this Scheme, unless inconsistent with the context, the following expressions shall have the following meaning:

- 1.1 *"Act"* means the Companies Act, 1956 or any statutory modifications, amendments or re-enactment thereof for the time being in force.
- 1.2 *"Appointed Date"* means the April 1, 2012 or such other date as the Hon'ble High Court of Karnataka may direct/fix.
- 1.3 *"De-merged Undertaking"* means the undertaking of the Transferor Company comprising of *"PRINTER BUSINESS"* which is de-merged and transferred pursuant to Chapter III of this Scheme into the Transferee Company.

- 1.3.1 Assets and liabilities relating thereto shall mean and include the de-merged undertaking of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trade marks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licence, Domain / Websites etc., in connection / relating to the PRINTER BUSINESS of the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the PRINTER BUSINESS of the Transferor Company, as on the Appointed Date.
- 1.3.2 All permanent employees of Transferor Company employed in the PRINTER BUSINESS, as identified by the Board of Directors of Transferor Company, as on the Effective Date.
- 1.3.3 Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the PRINTER BUSINESS or whether it arises out of the activities or operations of the PRINTER BUSINESS shall be decided by mutual agreement between the Boards of Directors of Transferor Company and Transferee Company.
- 1.4 *"Effective Date"* means last of the date, on which the certified or authenticated copy of the Order of the Hon'ble High Court of Karnataka or such other competent authority sanctioning the Scheme is filed with the Registrar of Companies at Karnataka.
- 1.5 *"High Court"* means the Hon'ble High Court of Karnataka, at Bangalore.
- 1.6 *"PRINTER BUSINESS"* means the de-merged undertaking of the Transferor Company.
- 1.7 *"Remaining Businesses"* means all the existing business of Transferor Company except the De-merged Undertaking.

- 1.8 *“Scheme”* means this composite Scheme of Arrangement in its present form or with any modification(s) made under Clause 15 of this scheme as approved or directed by the Hon’ble High Court or such other competent authority.
- 1.9 *“Transferee Company”* means WeP Solutions Limited (formerly known as Datanet Systems Limited), a company incorporated under the Companies Act, 1956 and having its Registered Office at 40/1A, Basappa Complex, Lavelle Road, Bangalore - 560001.
- 1.10 *“Transferor Company”* means WEP PERIPHERALS LIMITED a company incorporated under the Companies Act, 1956, and having its registered office at No .40/1A, Basappa Complex, Lavelle Road, Bangalore 560 001.
- 1.11 *“Stock Exchange”* means Bombay Stock Exchange Limited, Mumbai.
- 1.12 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws 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**

The Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 15 of the Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

## **3. SHARE CAPITAL**

- 3.1 The share capital of Transferor Company as on 31<sup>st</sup> December, 2011 is as follows:

<b>Authorized Capital</b>	<b>Amount Rs.</b>
27,000,000 Equity Shares of Rs. 10/- each	270,000,000
3,000,000 Redeemable Preference Shares of Rs.10/- each	30,000,000
<b>TOTAL AUTHORISED CAPITAL</b>	<b>300,000,000</b>
<b>Issued, Subscribed and Paid up Capital</b>	<b>Amount Rs.</b>
1,956,994 Equity Shares of Rs. 10 each	19,569,940

Subsequent to 31<sup>st</sup> December, 2011 there has been no change in the share capital of the Transferor Company.

3.2 The Share Capital of Transferee Company as on 31st December , 2011 is as follows:

<b>Authorized Capital</b>	<b>Amount Rs.</b>
30,000,000 Equity Shares of Rs. 10 each	300,000,000
<b>Issued &amp; Subscribed</b>	<b>Amount Rs.</b>
11,262,674 Equity Shares of Rs. 10 each	112,626,740
<b>Paid Up Capital</b>	<b>Amount Rs.</b>
11,262,674 Equity Shares of Rs. 10 each (1,167 shares are partly paid at Rs.5/-each)	112,620,905

Subsequent to 31st December, 2011 there has been no change in the share capital of the Transferee Company.

### CHAPTER - III

#### DE-MERGER OF PRINTER BUSINESS

#### 4. VESTING OF THE DE-MERGED UNDERTAKING OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

- a. With effect from the appointed date, the de-merged undertaking of the Transferor Company consisting of "**PRINTER BUSINESS**" with the entire business therein shall without further act or deed will be transferred and vested with or deemed to be transferred and vested with the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and other relevant provisions, if any, of the Act, as a going concern, in accordance with section 2(19AA) of the Income Tax Act, 1961, without any further act or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in Transferee company at their respective book values as at the close of the business on the day immediately preceding the Appointed Date, so as to vest the Transferee Company the right, title and interest of de-merged undertaking of the Transferor Company.
- b. With effect from the Appointed Date the whole of the de-merged undertaking and assets, as aforesaid, of the Transferor Company, of whatsoever nature and where ever situated, shall, under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act merges into the Transferee Company.
- c. With effect from the Appointed Date all debts, liabilities, duties and obligations of the de-merged undertaking of Transferor Company shall without any further act or deed be and stand transferred to the Transferee Company.

- d. The Transferor Company shall, with effect from the appointed date, transfer and cause to transfer all the intangible rights, both existing and acquired, pertaining to trademarks, patents, manufacturing rights and distribution rights in respect of all the products of the de-merged undertaking to the Transferee Company in order to facilitate efficient conduct of business of the de-merged undertaking by the Transferee Company.
- e. The Transferor Company shall manufacture and/or cause to manufacture all the products in respect of the de-merged undertaking that are part of the Printer business so as to enable the Transferor Company to pursue and operate the business with no disruptions after the appointed date. The Transferor Company shall, inter alia, also take up procurement and/or manufacture wherever necessary in order to maintain continuity of supplies even after the appointed date.

Provided that Board of Directors of the Transferee Company shall be entitled, at their discretion and as may be advised or considered fit, expedient or necessary, to determine the classification / reclassification and treatment of any or all of the assets transferred to and vested in the Transferee Company vested pursuant to this Scheme.

## 5. CONSIDERATION

- a) Pursuant to the Clause 4 above, upon the Scheme coming into effect and upon the De-merged undertaking of the Transferor Company being transferred to and vested in Transferee Company, the Transferee Company shall issue and allot 11,741,964 equity shares to the shareholders of the Transferor Company whose names appear in the Register of Members on the Effective Date proportionately in the ratio of 6 (six) shares of Transferee company for every 1 (one) share of the Transferor Company.
- b) The Fresh Equity Shares to be issued to the members of the Transferor Company as above shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu with the existing equity shares of the Transferee Company in all respects, save and except that the said equity shares shall be eligible for dividend for the period commencing from the effective date.
- c) The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of Shares to the members of the Transferor Company under the Scheme.
- d) The equity shares to be issued to the members of Transferor Company will be listed and/or admitted to trading on the Bombay Stock Exchange Limited, where the shares of Transferee Company are listed and/or admitted to trading. Transferee Company 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.

- e) In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of Transferor Company, the Board of Directors or any committee thereof of Transferor Company shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.
- f) Approval of this Scheme by the shareholders of Transferee Company shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Transferee Company to the shareholders of Transferor Company, as provided in this Scheme.
- g) The total paid up capital of the Transferee Company subsequent to the implementation of the Scheme would be 23,004,638 equity shares of Rs.10/- each amounting to Rs.230,040,545/-

#### **CHAPTER - IV**

##### **GENERAL**

#### **6. ACCOUNTING TREATMENT**

- a) The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Demerged Undertaking acquired prior to the Appointed Date vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Transferor Company which pertains to the Demerged Undertaking at the close of business on the day immediately preceding the Appointed Date.
- b) The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Demerged Undertaking acquired after the Appointed Date vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Transferor Company on the Effective Date.
- c) Any excess/short of the amount of the consideration over the value of the net assets of the Demerged Undertaking acquired by the Transferee Company shall be adjusted in the reserves of the Transferee Company in accordance with the Accounting Standard 14 (AS -14) issued by the Institute of Chartered Accountants of India.
- d) Expenses in connection with the scheme by the Transferee company shall be written off in the year of expense

7. **CONDUCT OF BUSINESSES UNTIL EFFECTIVE DATE**

With effect from the Appointed Date and upto and including the Effective Date:

- a) The Transferor Company shall carry on and be deemed to have been carrying on their business and activities and shall stand possessed of and hold all of their properties and assets of the demerged undertaking for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertake to hold the said assets with utmost prudence until the Effective Date.
- b) The Transferor Company shall carry on their business and activities with reasonable diligence, business prudence and shall not without the prior written consent of the Transferee Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose of their undertakings or any part thereof except in the ordinary course of business nor shall they undertake any new businesses or a substantial expansion of their existing businesses.
- c) All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising to or incurred by the Transferor Company, with effect from the said Appointed Date in respect of the demerged undertaking shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company.

8. **LEGAL PROCEEDINGS**

- a) All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date in respect of the demerged undertaking, as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme of Arrangement or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company as per the Scheme, in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- b) After the Appointed Date, if any proceedings are taken against the Transferor Company in respect of the demerged undertaking in the matters referred to above, it shall defend the same at the cost of the Transferee Company and the Transferee Company shall reimburse and indemnify against all liabilities and obligations incurred by the Transferor Company.
- c) The Transferee Company undertakes to prosecute all legal or other proceedings initiated by or against the Transferor Company referred to above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.

9. **CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature relating to the demerged undertaking, to which the Transferor Company are a party subsisting or having effect immediately before arrangement shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been the party thereto.

10. **DECLARATION OF DIVIDEND, BONUS, ETC.**

- a. For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.
- b. Transferor Company shall not utilize the profits or income, if any, relating to the Printer Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of Transferee Company.
- c. Both Transferee and Transferor Company shall not without the prior written consent of the other Company, issue or allot any further securities, either by way of rights or bonus shares.
- d. Until coming into effect of this Scheme, the holders of equity shares of Transferee and Transferor Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective Articles of Associations.
- e. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of Transferor Company and/or Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of Transferee and Transferor Company and subject, wherever necessary, to the approval of the shareholders of Transferee and Transferor Company, respectively.

11. **TREATMENT OF EMPLOYEES**

- a) Upon the Scheme becoming effective, all the employees of the Demerged Undertaking of the Transferor Company as identified by Board of Directors of Transferor Company and who are in service on the date immediately preceding the Effective Date shall become the employees of the Transferee Company, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with

the Transferor Company shall also be taken into account. The Transferee Company undertakes to continue to abide by the terms of agreement / settlement entered into by the Transferor Company with employees' union / employee or associations of the Transferor Company.

- b) The accounts / funds of the employees, whose services are transferred under Clause 11(a) above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the Trusts / Funds of the Transferee Company and such employees shall be deemed to have become members of such Trusts / Funds of the Transferee Company.

**12. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of undertaking under the scheme as stated above and the continuance of proceedings by or against the Transferor Company in respect of the demerged undertaking shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

**13. APPLICATION TO THE HON'BLE HIGH COURT OR SUCH OTHER COMPETENT AUTHORITY**

The Transferor Company and Transferee Company shall make applications / petitions under Sections 391 and 394 and other applicable provisions of the said Act to the Hon'ble High Court of Karnataka at Bangalore or such other competent authority for sanction of this Scheme.

**14. MODIFICATION / AMENDMENT TO THE SCHEME**

- a) On behalf of the Transferor Company, and the Transferee Company, the Board of Directors of respective companies, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- b) For the purpose of giving effect to this Scheme of Arrangement or to any modification thereof the Directors of the Transferee Company may give and are authorized to give such directions including directions for settling any question of doubt or difficulty that may arise.

**15. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS**

The Scheme is conditional upon and subject to the following:

- a) 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 Transferor Company, and the Transferee Company as may be directed by the High Court.
- b) The sanction of the Hon'ble High Court or any other authority under Section 391 and 394 of the said Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order or Orders under Section 394 of the said Act being obtained;
- c) Certified copy of the Order of the Hon'ble High Court of Karnataka sanctioning the Scheme being filed with the Registrar of Companies, Karnataka by the Transferor Company and the Transferee Company, as may be applicable.

**16. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the Karnataka Hon'ble High Court or such other competent authority and / or the Order or Orders not being passed as aforesaid before March 31, 2013 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Boards of Directors (and which the Boards of Directors of the Company are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) 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. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

**17. COSTS**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, be borne by the Transferee Company.