

HIGH COURT, BOMBAY

1002173

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO. 526 OF 2008

CONNECTED WITH

COMPANY APPLICATION NO. 620 OF 2008

CONTINENTAL CONTROLS LIMITEDPetitioner /
Transferor Company.

WITH

COMPANY PETITION NO. 527 OF 2008

CONNECTED WITH

COMPANY APPLICATION NO. 621 OF 2008



QUEST SOFTECH (INDIA) LIMITEDPetitioner /
Transferee Company.

In the matter of the Companies Act,
1956 (1 of 1956);

AND

In the matter of Sections 391 to 394
read with Sections 100 to 103 and
other applicable provision of the Companies
Act, 1956;

AND

In the matter of Scheme of Arrangement
between Continental Controls Limited, and
Quest Softech (India) Limited and their
respective shareholders.

Mr. Rajesh Shah i/b Rajesh Shah & Co. for the Petitioners.

Mr. S. Ramakantha Dy. Official Liquidator in CP No. 526 of 2008.

Mr. C. J. Joy & Ms. Anamika Malhotra i/b Mr. S.K. Mohapatra for Regional Director in C.P. No. 526 of 2008 and 527 of 2008

CORAM: S. A. BOBDE, J.

DATE : 5th September, 2008

PC:

1. Heard learned counsel for the parties.

2. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956 to the Arrangement between Continental Controls Limited, and Quest Softech (India) Limited and their respective shareholders .

3. Counsel appearing on behalf of the Petitioners has stated that they have complied with all requirements as per directions of this Court and they have filed necessary affidavits of compliance in the Court.

4. The Regional Director has filed Affidavit stating therein that the scheme is not prejudicial to the interest of creditors, shareholders and public. However, in paragraph 6 of his Affidavit, he has raised an objection stating that " the Resulting Company may be directed to comply with provisions of section 94/97 read with Schedule X of the Companies Act 1956 in respect of filing of necessary forms with the Registrar of Companies after payment of necessary ROC fees and Stamp Duty as Applicable." The Petitioner through their counsel undertakes that they will comply with the requirement of provisions of section 94/97 read with Schedule X of the Companies Act 1956 in respect of filing of necessary forms with the Registrar of Companies after payment of necessary ROC fees and Stamp Duty as Applicable, within 12 weeks form the date of increase in Authorised Capital. The said undertaking is accepted.

5. Upon perusal of the entire material placed on records, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to any public policy. None of the parties



HIGH COURT, BOMBAY

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concerned has come forward to oppose the Scheme.

6. There is no objection to the Scheme and since all the requisite statutory compliances have been fulfilled, Company Petition No. 526 of 2008 filed by the Transferor Company is made absolute in terms of prayer clauses (a) to (i) and Company Petition No. 527 of 2008 filed by the Transferee Company is made absolute in terms of prayer clauses (a) to (i).

7. The Petitioner Companies to lodge a copy of this order and the Scheme with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, on the same within 30 days of obtaining the certified copy and/or an authenticated copy of the order.

8. The Petitioners in both the Company Petitions to pay cost of Rs.7,500/- each to the Regional Director in both the Petitions. Costs to be paid within four weeks from today.

9. Filing and issuance of the drawn up order is dispensed with.

10. All authorities concerned to act on a copy of this order along with Scheme duly authenticated by the Company Registrar, High Court, Bombay.

(S. A. BOBDE, J.)

DISCLAIMER CLAUSE:
(Authenticated Copy is not a Certified Copy)

TRUE-COPY
M. D. Narvekar 23/09/08
M. D. NARVEKAR
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

TRUE COPY
Narvekar
16/9/08
Section Officer
High Court, Appellate 3/60
Bombay

SCHEME OF ARRANGEMENT
BETWEEN
CONTINENTAL CONTROLS LIMITED
AND
QUEST SOFTECH (INDIA) LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS
FOR
DEMERGER OF CONTINENTAL CONTROLS LIMITED BY
TRANSFER OF ITS SOFTWARE SERVICES DIVISION
UNDERTAKING TO QUEST SOFTECH (INDIA) LIMITED

Part – I

(Preliminary)

This Scheme of Arrangement (hereinafter referred to as the "Scheme") provides for the transfer and vesting of the Software Services Division Undertaking of Continental Controls Limited into Quest Softech (India) Limited pursuant to Sections 391 to 394 and other relevant provisions of the Act.

A. DEFINITIONS:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

"Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof.

"Appointed Date" means the 1st day of April 2008.



“CCL” means Continental Controls Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Siddharth Industrial Estate No.2, Gala No. 1, Shailesh Udyog Nagar, Sativali Road, Waliv, Vasai (East), Distt. Thane – 401 208, Maharashtra.

“QSIL” means Quest Softech (India) Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 27, Maker Bhavan No. 2, 2nd Floor, 18, New Marine Lines, Mumbai – 400 020,.

“Effective Date” means the last of the dates on which all the orders, sanctions, approvals, consents, conditions, matters or filings have been obtained or filed with the relevant Registrar of Companies.

“Software Services Division Undertaking” means the software services business carried on by CCL, on a going concern basis, as on the Appointed Date, and which shall include the following:

- (a) All the properties and assets, investments, stocks, debtors, receivables, loans, advances, all rights, powers, interests, authorities, privileges and liberties, whether or not recorded in the books of account and/or appearing in the balance sheet of CCL pertaining, or relating, to the Software Services Business.
- (b) All liabilities, including all the financial commitments / obligation present and future, contingent or otherwise, whether or not recorded in the books of account and/or appearing in the balance sheet of CCL pertaining, or relating to the Software Services Business.
- (c) Such of the general or multi-purpose borrowings of the Software Services Business as identified by the Board of Directors of the CCL.



(d) All books of account, registers, records, files, papers and all other documents of whatever nature relating to the above assets, properties and liabilities.

(e) Without prejudice to the generality of sub-clauses (a) and (b) hereinabove, the Software Services Division Undertaking shall include all the assets and properties of CCL pertaining or relating to its Software Services Business, whether real corporeal and incorporeal, in possession or reversion, present and contingent, all other assets (whether tangible or intangible) and liabilities of whatsoever nature, and wheresoever situate, investments, stocks, other rights, powers, authorities, allotments, approvals, consents, exemptions, letters of intent, licences, permits, registrations, contracts, engagements, arrangements, agreements with clients, rights, titles, interests, benefits, and advantages of any nature whatsoever and wheresoever situate of, belonging to, or in the ownership, power or possession and in the control of, or vested in, or granted in favour of, or enjoyed by, the Software Services Business of CCL, including all intellectual properties and rights of any nature whatsoever and licences, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, , approvals, authorisations, right to use and avail of telephones, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic connections and all other services, of every kind, nature and descriptions whatsoever, benefits of all agreements, contracts, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other customers, etc., and all other rights, interests, claims and powers of every kind, nature and description of, and arising to, Software Services Business of CCL and cash and bank balances, all earnest moneys or deposits including security deposits, if any, paid by the Software Services Business of CCL.

(f) All permanent employees of the Software Services of CCL substantially engaged in the Software Services Business and those permanent employees that



are determined by the Board of Directors of CCL to be substantially engaged in, or in relation to, the Software Services Division.

"Record Date" the date or dates fixed by the Board of Directors or a Committee thereof of CCL in consultation with QSIL after the Effective Date for the purpose of determining the entitlement of shareholders of CCL to the allotment of the shares of QSIL pursuant to this Scheme, as the case may be.

B. SHARE CAPITAL

1. The authorised share capital of CCL is Rs. 9,15,00,000/- divided into 91,50,000 equity shares of Rs. 10/- each. The issued share capital of CCL is Rs. 8,84,25,120/- divided into 88,42,512 equity shares of Rs. 10/- each.
2. The authorised share capital of QSIL is Rs. 6,00,00,000/- divided into 60,00,000 equity shares of Rs. 10/- each. The issued share capital of QSIL is Rs. 5,57,87,440/- divided into 55,78,744 equity shares of Rs. 10/- each.

C. OBJECTS AND REASONS FOR DEMERGER

1. CCL is engaged in the business of Electrical controls and Software Services each of which is being carried out as two separate business divisions. Both the divisions of CCL are being run independently with different characteristics, distinct fixed assets, non-overlapping revenue streams and separately identifiable customers. The nature of risks and competition involved in the business of Electrical Division Undertaking are different from those of the business of Software Services Division.
2. The management of CCL, with an intent to enhance the shareholder value, has been considering the option, to segregate, re-organise and demerge the Software Services Division Undertaking into a Company under a management capable of developing business for Software Services Division and improve its working;



3. QSIL is engaged in the business of providing software and BPO Services to both domestic and international clients it also has a subsidiary engaged in the business of providing financial services. However, due to paucity of infrastructure and resources, it is unable to expand its software operations to its fullest potential. The infrastructure and resources transferred from CCL by the Demerger would enable QSIL to expand its business substantially, the fruits whereof can be enjoyed by the existing shareholders of CCL.
4. The proposed Arrangement affords distinct focus for investors giving them the flexibility to choose either or both of the Electrical or Software Services businesses for their investments. The Electrical Division Undertaking would attract a different set of investors, strategic partners, lenders and other stakeholders who would provide further funding for the business which has a good potential.
5. The proposed Demerger would also limit the exposures of the Electrical Business to the potential liabilities and risks of the Software Services business. The Demerger would also enable a focus on core competencies in each of the businesses. Thus, the restructuring would unlock shareholder value and create long-term value for the existing shareholders of CCL.
6. Since the shares of both companies will be listed, the entire investment of the all the shareholders will continue to remain tradeable on the Stock Exchanges, thereby not jeopardizing their interests in any manner.
7. Therefore, the board of directors of CCL and QSIL are of the opinion that the Demerger would benefit the shareholders, employees and other stakeholders of both companies.
8. In furtherance of the aforesaid, this Scheme of Arrangement provides for the Demerger of the Software Services Divisions Undertaking from CCL to QSIL and



various other matters consequential or otherwise integrally connected herewith,
including the reorganization of the capital of CCL.



Part – II

(The Scheme)

1. Transfer of Undertaking:

- 1.1. With effect from the Appointed Date, the Software Services Division Undertaking shall be demerged from CCL and transferred to QSIL as a going concern along with all the interests of CCL therein in accordance with and subject to the modalities for transfer and vesting stipulated herein.
- 1.2. In respect of such of the assets belonging to the Software Services Division Undertaking (including all the estate; assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Software Services Division Undertaking), the same shall, be transferred to and vested in and/or be deemed to be transferred to and vested in QSIL pursuant to the provisions of Section 394 of the Act.
- 1.3. All debts, liabilities, duties and obligations of CCL relating to the Software Services Division Undertaking as on the close of business on the day immediately preceding the Appointed date and all other debts, liabilities, duties and obligations of CCL relating to the Software Services Division Undertaking which may accrue or arise from the Appointed Date but which relate to the period upto the day immediately preceding the Appointed Date shall also be transferred to QSIL, without any further act or deed, pursuant to the provisions of Section 394(2) of the Act, so as to become the debts, liabilities, duties and obligations of QSIL.
- 1.4. The transfer and vesting of the Software Services Division Undertaking of CCL, as aforesaid, shall be subject to the existing charges, mortgages, pledge, non disposal undertakings and corporate guarantees given in relation to the said Software Services Division Undertaking and encumbrances, if any, over the assets or any part thereof; Provided however



that such charges, mortgages and/ or encumbrances shall be confined only to the assets on or over which they are subsisting on transfer to and vesting of such assets in QSIL and no such charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of QSIL. Any reference in any security documents or arrangements (to which CCL is a party) to any assets of CCL shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of QSIL. Similarly, QSIL shall not be required to create any additional security over assets of Software Services Division Undertaking of CCL acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by CCL and the charges, mortgages, and/ or encumbrances in respect of such indebtedness of QSIL shall not extend or be deemed to extend or apply to the assets so acquired by QSIL.

- 1.5. Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, qualifications, enlistments as approved supplier and no-objection certificates obtained by CCL for the operations of the Software Services Division Undertaking and/or to which CCL is entitled to in relation to the Software Services Division Undertaking as per the various statutes and/or applicable schemes, guidelines, bye-laws, terms and conditions of Union and State Governments, government companies or public sector undertakings shall be available to and vest in QSIL, without any further act or deed and shall be appropriately mutated by the authorities and/or agencies concerned therewith in favour of QSIL. Since the Software Services Division Undertaking will be transferred to and vested in QSIL as a going concern without any break or interruption in the operations thereof, QSIL shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations, qualifications, enlistments as approved supplier and no-objection certificates and to carry on and continue the operations of the Software Services Division Undertaking on the basis of the same upon this Scheme becoming effective.



2. **Legal Proceedings:**

- 2.1. All legal or other proceedings relating to the operations of the Software Services Division Undertaking on and from the Appointed Date shall be continued and enforced by or against QSIL only.
- 2.2. All other legal proceedings shall be continued and enforced by or against CCL and if any such proceedings are taken against QSIL, QSIL will defend on notice or as per advice of CCL at the costs of CCL and CCL will indemnify and keep indemnified QSIL from and against all liabilities, obligations, actions, claims and demands in respect thereof.

3. **Contracts and Deeds:**

- 3.1. Subject to the other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Software Services Division Undertaking, to which CCL is a party subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of QSIL and may be pursued and enforced as fully and effectually as if instead of CCL, QSIL had been party thereto.

4. **Saving of Concluded Transactions:**

- 4.1. The transfer and vesting of the properties and liabilities of the Software Services Division Undertaking and the continuance of the proceedings by or against QSIL as per the provisions hereof shall not affect any transaction or proceeding relating to the Software Services Division Undertaking already completed by CCL on or before the Effective Date to the end and intent that QSIL accepts all acts, deeds and things relating to the Software Services

Division Undertaking done and executed by and/or on behalf of CCL as acts deeds and things done and executed by and on behalf of QSIL.

5. Employees:

5.1. QSIL undertakes to engage on and from the Effective Date all the employees of CCL engaged in the Software Services Division Undertaking on the same terms and conditions on which they are engaged by CCL without any interruption of service as a result of the transfer of the Software Services Division Undertaking to QSIL. QSIL agrees that the services of all such employees with CCL upto the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

5.2. The accumulated balances, if any, standing to the credit of the employees of the Software Services Division Undertaking in the existing Provident Fund, Gratuity Fund, and other funds of which they are members will be transferred to such Provident Fund, Gratuity Fund, and other funds nominated by QSIL and/or such new Provident Fund, Gratuity Fund, and other funds to be established and caused to be recognised by the concerned authorities by QSIL. Pending the transfer as aforesaid, the dues of the employees of the Software Services Division Undertaking relating to the said funds would be continued to be deposited in the existing Provident Fund, Gratuity Fund, and other funds respectively.

6. Business in trust for QSIL:

6.1. CCL undertakes to carry on the business of the Software Services Division Undertaking in the ordinary course of business and CCL shall be deemed to have carried on and to be carrying on all business and activities



relating to the Software Division Undertaking for and on account of and in trust for QSIL.

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

6.2.1. All profits accruing to CCL or profits/losses arising or incurred by it relating to the Software Services Division Undertaking for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be of QSIL.

6.2.2. CCL shall be deemed to have held and stood possessed of the properties to be transferred to QSIL for and on account of and in trust for QSIL and accordingly, CCL shall not (without the prior written consent of QSIL) alienate, charge or otherwise deal with or dispose of the Software Services Division Undertaking or any part thereof except in the usual course of business.



7. **Issue of Shares:**

7.1. Upon the Scheme becoming effective and in consideration of the demerger and transfer of the Software Services Division Undertaking, QSIL undertakes that it shall, without further application, issue and allot to the shareholders of CCL whose names shall appear in the Register of Members of CCL as on a Record Date to be fixed by CCL in consultation with QSIL, issue 1 Equity Share of Rs. 10/- each in QSIL, credited as fully paid up for every 2 equity shares of Rs. 10/- each held by them in CCL. It is clarified that the shareholders of CCL shall be entitled to 1 (One) new Equity Share of Rs. 10/- each of CCL credited as fully paid up for every 2 (Two) equity shares of Rs. 10/- each held by them in CCL. Thus the Issued, Subscribed and Paid up Share Capital of QSIL now consisting of Rs.5,57,87,440/- divided into 55,78,744 Equity shares of Rs. 10/- each fully paid up shall, upon the Scheme

coming into effect, stand at Rs. 10,00,00,000/- divided into 1,00,00,000 Equity shares of Rs.10/- each fully paid up. The relevant clauses of the Memorandum of Association and the Articles of Association of QSIL specifying the Authorised Share Capital of QSIL shall stand altered accordingly, on the coming into effect of this Scheme.

- 7.2. All the equity shares to be issued and allotted by QSIL to the equity shareholders of CCL under this Scheme shall rank *pari passu* in all respects with the existing equity shares of QSIL. Further the entire paid up capital of CCL and QSIL shall, subject to applicable regulations, be listed and/or admitted to trading on the Bombay Stock Exchange Limited where the Equity shares of CCL are listed and/or admitted to trading.
- 7.3. In case of entitlement of any shareholder for a fraction of a share in QSIL or CCL, the fractional entitlement shall be ignored. Such fractional entitlement shall be consolidated and entrusted to a Trustee to be appointed by CCL in consultation with QSIL. The shares arising out of the fractional entitlement in each company shall be sold in the open market and the net proceeds (after deduction of the expenses incurred) shall be distributed to the shareholders of each Company respectively as entitled in proportion of their fractional entitlements. However the company may, in consultation with the Bombay Stock Exchange Limited, devise any other equitable method for dealing with the fractional entitlements.
- 7.4. In respect of the shareholding of the members in CCL held in the dematerialized form, the new equity shares in CCL/QSIL shall, subject to applicable regulations, be issued to them in the dematerialised form pursuant to Clause 7.1 above with such shares being credited to the existing depository accounts of the members of CCL entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.





- 7.5. In respect of the shareholding of the members in CCL held in the physical form, each member holding such shares shall, subject to applicable regulations, have the option, exercisable by notice in writing, by them to CCL/QSIL on or before such date as may be determined by the Board of Directors of CCL/QSIL or a committee thereof, to receive, either in physical form or in dematerialised form, the new equity shares in CCL/QSIL in accordance with hereof. In the event such notice has not been received by CCL/QSIL in respect of any of the members, the new equity shares in CCL/QSIL shall be issued to such members in physical form. Those members exercising the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required.
- 7.6. If and to the extent the new equity shares in CCL/QSIL cannot be issued in the dematerialised form in accordance with the applicable regulations, the same shall be issued to the members of CCL/QSIL in the physical form.
- 7.7. The shares allotted and issued pursuant to this Scheme of Arrangement shall remain frozen in the depositories system till listing/ trading permission is given by the Bombay Stock Exchange.
8. **Reduction of Subscribed and Paid up Share Capital of CCL:**
- 8.1. The Subscribed and Paid up Share Capital of CCL now consisting of Rs. 8,84,25,120/- divided into 88,42,512 Equity shares of Rs. 10/- each fully paid up shall, upon the Scheme coming into effect, stand at Rs. 4,42,12,560/- divided into 44,21,256 Equity shares of Rs. 10/- each fully paid up by cancellation of paid-up Share Capital to the extent of Rs. 4,42,12,560/-.
- 8.2. Consequent to such reduction the shares held by the shareholders shall stand cancelled as on the Record Date for the facilitation of issue of new shares.

Shareholders holding shares in CCL in the physical form, shall, and as may be deemed fit by the shareholder, surrender to CCL his old equity share certificates in respect of the shares held by him for cancellation. Notwithstanding the aforesaid, the old equity share certificates shall stand cancelled and new share certificates shall be issued and dispatched upon the aforesaid reduction in capital taking effect.

8.3. Since the proposed reduction of share capital contemplated above, neither involves the diminution in liability of unpaid share capital of CCL nor is any payment proposed to be made to any of the shareholders of CCL of any paid up share capital, provisions of Section 101 to 105 shall not have any application and CCL shall not be obliged to comply with the procedures contemplated under Section 101 to 105 of the Act.

8.4. CCL shall obtain the necessary approval from its shareholders and creditors, as required, in terms of this Scheme only, under and pursuant to provisions of Section 391-394 of the Act, CCL shall not, nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of paid up share capital.

9. Accounting

9.1. With effect from the Appointed Date all assets and liabilities of the Software Services Division Undertaking transferred to QSIL under the Scheme shall be recorded in the books of account of QSIL at their respective values as recorded in CCL's books of account.

9.2. Subject to the aforesaid, the Board of Directors of CCL and QSIL shall be entitled to make such corrections and adjustments as may in their opinion be required for ensuring consistent accounting policy or which may



otherwise be deemed expedient by them in accounting for the demerger in the respective books of account of the said Companies.

10. Applications

10.1. CCL and QSIL shall, with all reasonable dispatch, make necessary applications to the Hon'ble High Court of Judicature at Bombay, for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such an event all the references in this Scheme to the Hon'ble High Court at Mumbai shall be construed as references to the National Company Law Tribunal as the context may require. CCL and QSIL shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.



11. Approvals and Modifications:

11.1. CCL and QSIL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

11.1.1. to assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court at Bombay and / or any authorities under law may deem fit to approve or direct or as may be deemed expedient or necessary; and

11.1.2. to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

12. Scheme Conditional Upon:

The Scheme is conditional upon and subject to:-

- 12.1. Approval of the Scheme by the requisite majority of the members of CCL and QSIL;
- 12.2. Sanction of the Scheme by the Hon'ble High Court of Judicature at Bombay under Sections 391 and 394 and other applicable provisions of the Act;
- 12.3. Such other sanctions and approvals, including sanctions of any governmental or regulatory authority (including stock exchanges), as may be required by law in respect of the Scheme being obtained; and
- 12.4. The certified copies of the Orders of the Hon'ble High Court of Judicature at Bombay sanctioning the Scheme; being filed with the Registrar of Companies, Mumbai.

Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the last of the dates on which all the orders, sanctions, approvals, consents, conditions, matters or filings referred to above have been obtained or filed.

13. **Remaining Business:**

- 13.1. Save and except the Software Services Division Undertaking of CCL and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the other business, undertaking, assets, and liabilities of CCL which shall continue to belong to and be vested in and be managed by CCL.

14. **Costs:**



14.1. All costs, charges, stamp duty and expenses, in connection with the Scheme, incurred upto the stage of the Scheme becoming elective shall be borne and paid by QSIL.

15. Residual Provisions:

15.1. Even after this Scheme becomes operative, QSIL shall be entitled to operate all Bank Accounts relating to the Software Services Division Undertaking and realize all monies and complete and enforce all pending contracts and transactions in respect of the Software Services Division Undertaking in the name of CCL in so far as may be necessary until the transfer of rights and obligations of CCL to QSIL under this Scheme is formally accepted by the parties concerned.

15.2. On the approval of the Scheme by the members of CCL and QSIL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section 81(1-A) of the Act or any other provisions of the Act to the extent the same may be considered applicable.

15.3. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person.

15.4. The demerger and transfer and vesting of the Software Services Division Undertaking under this Scheme have been proposed in compliance with the provisions of Section 2(19AA) of the Income-Tax Act, 1961.

15.5. Upon the coming into effect of this Scheme CCL and QSIL are expressly permitted to revise their Income Tax returns and related Tax Deduction of Source certificates and the right to claim refund, advance tax credits etc.



- 15.6. The issue and allotment of shares by CCL/QSIL to persons resident outside India will be subject to the obtaining of necessary permissions under the provisions of the Foreign Exchange Management Act, 1999 (including any modification or re-enactment thereof), as required.
- 15.7. CCL and QSIL acting through their respective Boards of Directors shall each be at liberty to withdraw from this Scheme of Arrangement in case any condition or alteration imposed by any authority/person is unacceptable to any of them.
- 15.8. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of CCL and QSIL, affect the validity or implementation of the other parts and/or provisions of this Scheme.

Certified to be TRUE COPY
For RAJESH SHAH & CO.

Rajesh Shah

Advocate for the Petitioner/Applicant



TRUE-COPY

M. D. Narvekar 23/09/08
M. D. NARVEKAR
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

IN THE HIGH COURT OF JUDICATURE
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In the matter of Sections 391 to 394 read with
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of the Companies Act, 1956

AND

In the matter of Scheme of Arrangement between
Continental Controls Limited, and Quest Softech
(India) Limited and their respective shareholders



QUEST SOFTECH (INDIA) LIMITED,

... Petitioner Company.

Authenticated copy of the Minutes of the Order dated
5th September, 2008 alongwith Scheme.

Applied on 18-9-2008
Engrossed on 18-9-2008
Filed [Signature]
Examined [Signature]
Compared with 23/09/08
Ready on 24/09/08
Delivered on [Signature]

M/S. RAJESH SHAH & CO
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16, Oriental Building,
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Mumbai-400 001.