



Subex Limited

(CIN: L85110KA1994PLC016663)

Regd. Office: RMZ Ecoworld

Outer Ring Road, Devarabisanahalli, Bengaluru - 560103, India

Phone : +91 80 6659 8700, Fax : +91 80 6696 3333

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POSTAL BALLOT NOTICE

(Pursuant to Section 108 and 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014)

Dear Member(s),

Notice is hereby given, pursuant to Section 108 and 110 of the Companies Act, 2013 ("the Act") read with Companies (Management and Administration) Rules, 2014 ("the Rules") including any statutory modification (s) or re-enactment (s) thereof for the time being in force and pursuant to other applicable laws and regulations, to transact the following special business by the members of Subex Limited ("the Company") by passing a special resolution through postal ballot by way of remote e-voting only.

Section 110 of the Companies Act, 2013 and the Rules provide for passing of resolutions by postal ballot. In terms of said Section of the Act and the Rules, a Company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, get any resolution (other than ordinary business or businesses where any person has a right to be heard) passed by means of postal ballot, instead of transacting the business in general meeting of the Company.

In terms of the MCA General Circular No. 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020, ("MCA Circulars"), in view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, Companies are advised to take all decisions requiring

members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of postal ballot / e-voting in accordance with the provisions of the Act and Rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue. The MCA has clarified that for Companies that are required to provide e-voting facility under the Act, while they are transacting any business(es) only by postal ballot upto June 30, 2020 or till further orders, whichever is earlier, the requirements provided in Rule 20 of the Rules as well as the framework provided in the MCA Circulars will be applicable mutatis mutandis. Further, the Company will send Postal Ballot Notice by e-mail to all its members who have registered their email addresses with the Company or depository / depository participants and the communication of assent / dissent of the members will only take place through the remote e-voting system. This Postal Ballot is accordingly being initiated in compliance with the MCA Circulars.

In compliance with the requirements of the MCA Circulars, hard copies of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the members for this Postal Ballot and members are required to communicate their assent or dissent through the remote e-voting system only.

It is proposed to obtain the consent of the members by way of Postal Ballot for the matter as considered in the Resolutions appended below. The Explanatory Statement pursuant to Section 102 of the Companies Act pertaining to the said Resolutions setting out material facts and the reasons for the Resolutions are also annexed.

You are requested to peruse the proposed Resolutions along with their respective Explanatory Statement and thereafter record your assent or dissent by means of remote e-voting facility provided by the Company.

The Company has appointed Mr. Pramod S.M. (Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries as the Scrutinizer and Mr. Biswajit Ghosh, (FCS Membership No. 8750 and Certificate of Practice No. 8239), Partner, BMP & Co., LLP, Practicing Company Secretaries, as an alternate scrutinizer to Mr. Pramod S.M., for conducting the meeting only through the electronic voting process, in a fair and transparent manner.

The Company has engaged the services of the KFin Technologies Private Limited ("Kfintech") for providing e-voting facility to the members. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of Sections 108 and 110 of the Act read with the Rules and the MCA Circulars, the Company has extended only

the remote e-voting facility to its Members, to enable them to cast their votes electronically instead of submitting the postal ballot form. The instructions for remote e-voting are appended to this Postal Ballot Notice.

Members requiring any clarifications on voting by e-voting may contact Mr. D S Nagaraja from Kfintech on toll-free number 1800 3454 001 or by email at einward.ris@kfintech.com. Also, if any Members need assistance with regards to using the technology, they can contact KFin Technologies Private Limited, Selenium Tower B, Plot 31- 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Telangana, e-mail id einward.ris@kfintech.com, toll free no: 1800 3454 001 with attention to Mr. D S Nagaraja.

The e-Voting commences on Wednesday, May 27, 2020 from 9.00 a.m. (IST) and ends on Thursday, June 25, 2020 at 5.00 p.m (IST).

The Scrutinizer will submit the report to the Chairman/Company Secretary of the Company, upon completion of scrutiny of the result of the postal ballot i.e. e-Voting and the result will be announced on or before Saturday, June 27, 2020. The result will be posted on the Company's website : <https://www.subex.com/investors/capital-reduction/> and on the website of Kfintech at <https://evoting.karvy.com> besides communicating the same to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

SPECIAL BUSINESS:

Notice of the Postal Ballot is available on the website of the Company at : <https://www.subex.com/investors/capital-reduction/> and also on the website of NSE & BSE.

1. Reduction of Share Capital of the Company:

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 66, Section 52 and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder ("the Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to Article 3(2)(c) of the Articles of Association of the Company and subject to confirmation by the Hon'ble National Company Law Tribunal, Bengaluru bench ("NCLT"), approvals as may be required from the appropriate authorities and the consent of the creditors as may be required, the approval of the members be and is hereby accorded to the Scheme of reduction of capital ("the Scheme") of the Company by way of reduction of paid-up share capital of the Company from Rs. 5,62,00,29,350 (divided into 56,20,02,935 equity shares of Rs 10 each) to Rs. 2,81,00,14,675 (divided into 56,20,02,935 Equity shares of Rs 5 each) by reducing face value of each equity share from Rs 10 to Rs 5, along with a reduction to the Securities Premium Account of the Company from Rs 2,67,04,28,364 to Rs 1,64,03,33,337, and such cumulative reduction would be effected by writing off the Accumulated Losses of Rs 3,84,01,09,702 on the Effective Date of the draft Scheme of Reduction of capital ("Scheme")."

"RESOLVED FURTHER THAT the Scheme providing reduction of share capital of the Company as submitted to the BSE Limited, designated stock exchange for observations and / or Securities and Exchange Board of India, be and is hereby approved."

"RESOLVED FURTHER THAT effective from the date of the confirmation of the Scheme by NCLT, Bengaluru Bench and all other approvals from any other appropriate authorities as may be required, the consent and approval of the members be and is hereby accorded to the reduction of the paid-up share capital as it stands on the date of such confirmation by Rs. 2,81,00,14,675 in aggregate and accordingly the paid-up capital of the Company after such reduction shall be Rs. 2,81,00,14,675 divided into 56,20,02,935 equity shares of Rs. 5 each fully paid-up."

"RESOLVED FURTHER THAT subject to confirmation of the Scheme by NCLT, Bengaluru Bench, and all other approvals from any other appropriate authorities, the Company be and is hereby not required to add the words "And Reduced" to its name subsequent to such reduction of capital of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board"), the Chief Financial Officer and the Company Secretary be and is hereby authorized to take all necessary steps and do all such acts, deeds, matters and things, as they may, in their absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company including issuing any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the reduction of capital, or to any modification thereof without being required to seek any further consent or approval of the members or otherwise."

"RESOLVED FURTHER THAT Mr. Vinod Kumar Padmanabhan, Managing Director & Chief Executive Officer, Mr. Venkatraman G S, Chief Financial Officer and Mr. G V Krishnakanth, Company Secretary & Compliance Officer be and are hereby authorized severally to take all necessary steps for effecting the said Scheme of reduction of capital of the Company, including but not limited to:

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| <ul style="list-style-type: none"> a) Finalizing, amending and settling the draft scheme, application / petition, and assent to such alterations, conditions and modifications, if any, or effect any other modification or amendment as the Board of Directors of the Company may consider necessary or desirable to give effect to the proposed reduction of share capital; b) Filing any affidavit, petition, pleading, application, form or reports before NCLT or any other statutory or regulatory authority including the concerned stock exchanges, SEBI, the Registrar of Companies, the Regional Director or such other authority as may be required in connection with the proposed reduction of capital or its sanction thereof and to do all such acts and deeds as they may deem necessary in connection therewith and incidental thereto; c) Making such alterations and changes in the scheme, application to be made to NCLT, as may be expedient or necessary or satisfying the conditions / requirement imposed by NCLT, SEBI and/or any other statutory / regulatory authorities, as may be required, provided that prior approval of the Board shall be obtained for making any material changes in the said application. d) Signing all applications, petitions, affidavits, undertakings, documents, letters relating to the proposed reduction of capital and represent the Company before the NCLT and any other authorities in relation to any matter relating to the proposed reduction of capital or delegate such authority to any other person through a valid power of attorney; e) To verify, sign, deal, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, undertake, record all deeds, declarations, instruments, vakalatnamas, applications, | <p>petitions, affidavits, objections, notices and writings whatsoever as may be usual, necessary, proper or expedient and all manner of documents, petitions, affidavits and applications under the applicable laws including Companies Act, 2013, and Rules made thereunder and other applicable laws/regulations in relation to the aforesaid matter and to represent the Company in all correspondences, matters and proceedings and any nature whatsoever in relation to the above;</p> <ul style="list-style-type: none"> f) To authenticate any document, instrument, proceeding and record of the Company. g) Obtaining the requisite approval and/or consents of the shareholders, secured lenders of the Company, bank, financial institutions and other regulatory authorities or entities or agencies as may be required and for that purpose, to initiate all necessary actions and to take other consequential steps as may be required from time to time in that behalf. h) To engage any counsel, consultant firms, advocates, attorneys, pleaders, solicitors, valuers, auditors, accountants, registrars or any other one or more agencies, as may be required in relation to or in connection with the proposed reduction of share capital, on such terms and conditions as they may deem fit, finalize fees, terms and conditions of their appointment letter(s), furnish such information as may be required by them and also to sign, execute and deliver all documents, letters, advertisements, announcements, disclosures, affidavits, undertakings and other related documents in favour of the concerned authorities, advocates or any one or more persons or firms as they may deem fit and to do all such acts, deeds and things as they may deem fit and as may be necessary in this regard. |
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| <ul style="list-style-type: none">i) Incur such other expenses as may be necessary with regard to the above transaction, including payment of fees to solicitors, merchant bankers, advisors, valuers, registrars and other agencies and such other expenses that may be incidental to the above, as may be decided by them.j) Make any modifications as they may consider necessary in relation to the procedure and modalities of effecting the transactions contemplated in this resolution.k) Consider, approve, sign and execute all other documents, advertisements, announcements, disclosures, etc. which may be sent / required to be sent to concerned authorities on behalf of the Company.l) To file requisite forms with the Registrar of Companies in connection with the proposed reduction of share capital during and after the process of sanction thereof.m) Sign, execute and deliver such documents as may be necessary and do all such other acts, | <ul style="list-style-type: none">n) To do all such acts and things and deal with all such matters and take all steps as may be necessary including any modification, if required, and do all such other acts, matters, deeds and things necessary, proper or desirable in connection with or incidental to giving effect to the purposes of this Resolution.o) To give such directions as they may think fit and proper, including directions for settling any questions or difficulties that may arise and to do all acts, deeds and tasks, as may be deemed necessary, expedient or proper to give effect to the proposed reduction of capital and for matters connected therewith or incidental thereto. |
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“RESOLVED FURTHER THAT the Board be and is hereby authorized, in its absolute discretion, to bring into effect this resolution on such other terms and conditions as it may consider appropriate and to accept such other conditions and modifications as may be prescribed by the NCLT and other appropriate authorities while according their confirmation or consent to this resolution or to suspend, withdraw or revive the proposal for reduction of capital from time to time as may be specified by any statutory authority or as the Board may suo-moto decide.”

**By order of the Board
For Subex Limited**

Sd/-

**Vinod Kumar Padmanabhan
Managing Director & Chief Executive Officer
DIN:06563872**

**Place: Bengaluru
Date : May 22, 2020**

NOTES:

- 1) An Explanatory Statement and reasons for the proposed Special Business pursuant to Section 102(1) read with Section 110 of the Companies Act, 2013 are given hereunder.
- 2) Voting rights will be reckoned on the paid-up value of shares registered in the name of the members on Friday, May 15, 2020 ("cut-off date"). Only those members whose names are recorded in the Register of members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by e-voting.
- 3) The Notice is being sent by e-mail to all the members, whose names appear on the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as of cut-off date and who have registered their email addresses in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, M/s. Canbank Computer Services Limited ("Canbank").
- 4) In terms of the MCA Circulars, voting can be done only by remote e-voting. As the remote e-voting does not require a person to attend to a meeting physically, the members are strongly advised to use the remote e-voting procedure by themselves and not through any other person / proxies.
- 5) In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, if any, read with the Rules made thereunder and the provisions of the MCA

Circulars, the Company is providing facility for voting by electronic means ("e-voting") to all the members of the Company to enable them to cast their votes electronically on the items mentioned in the Notice. For this purpose, the Company has entered into an arrangement with Kfin Technologies Private Limited ("Kfintech") for facilitating e-voting to enable the members to cast their votes electronically. The instructions for e-voting forms part of this notice.

- 6) Copy of this Notice will also be available on the Company's website <https://www.subex.com/investors/capital-reduction/> on the website of Kfintech at <https://evoting.karvy.com> and at the relevant sections of the websites of the Stock Exchanges on which the shares of the Company are listed. Members, who have any other queries, may write to the Company at: investorrelations@subex.com.
- 7) The Board of Directors has appointed Mr. Pramod S.M. (Membership No. 7834 and Certificate of Practice No.13784), Partner, BMP & Co., LLP, Practicing Company Secretaries as the Scrutinizer and Mr. Biswajit Ghosh, (Membership No. 8750 and Certificate of Practice No. 8239), Partner, BMP & Co., LLP, Practicing Company Secretaries, as an alternate scrutinizer to Mr. Pramod S.M., to scrutinize the postal ballot/ e-voting process in a fair and transparent manner. After completion of his scrutiny, the Scrutinizer will submit his Report to the Chairman/ Company Secretary. The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.
- 8) The voting through postal ballot/e-Voting will commence on Wednesday, May 27, 2020 from 9.00 a.m. (IST) and will end on Thursday, June 25, 2020 at 05.00 p.m. (IST).

- 9) Resolution(s) passed by the members through postal ballot is/are deemed to have been passed effectively at a General Meeting of the members. The resolution shall be declared as passed, if votes cast by the members so entitled in favour of the said resolution are two-thirds the number of votes cast against the same.
- 10) The member may vote either "For" or "Against" the Resolution. Member need not cast all his votes in the same way.
- 11) The Resolution will be taken as passed effectively on the date of announcement of the postal ballot results by the Chairman or Company Secretary of the Company, if the results of the postal ballot indicate that the requisite majority of the members had assented to the Resolution. After declaration, the results of the Postal Ballot along with the Scrutinizer's Report will be placed on the Company's website <https://www.subex.com/investors/capital-reduction/> and the website of the service provider i.e., <https://evoting.karvy.com> besides communicating the same to BSE and NSE, where the shares of the Company are listed.
- 12) Pursuant to SEBI circular No: SEBI /HO /MIRSD /DOP1 /CIR /P/2018/73 dated April 20, 2018 and notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018, as well as the Company's letters dated September 03 and October 04, 2018 respectively, members are requested to take necessary steps to dematerialize shares that are held in physical form, as transfer of shares held in physical form is no longer permitted.
- 13) Pursuant to Clause 2 (h) of the Companies (Significant Beneficial Owners) Amendment Rules, 2019, individuals who hold a right or entitlement directly in the Company are requested to intimate the Company through a declaration in form BEN-1.
- 14) As per Rule 3 of Companies (Management and Administration) Rules, 2014, Register of Members of the Company should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective Depository Participants in case of shares held in electronic form and with the Company's RTA in the case of physical holding, immediately.
- 15) Instructions and other information relating to e-voting are as under:
- A. In case a Member receives e-mail from Kfintech [for Members whose E-mail address are registered with the Company / Depository Participants / Canbank]:
- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
- (ii) Enter the login credentials. However, if a member is already registered with Kfintech for e-voting, they can use their existing User ID and password for casting their vote.

USER ID	For members holding shares in demat form:- a. For NSDL:- 8 characters DP ID followed by 8 digits Client ID b. For CDSL:- 16 digits Beneficiary ID For members holding shares in physical form:- EVENT No. followed by Folio Number registered with the Company
Password	Your unique password is sent via email forwarded through the electronic notice.
Captcha	Enter the verification code for security reasons, i.e., please enter the alphabets and numbers in the exact way as they are displayed.

- (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) Members will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character [!@#\$, etc.]. The system will prompt the member to change their password and update their contact details like mobile number, email ID, etc. on first login. Members may also enter a secret question and answer of their choice to retrieve their password in case they forget it. It is strongly recommended that members do not share their password with any other person and that they take utmost care to keep their password confidential.
 - (v) Members need to login again with the new credentials.
 - (vi) On successful login, the system will prompt the member to select the e-voting Event Number "EVENT" for Subex Limited.
 - (vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, member may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed their total shareholding. If the member does not indicate either "FOR / AGAINST", it will be treated as abstained and the shares held will not be counted under either head.
 - (viii) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios/demat accounts.
 - (ix) Voting has to be done for each item of the Notice separately. In case members do not desire to cast their vote on any specific item it will be treated as abstained.
 - (x) Members may then cast their vote by selecting an appropriate option and click on "Submit".
 - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once a member confirms, he/she will not be allowed to modify. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: pramod@bmpandco.com or biswajit@bmpandco.com with a copy to evoting@kfintech.com and investorrelations@subex.com. The scanned image of the above mentioned documents should be in the naming format "Subex Limited_ EVENT NO."
 - (xiii) Login to the e-voting website will be disabled upon five unsuccessful attempts to key-in the current password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- B. In case of members who have not registered their email address:**
- On account of threat posed by COVID-19 and in terms of the MCA Circulars, the Company

will send Postal Ballot Notice in electronic form only and hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the members for this Postal Ballot. Accordingly, the communication of the assent or dissent of the members would take place through the remote e-voting system only. Therefore, those members who have not yet registered their email address are requested to get their email addresses registered not later than 5.00 p.m. (IST) on June 24, 2020 by following the procedure given below:

For Members who have Electronic folios:

1. (a) Visit the link <https://karisma.kfintech.com/emailreg/registration.aspx>
- (b) Select the company name Subex Limited
- (c) Member to enter DPID / Client ID and PAN details
- (d) Upload the self-attested PAN copy
- (e) Shareholder to enter e-mail address and mobile number
- (f) System will check the authenticity of the Client ID and PAN details, and send different OTPs to the Member on their e-mail address and mobile number
- (g) Member to enter the OTPs received by SMS and e-mail ID to complete the validation process. Please note that the OTP will be valid for five (5) minutes only.
- (h) The system will then confirm the e-mail address for the limited purpose of service of this Postal Ballot Notice
- (i) The system will then send this Postal Ballot Notice and procedure for e-voting to the e-mail address provided by the Member.

available on record, Member to enter one of the certificate numbers

- (e) Member to enter e-mail address and mobile number
- (f) System will check the authenticity of the Folio Number and PAN details or the certificate number, and send different OTPs to the Member on their e-mail address and mobile number
- (g) Member to enter the OTPs received by SMS and e-mail address to complete the validation process. Please note that the OTP will be valid for five (5) minutes only.
- (h) If PAN details are not available, the system will prompt the Member to upload the duly signed and scanned copy of the PAN card.
- (i) The system will then confirm the e-mail address for the limited purpose of service of this Postal Ballot Notice.
- (j) The system will then send this Postal Ballot Notice and procedure for remote e-voting to the e-mail ID provided by the Member.

For Members who have Physical folios:

- (a) Visit the link <https://karisma.kfintech.com/emailreg/registration.aspx>
- (b) Select the company name Subex Limited
- (c) Member to enter physical Folio Number (only numeric) and PAN details
- (d) In the event the PAN details are not

Post successful registration of the email and validation process, the eligible members within 48 hours would get soft copy of the notice and the procedure for e-voting along with the User ID and the Password to enable e-voting for this Postal Ballot. In case of any queries, member may write to einward.ris@kfintech.com with reference to POSTAL BALLOT - SUBEX LIMITED

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| <p>16. Eligible members who have not registered their email address with the Depository Participants, Canbank or the Company are required to get the same registered by providing their email address to Kfintech on or before 5.00 p.m (IST) on June 24, 2020 pursuant to which any member may receive this Postal Ballot Notice and procedure for e-voting with the Login ID and password for e-voting.</p> <p>17. It is clarified that for permanent registration of email address, the members are however requested to register their email address, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, Canbank Computer Services Limited ("Canbank"), No. 218, 1st Floor, J P Royale, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bengaluru 560003 by following due procedure.</p> <p>18. Those members who have already registered their email address are requested to keep their email addresses validated with their Depository Participants / the Company's Registrar and Share Transfer Agent, Canbank to enable servicing of notices / documents / Annual Reports electronically to their email address.</p> <p>19. The e-voting portal will open for voting from Wednesday, May 27, 2020 from 9.00 a.m. (IST) to</p> | <p>Thursday, June 25, 2020 till 5.00 p.m. (IST) both days inclusive. During this period the members of the Company holding shares either in physical form or dematerialised form, as on the cut-off date of May 15, 2020 may cast their vote electronically. The e-voting module will be disabled by Kfintech on Thursday, June 25, 2020 at 5.00 p.m. (IST). Once vote on a resolution is cast by the member, members shall not be allowed to change it subsequently or cast the vote again.</p> <p>20. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual for members available at the download section of https://evoting.karvy.com. In case of any queries / concern / grievances, you may contact Mr. D S Nagaraja from Kfintech, Selenium, Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, India, at email: einward.ris@kfintech.com; 1800-3454-001 (toll free).</p> <p>21. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the Listing Regulations, the details pertaining to this Postal Ballot will be published in one English national daily newspaper circulating throughout India (in English language) and one Kannada daily newspaper circulating in Bangalore (in vernacular language, i.e. Kannada).</p> |
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Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No 1:

Reduction of Share Capital of the Company:

The proposed reduction of capital is pursuant to Section 66, Section 52 and other applicable provisions of the Companies Act, 2013 ('the Act') and

the rules made thereunder ("the Rules") (including any statutory modification (s) or re-enactment (s) thereof for the time being in force) and pursuant to Article 3(2)(c) of the Articles of Association of the Company and subject to confirmation by the Hon'ble National Company Law Tribunal, Bengaluru bench ("NCLT").

1. BACKGROUND

The issued, subscribed and paid-up capital of the Company is Rs 5,62,00,29,350 comprising of 56,20,02,935 equity shares of Rs 10 each and the securities premium is Rs. 2,67,04,28,364, based on the unaudited standalone financial statements for the period ended December 31, 2019. Further, these financial statements reflect accumulated losses (i.e., debit balance of profit and loss account) of Rs. 3,84,01,09,702 for the period ended December 31, 2019. Such accumulated losses have substantially wiped off the value represented by the share capital.

Considering the future prospects of growth and value addition to the Company and its Shareholders, it is proposed to re-align the relationship between its capital and assets in accordance with Section 52 and Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act,

2013 (to the extent applicable), by writing-off the accumulated losses of Rs. 3,84,01,09,702 reflecting in the unaudited financial statements of the Company as on December 31, 2019 against the paid-up share capital and Securities Premium Account balance of the Company, to have a rational structure which is commensurate with its remaining business and assets.

It is proposed to effect the reduction of share capital by reducing the face value of each fully paid-up equity share from Rs 10 to Rs 5. Further, it is also proposed that the Securities Premium Account of the Company be reduced from Rs 2,67,04,28,364 to Rs 1,64,03,33,337.

2. EFFECT OF THE SCHEME

The proposed reduction of capital by reducing the paid-up equity share and securities premium account of the Company against Accumulated losses, pursuant to the Scheme, shall be reflected in the books of Accounts of the Company, on the Effective date.

The capital structure of the Company pre- and post scheme is reflected in the table below:

Pre-reduction			Post-reduction		
Particulars	No of shares	Amount (Rs.)	Particulars	No of shares	Amount (Rs.)
Authorised Share Capital					
Equity shares of face value Rs 10 each	58,80,40,000	5,88,04,00,000	Equity shares of face value Rs 5 each	1,17,60,80,000	5,88,04,00,000
Preference shares of face value Rs 98 each	2,00,000	1,96,00,000	Preference shares of face value Rs 98 each	2,00,000	1,96,00,000
Issued, subscribed and paid up Share Capital					
Equity shares of face value Rs 10 each	56,20,02,935	5,62,00,29,350	Equity shares of face value Rs. 5 each	56,20,02,935	2,81,00,14,675

The below table reflects the pre- and post reduction of Securities Premium Account of the Company against its Accumulated Losses:

Particulars	Pre-reduction (Rs.)	Proposed reduction (Rs.)	Post-reduction (Rs.)
Securities Premium Account	2,67,04,28,364	1,03,00,95,027	1,64,03,33,337
Profit and Loss (Dr) i.e. Accumulated Losses	3,84,01,09,702	3,84,01,09,702	NIL

3. BENEFITS ARISING OUT OF THE SCHEME

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| <p>a) The Scheme, if approved, the books of the Company would better represent its financial position which would help the Company position itself better in the market, and undertake business activities efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.</p> <p>b) The proposed restructuring under the Scheme, if approved, would enable the Company to explore opportunities for the benefit of its Shareholders, including in the form of dividend payments, in terms of the applicable law.</p> <p>c) The Scheme, if approved, may enable the Company to avail business opportunities that it was unable to take advantage of, because of it experiencing Accumulated Losses.</p> <p>d) The reduction of capital in the manner proposed would enable the Company to have</p> | <p>a rational structure which is commensurate with its remaining business and assets.</p> <p>e) The Scheme of reduction, after full implementation, will result in making the Company's balance sheet leaner and downsized.</p> <p>f) The proposed Scheme would be for the overall benefit of the Company, its creditors, Shareholders and all other stakeholders.</p> <p>g) The proposed Scheme will enable the Company to use a part of the amount which is lying unutilized in the Securities Premium Account of the Company in an effective manner for the benefit of the Company.</p> <p>h) The Scheme, if approved, would provide greater flexibility to the Company in raising funds either from the capital market or from any Bank/ Financial Institutions in the form of equity or debt, depending upon the business needs of the Company.</p> |
|--|--|

4. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN OF THE COMPANY

The pre and post reduction of capital structure and shareholding pattern is as follows:

Capital Structure - Pre and post reduction of capital:

Pre-reduction			Post-reduction		
Particulars	No of shares	Amount (Rs.)	Particulars	No of shares	Amount (Rs.)
Authorised Share Capital					
Equity shares of face value Rs 10 each	58,80,40,000	5,88,04,00,000	Equity shares of face value Rs 5 each	1,17,60,80,000	5,88,04,00,000
Preference shares of face value Rs 98 each	2,00,000	1,96,00,000	Preference shares of face value Rs 98 each	2,00,000	1,96,00,000
Issued, subscribed and paid up Share Capital					
Equity shares of face value Rs 10 each	56,20,02,935	5,62,00,29,350	Equity shares of face value Rs. 5 each	56,20,02,935	2,81,00,14,675

Shareholding pattern- Pre and post reduction of capital:

Shareholding pattern	Pre Reduction (as on May 15, 2020)		Post Reduction	
	No. of Shares of face value of Rs. 10 each	% of holding	No. of Shares of face value of Rs. 5 each	% of holding
Promoter & Promoter group	-	-	-	-
Public	53,97,84,728	96.05	53,97,84,728	96.05
Custodian	2,22,18,207	3.95	2,22,18,207	3.95
TOTAL	56,20,02,935	100	56,20,02,935	100

There will be no change in the shareholding pattern of the Company pursuant to the proposed Scheme.

5. OTHERS

Notwithstanding the reduction as mentioned above, the Company will be praying before the NCLT that the Company be exempted to add "And Reduced" as a suffix to its name and the Company shall continue in its existing name considering that no payout is being made to any existing members and the Company will be able to discharge its liability in the due course of business.

The Special Resolution, if approved by the members of the Company with requisite majority, will be subject to the confirmation by National Company Law Tribunal as per Section 66(3) of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of company) Rules, 2016.

In relation to above, the Audit committee and the Board of Directors of the Company approved the draft Scheme at its respective meetings held on February 7, 2020. The Company had filed necessary applications before BSE and NSE seeking their no-objection to the Scheme.

A copy of the Scheme alongwith the related documents, setting out in detail the terms and conditions of the proposed Scheme which has been duly approved by the Audit Committee and the

Board of Directors of the Company at its meetings held on February 7, 2020, along with the documents submitted to the BSE and NSE, have been uploaded on the website of the Company at <https://www.subex.com/investors/capital-reduction/>

BSE (Designated Stock Exchange) and NSE had issued observation letters dated May 20, 2020 and May 21, 2020 respectively to the above proposed reduction of share capital. Copies of the aforesaid Observation Letters are enclosed as Annexure 1 (i) and (ii) to this notice.

As per the terms of the Observation Letters, BSE and NSE has given its 'no adverse observation' with limited reference to those matters having a bearing on listing/ de-listing/ continuous listing requirements with the provisions of Listing Agreement, so as to enable the company to file the scheme with the Hon'ble NCLT.

Pursuant to SEBI Circular no.CFD/DIL3/CIR/2017/21 dated March 10, 2017 the Company has filed the following Complaints Report with BSE on March 11, 2020 and NSE on March 18, 2020 and uploaded the same on the website of the Company.

S.No.	Particulars	Number
1	Number of complaints received directly	Nil
2	Number of complaints forwarded by Stock Exchanges /SEBI (till the date)	Nil
3	Total Number of complaints/comments received (1+2)	Nil
4	Number of complaints resolved	Not applicable
5	Number of complaints pending	Not applicable

Further the “Fairness Opinion” obtained from SMC Capitals Limited, Merchant Bankers, certifies that the Scheme of reduction of capital is fair and reasonable, which is enclosed as **Annexure 2**. The fairness opinion and the valuation report on shares has been uploaded on the website of the Company at <https://www.subex.com/investors/capital-reduction/>.

6. GENERAL INFORMATION AND DISCLOSURES:

- | | |
|--|--|
| <p>I) Article 3(2)(c) of the Articles of Association of the Company provides for the reduction of capital of the Company in any manner authorized by the applicable law.</p> <p>II) The Reduction of Capital will not cause any prejudice to the creditors of the Company. The creditors of the Company are in no way affected by the proposed Reduction of capital, as there is no payout to the members of the Company nor a reduction</p> | <p>in the amount payable to any of the creditors. Further, the proposed Capital Reduction will not have any impact on the operations of the Company or the ability of the Company to honour its commitment or to pay its debts in the ordinary course of business.</p> <p>III) No inquiry or investigation is pending against the Company under any provisions of Companies Act, 2013.</p> |
|--|--|

All documents referred to in the accompanying Special Resolution and Statement Annexed thereto are made available on the Company's website at: <https://www.subex.com/investors/capital-reduction/> and would also be available for inspection to the members at the Registered Office of the Company on all working days during the office hours (7.45 AM – 4.15 PM) till the last date for receipt of the forms from the members, subject to lockdown guidelines.

The Board recommends the Special Resolution for members' approval.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way deemed to be interested or concerned in this Resolution.

**By order of the Board
For Subex Limited**

Sd/-

**Vinod Kumar Padmanabhan
Managing Director & Chief Executive Officer
DIN:06563872**

**Place: Bengaluru
Date : May 22, 2020**

Annexure 1 (i)



DCS/AMAL/JR/R37/1732/2020-21

May 20, 2020

The Company Secretary,
SUBEX LTD.
RMZ Ecoworld, Outer Ring Road, Devarabisannalli,
Bengaluru, Karnataka, 560103

Sir,

Sub: Observation letter regarding the Draft Scheme of Reduction of Capital of Subex Limited.

We are in receipt of Draft Scheme of Reduction of Capital of Subex Limited and their respective shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its E-mail dated May 20, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circular."
- "Adjudication proceedings have been initiated against Mr. Subash Menon and Kivar Holdings Pvt. Ltd., promoters of the Company for not taking the required pre-clearance for a trade from the Compliance officer of the Company, and also failing to disclose the said trade to the Company."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : 25th Floor, P.J. Tower, Dalal Street, Mumbai 400 001 India
T: +91 22 2222 1233/34 E: corp.com@bseindia.com www.bseindia.com
Corporate Identity Number : U67120MH2005PLC155188

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

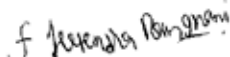
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be is required to be served upon the Exchange seeking representations or objections if any.

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Nitinkumar Pujari
Senior Manager

Annexure 1 (ii)



National Stock Exchange Of India Limited

Ref: NSE/LIST/23143_II

May 21, 2020

The Company Secretary
Subex Limited
RMZ EcoWorld,
Outer Ring Road,
Devarabisanahalli,
Bangalore - 560103

Kind Attn.: Mr. G V Krishnakanth

Dear Sir,

Sub: Observation Letter for Draft Scheme of Reduction of Capital between Subex Limited and its shareholders.

We are in receipt Draft Scheme of Reduction of Capital between Subex Limited and its shareholders vide application dated February 10, 2020.

Based on our letter reference no Ref: NSE/LIST/23143 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide mail dated May 20, 2020, has given following comments:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the website of the listed company.*
- b. *The Company shall duly comply with various provisions of the Circular.*
- c. *Adjudication proceedings have been initiated against Mr. Subash Menon and Kivar Holdings Pvt. Ltd., promoters of the Company for not taking the required pre-clearance for a trade from the Compliance officer of the Company, and also failing to disclose the said trade to the Company.*
- d. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

This Document is Digitally Signed



Signer: Jiten Bharat Patel
Date: Thu, May 21, 2020 15:33:27 IST
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051,
India +91 22 26598100 | www.nseindia.com | CIN U57120MH1992PLC069769



Continuation

Ref: NSE/LIST/23143_II

May 21, 2020

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No-objection" in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from May 21, 2020, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed

2



Signer: Jiten Bharat Patel
Date: Thu, May 21, 2020 15:33:27 IST
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051,
India +91 22 26596100 | www.nseindia.com | CIN U67120MH1992PLC069769

Annexure 2



SMC CAPITALS LIMITED

A-401/402, Lotus Corporate Park,
Jai Coach Junction, Off Western Express Highway,
Goregaon (E), Mumbai-400063
Tel : (B) +91-22-66481818 Fax : +91-22-67341697
CIN No. : U74899DL1994PLC063201

February 7, 2020

To,
Board of Directors,
Subex Limited,
RMZ Ecoworld, Outer Ring Road,
Devarabisanahalli,
Bengaluru 560 103

Dear Sir(s),

Sub: Fairness Opinion in relation to the proposed Scheme of Reduction of Capital between Subex Limited and its Shareholders

It is a pleasure to attach our Fairness Opinion in relation to the proposed Scheme of Reduction of Capital between Subex Limited and its Shareholders under Section 66 read with Section 52 of the Companies Act 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016.

May you need any further information or clarification on any part of the Fairness Opinion, please feel free to contact us.

Thanking you
For SMC Capitals Limited

Authorised Signatory



1. BRIEF BACKGROUND

- 1.1. Subex Limited ("SL" or "Company"), a public limited company incorporated in 1994 listed on BSE Limited and National Stock Exchange of India Limited, is a leading global provider of Operations and Business Support Systems ("OSS/BSS") to communication service providers ("CSPs") worldwide in the Telecom industry.
- 1.2. The Authorized Share Capital and Paid Up Share Capital of the Company as on December 31, 2019 is as follows:

Particulars	No. of Shares	INR Lakhs.
Authorized Equity Share Capital	58,80,40,000	58,804
Authorized Preference Share Capital	2,00,000	196
Paid Up Equity Share Capital	56,20,02,935	56,200

- 1.3. Management of the Company is proposing to adopt a Scheme of Reduction of Capital ("the Scheme"), Rationale and Purpose of which is reproduced below:
 - a) *"The Company's financial statements currently reflect Accumulated Losses (i.e. debit balance of profit and loss account) of Rs 3,84,01,09,702 (Rupees Three Hundred and Eighty-Four Crores One Lakh Nine Thousand Seven Hundred and Two Only) based on its unaudited standalone financial statements for the period ended 31 December 2019. Accumulated losses have substantially wiped off the value represented by the Share Capital. This has given rise to the need for re-adjustment of capital in its books of accounts. Accordingly, with the future prospect of growth and value addition to the Company and its Shareholders, the Company now proposes to re-align the relationship between its capital and assets.*
 - b) *By article 3(2)(c) of the Articles of Association of the Company, the Company is authorized to reduce its share capital in any manner and in accordance with the provisions of the Act.*
 - c) *In the above context, the Company, in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013 (to the extent applicable), and subject to the consent of the Shareholders and the approval from NCLT and other statutory authorities as and where applicable, proposes to write-off the Accumulated Losses of Rs 3,84,01,09,702 (Rupees Three Hundred and Eighty Four Crores One Lakh Nine Thousand Seven Hundred and Two Only) reflecting in the unaudited financial statements of the Company as on 31 December 2019, with its paid-up share capital and Securities Premium Account balance, to have a rational structure which is commensurate with its remaining business and assets.*

- d) *The issued, subscribed and paid-up capital of the Company is Rs. 5,62,00,29,350 (Rupees Five Hundred and Sixty-Two Crores Twenty-Nine Thousand and Three Hundred and Fifty Only) comprising of 56,20,02,935 Equity Shares of Rs 10 each as on 31 December 2019.*
 - e) *Under Section 52 of the Companies Act, 2013 the balance in the Securities Premium Account can only be utilized for purposes specified therein, and any utilization of Securities Premium Account for other purposes would be construed as reduction in capital and the provisions of Section 66 of the Companies Act, 2013 would accordingly be applicable in respect of such reduction.*
 - f) *Hence, the Board of Directors believe that in order to present a fair position of the affairs of the Company, the most practical and economically efficient option available to the Company at present would be to utilize the paid-up share capital and balance lying in the Securities Premium Account to the extent of writing off the Accumulated Losses of the Company, subject to the confirmations/ sanctions of the requisite majority of Shareholders of the Company and the NCLT or such other appropriate authority, as may be applicable."*
- 1.4. The Board of Directors of the Company anticipate following benefits pursuant to implementation of the Scheme:
- a) *"Under this Scheme, if approved, the books of the Company would better represent its financial position which would help the Company position itself better in the market and undertake business activities efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.*
 - b) *The proposed restructuring under the Scheme, if approved, would enable the Company to explore opportunities for the benefit of its Shareholders, including in the form of dividend payments, in terms of the applicable law.*
 - c) *The Scheme, if approved, may enable the Company to avail business opportunities that it was unable to take advantage of, because of it experiencing Accumulated Losses.*
 - d) *The reduction of capital in the manner proposed would enable the Company to have a rational structure which is commensurate with its remaining business and assets.*
 - e) *The Scheme of reduction, after full implementation, will result in making its the Company's balance sheet leaner and downsized.*
 - f) *The proposed Scheme would be for the overall benefit of the Company, its creditors, Shareholders and all other stakeholders.*

- g) *The proposed Scheme will enable the Company to use a part of the amount which is lying unutilized in the Securities Premium Account of the Company in an effective manner for the benefit of the Company.*
 - h) *The Scheme, if approved, would provide greater flexibility to the Company in raising funds either from the capital market or from any Bank/ Financial Institutions in the form of equity or debt, depending upon the business needs of the Company."*
- 1.5. Management of the Company has provided us a draft copy of the proposed Scheme which is scheduled to be considered and approved at Company's Board meeting to be held on February 7, 2020.

2. REFERENCE & CONTEXT

As the equity shares of the Company are listed on nationwide stock exchanges, it is bound by the listing agreement and the provisions thereof as amended from time to time.

In accordance with sub Para 8(b) of Para I(A) of Annexure I of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, there is a requirement of obtaining an opinion about fairness of the valuation done by the Chartered Accountant from a financial point of view.

However, sub para 4(b) of Para I(A) of Annexure I of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 provides for:

"Valuation Report is not required in cases where there is no change in the shareholding pattern of the listed entity / resultant company."

M/s. Puja Rakhecha & Associates, Chartered Accountants having their registered office at No A3, 1st Floor, Tulsi Garden Apartment, Lakshmi Road, 8th Cross, Shantinagar, Bangalore 560 027 vide their certificate dated February 7, 2020 have certified that the requirement of obtaining a valuation report mentioned as mentioned in sub para 4 of Para I(A) of Annexure I to the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") is not applicable to the proposed Scheme since:

- (i) There is no change in the proportion of shareholding of any of the pre-scheme shareholders of the Company;
- (ii) No new shareholders are proposed to be allotted any equity shares of the Company; and
- (iii) All the pre-Scheme shareholders shall remain as the shareholder of the Company even after post Scheme in the same percentage and proportion except for the reduction of face value of each share held by them from Rs. 10 to Rs. 5.



We are a SEBI registered Category I Merchant Banker and are not associated with the Company as merchant banker / consultant save for this fairness opinion and are not their associate.

This Opinion is expressed solely with reference to requirements under aforementioned purpose; and scope of this assignment is restricted to opine about fairness of valuation already done by the Valuer in relation to the proposed transaction.

This Opinion does not in any way constitute a recommendation by SMC to any Shareholder as to whether such shareholder should approve or reject the proposed transaction, in cases where voting by all the shareholders is warranted. We urge to read this Opinion carefully and entirely.

We have been engaged by the Company to issue an Opinion and will receive a fixed fee for rendering this Opinion, which is independent of the happening or otherwise of the proposed transaction.

This Fairness Opinion may be reproduced in the explanatory statement sent to the shareholders of the Company along with the notice of general meeting / postal ballot form, conducted to get approval for the proposed transaction of reduction of capital, so long as the form of reproduction of the Fairness Opinion in such report and any description of or reference in such report to SMC, is in a form acceptable to us.

Management of the Company has agreed to notify us in case any modifications are carried out in the proposed scheme already furnished to us.

3. BASIS OF FORMING OPINION

3.1 Documents and Information Considered

For the purpose of providing our opinion, we have reviewed:

1. Certain publicly available business and financial information relating to the Company including the Annual Report for the financial year ended March 31, 2019.
2. Unaudited standalone financials of the Company for the 9 months period ended December 31, 2019.
3. Certified draft of the proposed Scheme to be approved by the Board of Directors of the Company.
4. Pre-Transaction and Post-Transaction Shareholding pattern of the Company.
5. Certified copy of the signed certificate dated February 7, 2020 issued by M/s. Puja Rakhecha & Associates, Chartered Accountants.



6. Performed such other reviews and analyses as SMC, in its absolute discretion, deemed appropriate.

3.2 Assumptions and Limiting Conditions

SMC has been engaged to provide standard services for the issuance of the Opinion and therefore have not performed any due diligence or audit of the information provided to us, nor have we made any independent valuation or appraisal of the assets or liabilities.

SMC has assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us by the Company or their authorized representatives or used by us, and has assumed that the same are factually correct and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or liabilities of the Company.

In preparing this opinion, SMC has received specific confirmation from management of the Company that all the information the Company has provided to SMC in relation to the engagement of SMC is correct and complete and no information has been withheld that could have influenced the purport of this Opinion.

This opinion is based on the certificate issued by M/s. Puja Rakhecha & Associates, Chartered Accountants, and does not address any other issues such as the underlying business decision to recommend the transaction or its commercial merits, which are matters solely for the Boards of Directors of the Company to address and further to be confirmed by the shareholders of the Company, as may be required.

SMC's formation of fairness opinion is based on information supplied by the Company, representations and confirmations of its management on various issues and we have relied upon them as such without any independent verification and as such we do not hold ourselves liable if our opinion becomes flawed as a result of any shortcomings in such information, representations and confirmations given by the Company.

In rendering this opinion, SMC has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly SMC does not assume any responsibility or liability in respect thereof. Furthermore, SMC has assumed that the proposed transaction will be consummated on the terms and conditions as proposed, without any material changes to, or waiver of, its terms or conditions.

4. VALUATION APPROACHES AND THEIR REVIEW

4.1. Overview

The formation of an opinion is generally a complex process involving careful consideration and review of valuation methods, associated financial and other analyses, performed by the Valuer.

SMC has made a qualitative assessment of the appropriateness of the method and subsequent application.

4.2 Valuation

SMC has reviewed the certificate dated February 7, 2020 issued by M/s. Puja Rakhecha & Associates, Chartered Accountants stating that the requirement of obtaining a valuation certificate from an Independent Valuer is not required in this case; and the reasons thereof seems appropriate.

4.3 Analysis of the Valuation

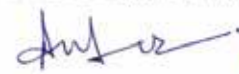
While forming our opinion, we performed certain procedures and made certain enquiries with the Management of the Company. Some of the procedures / activities performed and the findings are mentioned below:

- a. Noted that all the Pre-Scheme shareholders shall remain as the shareholder of the Company in the same percentage and proportion, post Scheme.
- b. Noted that the Scheme involves only reduction of share capital and securities premium balance to the extent of writing accumulated losses of the Company.
- c. Noted that the nominal value and paid up value of each equity share shall be reduced from Rs. 10/- each to Rs. 5/- each.
- d. Noted that no new shareholders are proposed to be allotted any equity shares of the Company.
- e. Noted that requirement of obtaining a valuation report mentioned in the SEBI Circular is not applicable to the proposed Scheme for the reasons in terms of the Scheme.

5. OPINION

Based upon and subject to the foregoing, in this case of Scheme of Reduction of Capital, there will be no change in the shareholding pattern of the Company, we are of the opinion on the date hereof, that the certificate obtained in regard to requirement of valuation report as per SEBI Circular from M/s. Puja Rakhecha & Associates, Chartered Accountant and proposed Scheme of Reduction of Capital is fair and reasonable in the current scenario.

For SMC Capitals Limited


Authorized Signatory

