

**SCHEME OF REDUCTION OF CAPITAL
OF
PALRED TECHNOLOGIES LIMITED (FORMERLY KNOWN AS FOUR SOFT LIMITED)
(UNDER SECTIONS 100 TO 104 OF THE COMPANIES ACT, 1956, READ WITH SECTION 52 OF THE
COMPANIES ACT, 2013)**

(A) PREAMBLE

This Scheme of Reduction of Capital is presented under Sections 100 to 104 read with section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956, for Reorganization and Capital Reduction of Palred Technologies Limited.

(B) DESCRIPTION OF THE COMPANY

"M/s. Palred Technologies Limited" (PTL) (Formerly known as Four Soft Limited) was originally incorporated under the name and style of M/s. Four Soft Private Limited on 24.12.1999 in the State of Andhra Pradesh, Hyderabad vide Certificate of Incorporation Number 01-33131 of 1999-2000. Subsequently the Company was converted into a Public Limited Company and the name of the Company was changed to Four Soft Limited and consequent upon change of name on conversion to Public limited company, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 23.04.2003 after complying with the relevant provisions under the Companies Act, 1956. Further the name of the Company was changed from Four Soft Limited to Palred Technologies Limited and consequent upon change of name the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 09.12.2013 after complying with the relevant provisions under the Companies Act, 1956. (The Corporate Identification Number of the Company is L72200AP1999PLC033131)(Hereinafter referred to as the **"PTL"**).

The Registered Office of the PTL is situated at H. No. 8-2-703/2/B, Plot. No. 2, Road No.12, Banjara Hills, Hyderabad – 500034 Telangana. PTL is a Listed Company having its shares listed on BSE Limited (formerly known as Bombay Stock Exchange Ltd.) and National Stock Exchange Ltd.

Main Objects of PTL:

- (a) To carry on the business of manufacture, assemble, develop, service, repair, maintain, buy, sell, hire, use, retain, lease, exchange, transport, import, export, design, research and deal in all kinds of computer hardware and software for Industrial, medical, engineering, scientific, architectural, Legal, financial, hospitality, logistics, transportation supply chain management, e commerce, information technology and allied services, business and non-business applications and devices and also to deal in instruments, equipments or things of a character similar and analogous to the foregoing, or any of them or connected therewith which may be usefully and conveniently combined with the business of the company.

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- (b) To carry on the business of consulting engineers, designing and acquire the designing or technical know-how and take up projects on turnkey basis or otherwise in the field of computer science, designing and electronics and communications.
- (c) To carry on the business of consultants in India or abroad and to render all kinds of services including technical and marketing in the field of electronics, communications, computers and information technology and to open and maintain training centers in India or abroad.

The share capital of the PTL as at 31.10.2014 is as under:

PARTICULARS	AMOUNT IN RS.
AUTHORISED CAPITAL	
5,60,77,600 Equity Shares of Rs. 05/- each	28,03,88,000
6,96,120 14% redeemable optionally convertible cumulative preference shares of Rs. 100/- each	6,96,12,000
TOTAL	35,00,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
3,90,36,970 Equity Shares of Rs. 05/- each	19,51,84,850
TOTAL	19,51,84,850

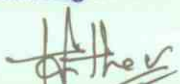
Subsequent to 31.10.2014 and up to the date of approval of the Scheme by the Board of PTL, there has been no change in the authorized, issued, subscribed and paid up capital of PTL.

(C) RATIONALE AND PURPOSE OF THE SCHEME

It is respectfully submitted that the Petitioner Company, in the month of October, 2013, disposed off its entire business undertaking by obtaining the shareholders consent in terms of section 293 (1) (a) by way of postal ballot dated 18th September, 2013 for a consideration of Rs.251, 65, 90,355/- (Rupees Two Hundred and Fifty One Crores Sixty Five Lakhs Ninety Thousand Three Hundred and Fifty Five only). Later, the Board of Directors decided to pay an interim dividend to the shareholders of the Company and accordingly a dividend of Rs. 29/- (Rupees Twenty Nine only) per share of Rs. 05/- (Rupees Five only) was paid to the shareholders on 3,90,36,970 (Three Crores Ninety Lakhs Thirty Six Thousand Nine Hundred and Seventy only) equity shares, aggregating to Rs. 113,20,72,130/- (Rupees One Hundred Thirteen Crores Twenty Lakhs Seventy Two Thousand One Hundred and Thirty only).

Subsequent to the payment of dividend, the Board at its meeting held on 1st December, 2014, after deliberating on and considering the present business model, the future revenues and after considering the other business factors, opined that the present shareholders' funds available with the Company are in excess of its requirements approximately by an amount of Rs. 38 crores which could not be effectively deployed in the business. Hence, after evaluating various alternatives, the Board at their meeting held on 1st December, 2014 decided to reduce 60% of the paid up share

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capital of the Company by cancelling and extinguishing 60% of the shares of the Company of face value of Rs. 05/- (Rupees Five only) each and by returning to the shareholders an amount of Rs. 16.50/- (Rupees Sixteen and Fifty Paise only) per share of Rs. 05/- each at a premium of Rs. 11.50/- (Rupees Eleven and Fifty Paise).

The existing paid up share capital of the Company is Rs. 19,51,84,850/- (Rupees Nineteen Crores Fifty One Lakhs and Eighty Four Thousand Eight Hundred and Fifty only) divided into 3,90,36,970 (Three Crores Ninety Lakhs and Thirty Six Thousand Nine Hundred and Seventy only) equity shares of Rs. 05/- (Rupees Five only) each.

After an analysis of the various options available to the Company, the Board felt that the restructuring of the Company's existing share capital along with securities premium becomes imperative. In the present scenario, the reduction in the equity share capital by returning the excess share capital and securities premium to the shareholders is the most practical and economically efficient option available to the Company.

The following are the benefits arising out of the Scheme of Reduction of Capital of PTL:

- (a) The excess shareholders' funds of the PTL will be returned to the shareholders.
- (b) PTL's financial position will be more accurate after the reorganization and capital reduction and the excess funds remaining unutilized will be returned to the shareholders on proportionate basis.

(D) PARTS OF THE SCHEME:

PART A: Deals with Definitions.

PART B: Deals with Reorganization and Capital Reduction of "PTL".

PART C: Deals with General Clauses, Terms and Conditions.

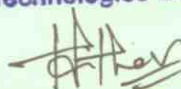
PART A DEFINITIONS

1. DEFINITIONS

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

- 1.1 'Act' or 'the Act' means the companies Act, 1956 or as the case may be, the Companies Act, 2013 (to the extent applicable) and every modification or re-enactment thereof and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.2 'Board of Directors' or 'Board' in relation to Palred Technologies Limited, shall, unless it be repugnant to the context or otherwise, includes a Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.

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- 1.3 **'Court' or 'High Court'** means the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh or such other tribunal or authority having jurisdictions to sanction the Scheme.
- 1.4 **'Effective Date'** means the date on which the certified copy of the order passed by the High Court sanctioning the Scheme is filed with the Registrar of Companies of Hyderabad, Andhra Pradesh and Telangana. Any references in the Scheme to **"upon the Scheme becoming effective"** or **"effectiveness of the Scheme"** or **"Scheme coming into effect"** shall mean the **"Effective Date"**.
- 1.5 **'Record Date'** means the date to be fixed, after the effective date, by the Board of Directors of PTL for the purpose of determining the shareholders whose shares are to be reduced in accordance with the provisions of this Scheme and to whom capital shall be refunded to the tune of Rs. 16.50/- per share.
- 1.6 **'Scheme of Reduction of Capital' or 'Scheme of Reduction' or 'Scheme' or 'the Scheme' or 'this Scheme'** means this Scheme of Reduction of Capital in its present form submitted to the Stock Exchange, SEBI, High Court or such other appropriate authority or with any modification(s) made under Clause 9 of this Scheme.
- 1.7 **'Shareholders'** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of company concerned.
- 1.8 **'Shares'** means the Equity shares of Rs. 5/- (Rupees Five only) each of PTL unless otherwise specified in the context thereof.
- 1.9 **'Stock Exchanges'** means the BSE Limited and National Stock Exchange Limited. The Designated Stock Exchange shall be BSE Limited.
- 1.10 **'Palred Technologies Limited'** means **'PTL'** having its shares Listed on the Stock Exchanges and having its registered office situated at H. No. 8-2-703/2/B, Plot. No. 2, Road No.12, Banjara Hills, Hyderabad – 500034 Andhra Pradesh. (CIN: L72200AP1999PLC033131).

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961 or any other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

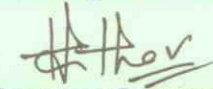
PART B

REORGANIZATION AND CAPITAL REDUCTION OF "PTL"

2. REORGANIZATION AND CAPITAL REDUCTION

- 2.1 Upon the Scheme becoming effective and after obtaining the necessary approvals, consents, permissions etc, the subscribed, issued and paid up equity share capital of PTL will be reduced

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from Rs. 19,51,84,850/- (Rupees Nineteen Crores Fifty One Lakhs Eighty Four Thousand Eight Hundred and Fifty only) divided into 3,90,36,970 (Three Crores Ninety Lakhs Thirty Six Thousand Nine Hundred and Seventy only) equity shares of Rs. 05/- (Rupees Five only) each to Rs. 7,80,73,940/- (Rupees Seven Crores Eighty Lakhs Seventy Three Thousand Nine Hundred and Forty only) divided into 1,56,14,788 (One Crore Fifty Six Lakhs Fourteen Thousand Seven Hundred and Eighty Eight) fully paid up equity shares of Rs. 05/- (Rupees Five only) each by cancelling and extinguishing paid up equity share capital of Rs. 11,71,10,910/- (Rupees Eleven Crores Seventy One Lakhs Ten Thousand Nine Hundred and Ten only) divided into 2,34,22,182 (Two Crore Thirty Four Lakhs Twenty Two Thousand One Hundred and Eighty Two) equity shares of Rs. 05/- (Rupees Five only) each.

- 2.2** The aforesaid reduction of paid up share capital shall be effected by cancelling and extinguishing 23,422,182 (One Crore Seventeen Lakhs Eleven Thousand and Ninety One) equity shares of Rs. 05/- (Rupees Five only) each on proportionate basis, constituting to 60 % of the existing paid-up share capital of the Company and returning to the shareholders an amount of Rs. 16.50/- (Rupees Sixteen and Fifty Paise only) per equity share of Rs. 05/- (Rupees Five only) each so cancelled and extinguished at a premium of Rs. 11.50/- (Rupees Eleven and Fifty Paise only).

For example: If any person, who is a shareholder of the company as on the record date, holding 10 (Ten) equity shares of Rs. 05/- (Rupees Five only) each aggregating to Rs. 50/- (Rupees Fifty only), he shall be paid an amount of Rs. 99/- (Rupees Ninety Nine only) and he shall hold after the reduction, 4 (Four) equity shares of Rs. 05/- (Rupees Five only) each aggregating to Rs. 20/- (Rupees Twenty only).

- 2.3** The aforesaid reduction in the subscribed, issued and paid up equity share capital of the Company, shall be effected on a proportionate basis in proportion to the shares held, on the record date by the shareholders in the existing paid up capital of the Company.

For example: If any person, who is a shareholder of the company as on the record date, holding 10 (Ten) equity shares of Rs. 05/- (Rupees Five only) each aggregating to Rs. 50/- (Rupees Fifty only), he shall hold after the reduction, 4 (Four) equity shares of Rs. 05/- (Rupees Five only) each aggregating to Rs. 20/- (Rupees Twenty only).

- 2.4** The Premium of Rs. 11.50/- (Rupees Eleven and Fifty Paise only) per share on reduction of share capital, to the shareholders of PTL, shall be met from the Securities Premium Account of the Company.

- 2.5** In respect of the fractional shares, if any, caused by the reduction of capital, the same shall be transferred, without requiring any further action either on behalf of such shareholder or the Company, to a Trust to be formed for this purpose and the fractional shares shall be consolidated. The Independent Directors of the Company shall manage this Trust and the Compliance Officer / Company Secretary of the Company shall be the Secretary of the Trust and shall assist the

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