

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 OF THE COMPANIES
ACT, 1956
AMONG
BALAJI TELEFILMS LIMITED
AND
BALAJI MOTION PICTURES LIMITED
AND
BOLT MEDIA LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

This Scheme (*as defined below*) provides for (i) the demerger of the Film Production Undertaking (*as defined below*) of Balaji Motion Pictures Limited and vesting of the same in Balaji Telefilms Limited in accordance with sections 391 to 394 of the Companies Act, 1956, including any statutory modification, re-enactments or amendments thereof from time to time and in compliance with section 2(19AA) of the Income Tax Act, 1961 and consequent reduction in the share capital of Balaji Motion Pictures Limited in accordance with section 100 to 103 of the Companies Act, 1956; and (ii) the amalgamation of Bolt Media Limited with Balaji Telefilms Limited in accordance with sections 391 to 394 of the Companies Act, 1956 including any statutory modification, re-enactments or amendments thereof from time to time and in compliance with section 2(1B) of the Income- Tax Act, 1961.

The Scheme shall be in compliance with the applicable guidelines issued by the Securities and Exchange Board of India including particularly the SEBI Circular (*as defined below*) and any subsequent amendments thereof.

I BACKGROUND AND RATIONALE FOR THE SCHEME

A. BALAJI TELEFILMS LIMITED (“Transferee Company”) is a public limited company incorporated on 10 November 1994 under the provisions of the Companies Act, 1956 with CIN L99999MH1994PLC082802 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. The name of the Transferee Company was changed from Balaji Telefilms Private



Limited to Balaji Telefilms Limited with effect from 19 April 2000, on becoming a public limited company in accordance with the provisions of the Companies Act 1956. The Transferee Company is engaged in *inter alia* the business of production of non-fiction, fiction, reality, factual television shows, event management, branded entertainment, digital content, consultancy and creative services related to it and also in the production and distribution of motion pictures. The shares of the Transferee Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

- B. BALAJI MOTION PICTURES LIMITED (“Demerged Company”)** is a public limited company incorporated on 9 March 2007 under the provisions of the Companies Act, 1956 with CIN U22300MH2007PLC168515 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. The Demerged Company is engaged in *inter alia* the business of production and distribution of motion pictures and films. The shares of the Demerged Company are not listed on any stock exchange in India.
- C. BOLT MEDIA LIMITED (“Transferor Company”)** is a public limited company incorporated on 19 November 2012 under the provisions of the Companies Act 1956 with CIN U74900MH2012PLC237999 and having its registered office at C-13, Balaji House, Dalia Industrial Estate, Opposite Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400053. The Transferor Company is engaged in *inter alia* the business of production of non-fiction, fiction, reality, factual television shows, event management, branded entertainment, digital content, consultancy and creative services related to it. The shares of the Transferor Company are not listed on any stock exchange in India.
- D.** As on date, the Demerged Company and the Transferor Company are wholly owned subsidiaries of the Transferee Company. The transfer by way of demerger of the Film Production Undertaking (*as defined below*) of the Demerged Company and vesting of the same in the Transferee Company and the amalgamation of the Transferor Company with the Transferee Company shall be in the interest of all concerned stakeholders including shareholders, creditors, employees, and general public for the following reasons:
1. *Streamlining of group structure:* The Demerged Company and the Transferor Company are wholly owned subsidiaries of the Transferee Company. Further, the Demerged Company, the Transferor Company and the Transferee Company are engaged in similar business.



The demerger of the Film Production Undertaking (*as defined below*) of the Demerged Company and vesting of the same in the Transferee Company and the amalgamation of the Transferor Company with the Transferee Company will enhance efficiencies and combine similar business interest into one corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration.

2. *Consolidation of business operations:* Pursuant to the transfer of the Film Production Undertaking (*as defined below*) by the Demerged Company and the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company will have enhanced shareholder's value accruing from consolidation of the business operations resulting in economies of scale, improving allocation of capital, operational efficiency, integration of processes and optimizing cash flows, thus contributing to the overall growth prospects of the Transferee Company. The Scheme will enable the consolidation of the film production business in the Transferee Company, which is well established and has requisite expertise in the film production business. Further, the transfer of the Film Production Undertaking (*as defined below*) by the Demerged Company and vesting the same in the Transferee Company, will enable the Demerged Company to concentrate on its core business of film distribution.
 3. *Reduction in Costs:* The Scheme is expected to enable pooling of resources of the Transferor Company, the Demerged Company and the Transferee Company resulting in more productive utilization of the said resources and cost and operational efficiencies which would be beneficial for all stakeholders.
- E. Accordingly, to achieve the above objectives, the board of directors of the Transferee Company, the Transferor Company and the Demerged Company have decided to make requisite applications and/or petitions before the High Court (*as defined below*), as may be applicable, under sections 391 to 394 of the Companies Act 1956 and other applicable provisions, for the sanction of this Scheme.
- F. The demerger of the Film Production Undertaking (*as defined below*) of the Demerged Company and vesting of the same in the Transferee Company and the amalgamation of the Transferor Company with the Transferee Company with effect from the Appointed Date (*as defined below*) is in the interest of the shareholders, creditors, employees and other stakeholders of the Demerged Company, the Transferor Company and the Transferee Company.



II PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

Part A deals with definitions, interpretations, date of taking effect and share capital of the Demerged Company, the Transferor Company and the Transferee Company.

Part B deals with the demerger of the Film Production Undertaking (*as defined below*) of the Demerged Company and vesting of the same in the Transferee Company.

Part C deals with the amalgamation of the Transferor Company with the Transferee Company.

Part D deals with amendments to the memorandum of association of the Transferee Company.

Part E deals with general provisions or terms and conditions applicable to this Scheme.

PART A

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS

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

- 1.1 “**Act**” means the Companies Act, 1956 and/or the Companies Act, 2013 as in force from time to time; it being clarified that as on the date of approval of this Scheme by the Board of Directors of the Demerged Company, the Transferor Company and the Transferee Company, sections 391 to 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.
- 1.2 “**Appointed Date**” for the purpose of this Scheme and for Income Tax Act, 1961 means 1 April 2016.
- 1.3 “**Board of Directors**” in relation to the Demerged Company, the Transferor Company and the Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, would mean the board of directors of such company and shall include committees of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 “**Demerged Business**” means the business of the Demerged Company relating to producing, co-producing, recording, reproducing, duplicating, processing, acquiring or otherwise coming into



possession of motion pictures, cinematographic films, feature films, or any other films or audio/visual content, whether in India or abroad and whether in any Indian or foreign language.

1.5 **“Effective Date”** means the later of the date on which the actions set out in Clause 26.5 and Clause 26.6 are completed. Any references in this Scheme to the “date of coming into effect of this Scheme” or “effectiveness of this Scheme” or “Scheme taking effect” or “upon coming into effect of this Scheme” shall mean the Effective Date.

1.6 **“Film Production Undertaking”** means the undertaking, business, activities and operations of the Demerged Company as of the Appointed Date including all the assets, liabilities, deposits and balances, investments, contracts, exploitation rights, intellectual property rights, licenses, employees and books and records pertaining to such Demerged Business and specifically includes any and all:

- (i) assets and property (wherever located, including in the possession of third parties) pertaining to the Demerged Business (whether movable or immovable, real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible), including furniture, fixtures, office equipment, computer software (including assets which are licensed or leased) and licenses, appliances, accessories, vehicles, financial assets, cash and bank balance, application monies, current assets, sundry debtors, all outstanding loans, deposits, provisions, advances, receivables, royalties, funds, licenses, tenancy rights, right of way, premises, hire purchase and lease arrangements, benefits of agreements, contracts and arrangements, insurance policies, security arrangements, , claims against any third parties, guarantees, letters of credit, reversions, tenancies and other such arrangements or facilities, authorizations, registrations, quotas, permits, allotments, all kinds of approvals, whether statutory or otherwise including by Governmental Authorities, consents, privileges, liberties, advantages, easements, exemptions, incentives receivable under applicable laws or in terms of certain schemes or policies of Governmental Authorities, including in relation to any taxes and all the rights, title, interests, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of, or enjoyed by, or to which, the Demerged Company may be entitled to and all other interests in connection with or relating to such Demerged Business, continuing rights, title and interests in connection with any land relating to such Demerged Business or any of its equipment, whether on leasehold land or otherwise, (collectively, **“Assets”**);



- (ii) debts, borrowings, duties, guarantees, and liabilities including, current tax (including service tax, value added tax, sales tax, etc.) and deferred tax balances, contingent liabilities, present or future, relating to, or arising out of the activities or operations of the Demerged Business, including specific loans and borrowings (if any), and any current liabilities incurred and utilized solely for the activities or business or operation of the Demerged Business, all assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any contract or tort based on negligence or strict liability), whether provided for or not in the books of accounts or disclosed in the financial statements pertaining to the Demerged Business (collectively, **“Liabilities”**);
- (iii) all existing and future contracts, agreements, request for proposal, bids, responses to invitation for expression of interest, leases, leave and licences, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements or other instruments of whatsoever nature to which the Demerged Company is either a party or it may enter, exclusively relating to the Film Production Undertaking, business, activities and operations pertaining to the Demerged Business (collectively, **“Contracts”**);
- (iv) intellectual property rights, registrations, trademarks, trade names, service marks, copyrights, patents, designs, technical know-how, domain names, trade names, service marks, copyrights, designs and domain names, including applications made in regard to such intellectual property rights with Governmental Authorities, used by or held for use in connection with the Demerged Business, whether or not recorded in the books of accounts, and other intellectual property rights of any nature whatsoever, books, records, files, papers, process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, and all other records and documents, whether in physical or electronic form, relating to the Demerged Business (collectively, **“Intellectual Property Rights”**);
- (v) licenses, consents, approvals and permits, permissions, approvals, consents, authorizations, exemptions, registrations, no-objection certificates, quotas, rights, entitlements, allotments, concessions, certifications, liberties, advantages, subsidies, certificates, tenancies,



accumulated balances of credits under any applicable laws, including tax laws for the time being in force, including income tax benefits and exemptions, tax deferrals and benefits (including sales tax and service tax), CENVAT credits, interest, tax credits, wealth tax credits, MAT and other income-tax credits, sales tax credits, no-objection certificates, any other tax paid in advance or in excess or provisionally, benefit of any exemptions, privileges, rights to use and avail of telephones, telexes, facsimiles, e-mail, internet, leased line connections and installations, utilities and other services, and benefits of all contracts, agreements and all other rights including lease rights, memberships, powers and facilities of every kind and description whatsoever, including easements, tenancies, privileges and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any Governmental Authorities used or held for use in connection with the Demerged Business (collectively, "**Licenses**"); and

- (vi) all such permanent employees of the Demerged Company, employees/personnel engaged on contract basis and contract labourers, as are primarily engaged in or in relation to the Film Production Undertaking, business, activities and operations pertaining to the Demerged Business, at its respective offices or otherwise, and any other employees/personnel and contract labourers hired by the Demerged Company after the date hereof who are primarily engaged in or in relation to the Demerged Company's undertaking, business, activities and operations pertaining to the Demerged Business. (collectively, "**Employees**").

Any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Film Production Undertaking or whether it arises out of the activities or operations or is to be included in the Film Production Undertaking shall be decided by the mutual agreement between the Board of Directors of the Demerged Company and the Transferee Company.

- 1.7 "**Encumbrance**" means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term "Encumbered" or "Encumber" shall be construed accordingly.
- 1.8 "**Governmental Authority**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.



- 1.9 “**High Court**” means the Hon’ble High Court of Judicature at Bombay having jurisdiction in relation to the Demerged Company, the Transferor Company and the Transferee Company. It is hereby clarified that in the event that the provisions of the Companies Act, 2013 pertaining to scheme of arrangement/amalgamation become applicable and effective for the purposes of this Scheme, all reference to the Court and/or the Hon’ble High Court shall (if required) be deemed to include references to the National Company Law Tribunal constituted under the Companies Act, 2013.
- 1.10 “**RoC**” means the Registrar of Companies, Maharashtra.
- 1.11 “**Remaining Business**” means all the undertakings, businesses, activities and operations of the Demerged Company other than the Film Production Undertaking.
- 1.12 “**Scheme**” means this composite scheme of arrangement in its present form or with any modification(s) made under Clause 24, as approved or directed by the High Court or any other appropriate authority.
- 1.13 “**SEBI Circular**” means the circular number CIR/CFD/CMD/16/2015 dated 30 November 2015, issued by Securities and Exchange Board of India as amended from time to time.

2. INTERPRETATIONS

- 2.1 Part B of this Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under section 2(19AA) and other relevant provisions of the Income Tax Act, 1961 and Part C of this Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under section 2(1B) and other relevant provisions of the Income Tax Act, 1961. If any of the terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of the said sections and other related provisions at a later date including due to an amendment of law or for any other reason whatsoever up to the Effective Date, the provisions of the said sections and other related provisions of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) or section 2(19AA) (as the case may be) and other relevant provisions of the Income Tax Act, 1961.
- 2.2 The words importing the singular shall include the plural and words importing any gender shall include every gender.
- 2.3 All terms and words used but 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, Income Tax Act, 1961, and/or other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time, as may be applicable. It is



clarified that if there is a conflict between the definitions of a word under different legislations, the word will have the meaning ascribed to it under the relevant legislation.

- 2.4 References to “Clauses”, unless otherwise provided, are to the clauses of this Scheme.
- 2.5 The headings herein shall not affect the construction of this Scheme.
- 2.6 Any phrase introduced by the terms “including”, “include”, “in particular” or by any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 2.7 References to person shall include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

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

This Scheme set out herein in its present form or with any modification(s) made in accordance with the provisions of this Scheme or approved or imposed or directed by the High Court, shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. **SHARE CAPITAL**

- 4.1 The share capital of the Demerged Company as on 31 March 2016 is set out below.

Particulars	Amount (INR)
Authorized share capital	
3,50,00,000 equity shares of INR 10 each	35,00,00,000
Total	35,00,00,000
Issued, subscribed and paid-up share capital	
3,00,00,000 equity shares of INR 10 each	30,00,00,000
Total	30,00,00,000

Subsequent to 31 March, 2016 and as on date, there has been no further change in the authorized, issued, subscribed and paid-up share capital of the Demerged Company.

- 4.2 The share capital of the Transferor Company as on 31 March 2016 is set out below.

Particulars	Amount (INR)
Authorized share capital	
50,000 equity shares of INR 10 each	5,00,000



Total	5,00,000
Issued, subscribed and paid-up share capital	
50,000 equity shares of INR 10 each	5,00,000
Total	5,00,000

Subsequent to 31 March, 2016 and as on date, there has been no further change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company.

- 4.3 The share capital of the Transferee Company as on 31 March, 2016 is set out below.

Particulars	Amount (INR)
Authorized share capital	
10,00,00,000 equity shares of INR 2 each	20,00,00,000
3,00,00,000 preference shares of INR 2 each	6,00,00,000
Total	26,00,00,000
Issued, subscribed and paid-up share capital	
7,59,30,443 equity shares of INR 2 each	15,18,60,886
Total	15,18,60,886

Subsequent to 31 March 2016 and as on date, there has been no further change in the authorized, issued, subscribed and paid-up share capital of the Transferee Company.

PART - B

DEMERGER OF THE FILM PRODUCTION UNDERTAKING FROM THE DEMERGED COMPANY AND VESTING IN THE TRANSFEEE COMPANY

5. **Transfer and Vesting**
- 5.1 Upon this Scheme becoming effective, and with effect from the Appointed Date, the Film Production Undertaking shall, under the provisions of sections 391 and 394, and all other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the order of the High Court or any other appropriate authority sanctioning the Scheme and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, as a going concern.
- 5.2 Without limiting the generality of the foregoing, upon this Scheme becoming effective, and with effect from the Appointed Date:



- (i) All the Assets of the Film Production Undertaking, wherever located, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, shall, pursuant to this Scheme, stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly.
- (ii) All the Assets of the Film Production Undertaking that are movable properties other than those described under sub-clause (i) above, including sundry debtors, investment in shares and any other securities, outstanding loans and advances, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard.
- (iii) All the Assets of the Film Production Undertaking that are immovable properties, including any right or interest in the land together with the buildings and structures standing thereon, whether freehold, leasehold, licensed or otherwise held by the Demerged Company, and all documents of title, rights and easements in relation thereto including all lease/license agreements together with security deposits and advance/prepaid lease, license fees, shall stand transferred to and be vested in the Transferee Company, without any further act or deed done or being required to be done by the Demerged Company and/or the Transferee Company. The Transferee Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance/prepaid lease/license fees to the Transferee Company. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the



appropriate authorities, pursuant to the sanction of this Scheme by the High Court in accordance with the terms hereof.

- (iv) All the Liabilities of the Film Production Undertaking shall without any further act, instrument or deed, become the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company (save an except any amounts owed by the Transferee Company to the Demerged Company in connection with the Film Production Undertaking which will be written off) and the Transferee Company shall be liable to meet, discharge and satisfy the same in accordance with their respective terms and conditions. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- (v) The existing security or charge in favor of the secured creditors of the Demerged Company, if any, shall remain unaffected and shall continue to remain valid and in full force and effect even after the transfer of the Film Production Undertaking from the Demerged Company and vesting of the same in the Transferee Company subject to the following –
- (a) Existing security, if any, in respect of abovementioned Liabilities shall extend to and operate only over the assets comprised in the Film Production Undertaking which has been charged and secured in respect of the abovementioned Liabilities. If any of the assets comprised in the Film Production Undertaking has not been charged or secured in respect of the abovementioned Liabilities, such assets shall remain unencumbered.
- (b) If any existing security in respect of any part of the abovementioned Liabilities extends wholly or in part over the assets of the Remaining Business, then the Transferee Company shall create adequate security in respect of such part of the abovementioned Liabilities over the assets of the Film Production Undertaking to the satisfaction of the lenders and upon creation of such security, the assets of the Remaining Business shall be released and discharged from such Encumbrance.
- (c) If any security or charge exists on the assets comprising the Film Production Undertaking in respect of the loans and liabilities which have not been transferred to the Transferee Company pursuant to this Scheme, the Demerged Company shall create adequate security over the assets of the Remaining Business to the satisfaction of the



lenders and upon creation of such security, the assets of the Film Production Undertaking shall be released and discharged from such Encumbrance.

- (d) All Assets of the Film Production Undertaking shall remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing secured creditors of the Demerged Company, if any, shall be required and sanction to this Scheme shall be considered as a specific consent of such secured creditors.
- (vi) All the Contracts of the Film Production Undertaking shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Transferee Company had been a party or beneficiary or obligee thereto. Without limiting the generality of the foregoing, all Contracts of the Film Production Undertaking, which are subsisting or have effect immediately before the Effective Date, including all rights and benefits arising or accruing therefrom, shall with effect from the Appointed Date and upon this Scheme becoming effective, in terms of this Scheme or by operation of law pursuant to the order of the High Court, be deemed to be contracts, deeds, agreements, instruments, rights, permits, entitlements of the Transferee Company and shall stand vested in the Transferee Company on the same terms and conditions. The Transferee Company and the other parties to such agreements shall continue to comply with the terms, conditions and covenants thereunder. It is hereby clarified that if any Contract in relation to the Film Production Undertaking to which Demerged Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Demerged Company shall hold such Contracts in trust for the benefit of the Transferee Company insofar as it is permissible so to do, till such time as the transfer is effected.
- (vii) All cheques and other negotiable instruments, payment orders received in the name of the Demerged Company pertaining to the Film Production Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company.
- (viii) All the Intellectual Property Rights of the Film Production Undertaking shall stand transferred to and be vested in the Transferee Company. The other intellectual property rights presently held by the Demerged Company, that relate to or benefit at present the



Remaining Business and the Film Production Undertaking, shall be deemed to constitute separate intellectual property rights and the necessary substitution/endorsement shall be made and duly recorded in the name of the Demerged Company and the Transferee Company by the relevant authorities pursuant to the sanction of this Scheme by the Court.

- (ix) All the Licenses of the Film Production Undertaking shall be in full force and effect and shall stand transferred to and vested in the Transferee Company. Such of the other permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, as are held at present by the Demerged Company, but relate to or benefitting at present the Remaining Business and the Film Production Undertaking, shall be deemed to constitute separate permits, licenses, consents, approvals, authorisations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, and the necessary substitution/endorsement shall be made and duly recorded in the name of the Demerged Company and the Transferee Company by the relevant authorities pursuant to the sanction of this Scheme by the Court. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this sub-clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to sanction of this Scheme by the High Court. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- (x) All the Employees of the Film Production Undertaking shall be transferred to and engaged by the Transferee Company, without any interruption of service and on such terms and conditions as are no less favourable than those on which they are currently engaged by the Demerged Company and without any interruption of service as a result of the demerger. With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, employee stock option scheme or any other special scheme or benefits created or existing exclusively for the benefit of the employees of the Film Production Undertaking, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Demerged Company for all purposes whatsoever,



including but not limited to those relating to the obligation to make contributions to such funds and schemes in accordance with the provisions of such funds and schemes in the respective trust deeds or other documents or as required under law. The accumulations under provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme or benefits of the Demerged Company pertaining to the Employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employees' state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. Pending such transfer, the contributions required to be made in respect of the Employees shall continue to be made by the Transferee Company to the existing funds maintained by the Demerged Company.

- (xi) Upon this Scheme becoming effective, the Demerged Company shall transfer / handover to the Transferee Company, copies of employment information, including personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or on-going leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its employees and all forms, notifications, orders and contribution / identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause. The Transferee Company shall continue to abide by any agreement(s) / settlement(s) entered into / by the Demerged Company with any of the Employees of the Film Production Undertaking prior to the Appointed Date and from the Appointed Date till Effective Date.
- (xii) Any notice, dispute, suit, appeal, compliant, claim or other proceeding including before any statutory or quasi-judicial authority or tribunal or other proceedings of whatsoever nature relating to the Film Production Undertaking, whether pending on the Appointed Date or which may be instituted any time in the future shall not abate, be discontinued or in any way prejudicially affected by reason of demerger and vesting of the Film Production Undertaking in the Transferee Company or anything contained in the Scheme, and such proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have



been continued, prosecuted and, or, enforced by or against the Film Production Undertaking, as if this Scheme had not been implemented.

- (xiii) The Transferee Company shall be entitled to the benefits and shall bear the burdens of any legal or other proceedings relating to the Film Production Undertaking, initiated by or against the Demerged Company. The Transferee Company shall file necessary applications for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to the Film Production Undertaking.
- (xiv) Any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, tax losses, including brought forward business loss, unabsorbed depreciation, etc., as would have been available to the Demerged Company in connection with the Film Production Undertaking, shall pursuant to this Scheme becoming effective, will be available to the Transferee Company.
- (xv) The benefits of any and all corporate approvals as may have already been taken by the Demerged Company in relation to the Film Production Undertaking, whether being in the nature of compliances or otherwise and any other approvals under the Act, shall stand transferred to the Transferee Company and shall be deemed to have been taken by the Transferee Company, by virtue of approval of this Scheme.
- (xvi) All estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Demerged Company for or in relation to the Film Production Undertaking shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon this Scheme becoming effective, pursuant to the provisions of section 394(2) Companies Act, 1956 and other applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.
- (xvii) All the property, assets and liabilities of the Film Production Undertaking shall be transferred by the Demerged Company to the Transferee Company at the values appearing in the books of accounts of the Demerged Company on the Appointed Date. The accounts of the Demerged Company and the Transferee Company shall be reconstructed in accordance with applicable law and the provisions of this Scheme.

5.3 The Demerged Company and/or the Transferee Company, as the case may be, shall, at any time after this Scheme becomes effective in accordance with the provisions hereof, if so required under any



law or otherwise, do all such acts or things as may be necessary to transfer/obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Demerged Company in relation to the Film Production Undertaking. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof. For this purpose the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

6. Conduct of business till Effective Date

6.1 With effect from the Appointed Date and up to and including the Effective Date:

- (i) the Demerged Company undertakes to carry on and shall be deemed to have carried on the business activities of the Film Production Undertaking and stand possessed of the properties and assets of the Film Production Undertaking for and on account of, and in trust for the Transferee Company;
- (ii) all profits or income accruing to or received by the Demerged Company, out of the Film Production Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc.) or losses arising in or incurred by the Demerged Company with respect to the Film Production Undertaking shall, for all purposes, be treated as and deemed to be the profits, losses, income or taxes, as the case may be, of the Transferee Company;
- (iii) the Demerged Company shall carry on the business of the Film Production Undertaking with reasonable diligence and business prudence and in a manner consistent with its past practices;
- (iv) the Demerged Company shall carry on the business of the Film Production Undertaking, in its ordinary course of business. All the actions taken by the Demerged Company for the Film Production Undertaking, inter-alia, including any income, advances, payments made/collections received, funds or resources deployed or cost incurred, shall be suitably



accounted for and recorded by the Demerged Company and the Transferee Company on such terms and conditions as the Board of Directors of the Demerged Company and the Transferee Company may agree upon. Notwithstanding anything contained herein above, it is hereby clarified that no separate corporate approvals, inter-alia, under the Act, shall be required to be taken by the Demerged Company for undertaking any of the foregoing actions/transactions pertaining to the Film Production Undertaking.

7. Conduct of business on Effective Date

- 7.1 With effect from the Effective Date, the Transferee Company shall carry on and shall be authorised to carry on the businesses of the Film Production Undertaking of the Demerged Company.
- 7.2 It is clarified that, upon the Effective Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, lease, tenancy rights, liberties relating to the Film Production undertaking are transferred, vested, recorded, effected and/or perfected, in the record of the relevant Governmental Authority, in favour of the Transferee Company, the Transferee Company is authorized to carry on business in the name and style of the Demerged Company and under the relevant license, permit, approval, as the case may be.
- 7.3 For the purpose of giving effect to the order passed under sections 391 and 394 of the Companies Act, 1956 in respect of this Scheme, the Transferee Company shall be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of the Film Production Undertaking pursuant to the Scheme.

8. Remaining Business

- 8.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 8.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company which relate to the Remaining Business, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Transferee Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Business.

9. Consideration



9.1 The Demerged Company is a wholly owned subsidiary of the Transferee Company. Since the entire share capital of the Demerged Company is held by the Transferee Company and its nominees, there shall be no issue of shares by the Transferee Company for the demerger of the Film Production Undertaking and vesting of the same in the Transferee Company pursuant to this Scheme.

10. Accounting Treatment

10.1 Accounting Treatment in the financial statements of the Demerged Company

Upon the Scheme becoming effective:

- (i) The book value of all assets (including the debit balance in the statement of profit and loss account) and liabilities pertaining to the Film Production Undertaking, which cease to be assets and liabilities of Demerged Company, shall be reduced by Demerged Company from the respective assets and liabilities.
- (ii) The difference, i.e. the excess/ shortfall of the book value of the assets of the transferred undertaking over the book value of the liabilities transferred shall be debited/ credited, respectively, to the 'Deficit in Statement of Profit and Loss' (Reserve and Surplus) of the Demerged Company.
- (iii) Notwithstanding anything above, the Board of Directors of the Demerged Company is authorized to account for any of the above mentioned transactions or any matter not dealt with in this Clause 10.1 in accordance with the applicable accounting standards and generally accepted accounting principles.

10.2 Accounting Treatment in the financial statements of the Transferee Company

Upon the Scheme becoming effective:

- (i) The Transferee Company and the Demerged Company being under common control, the demerger of the Film Production Undertaking of the Demerged Company and vesting of the same in the Transferee Company shall be accounted by the Transferee Company as per the 'Pooling of Interest Method' provided under Appendix C of Indian Accounting Standard (Ind AS) 103, 'Business Combinations' notified under Section 133 of the Act.
- (ii) The Transferee Company shall, upon the Scheme becoming effective, record the assets and liabilities of the Film Production Undertaking vested in it pursuant to this Scheme, at respective book values, as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date. No adjustment shall be made to the carrying amounts of the assets and liabilities as reflected in the books of



the Demerged Company at the close of business on the day immediately preceding the Appointed Date, to reflect fair values or recognise any new assets or liabilities.

- (iii) The intercompany balances relating to the Film Production Undertaking, if any, appearing in the books of accounts of the Transferee Company, will stand cancelled.
- (iv) The amount of the net assets/ (liabilities) of the Film Production Undertaking transferred to the Transferee Company (being the difference between the value of assets and value of liabilities of the Film Production Undertaking, as recorded in the books of the Transferee Company as per Clause 10.2 (ii) above), would be recorded as 'capital reserve'.
- (v) Notwithstanding anything above, the Board of Directors of the Transferee Company is authorized to account for any of the above mentioned transactions or any matter not dealt with in this Clause 10.2 in accordance with the applicable accounting standards and generally accepted accounting principles.

10.3 Reduction of Share Capital of the Demerged Company

- (i) As an integral part of the this Scheme and upon this Scheme becoming effective with effect from the Appointed Date, the existing issued, subscribed and paid-up share capital of the Demerged Company shall be reorganized. Pursuant to the transfer of Film Production Undertaking by the Demerged Company to the Transferee Company, the share capital of the Demerged Company is unrepresented by available assets and thus in accordance with the terms of this Scheme, the capital reduction in the Demerged Company will reflect the true capital structure of the Remaining Business.
- (ii) The capital reduction and reorganization of the capital of the Demerged Company shall be affected in the following manner :
 - a. 2,80,00,000 (Two Crore Eighty Lakh) equity shares of the Demerged Company of face value Rs 10/- (Rupees Ten) representing Rs 28,00,00,000/- (Rupees Twenty Eight Crore) of the issued, subscribed and paid up share capital of the Demerged Company shall stand cancelled, without any payment of the cancelled value of the said shares to the shareholders of the Demerged Company.
- (iii) The reduction in the share capital of the Demerged Company as contemplated in this Clause 10.3 shall be effected as an integral part of this Scheme in accordance with the provisions of sections 100 to 103 of the Companies Act, 1956, and any other applicable provisions of the Act and the order of the Court sanctioning this Scheme shall also be deemed to be an order under sections 102 of the Companies Act, 1956 Act or such other



equivalent provision of the Act, as applicable, confirming the reduction of share capital of the Demerged Company. The reduction of share capital of the Demerged Company does not involve either a diminution of liability as the shares are fully paid-up or payment to any shareholder of any part of the paid-up share capital.

10.4 Accounting Treatment for Reduction of Share Capital

- (i) In the Books of the Demerged Company: Upon the Scheme coming into effect and with effect from the Appointed Date, the reduction in Share Capital will be deducted from the debit balance in 'Deficit in Statement of Profit and Loss' of the Demerged Company.
- (ii) In the books of Transferee: Pursuant to the transfer of the Film Production Undertaking by the Demerged Company to the Transferee Company and on reduction of share capital by the Demerged Company, the investment of the Transferee Company in the Demerged Company will be reduced to the extent of the reduction in the share capital of the Demerged Company. Correspondingly, the amount will be adjusted against the 'Capital Reserve' of Transferee Company (as per clause 10.2 (iv) above).

11. **Tax**

Upon the scheme becoming effective:

- 11.1 It is clarified that all the taxes and duties payable by Demerged Company, relating to the Film Production Undertaking from the Appointed Date upto the Effective Date, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Transferee Company, notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of Demerged Company. Further, the benefit of all balances relating to CENVAT or service tax or VAT being balances pertaining to the Film Production Undertaking from the Appointed Date up to the Effective Date, shall stand transferred and vested to the Transferee Company as if the transaction giving rise to the said balance or credit was a transaction carried out by the Transferee Company. Without prejudice to the aforesaid, any credits, refunds or claims including but not limited to tax deducted at source, CENVAT credit, self assessment tax, advance tax prior to the Appointed Date shall be treated as the credits, refunds or claims of the Demerged Company.
- 11.2 All the incentives, subsidies, special status, and other benefits or privileges enjoyed, granted by any Governmental Authority, local authority, or by any other person, or availed by the Demerged



Company, in relation to the Film Production Undertaking, shall vest with and be available to the Transferee Company on the same terms and conditions.

- 11.3 With effect from the Appointed Date, the Demerged Company and the Transferee Company are expressly permitted to prepare and/or revise, as the case may be, their financial statements and returns along with the prescribed forms, filings and annexure under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws and other tax laws, if required, to give effects to provisions of the Scheme.

12. **Saving of concluded transactions**

The transfer of the Film Production Undertaking under Clause 5 above shall not affect any transaction or proceedings already concluded by the Demerged Company for the Film Production Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect of the Film Production Undertaking as done and executed on behalf of the Transferee Company.

PART - C

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY

13. **Transfer and vesting**

- 13.1 With effect from the Appointed Date, and upon the Scheme becoming effective, the Transferor Company shall stand amalgamated with the Transferee Company, as a going concern, without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interest therein.

- 13.2 Subject to the provisions of the Scheme, on the Effective Date, the whole of the business, personnel, property, assets, investments, rights, benefits and interest therein of the Transferor Company shall, with effect from the Appointed Date, stand transferred to and be vested in the Transferee Company, without any further act or deed, and by virtue of the order passed by the High Court. Without prejudice to the generality of the above, and in particular, the Transferor Company shall stand transferred to and be vested in the Transferee Company in the manner described in sub-clauses (i) to (xii) below:

- (i) all assets of the Transferor Company, wherever located, as are movable in nature or incorporeal property or are otherwise capable of transfer by physical delivery or by endorsement and delivery or by vesting and recordal, shall pursuant to this Scheme,



stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly;

- (ii) all movable properties of the Transferor Company, other than those specified in sub-clause (i) above, including sundry debtors, investment in shares and any other securities, outstanding loans and advances, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard;
- (iii) all immovable properties of the Transferor Company, including any right or interest in the land together with the buildings and structures standing thereon, whether freehold, leasehold, licensed or otherwise held by the Transferor Company, and all documents of title, rights and easements in relation thereto including all lease/license agreements together with security deposits and advance/prepaid lease, license fees, shall stand transferred to and be vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance/prepaid lease/license fees to the Transferee Company . The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities, pursuant to the sanction of this Scheme by the High Court in accordance with the terms hereof;



- (iv) all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company, shall, be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;
- (v) all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto;
- (vi) any pending suit/appeal or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against the Transferor Company, shall not abate be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company shall file necessary application for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to the Transferor Company;
- (vii) All the employees of the Transferor Company shall be transferred to and engaged by the Transferee Company, without any interruption of service and on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company and without any interruption of service as a result of the amalgamation. With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, employee stock option



scheme or any other special scheme or benefits created or existing exclusively for the benefit of the employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including but not limited to those relating to the obligation to make contributions to such funds and schemes in accordance with the provisions of such funds and schemes in the respective trust deeds or other documents or as required under law. The accumulations under provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme or benefits of the Transferor Company pertaining to its employees shall be transferred to the existing provident fund, employees' state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose, shall be treated as having been continuous. Upon this Scheme becoming effective, the Transferor Company shall transfer / handover to the Transferee Company, copies of employment information, including personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or on-going leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its employees and all forms, notifications, orders and contribution / identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause. The Transferee Company shall continue to abide by any agreement(s) / settlement(s) entered into / by the Transferor Company with any of the employees of the Transferor Company prior to the Appointed Date and from the Appointed Date till Effective Date;

(viii) all statutory licenses, permissions or approvals or consents held by the Transferor Company required to carry on its operations shall stand transferred to and be vested in the Transferee Company without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory authorities concerned therewith in favor of the Transferee Company. The benefit of all statutory and regulatory permissions, approvals



and consents of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme. If any application is required for the statutory authorities to implement the transfer and vesting of the licenses, as provided hereinabove, the Transferee Company shall make necessary applications to give effect to the provisions of the Scheme;

- (ix) all intellectual property rights, registrations, trademarks, trade names, service marks, copyrights, patents, designs, technical know-how, domain names, trade names, service marks, copyrights, designs and domain names, including applications made in regard to such intellectual property rights with Governmental Authorities, used by or held for use by the Transferor Company shall stand transferred to and vested in the Transferee Company;
- (x) All taxes and duties (including income tax, advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, self-assessment tax, taxes withheld / paid in a foreign country, value added tax, sales tax, service tax, stamp duty etc.), deferred tax balances, including any interest, penalty, surcharge and cess, if any, payable by or refundable to or being the entitlement of the Transferor Company including all or any refunds or claims shall be treated as the tax liability or refunds / credits / claims, as the case may be, of the Transferee Company and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, tax losses, including brought forward business loss, unabsorbed depreciation, etc., as would have been available to the Transferor Company shall pursuant to this Scheme becoming effective, will be available to the Transferee Company;
- (xi) all cheques and other negotiable instruments, payment orders received in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company;
- (xii) For the purpose of giving effect to the order passed under sections 391 and 394 of the Companies Act, 1956 Act in respect of this Scheme, the Transferee Company shall be entitled to get the recordal of the change in the legal title and rights appurtenant thereto upon the transfer and vesting of all the assets pursuant to the Scheme.

14. **Procedural Formalities Post Sanction of the Scheme**

- 14.1 The Transferee Company shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of



confirmation or novation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.

14.2 Upon the Scheme becoming effective, the Transferee Company is expressly entitled to revise its direct or indirect tax returns and related withholding certificates and shall be entitled to claim refund, advance tax credits including MAT credit, CENVAT and MODVAT credit, pertaining to the Transferor Company, if any.

14.3 From the Effective Date, all bank accounts of the Transferor Company shall be permitted to be continued with the same balances as of the Effective Date in the name of the Transferee Company and the Transferee Company shall be permitted to file names and particulars of the new authorized signatories for withdrawals and/ or deposits/ credits in such bank accounts and the relevant bank accounts shall be reconstituted accordingly.

15. **Conduct of Business till Effective Date**

15.1 With effect from the Appointed Date and until the Effective Date:

- (i) the Transferor Company undertakes to carry on and shall be deemed to have carried on its business and stand possessed of the properties and assets of the Transferor Company, for and on account of and in trust for the Transferee Company;
- (ii) all profits or income accruing to or received by the Transferor Company, and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc.) or losses arising in or incurred by the Transferor Company shall, for all purposes, be treated as and deemed to be the profits, losses, income or taxes, as the case may be, of the Transferee Company;
- (iii) the Transferor Company shall carry on its business with reasonable diligence and business prudence and in a manner consistent with its past practices; and
- (iv) All the actions taken by the Transferor Company inter-alia, including any income, advances, payments made/collections received, funds or resources deployed or cost incurred, shall be suitably accounted for and recorded by the Transferor Company and the Transferee Company on such terms and conditions as the Board of Directors of the



Transferor Company and the Transferee Company may agree upon. Notwithstanding anything contained herein above, it is hereby clarified that no separate corporate approvals, inter-alia, under the Act, shall be required to be taken by the Transferor Company for undertaking any of the foregoing actions/transactions.

16. **Conduct of business on Effective Date**

- 16.1 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business of the Transferor Company.
- 16.2 Upon this Scheme becoming effective, the Transferor Company shall stand dissolved, without being wound-up and the name of the Transferor Company shall be struck off from the records of the RoC.
- 16.3 Upon the coming into effect of this Scheme, the resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under applicable law, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- 16.4 The Board of Directors of the Transferor Company, upon this Scheme becoming effective, shall without any further act, instrument and deed stand dissolved. All directors of the Transferor Company shall cease to be directors of the Transferor Company on coming into effect of this Scheme. However, if any such director is a director of the Transferee Company, he/she will continue to hold office in the Transferee Company.

17. **Consideration**

- 17.1 The Transferor Company is a wholly owned subsidiary of the Transferee Company. Since the entire share capital of the Transferor Company is held by the Transferee Company and its nominees, there shall be no issue of shares by the Transferee Company in respect of its holding in the Transferor Company pursuant to the amalgamation under this Scheme. Upon the Scheme becoming effective, the entire share capital of the Transferor Company, shall be cancelled and extinguished.

18. **Combination of authorised share capital**

Upon this Scheme coming into effect, the authorized share capital of the Transferee Company shall automatically stand enhanced by the authorized share capital of the Transferor Company (as on the Effective Date) without any further act, instrument or deed on part of the Transferee Company, including without payment of stamp duty and fees payable to the RoC. The provisions in the



memorandum and articles of association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and hereby stand altered, modified and amended, and the consent of the shareholders to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of the stamp duty and/ or fee by the Transferee Company for increase in the authorized share capital to that extent.

19. **Accounting treatment**

19.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the amalgamation of the Transferor Company with the Transferee Company shall be accounted as per the below method:

- (i) The Transferee Company and the Transferor Company being under common control, the Amalgamation of the Transferor Company with the Transferee Company shall be accounted by the Transferee Company as per the 'Pooling of Interest Method' provided under Appendix C of Ind AS 103, 'Business Combinations' notified under Section 133 of the Act.
- (ii) With effect from the Appointed Date, all the assets and liabilities appearing in the books of account of the Transferor Company shall stand transferred to and vested in the Transferee Company at their respective book values. No adjustment shall be made to the carrying amounts of the assets and liabilities as reflected in the books of the Transferor Company at the close of business on the day immediately preceding the Appointed Date, to reflect fair values or recognise any new assets or liabilities. All reserves of the Transferor Company are deemed to be carried forward and shall be recorded in the books of the Transferee Company in the same form in which they appeared in the books of the Transferor Company as on the appointed date.
- (iii) The value of the investments in the shares of the Transferor Company held by the Transferee Company shall stand cancelled in the books of the Transferee Company, without further act or deed.



- (iv) The loans and advances inter-se between the Transferor Company and the Transferee Company appearing in the books of accounts of either the Transferor Company or the Transferee Company, if any, shall stand cancelled.
- (v) In case of any difference in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company will reflect the financial position on the basis of consistent accounting policy.
- (vi) The difference arising between the net assets value taken over (i.e. assets less external liabilities) of the Transferor Company and the value of investments as mentioned in Clause 19.1(iii) in the books of the Transferee Company with respect to shares held by the Transferee Company in the Transferor Company shall be credited / debited to the 'Capital Reserve' in the books of the Transferee Company.
- (vii) Notwithstanding anything above, the Board of Directors of the Transferee Company is authorized to account for any of the above mentioned transactions in accordance with the applicable accounting standards and generally accepted accounting principles.

20. **Tax**

- 20.1 Any tax liabilities under the Income Tax Act, 1961 or other applicable laws/regulations dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 20.2 Any surplus in the provision for taxation/ duties/ levies account including but not limited to the advance tax, tax deducted at source by the customers and MAT credit, CENVAT credit, as on the date immediately preceding the Appointed Date will also be transferred to the Transferee Company. Any refund under the Income Tax Act, 1961 or other applicable laws/ regulations dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company or due to the Transferor Company, consequent to the assessment made in respect of the Transferor Company, for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date, shall also belong to and be received by the Transferee Company.
- 20.3 The tax payments (including without limitation income tax, tax on distribution of dividends, service tax, excise duty, central sales tax, applicable state value added tax etc.) whether by way of tax deducted at source by the customers, advance tax or otherwise howsoever, by the Transferor



Company after the Appointed Date, shall be deemed to be paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Notwithstanding the above, any tax deducted at source by either the Transferor Company or the Transferee Company on account of intercompany transactions between the Transferee Company and the Transferor Company post the Appointed Date, shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

20.4 Upon the Scheme becoming Effective, with effect from the Appointed Date, the Transferor Company and the Transferee Company are expressly permitted to prepare and/or revise, as the case may be, their financial statements and returns along with the prescribed forms, filings and annexure under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws and other tax laws, if required, to give effects to provisions of the Scheme.

20.5 All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date as desired by the Transferee Company. As and from the Effective Date, the tax proceedings/ appeals shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

Upon the Scheme coming into effect, any obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company.

21. **Saving of concluded transactions**

The transfer and vesting of the assets, liabilities and obligations appertaining/ allocated to the Transferor Company under Clause 13 shall not affect any transactions or proceedings already completed by the Transferor Company on and after the Appointed Date to the end and intent that the amalgamated Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

PART – D

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION



22. **Amendment to the objects clause of memorandum of association of the Transferee Company**

22.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, following clauses no. 1C, 1D and 1E shall be inserted in the objects clause of the memorandum of association of the Transferee Company after clause 1B:

“1C. To carry on business as producers, co-producers, distributors, hirers, exhibitors, negative holders, exploiters, traders, exporters and importers of motion pictures, media and /or publishing house either by itself or through its division, cinematographic films, feature films, or any other film on any format or system and or recording of such films on any disc, tape, perforated media or other information storage devices or as agents for (wholesale and /or retail) and produce cinematographic films, as dealers in sound producing, synchronized, stereoscopic, 3-D, coloured, bioscopic, cinemascope and cinerama pictures, blank and /or prerecorded videos and/or audio cassettes, as proprietors and/or lessees of film studios, erecting and running studios, film laboratories, cinema halls, theatres, multiplexes, television studios for exhibiting films and for musical performances, as film publicity agents, designers, engravers for film publicity materials and as printers for film publicity and photography, either alone or in partnership with individuals and/or bodies, as lenders and/or suppliers of artists, artistic talents and technicians to producers of cinematograph films and for that purpose to employ artists as paid servants of the company to be readily available for such business and engage in business incidental hereto.

1D. To carry on the business of convergence including to make, produce, direct, own, produce, enact, dub, shoot, edit, manufacture, export, import, process, direct, organize, exhibit, deal, buy, sell, acquire, screen, dramatize, distribute, reproduce, give and take on hire, licence, advertise, broadcast through satellite or otherwise, display, commission, promote, present, telecast and publish mobile contents, 2D, 3D or latest available technology animation films, television films, video films, feature films, satellite films, cartoon films, advertisement films and campaigns, media films, sports films, web films, other animations and television programmes, serials, documentaries, cultural films, animation, news and news capsules, to run maintain own T. V. channels, broad casting channels and Informative Electronic Channels/ Films, interviews, discussions, entertainment programmes, plays, skits, recitals, screen, plays, dramas, cultural shows, music recitals, dances and other live shows of any kind, either silent or talkies for private, commercial or public usage and to do all things necessary to form, organize, troops, groups and artists for such purpose in India or abroad



and to produce, develop, acquire, adapt, equip, establish and act as collaborators for television software.

1E. To carry on production and distribution of webseries, business of conceptualizing, developing and producing feature films, Short films, Documentaries, Televised and Televised Events, Advertisement Films, Educational Films, Cultural or Historical Films, Films of Places of Tourist Interest, Films on Science and Technology, in Talkie Version and to carry on business of rendering line production services, creative and consultancy services for content driven projects in the areas of Television Films and Serials, Video films and Serials and the like, Motion Pictures, Feature Films, Documentaries, Advertisement Films, Educational Films, Cultural or Historical Films, Films of Places of Tourist Interest, Films on Science and Technology, in Talkie Version or otherwise, Indian/Foreign Version or otherwise in 70mm, 35mm, 16mm, 8mm, on video format or other prevalent systems or Recording of Programmes on any disc, tape, perforated media or other information storage devices or otherwise, in colour or otherwise in Black and White and engage in business incidental hereto and create intellectual property thereon restricted not only to the content driven projects but also in the nature of television formats, events and digital content”

22.2 It shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under section 13 of the Companies Act 2013. It is clarified that there shall be no need to pass a separate members’ resolution as required under section 13 of the Companies Act 2013, for the amendment of the memorandum of association of the Transferee Company as above.

22.3 In order to carry on the activities currently being carried on by the Film Production Undertaking of the Demerged Company and the Transferor Company, upon the approval of this Scheme by the members of the Demerged Company, the members of the Transferor Company and the members of the Transferee Company pursuant to section 391 of the Companies Act, 1956 it shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under the Act, as may be applicable.

PART – E

GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

23. Application to the High Court

23.1 The Demerged Company, the Transferor Company and the Transferee Company shall make all necessary applications and filings to the High Court for sanctioning of this Scheme.



- 23.2 The Demerged Company, the Transferor Company and the Transferee Company shall, with reasonable dispatch, apply to the Court for necessary orders or directions for holding/dispensation meetings of the members of the Demerged Company, the Transferor Company and the Transferee Company for sanctioning this Scheme under section 391 of the Companies Act, 1956 or for dispensing the holding of such meetings and orders under section 394 of the Companies Act, 1956, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.
24. **Modifications or amendments to this Scheme**
- 24.1 Subject to approval of the High Court, the Demerged Company, the Transferor Company and the Transferee Company through their respective Board of Directors are hereby empowered and authorized to assent from time to time to any modifications or amendments or substitution of this Scheme or to any conditions or limitations which the High Court or any other statutory authorities or Government Authority may impose and to settle all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting this Scheme into effect.
- 24.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Transferee Company or such other person who are so authorised may give and is/ are authorized to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise after the dissolution of the Transferor Company.
- 24.3 The Demerged Company, the Transferor Company and the Transferee Company, through their respective Board of Directors, are hereby empowered and authorized to amend, substitute, withdraw this Scheme or any part thereof prior to the Effective Date in any manner and at any time.
- 24.4 In the event that any conditions are imposed by the High Court or any authorities, which the Board of Directors of the Demerged Company, the Transferor Company and the Transferee Company find unacceptable for any reason, then the Demerged Company, the Transferor Company and the Transferee Company shall be at liberty to withdraw this Scheme or any part thereof.
25. **Corporate Approvals**
- It is clarified that the approval to the Scheme by the shareholders of the Demerged Company, the Transferor Company and the Transferee Company under sections 391 and 394 of the Companies Act, 1956 shall be deemed to be their approval under section 188 and any other applicable



provisions under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and no separate approval from the shareholders to that extent shall be required to be sought by the Demerged Company, the Transferor Company and the Transferee Company.

26. Scheme conditional upon

- 26.1 The approval by the respective requisite majorities of the shareholders and creditors, if required, of the Demerged Company, the Transferor Company and the Transferee Company as may be directed by the High Court or any other competent authority, as may be applicable.
- 26.2 The Transferee Company complying with the provisions of the SEBI Circular including seeking approval of the shareholders of the Transferee Company through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the resolution are more than the number of votes cast by the public shareholders against the resolution. For the purpose of this Clause 26.2, the term public shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
- 26.3 Pre filing and post sanction approval of the Stock Exchanges and the Securities and Exchange Board of India in terms of the SEBI Circular being obtained, if applicable.
- 26.4 This Scheme being approved by the High Court.
- 26.5 Certified/ authenticated copies of the order sanctioning this Scheme being filed with the RoC by the Demerged Company, the Transferor Company and Transferee Company.
- 26.6 All other sanctions or approvals under any law or any other person or authority concerned being obtained in respect of any of the matters provided for or relating to this Scheme for which such sanction or approval is required.
- 27. SEVERABILITY**
- 27.1 If any provision(s) of this Scheme, in the opinion of the High Court or Board of Directors of the Demerged Company, the Transferor Company and the Transferee Company, is found to be unviable for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of this Scheme.
- 27.2 Notwithstanding anything to the contrary in this Scheme, it is clarified that implementation of this Scheme is subject to approval of Part B of the Scheme by the High Court. In the event the High Court approves Part B of this Scheme but not Part C of this Scheme, the Scheme shall not be implemented.



28. **EFFECT OF NON-RECEIPT OF APPROVALS**

28.1 In case the High Court does not approve any provision(s) of this Scheme, the Board of Directors of the Demerged Company, the Transferor Company and the Transferee Company may declare such provision(s) under this Scheme as severable and accordingly shall be deleted from this Scheme. Such amended or modified Scheme excluding the severable and deleted portion shall continue to be effective.

28.2 If any provision(s) of this Scheme is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then the intention of the Demerged Company, the Transferor Company and the Transferee Company, that such provision be severed from the remainder of this Scheme, shall prevail. Further, if the deletion of such provision(s) of this Scheme may cause this Scheme to become materially adverse to the Demerged Company, the Transferor Company and/ or the Transferee Company, then in such case the Demerged company, the Transferor Company and/ or the Transferee Company shall attempt to bring about a modification in this Scheme, as shall best preserve for the Demerged Company, the Transferor Company and the Transferee Company the benefits and obligations of this Scheme, including but not limited to such provision(s).

28.3 The Board of Directors of the Demerged Company, the Transferor Company and the Transferee Company, as the situation may require, shall be entitled to withdraw, revoke, cancel and declare this Scheme of no effect if they are of the view that the coming into effect of this Scheme could have adverse implications on the Demerged Company, the Transferor Company and/ or the Transferee Company.

29. **COSTS, CHARGES AND EXPENSES**

All costs, charges and expenses in relation to or in connection with or incidental to this Scheme shall be borne and paid by the Transferee Company.

30. **REPEALS AND SAVING**

Any matter filed with the RoC, regional director, income tax authorities or the central government under the Companies Act 1956, before the notifications of the corresponding provisions under the Companies Act, 2013 and not fully addressed at that time shall be concluded by the RoC, regional director or the central government, as the case may be, in terms of the Companies Act, 1956. Any direction or order given by the High Court under the provisions of the Companies Act, 1956 and any act done by the Demerged Company, the Transferee Company or the Transferor Company



based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the Companies Act, 2013.

S. S. B.
