

IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH

TCSP No. 505 of 2017  
And  
TCSP No. 509 of 2017  
And  
TCSP No. 504 of 2017  
And  
TCSP No. 455 of 2017

In the matter of Composite Scheme of Arrangement among Reliance Big Broadcasting Private Limited ("Transferor Company 1" or "RBBPL") and Big Magic Limited ("Transferor Company 2" or "BML") and Azalia Broadcast Private Limited ("Transferor Company 3" or "ABPL") and Zee Entertainment Enterprises Limited ("Resulting Company" or "ZEEL") and their respective Shareholders and Creditors ("Scheme")

**Reliance Big Broadcasting Private Limited**

.....Petitioner/Transferor Company 1  
AND

**Big Magic Limited**

.....Petitioner/Transferor Company 2  
AND

**Azalia Broadcast Private Limited**

.....Petitioner/ Transferor Company 3  
AND

**Zee Entertainment Enterprises Limited**

.....Petitioner/ Resulting Company

Judgment/Order delivered on 13<sup>th</sup> July, 2017

Coram:

Hon'ble **B.S.V. Prakash Kumar**, Member (J)  
Hon'ble **V .Nallasenapathy** Hon'ble, Member (T)

For the Petitioner(s): Mr. Hemant Sethi i/b Hemant Sethi & Co.  
Mr. Ramesh Golap, Assistant Director in the office of Regional  
Director

Per: **B.S.V. Prakash Kumar**, Member(J)

Order

1. Heard the learned counsel for the Petitioner Companies. No objector has come before the Tribunal to oppose the Petitions and nor any party has controverted any averments made in the Petitions.



2. The sanction of the Tribunal is sought under Sections 230 to 233 of the Companies Act, 2013, to the Composite Scheme of Arrangement among Reliance Big Broadcasting Private Limited and Big Magic Limited and Azalia Broadcast Private Limited and Zee Entertainment Enterprises Limited and their respective Shareholders and Creditors.
3. Reliance Big Broadcasting Private Limited is engaged in the business of owning and operating non news and current affairs satellite television channels. Big Magic Limited is engaged in the business of acquiring content from producers and third parties to be broadcasted by RBBPL on the channels owned and operated by it. Azalia Broadcast Private Limited is engaged in the business of owning and operating a non news and current affairs satellite television channel under name and style of 'Big Thrill'. Zee Entertainment Enterprises Limited is engaged in Broadcasting of Satellite Television Channels and acting as Space Selling agent for other satellite television channels; Sale of its own Media Content i.e. programs / film rights / feeds / music rights.
4. The Counsel for the Petitioner Companies submit that the rationale for the scheme is as under –

Rationale for Composite Scheme of Arrangement.

- i. In case of the Transferor Companies:
  - a. helping the Transferor Companies in deleveraging its balance sheet, including reduction of debt and interest outgo as well as creation of value for the shareholders of the Transferor Companies; and
  - b. consolidate / transfer of the television broadcasting business of Transferor Companies to the Resulting Company in an efficient manner.
- ii. In case of the Resulting Company:
  - a. building strong capability to effectively meet future challenges in competitive business environment;



- b. strategic fit for serving existing market and also to cater additional volume linked to new consumers;
- c. synergies in operational process and creation of efficiencies by reducing time to market and benefitting customers as well as optimization of operation and capital expenditure; and
- d. leading to increased competitive strength, cost reduction and efficiencies, productivity gains by pooling the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Companies and the Resulting Company thereby significantly contributing to future growth and maximizing shareholders value.

The proposed demerger is expected to be beneficial to Transferor Companies and Resulting Company and their respective shareholders, creditors and all other stakeholders and will enable Transferor Companies and Resulting Company to achieve and fulfil their objectives more efficiently and economically.

5. The Counsel for the Petitioner Companies submit that the Petitioners in their respective Board meetings have approved the said Composite Scheme of Arrangement which are annexed to the respective Company Scheme Petitions.
6. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petitions has been filed in consonance with the orders passed in Company Summons for Direction.
7. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all requirements as per directions of the Tribunal and they have filed necessary affidavits of compliance in the Tribunal. Moreover, the Petitioner Companies through their Counsel undertakes





to comply with all statutory requirements if any, as required under the Companies Act, 1956 / 2013 and the Rules made there under whichever is applicable. The said undertakings given by the Petitioner Companies are accepted.

8. The Regional Director has filed an Report dated 6<sup>th</sup> July, 2017 stating therein, save and except as stated in paragraph IV(1) to (8), it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV, of the said Report it is stated that:

- 1) *The tax implication if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the petitioner company.*
- 2) *It is submitted that the Petitioner Companies have submitted the proof of serving notice upon the Income Tax Authorities acknowledged dated 06.04.2017, 10.04.2017, 19.04.2017. This office has sent reminder dated 05.07.2017 requesting to send comments on the scheme directly with the Hon'ble NCLT well in time.*
- 3) *BSE and NSE vide it letter dated 3.2.2017 and 2.2.2017 which are Exhibit-E1 to E2 respectively mentioned inter alia that the petitioners to comply with the comments of the SEBI mentioned in its letter dated 2. 3. 2017 that the company shall duly comply with the various provisions of the circular No CIR/CFD/CMD/16/2015 dated 30.11.2015 and subject to that given no adverse observations. It is also mentioned that upon sanction of the scheme the listed company shall submit to the stock exchange the document mentioned therein. NSE has stated that the validity of the NOC is for 6 months with effect from 02.03.2017.*

*In this regard the Petitioner Companies have to undertake to comply with the same*

- 4) *That the petitioner companies have mentioned in clause 1 of the scheme that the "Appointed Date" is the close of business hours of 31.3.2017 or such other date as may be decided by the respective Board of Director of the transferor companies and the Resulting company, being the time and date with effect from which the scheme shall be deemed to be effective.*

*In this regard petitioners has to undertake to confirm that the appointed Date shall be 1.4.2017 or such other date as approved by the Hon'ble Tribunal. Board shall not decide any other appointed date.*

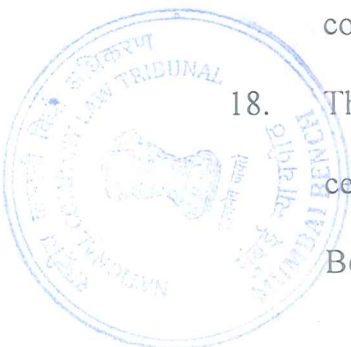




- 5) *That the Petitioner in clause 6 of the scheme has inter alia mentioned that upon the coming into the effect of this Scheme and with effect from the Appointed Date, All assets and liabilities of the demerged undertaking of the transferor company will be recorded at their respective fair values which are also the values appearing in the books of accounts of the Demerged Undertaking in the transferee company In this regard it is submitted that accounting of assets and liabilities as mentioned in the scheme shall be either on fair value or on book values. Petitioner has proposed for following both fair and book values. Therefore petitioners to undertake to follow one method for arriving at the values on transfer.*
- 6) *M/s. Reliance Big Broadcasting Pvt Ltd, Transferor Company-1 and M/s. Azalia Broadcast Pvt Ltd, Transferor Company-2 vide its letter dated 06.04.2017 submitted to the Ministry of Information and Broadcasting separately inter alia mentioned that they have no objection for transfer of their licenses as mentioned in the clause 1 of the scheme to M/s. Zee Entertainment Enterprise Limited, Resulting Company, attached herewith as **Exhibit - F1 and F2.***
- 7) *M/s. Reliance Big Broadcasting Pvt Ltd, Transferor Company-1, and M/s. Azalia Broadcast Pvt Ltd, Transferor Company-2 and M/s. Zee Entertainment Enterprises Limited, Resulting Company has served notice under section 230 (5) to Ministry of Information and Broadcasting vide acknowledged letter dated 13.04.2017, 06.04.2017 respectively attached herewith as **Exhibit- G 1 and G3.***
- 8) *M/s. Zee Entertainment Enterprises Limited, Resulting Company served application to Ministry of Information and Broadcasting vide letter acknowledged dated 19.04.2017 seeking permission for transfer of licenses relating to six General Entertainment Television Channels held by M/s. Reliance Big Broadcasting Pvt Ltd, Transferor Company-1 and M/s. Azalia Broadcast Pvt Ltd, Transferor Company-2 in favour of Zee Entertainment Enterprises Limited along with enclosures namely List of shareholders with certified true copy of resolution passed in the respective meeting of shareholders, copy of composite scheme, letter from M/s. Reliance Big Broadcasting Pvt Ltd, Transferor Company -1 and M/s Azalia Broadcasting Pvt Ltd transferor Company -2 **Exhibit H.***
9. In so far as observations made in paragraph IV(1) & (2) of the Report of Regional Director are concerned, the Petitioner Companies through its Counsel submits that the Petitioner Companies undertakes to comply with all applicable provisions of the Income Tax Act, 1961 and all income tax issues arising out of the Scheme will be met and answered in accordance with law.



10. In so far as observations made in paragraph IV(3) of the Report of Regional Director are concerned, the Petitioner Companies through its Counsel undertakes to comply with the conditions mentioned in the letter of BSE and NSE.
11. In so far as observations made in paragraph IV(4) of the Report of Regional Director are concerned, the Petitioner Companies state that as per scheme the appointed date is 'closing hours of business of 31.03.2017' and Petitioner Companies confirm that there will not be any change in the Appointed Date which shall be close of business on 31.03.2017 .
12. In so far as observations made in paragraph IV(5) of the Report of Regional Director are concerned, the Petitioner Company clarify that all the assets and liabilities of the demerged undertakings of the Transferor Companies will be recorded by the Resulting Company at their respective book values.
13. In so far as observations made in paragraph IV (6) (7) (8) of the Report of Regional Director are concerned, the same are self-explanatory.
14. The observations made by the Regional Director have been explained by the Petitioners in paragraphs 9 to 14 above. The clarifications and undertakings given by the Petitioner Companies are hereby accepted.
15. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
16. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 505, 509, 504 and 455 of 2017 has been made absolute in terms of prayer of the respective petitions mentioned therein.
17. The Petitioner Companies are directed to file a copy of this order along with a copy of the Composite Scheme of Arrangement with the concerned Registrar of Companies, electronically, along with E-Form INC-28, in addition to the physical copy within 30 days from the date of issuance of the order by the Registry.
18. The Resulting Company to lodge a copy of this order and the Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of





adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the order.

19. The Petitioner Companies to pay costs of Rs. 25,000/- each to the Regional Director, Western Region, Mumbai.
20. Costs to be paid within four weeks from the date of receipt of the order.
21. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.
22. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

Sd/-

V. Nallasenapathy, Member (T)

Sd/-

B.S.V. Prakash Kumar, Member (J)

Certified True Copy  
Date of Application 13/07/2017  
Number of Pages 7  
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Copy prepared on 14/07/2017  
Copy Issued on 14/07/2017



Deputy Director  
National Company Law Tribunal, Mumbai Bench



**COMPOSITE SCHEME OF ARRANGEMENT**  
**AMONG**  
**RELIANCE BIG BROADCASTING PRIVATE LIMITED**  
**AND**  
**BIG MAGIC LIMITED**  
**AND**  
**AZALIA BROADCAST PRIVATE LIMITED**  
**AND**  
**ZEE ENTERTAINMENT ENTERPRISES LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**INTRODUCTION**

**A. PREAMBLE**

This Scheme (*as defined hereinafter*) is presented under the provisions of Sections 391 – 394 and other applicable provisions of the 1956 Act (*as defined hereinafter*) and/or Sections 230-233 (if applicable) and other relevant provisions of the 2013 Act (*as defined hereinafter*) and rules made thereunder, as may be applicable, read with Section 2(19AA) of the IT Act (*as defined hereinafter*), as may be applicable, for the demerger of the Demerged Undertaking 1 (*as defined hereinafter*) of the Transferor Company 1 (*as defined hereinafter*), Demerged Undertaking 2 (*as defined hereinafter*) of the Transferor Company 2 (*as defined hereinafter*) and Demerged Undertaking 3 (*as defined hereinafter*) of the Transferor Company 3 (*as defined hereinafter*) and vesting of the same with the Resulting Company (*as defined hereinafter*). In addition, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

**B. RATIONALE FOR THIS SCHEME**

Demerger of the Demerged Undertakings (*as defined hereinafter*) of the Transferor Companies (*as defined hereinafter*) to the Resulting Company pursuant to this Scheme shall, *inter alia*, result in following benefits:

- (i) In case of the Transferor Companies:
  - (a) helping the Transferor Companies in deleveraging its balance sheet, including reduction of debt and interest outgo as well as creation of value for the shareholders of the Transferor Companies; and
  - (b) consolidate / transfer of the television broadcasting business of Transferor Companies to the Resulting Company in an efficient manner.
- (ii) In case of the Resulting Company:





- (a) building strong capability to effectively meet future challenges in competitive business environment;
- (b) strategic fit for serving existing market and also to cater additional volume linked to new consumers;
- (c) synergies in operational process and creation of efficiencies by reducing time to market and benefitting customers as well as optimization of operation and capital expenditure; and
- (d) leading to increased competitive strength, cost reduction and efficiencies, productivity gains by pooling the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Companies and the Resulting Company thereby significantly contributing to future growth and maximizing shareholders value.

The proposed demerger is expected to be beneficial to Transferor Companies and Resulting Company and their respective shareholders, creditors and all other stakeholders and will enable Transferor Companies and Resulting Company to achieve and fulfil their objectives more efficiently and economically.

### C. PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

1. **Part A** deals with the definitions, interpretation and share capital details.
2. **Part B** deals with demerger of the Demerged Undertakings (*as defined hereinafter*) of the Transferor Companies (*as defined hereinafter*) and vesting of the same in the Resulting Company, in accordance with Section 2(19AA) of the IT Act and Sections 391 to 394 and other applicable provisions of the 1956 Act and/or Sections 230 to 233 (if applicable) and other relevant provisions of the 2013 Act and rules made thereunder.
3. **Part C** deals with the payment of consideration and the accounting treatment in the books of the Transferor Companies and Resulting Company and various other matters consequential or otherwise integrally connected herewith.
4. **Part D** deals with the general terms and conditions applicable to this Scheme.
5. **Schedule I** contains the terms and conditions for Preference Shares (*as defined hereinafter*)



## PART A: DEFINITIONS, INTERPRETATION AND SHARE CAPITAL DETAILS

### WHEREAS:

- A. **RELIANCE BIG BROADCASTING PRIVATE LIMITED**, is a company incorporated under the 1956 Act with corporate identification number U65990MH2006PTC160747, and having its registered office at 502, Plot No. 91/94, Prabhat Colony, Santacruz (East), Mumbai 400 055 (“**Transferor Company 1**”). The Transferor Company 1 is *inter alia* engaged in the business of owning and operating non news and current affairs satellite television channels.
- B. **BIG MAGIC LIMITED**, is a company incorporated under the 1956 Act with corporate identification number U74900MH2011PLC216414, and having its registered office at 401, 4<sup>th</sup> Floor, INFINITI, Link Road, Oshiwara, Andheri West, Mumbai 400 053 (“**Transferor Company 2**”). The Transferor Company 2 is *inter alia* engaged in the business of acquiring content from producers and third parties to be broadcasted by Transferor Company 1 on the channels owned and operated by it.
- C. **AZALIA BROADCAST PRIVATE LIMITED**, is a company incorporated under the 1956 Act with corporate identification number U45400MH2007PTC243437, and having its registered office at 401, 4<sup>th</sup> Floor, INFINITI, Link Road, Oshiwara, Andheri West, Mumbai 400 053 (“**Transferor Company 3**”). The Transferor Company 3 is *inter alia* engaged in the business of owning and operating a non news and current affairs satellite television channel under name and style of ‘Big Thrill’.
- D. **ZEE ENTERTAINMENT ENTERPRISES LIMITED**, is a company incorporated under the 1956 Act with corporate identification number L92132MH1982PLC028767, and having its registered office at 18<sup>th</sup> Floor, 'A' wing, Marathon Futurex, NM Joshi Marg, Lower Parel Mumbai 400 013 (“**Resulting Company**”). The Resulting Company is in the media and entertainment business *inter alia* comprising of (a) Broadcasting of Satellite Television Channels; (b) Space Selling agent for other satellite television channels; (c) Sale of Media Content i.e. programs / film rights / feeds / music rights.
- E. In terms of this Scheme, it is now proposed, *inter alia*, to demerge the Demerged Undertakings of the Transferor Companies, and vest the same with the Resulting Company pursuant to a court sanctioned composite scheme of arrangement under Sections 391 to 394 of the 1956 Act and/or Sections 230 to 233 of the 2013 Act, and rules made thereunder, in the manner provided for in the Scheme.
- F. The demerger of the Demerged Undertakings and vesting of the same in the Resulting Company pursuant to and in accordance with this Scheme shall be in accordance with Section 2(19AA) of the IT Act.

### 1 DEFINITIONS

For the purposes of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) “**1956 Act**” means the Companies Act, 1956, and the rules, regulations, circulars, notifications, clarifications and orders issued thereunder, and to the extent in force,





- (b) “**2013 Act**” means the Companies Act, 2013, any re-enactment thereof, and the rules, regulations, circulars, notifications, clarifications and orders issued thereunder, each as amended from time to time and to the extent in force;
- (c) “**Accounting Standards**” means the generally accepted accounting principles in India complying with (i) the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006, or the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and to the extent in force, and (ii) the relevant provisions of the Companies Act;
- (d) “**Appointed Date**” means the close of business hours of March 31, 2017, or any other date as may be decided by the respective Board of Directors of the Transferor Companies and the Resulting Company, being the time and date with effect from which this Scheme shall be deemed to be effective, in the manner described in Clause 9 of this Scheme;
- (e) “**Applicable Laws**” means any statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, policy, requirement, listing regulations or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as in effect from time to time;
- (f) “**Board of Directors**” and “**Board**”, with respect to a company, means the board of directors of such company as constituted from time to time in accordance with the provisions of its Articles of Association and Applicable Laws and, unless repugnant to the subject, context or meaning thereof;
- (g) “**Companies Act**” or “**Act**” means the 1956 Act or the 2013 Act, as may be applicable, as amended or substituted by any statutory modification / re-enactment thereof;
- (h) “**Court**” means the Hon’ble High Court of Bombay and shall be deemed to include the National Company Law Tribunal, Mumbai Bench, if at any time prior to the Effective Date: (i) the National Company Law Tribunal is empowered to approve compromises, arrangements and amalgamations in terms of Section 231 to 240 of the 2013 Act by the relevant Governmental Authority, and (ii) this Scheme is filed with the National Company Law Tribunal, Mumbai Bench or pending the sanction of this Scheme by the Hon’ble High Court of Bombay, this Scheme is transferred to the National Company Law Tribunal, Mumbai Bench for its consideration and approval in terms of Applicable Laws;
- (i) “**Demerged Undertaking 1**” means the business undertaking comprising of the general entertainment television business of the Transferor Company 1, comprising of the assets and liabilities set out in the Demerger Agreement, on a going concern basis, inclusive of but not limited to all assets (movable or immovable, tangible or intangible) license for non-news and current affairs television channels “Big Magic”, “Big Ganga”, “Big Magic Punjab”, “Big Gaurav”, “Big Magic HD” (covering general entertainment, kids entertainment and music genres) including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It



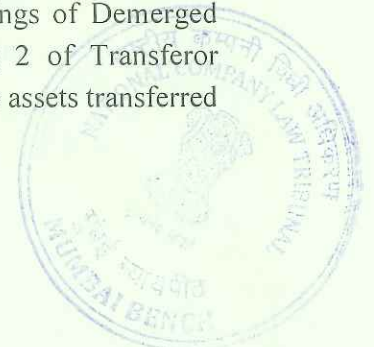


shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the general entertainment television business of the Transferor Company 1. For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking 1 of the Transferor Company 1 shall include:

- a) The liabilities, which arise out of the activities or operations of the Demerged Undertaking 1 of the Transferor Company 1;
- b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Demerged Undertaking 1 of the Transferor Company 1;
- c) Liabilities other than those referred to in sub-Clauses (a) and (b) above, and not directly relatable to the Remaining Business of Transferor Company 1, being the amounts of general or multipurpose borrowings of Demerged Company 1, allocated to the Demerged Undertaking 1 of Transferor Company 1 in the same proportion which the value of the assets transferred bears to the total value of the assets of Transferor Company 1 immediately before giving effect to this Scheme.

(j) **“Demerged Undertaking 2”** means the business undertaking comprising of acquiring content from producers and third parties of the Transferor Company 2, comprising of the assets and liabilities set out in the Demerger Agreement, on a going concern basis, inclusive of but not limited to all assets (movable or immovable, tangible or intangible) including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the content division identified as general entertainment television business of the Transferor Company 2. For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking 2 of the Transferor Company 2 shall include:

- a) The liabilities, which arise out of the activities or operations of the Demerged Undertaking 2 of the Transferor Company 2;
- b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Demerged Undertaking 2 of the Transferor Company 2;
- c) Liabilities other than those referred to in sub-Clauses (a) and (b) above, and not directly relatable to the Remaining Business of Transferor Company 2, being the amounts of general or multipurpose borrowings of Demerged Company 2, allocated to the Demerged Undertaking 2 of Transferor Company 2 in the same proportion which the value of the assets transferred





bears to the total value of the assets of Transferor Company 2 immediately before giving effect to this Scheme.

- (k) **“Demerged Undertaking 3”** means the business undertaking comprising of the general entertainment television broadcasting division of the Transferor Company 3, comprising of the assets and liabilities set out in the Demerger Agreement, on a going concern basis, inclusive of but not limited to all assets (movable or immovable, tangible or intangible) and the license for a non-news and current affairs television channel “Big Thrill” including any rights attached thereto, broadcasting rights, programming rights, telecasting rights or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax credit), the liabilities and obligations. It shall also include any personnel, intellectual property rights including rights registered for television formats of gaming based shows, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the television business of the Transferor Company 3. For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking 3 of the Transferor Company 3 shall include:
- a) The liabilities, which arise out of the activities or operations of the Demerged Undertaking 3 of the Transferor Company 3;
  - b) Specific loans and/or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Demerged Undertaking 3 of the Transferor Company 3;
  - c) Liabilities other than those referred to in sub-Clauses (a) and (b) above, and not directly relatable to the Remaining Business of Transferor Company 3, being the amounts of general or multipurpose borrowings of Demerged Company 3, allocated to the Demerged Undertaking 3 of Transferor Company 3 in the same proportion which the value of the assets transferred bears to the total value of the assets of Transferor Company 3 immediately before giving effect to this Scheme.
- (l) **“Demerged Undertakings”** means the Demerged Undertaking 1, Demerged Undertaking 2, and Demerged Undertaking 3, collectively.
- (m) **“Demerger Agreement”** means the Demerger Agreement entered into between the Transferor Companies, shareholders of transferor companies and Resulting Company on November 23, 2016.
- (n) **“Effective Date”** has the meaning assigned to such term in Clause 9 of this Scheme. Any references in this Scheme to “upon this Scheme becoming effective” or “upon the effectiveness of this Scheme” or “upon this Scheme coming into effect” means and refers to the “Effective Date”;
- (o) **“Equity Shares”**, in regard to a company, means the fully paid-up equity shares of such company;
- (p) **“Governmental Authority”** means any competent governmental, regulatory, statutory or administrative authority, agency, department, commission or instrumentality (whether local, municipal, national or otherwise), court, board or





tribunal of competent jurisdiction or other law, rule or regulation making entity having jurisdiction over any of the Transferor Companies and Resulting Company or the transactions contemplated in regard to this Scheme;

- (q) **“IT Act”** means the Income-tax Act, 1961, any re-enactment thereof and the rules, regulations, circulars and notifications issued thereunder, each as amended from time to time and to the extent in force;
- (r) **“INR”** and **“Rs.”** and **“Re.”** means Indian Rupees.
- (s) **“Preference Shares”** means 6% cumulative redeemable non-convertible preference shares of Rs. 10 each of Resulting Company to be issued to shareholders of Transferor Companies, in the manner described in Clause 5 of this Scheme and carrying the rights and subject to the terms and conditions specified in Schedule I of the Scheme.
- (t) **“Remaining Business”** of Transferor Companies means all the undertakings, businesses, activities and operations of Transferor Companies other than Demerged Undertakings;
- (u) **“RoC”** means the Registrar of Companies, Maharashtra;
- (v) **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent notified from time to time, any amendments thereof and shall include any guidelines, rules, frequently asked questions, circulars issued under such regulations from time to time;
- (w) **“Scheme”** means this Composite Scheme of Arrangement among the Transferor Companies and the Resulting Company and their respective shareholders and creditors pursuant to the provisions of Sections 391 to 394 of 1956 Act and other relevant provisions of the Companies Act, along with all schedules, and as modified or amended from time to time in accordance with Applicable Laws;
- (x) **“Transferor Companies”** means Transferor Company 1, Transferor Company 2 and Transferor Company 3, collectively.

## 2 INTERPRETATION

- (a) The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning assigned to them under the Companies Act, the IT Act and other Applicable Laws.
- (b) References to “Sections 391 to 394 of 1956 Act” in this Scheme means and shall be deemed to include references to Section 230 to 233 of the 2013 Act as and when such provisions are made effective in accordance with Applicable Laws. Any references to Sections of the 1956 Act shall be deemed to include references to the corresponding provisions of the 2013 Act, as and when such provisions are made effective in accordance with Applicable Laws.
- (c) In this Scheme, unless the context otherwise requires:



- (i) the words “including”, “include” or “includes” shall be interpreted in a manner as though the words “without limitation” immediately followed the same;
- (ii) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- (iii) the words “other”, “or otherwise” and “whatsoever” shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- (iv) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provisions of this Scheme;
- (v) the term “Clause” refers to the specified clause of this Scheme, as the case may be;
- (vi) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to legislation or statute includes any subordinate legislation made from time to time under such a legislation or statute and regulations, rules, notifications or circulars issued under such a legislation or statute;
- (vii) words in the singular shall include the plural and *vice versa*.

### 3 SHARE CAPITAL

3.1 The share capital of the Transferor Company 1 as of November 23, 2016 is as under:

| Share Capital  | Amount (Rs.)       |
|--|--------------------|
| <b>Authorized Capital</b>  |                    |
| <u>Equity</u>  |                    |
| 500,000 equity shares of face value of Rs.10 each                      | 5,000,000          |
| <u>Preference</u>  |                    |
| 400,000,000 8% cumulative redeemable preference shares of Re. 1/- each | 400,000,000        |
| <b>Total</b>   | <b>405,000,000</b> |
| <b>Issued, Subscribed and Fully Paid-up Capital</b>                    |                    |
| <u>Equity</u>  |                    |
| 10,000 equity shares of face value of Rs. 10 each                      | 100,000            |
| <u>Preference</u>  |                    |
| 304,500,000 8% cumulative redeemable preference shares of Re. 1/- each | 304,500,000        |
| <b>Total</b>   | <b>304,600,000</b> |





3.2 The share capital of the Transferor Company 2 as of November 23, 2016 is as under:

| Share Capital   | Amount (Rs.)          |
|---|-----------------------|
| <b>Authorized Capital</b>   |                       |
| <u>Equity</u>   |                       |
| 500,000 equity shares of face value of Rs. 10 each                        | 5,000,000             |
| <u>Preference</u>   |                       |
| 1,000,000,000 8% cumulative redeemable preference shares of Rs. 10/- each | 10,000,000,000        |
| <b>Total</b>  | <b>10,005,000,000</b> |
| <b>Issued, Subscribed and Fully Paid-up Capital</b>                       |                       |
| <u>Equity</u>   |                       |
| 50,000 equity shares of face value of Rs. 10 each                         | 500,000               |
| <u>Preference</u>   |                       |
| 500,000,000 8% cumulative redeemable preference shares of Rs. 10/- each   | 5,000,000,000         |
| <b>Total</b>  | <b>5,000,500,000</b>  |

3.3 The share capital of the Transferor Company 3 as of November 23, 2016 is as under:

| Share Capital   | Amount (Rs.)       |
|---|--------------------|
| <b>Authorized Capital</b>                             |                    |
| <u>Equity</u>   |                    |
| 72,000,000 equity shares of face value of Rs. 10 each | 720,000,000        |
| <b>Total</b>  | <b>720,000,000</b> |
| <b>Issued, Subscribed and Fully Paid-up Capital</b>   |                    |
| <u>Equity</u>   |                    |
| 71,142,854 equity shares of face value of Rs. 10 each | 711,428,540        |
| <b>Total</b>  | <b>711,428,540</b> |

3.4 The share capital of the Resulting Company as of November 23, 2016 is as under:



| Share Capital   | Amount (Rs.)          |
|---|-----------------------|
| <b>Authorized Capital</b>   |                       |
| <u>Equity</u>   |                       |
| 2,000,000,000 equity shares of Re.1 each  | 2,000,000,000         |
| <u>Preference Shares</u>  |                       |
| 2,100,000,000 preference shares of Rs. 10/- each  | 21,000,000,000        |
| <b>Total</b>  | <b>23,000,000,000</b> |
| <b>Issued, Subscribed and Fully Paid-up Capital</b>                                       |                       |
| <u>Equity</u>   |                       |
| 960,448,720 equity shares of Re. 1 each   | 960,448,720           |
| <u>Preference Shares</u>  |                       |
| 2,016,942,312 6% cumulative redeemable non-convertible preference shares of Rs. 10/- each | 20,169,423,120        |
| <b>Total</b>  | <b>21,129,871,840</b> |

**PART B: DEMERGER OF THE DEMERGED UNDERTAKINGS AND VESTING OF THE SAME IN THE RESULTING COMPANY**

**4 DEMERGER OF THE DEMERGED UNDERTAKINGS AND VESTING OF THE SAME IN THE RESULTING COMPANY**

4.1 Subject to the provisions of the Scheme in relation to the modalities of demerger and vesting, upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking 1, Demerged Undertaking 2 and Demerged Undertaking 3, together with all their respective properties, assets, investments, liabilities, rights, benefits, interests and obligations therein, shall demerge from the Transferor Company 1, Transferor Company 2 and Transferor Company 3, respectively and be transferred to, and stand vested in the Resulting Company, and shall become the property of and an integral part of the Resulting Company, subject to existing encumbrances, without any further act, instrument or deed and without any approval or acknowledgement of any third party. Without prejudice to the generality of the above, in particular, the Demerged Undertakings shall stand transferred to and vested in the Resulting Company, in the manner described in sub-Clauses (a) – (m) below:

- (a) Upon the Scheme coming into effect and with effect from the Appointed Date, all immovable property pertaining to the Demerged Undertakings, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed and without any approval or acknowledgement of any third party. Upon the Scheme coming into effect, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to and interest in such immovable





properties shall be made and duly recorded in the name of the Resulting Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Court and the Scheme becoming effective in accordance with the terms hereof. The Transferor Companies shall take all steps as may be necessary to ensure that lawful and peaceful possession, right, title, interest of such immovable property of the Demerged Undertakings is given to the Resulting Company in accordance with the terms hereof.

- (b) Upon the Scheme coming into effect and with effect from the Appointed Date, all the assets of the Demerged Undertakings as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by transfer or by vesting and recording pursuant to the Scheme, shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed and without any approval or acknowledgement of any third party. The transfer and vesting pursuant to this sub-Clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being transferred and vested, and the title to such property shall be deemed to have transferred and vested accordingly.
- (c) Upon the Scheme coming into effect and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including all sundry debts and receivables, outstanding loans and advances, if any, relating to the Demerged Undertakings, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons shall, without any act, instrument or deed and without any approval or acknowledgement of any third party become the property of the Resulting Company.
- (d) Upon the Scheme coming into effect and with effect from the Appointed Date, all debts, liabilities, duties and obligations, secured or unsecured, relating to the Demerged Undertakings disclosed in the balance sheet of such Demerged Undertakings, including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act, shall become and be deemed to be, the debts, liabilities, duties and obligations of the Resulting Company, without any further act, instrument or deed. The Resulting Company shall meet, discharge and satisfy the same to the exclusion of the Transferor Companies. 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. However, the Transferor Companies and the Resulting Company shall, if required, file appropriate forms with the RoC accompanied by the sanction order of the Court or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction/modification of charges to the satisfaction of the lenders, in relation to the assets being transferred to the Resulting Company as part of the Demerged Undertakings and/or in relation to the assets remaining in the Transferor Companies after the demerger and vesting of the Demerged Undertakings in the





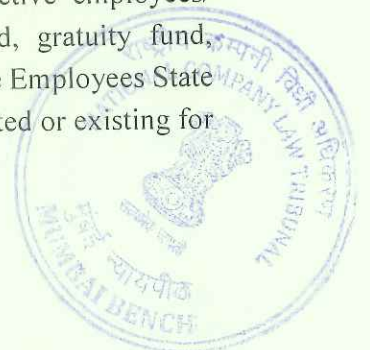
Resulting Company pursuant to this Scheme becoming effective in accordance with the terms hereof.

- (e) Upon the Scheme coming into effect and with effect from the Appointed Date, all incorporeal or intangible property of or in relation to the Demerged Undertakings shall stand transferred to and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company without any further act, instrument or deed and without any approval or acknowledgement of any third party.
- (f) Upon the Scheme coming into effect and with effect from the Appointed Date, all letters of intent, memoranda of understanding, memoranda of agreements, tenders, bids, experience and/or performance statements, contracts, deeds, bonds, agreements, insurance policies, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of whatsoever nature or description, in relation to the Demerged Undertakings to which the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible, shall be in full force and effect against or in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Companies, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed and without any approval or acknowledgement of any third party.
- (g) Upon the Scheme coming into effect and with effect from the Appointed Date, all rights, entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos, patents and other intellectual property rights of every kind and description, whether registered, unregistered or pending registration, and the goodwill arising there from, relating to the Demerged Undertakings, to which either the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible or entitled, shall become the rights, entitlement or property of the Resulting Company and shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Transferor Companies, the Resulting Company had been a party or beneficiary or obligee thereto or the holder or owner thereof, without any further act, instrument or deed and without any approval or acknowledgement of any third party.
- (h) Upon the Scheme coming into effect and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses and registrations, approvals, clearances, tenancies, privileges, powers, taxes, tax credits (including, but not limited to, credits in respect of income tax (including carry forward tax losses including unabsorbed depreciation), sales tax, value added tax, turnover tax, excise duty, service tax, minimum alternate tax credit, facilities of every kind and description of whatsoever nature, in relation to the Demerged Undertakings to which any of the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible, shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Transferor Companies, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed and without any approval or acknowledgement of any third party.





- (i) Upon the Scheme coming into effect and with effect from the Appointed Date, any statutory or regulatory licenses, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights required to carry on the operations of the Demerged Undertakings or granted to the Transferor Companies in relation to the Demerged Undertakings shall stand transferred and vested in the Resulting Company, without any further act, instrument or deed and without any approval or acknowledgement of any third party. The benefit of, and the obligations under, all such statutory and regulatory licences, permissions, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights required to carry on the operations of the Demerged Undertakings shall also stand transferred to and vested in and become available to the Resulting Company pursuant to this Scheme without any further act, instrument or deed and without any approval or acknowledgement of any third party. If the consent or recordal of any licensor or authority is required to give effect to the provisions of this sub-Clause, the said licensor or authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to the Scheme becoming effective in accordance with the terms hereof.
- (j) Upon the Scheme coming into effect and with effect from the Appointed Date, the Resulting Company shall bear the burden and the benefits of any legal, tax, quasi judicial, administrative, regulatory or other proceedings initiated by or against the Transferor Companies in connection with the Demerged Undertakings. If any suit, appeal or other proceeding of whatever nature by or against the Transferor Companies in connection with the Demerged Undertakings be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the demerger of such Demerged Undertakings and transfer and vesting of the same in the Resulting Company or of anything contained in this Scheme but the proceedings maybe continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made effective. Upon the Scheme becoming effective, the Resulting Company shall have such legal or other proceedings initiated by or against the Transferor Companies in relation to the Demerged Undertakings transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Transferor Companies.
- (k) Upon the Scheme coming into effect and with effect from the Appointed Date, all persons who were employed in the Transferor Companies in connection with the Demerged Undertakings immediately before such date shall become employees of the Resulting Company, with the benefit of continuity of service on the terms and conditions no less favourable than those applicable to such employees immediately prior to such transfer and vesting and without any break or interruption in service. The Resulting Company shall continue to abide by any agreement/ settlement, if any, entered into by the Transferor Companies, in relation to the Demerged Undertakings, in respect of such employees with their respective employees/ employee unions, if any. With regard to the provident fund, gratuity fund, superannuation fund, contributions required to be made under the Employees State Insurance Act, 1948, or any other special fund or obligation created or existing for





the benefit of such employees of the Transferor Companies, upon the Scheme coming into effect and with effect from the Appointed Date, the Resulting Company shall stand substituted for the Transferor Companies for all purposes whatsoever including with regard to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident benefits, gratuity benefits and superannuation benefits, contributions made under the Employees State Insurance Act, 1948, or any other special benefits or obligation, if any, created by the Transferor Companies for the employees of the Demerged Undertakings shall be continued by the Resulting Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to such schemes or benefits shall become those of the Resulting Company. Further, upon the Scheme coming into effect, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Transferor Companies in relation to the Demerged Undertakings shall be continued/continue to operate against the relevant employee and shall be enforced effectively by the Resulting Company.

(I) It is clarified that in accordance with applicable provisions of tax laws upon the Scheme coming into effect and with effect from the Appointed Date:

- (i) all tax liabilities, tax dues, any tax deducted at source deducted or suffered or any entitlement to refund / advance tax paid and all obligations of and claims by or on behalf of the Transferor Companies in relation to the Demerged Undertakings until the Appointed Date shall continue to remain the obligations, entitlements and claims of the Transferor Companies;
- (ii) to the extent permitted by section 72A(4) of the IT Act carry forward tax losses and unabsorbed depreciation of the Transferor Companies in relation to the Demerged Undertakings until the Appointed Date shall be treated as the carry forward tax losses and unabsorbed depreciation, as the case may be, of the Resulting Company and shall be available for utilisation by the Resulting Company;
- (iii) all indirect tax credit (including Modvat/ Cenvat / service tax etc) of the Transferor Companies in relation to the Demerged Undertakings until the Appointed Date shall be treated as credit of, the Resulting Company and shall be available for utilisation by the Resulting Company;
- (iv) all future incentives, un-availed credits and exemptions and other statutory benefits whether relating to direct or indirect taxes including but not limited to excise (including Modvat/ Cenvat), customs, value added tax, sales tax, service tax to which any of the Transferor Companies is entitled in relation to the Demerged Undertakings shall be available to and shall stand transferred and vested in the Resulting Company without any further act, instrument or deed required by either the Resulting Company or the Transferor Companies and without any approval or acknowledgement of any third party as if all such incentives and entitlements had arisen to and were always the incentives and entitlements of the Resulting Company.





(m) Upon the Scheme coming into effect, the Transferor Companies and the Resulting Company shall be entitled to file/ revise/reopen their respective financial statements (including balance sheet and profit and loss statement) and its statutory/tax returns and related tax payment certificates and to claim refunds/credits and advance tax/ TDS/minimum alternate tax credits as may be required consequent to the implementation of the Scheme.

4.2 The Transferor Companies and/ or the Resulting Company, as the case may be, shall at any time upon the Scheme coming into effect and in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertakings to which the Transferor Companies has been a party, in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on part of the Transferor Companies. It is clarified that notwithstanding Clause 14 of the Scheme, the acts mentioned in this Clause 4.2 shall be done at the cost of the Resulting Company, and no Transferor Company shall be liable or responsible to ensure that any counterparty to the aforementioned contract or arrangement gives effect to any of the aforementioned deeds, writings or arrangements.

4.3 Upon the Scheme coming into effect and with effect from the Appointed Date, the Resulting Company shall be entitled to claim the benefit of the past experience and/or performance of the Transferor Companies in relation to Demerged Undertakings for all purposes without any further act, instrument or deed and without any approval or acknowledgement being required from any third party. If any instrument or deed or document is required or deemed necessary or expedient to give effect to the provisions of this Clause by the Resulting Company, the Transferor Companies shall duly execute the same and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to the Scheme becoming effective in accordance with the terms hereof. The Resulting Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Companies. It is clarified that notwithstanding Clause 14 of the Scheme, the acts mentioned in this Clause 4.3 shall be done at the cost of the Resulting Company, and no Transferor Company shall be liable or responsible to ensure that any relevant counterparty or third party gives effect to any of the aforementioned instrument or deed or document.

#### 4.4 Conduct of Business

(a) With effect from the Appointed Date and up to and including the Effective Date:

(i) The Transferor Companies shall carry on and be deemed to have been carrying on all the business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the contracts, liabilities or property or assets or the benefit or obligations thereof or thereunder pertaining to the Demerged Undertakings for and on behalf of and in trust for the Resulting Company.





(ii) All profits/benefits accruing to the Transferor Companies in relation to the Demerged Undertakings and all taxes thereof or losses, expenses and/ or interest arising or incurred by it shall, for all purposes, be treated as the profits, benefits, taxes or losses and/ or interest, as the case may be, of the Resulting Company.

(b) Subject to the provisions of Clause 4.4(a) hereinabove, in the event any asset, contract, document, liability or property or the rights, interest, obligations and benefits thereof or thereunder (including without limitation, shipping documents, bills of entry, foreign inward remittance certificates and bank realization certificates), which is a part of the Demerged Undertakings does not get automatically transferred to the Resulting Company upon the Scheme coming into effect on the Effective Date, the Transferor Companies shall take all necessary steps and execute all necessary documents, to ensure the transfer of such asset, contract, document, liability and property or the rights, interest, obligations and benefits thereof and thereunder to the Resulting Company forthwith after the Effective Date without any further consideration and until the transfer of any such asset, the Resulting Company will have the right to use the same without payment of any additional consideration. It is clarified that notwithstanding Clause 14 of the Scheme, the acts mentioned in this Clause 4.4(b) shall be done at the cost of the Resulting Company, and no Transferor Company shall be liable or responsible to ensure that any relevant counterparty or third party gives effect to any of the aforementioned documents. It is clarified that even after the Scheme comes into effect on the Effective Date, the Transferor Companies shall, with the written consent of the Resulting Company, be entitled to realize or pay all monies and to complete, enforce or discharge all pending contracts, arrangements or obligations in relation to the Demerged Undertakings in trust and at the sole cost and expense of the Resulting Company in so far as may be necessary until all rights and obligations of the Transferor Companies in respect of such pending contracts, arrangements or obligations stand fully devolved to and in favour of the Resulting Company.

#### 4.5 REMAINING BUSINESS OF THE TRANSFEROR COMPANIES

The Remaining Business of the Transferor Companies and all other assets, liabilities, incentives, rights and obligation pertaining thereto shall continue to be vested in and managed by the respective Transferor Companies such that with effect from the Appointed Date:

- (a) Each of the Transferor Companies shall be deemed to have been carrying on and to be carrying on all of their respective business and activities relating to the Remaining Business for and on their own behalf;
- (b) All profit accruing to the Transferor Companies thereon or losses arising or incurred by it relating to their Remaining Business shall, for all purpose, be treated as the profit, or losses, as the case may be, of the respective Transferor Companies;
- (c) Any of the Transferor Companies may enter into such contracts as they may deem necessary in respect of their respective Remaining Business;





- (d) All assets and properties acquired by any Transferor Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in such Transferor Company; and
- (e) All liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the Remaining Business shall belong to and continue to remain vested in the respective Transferor Companies.

## PART C: CONSIDERATION AND ACCOUNTING TREATMENT

### 5 CONSIDERATION

- 5.1 Upon the Scheme coming into effect and with effect from the Appointed Date, and upon the transfer of the Demerged Undertakings and vesting of the same in the Resulting Company, the Resulting Company shall specify a date subsequent to the filing of the order of the Court sanctioning the Scheme with the RoC for determining the eligibility for issue and allotment of the unlisted Preference Shares of the Resulting Company to the equity shareholders and the preference shareholders of the Transferor Companies, in consideration for the demerger of the Demerged Undertakings.
- 5.2 The boards of directors of the Resulting Company and the Transferor Companies, respectively have determined the consideration payable to the shareholders of Transferor Companies and within 7 (seven) days from Effective Date
  - (a) For all the equity shares of Rs 10/- each held in Transferor Company 1, 1 (one) fully paid-up Preference Share of Rs 10/- each shall be issued in the Resulting Company;
  - (b) For all the Preference Shares held in Transferor Company 1; 933,954 (nine lakhs thirty three thousand nine hundred and fifty four) fully paid up Preference Shares of Rs 10/- each shall be issued in the Resulting Company;
  - (c) For all the equity shares of Rs 10/- each held in the Transferor Company 2, 1 (one) fully paid-up Preference Share of Rs 10/- each shall be issued in the Resulting Company;
  - (d) For all the Preference Shares held in Transferor Company 2; 17,44,716 (seventeen lakhs forty four thousand seven hundred and sixteen) fully paid-up Preference Shares of Rs 10/- each shall be issued in the Resulting Company; and
  - (e) For all the equity shares of Rs 10/- each held in the Transferor Company 3, 12,70,433 (twelve lakhs seventy thousand four hundred thirty three) fully paid-up Preference Shares of Rs 10/- each shall be issued in the Resulting Company.
- 5.3 The Resulting Company shall, without requiring any further act or deed by the shareholders of the Transferor Companies or any other person, issue and allot to every shareholder of the Transferor Companies within 7 (seven) days from Effective Date, the requisite number of Preference Shares of the Resulting Company as per Clause 5.2.
- 5.4 It is hereby clarified that while issuing Preference Shares by the Resulting Company to any equity or preference shareholder, as the case may be, of the Transferor Companies in





respect of fractional entitlements, if any, as on the date referred to in Clause 5.1, of such equity or preference shareholder, such fractional entitlements, if any, of such equity or preference shareholders of the Transferor Companies shall be rounded off to the nearest highest integer.

5.5 On the approval of the Scheme by the equity and preference shareholders of the Resulting Company pursuant to Section 391 of the 1956 Act and/ or the relevant provisions of the 2013 Act, if applicable, it shall be deemed that preference and equity shareholders of the Resulting Company have also accorded their consent under sections 23, 42, 55 and 62 of the 2013 Act and/or other provisions of the Act and rules made thereunder as may be applicable for the aforesaid issuance of Preference Shares of the Resulting Company, as the case may be, to the shareholders of the Transferor Companies, and all actions taken in accordance with this Clause 5 of this Scheme shall be deemed to be in full compliance of sections 23, 42, 55 and 62 of the 2013 Act and other applicable provisions of the Act and that no further resolution or actions under sections 42, 55 and 62 of the 2013 Act and/or any other applicable provisions of the Act and ruled made thereunder, including, *inter alia*, issuance of a letter of offer by the Resulting Company shall be required to be passed or undertaken.

#### 5.6 Terms of Preference Shares

- (a) The Preference Shares shall be issued on terms and conditions consistent with the principal terms and conditions set out in Schedule I.
- (b) The Preference Shares shall be issued in dematerialized form and shall not be listed in any stock exchange(s) unless required by any extant regulations.

### 6 ACCOUNTING TREATMENT

6.1 Treatment in the books of Resulting Company: Pursuant to the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Resulting Company shall provide for the following accounting treatment in its books of accounts:

- (a) The Resulting Company shall record the assets and liabilities of the Demerged Undertakings, transferred to and vested in it pursuant to this Scheme, at their respective fair values which are also the values appearing in the books of account of the Demerged Undertakings.
- (b) The Resulting Company shall account for preference shares issued to the shareholders of the Transferor Companies on terms and conditions set out in Schedule I to this Scheme at par.
- (c) The surplus / deficit between the value of Net Assets ("Net Assets" means excess of value of assets over the value of liabilities as per Clause 6.1 (a)) pertaining to the Demerged Undertakings and the amount of Preference Shares issued under Clause 5.2 above shall be credited to Capital Reserve / debited to Goodwill as the case may be.
- (d) In case of any difference in accounting policy between the Transferor Companies and the Resulting Company, the impact of the same till the arrangement takes effect shall be quantified and adjusted in the Capital Reserve / Goodwill of the Resulting Company, as the case may be, to ensure that the financial statements of the





Resulting Company reflect the financial position on the basis of consistent accounting

6.2 Treatment in the books of Transferor Companies: Pursuant to the Scheme coming into effect with effect from the Appointed Date, the Transferor Companies shall account for the demerger, in their respective books of accounts in accordance with the Accounting Standards in the following manner:

- (a) The Transferor Companies shall reduce from their respective books of accounts, the book values appearing as at that Appointed Date of all assets and liabilities pertaining to the respective Demerged Undertakings.
- (b) The difference, being excess of book value of liabilities over the book value of assets of the Transferred Undertaking, demerged from the Transferor Companies pursuant to this Scheme shall be credited to the capital reserve account in the books of the respective Transferor Companies. In case there is a deficit, the same shall be charged to the profit and loss account in the books of the respective Transferor Companies.
- (c) Any matter not dealt with in this Clause 6.2 shall be dealt with in accordance with the applicable Accounting Standards.

#### **PART D: GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME**

##### **7 APPLICATION TO THE COURT**

Subject to Clause 10, each of the Transferor Company 1, Transferor Company 2, Transferor Company 3 and the Resulting Company shall, as may be required, make applications and/or petitions under sections 391 to 394 of the 1956 Act and/ or other applicable provisions of the Act to the Court for sanction of this Scheme and all matters ancillary or incidental thereto.

##### **8 CONDITIONALITY OF THIS SCHEME**

8.1 The Transferor Companies and the Resulting Company shall file the Scheme with the Court upon the fulfillment of the following conditions:

- (a) Receipt of approval from the Board of the Resulting Company and Transferor Companies;
- (b) Receipt of No-objection letter and/or Observation letter from stock exchange(s) to the Resulting Company pursuant to SEBI Listing Regulations;

8.2 The Transferor Companies and the Resulting Company shall file

- (a) requisite petition(s) with the Court for approval of the Scheme upon receipt of approval from equity / preference shareholders and/or creditors as the case may be; and
- (b) the certified copy of the order of the Court approving this Scheme with the RoC upon the satisfaction (or waiver in writing) of such other conditions as may be mutually agreed between the Transferor Companies and the Resulting Company in writing.





8.3 In the event any of the sanctions, consents or approvals referred to in the Clause 8.1 above is not obtained or received and/or the Scheme, or any part thereof, has not been sanctioned by the Court, by March 31, 2018, the Boards of each of the Transferor Companies and the Resulting Company, shall, by mutual agreement, determine whether:

- (a) this Scheme shall stand revoked and cancelled in entirety and shall be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or under applicable law and in such event, each party shall bear and pay its respective costs, charges and expenses for and in connection with the Scheme; and/or
- (b) such part shall be severable from the remainder of the Scheme (or any Clause thereof) and the Scheme (or any Clause thereof) shall not be affected thereby, unless the deletion of such part shall cause the Scheme (or any Clause thereof) to become materially adverse to any party, in which case the Transferor Companies and the Resulting Company (acting through their respective Boards) shall attempt to bring about a modification in the Scheme (or any Clause thereof), as will best preserve for the parties, the benefits and obligations of this Scheme (or any Clause thereof), including but not limited to such part.

## 9 EFFECTIVENESS OF THIS SCHEME

9.1 Subject to fulfilment of the conditions set forth in Clause 8 of this Scheme, this Scheme shall become effective on the date on which each of the Transferor Company 1, Transferor Company 2, Transferor Company 3 and the Resulting Company file the certified copies of the orders of the Court sanctioning this Scheme with the RoC ("Effective Date"). For the avoidance of doubt it is being clarified that in case the above-mentioned filings are made on different dates, then the last date on which such filings are made with RoC shall be deemed to be the Effective Date.

9.2 Upon the sanction of this Scheme and after this Scheme has become effective in terms of Clause 9.1 of this Scheme with effect from the Appointed Date, the demerger of the Demerged Undertakings of the Transferor Companies, and the vesting of the same in the Resulting Company shall be deemed to have occurred, pursuant to this Scheme, in accordance with section 2(19AA) of the IT Act and pursuant to the provisions of sections 391 to 394 of 1956 Act and/or sections 230 to 233 (if applicable) and other relevant provisions of the 2013 Act and other relevant provisions of the Act.

9.3 Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date once this Scheme becomes effective.

## 10 IMPLEMENTATION STEPS AND PROTECTIVE COVENANTS

The Transferor Companies and the Resulting Company shall execute such agreements / documents as may be necessary (i) for implementation of the Scheme and for facilitating the integration of the Demerged Undertakings into the Resulting Company; and (ii) to provide representations, warranties and indemnities in favor of the shareholders of the Resulting Company.





11 **MODIFICATIONS/AMENDMENTS TO THIS SCHEME**

11.1 The Transferor Companies and the Resulting Company, through their respective Boards (which shall include any committee constituted by the respective boards) may assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Court and/ or any other authority may deem fit to direct or impose or which may be otherwise considered necessary, desirable or appropriate by them.

11.2 The Transferor Companies and the Resulting Company, acting through their respective authorized representatives, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any authority or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

12 **WITHDRAWAL OF THIS SCHEME**

The Transferor Companies and the Resulting Company may through mutual consent and acting through their respective Board of Directors withdraw this Scheme from the Court.

13 **SEVERABILITY**

If any part of this Scheme is invalid, ruled illegal by any court / Governmental Authority, or unenforceable under present or future laws, then it is the intention of the Transferor Companies and the Resulting Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Transferor Companies or Resulting Company, in which case the Transferor Companies or Resulting Company may, through mutual consent and acting through their respective Board of Directors, attempt to bring about appropriate modification to this Scheme, as will best preserve for each of them, the benefits and obligations of this Scheme, including but not limited to such part.

14 **COSTS, CHARGES AND EXPENSES**

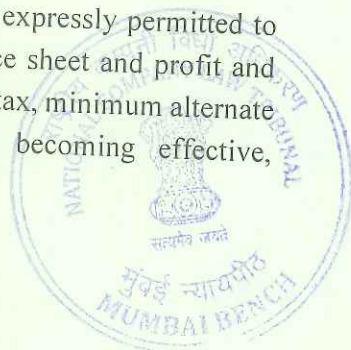
Each of the Transferor Companies and the Resulting Company, shall bear all their respective costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in making this Scheme effective and matters incidental thereto.

15 **STAMP DUTY**

The stamp duty payable in respect of the order of the Court sanctioning this Scheme will not exceed the limits prescribed under the Maharashtra Stamp Act, 1958. The stamp duty payable in respect of the order of the Court sanctioning this Scheme will be shared equally between the Resulting Company on one hand and the Transferor Companies on the other hand.

16 **FILING / AMENDMENT OF RETURNS, ETC.**

16.1 Each of the Transferor Companies and the Resulting Company is expressly permitted to file/revise/reopen their financial statements (including their balance sheet and profit and loss statement) and income tax, wealth tax, service tax, value added tax, minimum alternate tax and other statutory returns, consequent to the Scheme becoming effective,



notwithstanding that the period for filing/ revising such statements/returns may have lapsed, in order to give full effect to the Scheme, without requiring/ seeking any additional consent or approval under any applicable laws/rules and regulations. Each of the Transferor Companies and the Resulting Company is expressly permitted to amend tax deduction at source and other statutory certificates and shall have the right to claim refunds, advance tax credits, minimum alternate tax, set offs and adjustments relating to their respective incomes/ transactions from the Appointed Date, as the case may be.

- 16.2 It is specifically declared that the taxes/ duties paid by the Transferor Companies in relation to the business of each of its Demerged Undertakings, as the case may be, shall be deemed to be the taxes/ duties paid by the Resulting Company and the Resulting Company shall be entitled to claim credit for such taxes deducted/ paid against its tax/ duty liabilities notwithstanding that the certificates/ challans or other documents for payment of such taxes/duties are in the name of the Transferor Companies.

#### 17 REPEAL AND SAVINGS

Any direction or order given by the Court under the provisions of the 1956 Act and any act done by any of the Transferor Companies or the Resulting Company based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the 2013 Act. Accordingly, the provisions of the 2013 Act shall not be required to be separately complied with, in relation to acts done by the Transferor Companies or the Resulting Company as per direction or order of the Court sanctioning this Scheme.





**SCHEDULE I**

**TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES**

|             |   |
|-------------|---|
| Issuer      | Zee Entertainment Enterprises Limited   |
| Instrument  | Cumulative Redeemable Non-convertible Preference Shares   |
| Face value  | Rs. 10  |
| Coupon Rate | 6% p.a.   |
| Tenure      | 3 years from the date of allotment  |
| Redemption  | The Resulting Company shall have an option to redeem the Preferences Shares any time within 3 years from the date of allotment of such Preference Shares, at par. |
| Listing     | The Preference Shares will not be listed on any stock exchange(s) unless required by the extant regulations.  |

Certified True Copy  
 Date of Application 13/07/2017  
 Number of Pages 23  
 Fee Paid Rs. 115  
 Applicant called for collection copy on 14/07/2017  
 Copy prepared on 14/07/2017  
 Copy issued on 14/07/2017

*Venus*

Deputy Director  
 National Company Law Tribunal, Mumbai Bench



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH

COMPANY SCHEME PETITION NO. 455 OF 2017

In the matter of the Companies Act, 2013

And

In the matter of Section 230 to Section 233 and other applicable provisions of Companies Act, 2013

And

In the matter of Composite Scheme of Arrangement among Reliance Big Broadcasting Private Limited ("Transferor Company 1" or "RBBPL") and Big Magic Limited ("Transferor Company 2" or "BML") and Azalia Broadcast Private Limited ("Transferor Company 3" or "ABPL") and Zee Entertainment Enterprises Limited ("Resulting Company" or "ZEEL") and their respective Shareholders and Creditors ("Scheme")

Zee Entertainment Enterprises Limited ... Petitioner Company

FOR HEMANT SETHI & CO.

Advocates for the Applicant.

1602, Nav Parmanu, Behind Amar Cinema,

Chembur Mumbai – 40007

