

FOR THE ATTENTION OF SHAREHOLDERS OF SAREGAMA INDIA LIMITED

The Hon'ble National Company Law Tribunal, Kolkata Bench ("**Tribunal**") *vide* its order dated 22<sup>nd</sup> June, 2023 ("**Tribunal Order**"), sanctioned the Scheme of Arrangement between Saregama India Limited ("**Company/Demerged Company**") and Digidrive Distributors Limited ("**Resulting Company**") and their respective shareholders and creditors, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**") providing, *inter alia*, for demerger, transfer and vesting of the Demerged Undertaking (*as defined in the Scheme*) from the Company into the Resulting Company on a *going concern* basis and issue of equity shares by the Resulting Company to the shareholders of the Company, in consideration thereof, in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

Pursuant to the Scheme, assets and liabilities relating to the Demerged Undertaking (*as defined in the Scheme*) of the Company, have been transferred at their respective book values to the Resulting Company respectively with effect from 1<sup>st</sup> April, 2022 ("**Appointed Date**").

In accordance with the provisions of the Scheme, Resulting Company shall, issue and allot, 1 (One) fully paid up equity share of INR 10 (Indian Rupees Ten only) each of the Resulting Company, for every 5 (Five) equity shares of INR 1 (Indian Rupees One only) each of the Company, to the shareholders of the Company whose names are recorded in the register of members and records of the depository as on the Record Date (i.e., Thursday, 27<sup>th</sup> July, 2023).

This communication is being issued for general guidance of the shareholders of the Company in relation to the method of calculation of the cost of acquisition of the Company's shares between the equity shares of the Company and the Resulting Company as per the provisions of the Income-tax Act, 1961 ("**IT Act**"). The shareholders are advised to seek legal opinion, should they feel it necessary.

The Scheme satisfies the provisions of section 2(19AA) of the IT Act and hence the arrangement specified in the Scheme is in compliance with the provisions of the IT Act. In accordance with the provisions of section 47(vi)(d) of the IT Act, the arrangement/demerger specified in the Scheme will not be taxable in the hands of the shareholders.

**Apportionment of cost of acquisition of equity shares of Saregama India Limited and Digidrive Distributors Limited**

In accordance with the provisions of section 49(2C) of the IT Act, the cost of acquisition of the equity shares in the Resulting Company shall be the amount which bears to the cost of acquisition of shares held in the Company in the same proportion as the net book value of assets transferred pursuant to demerger to the net worth of the Company immediately before such demerger.

In accordance with the provisions of section 49(2D) of the IT Act, cost of acquisition of the original shares held by the shareholder in the Company shall be deemed to have been reduced by the cost of acquisition of the equity shares in the Resulting Company computed as per section 49(2C) of the IT Act.

For the purpose of determining the post demerger cost of acquisition of the equity shares of the Company and the cost of equity shares of the Resulting Company under the IT Act, the shareholders are

advised to apportion their pre-demerger cost of acquisition of the Company's equity shares in the following manner:

Name of the Company	% of cost of acquisition of the Company's equity shares
Saregama India Limited	93.74%
Digidrive Distributors Limited	6.26%
<b>Total</b>	<b>100.00%</b>

In accordance with the provisions of section 2(42A)(g) of the IT Act, for reckoning the period of holding on the date of sale, the period for which the shares were held in the Company prior to the demerger shall be included.

The Company has been advised that as per Section 47(vi)(d) of the IT Act, the issue of shares by the Resulting Company pursuant to the Scheme, will not be regarded as transfer and, accordingly, the date of acquisition of the equity shares of the Company will be deemed to be the date of acquisition for the equity shares of the Resulting Company also.

*The communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The Company takes no express or implied liability in relation to this guidance. The concerned regulatory, statutory or judicial authority, including any assessing officer/ appropriate appellate authority, could take a different view. Please note that if there is any change, including change having retrospective effect in the statutory laws, regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. The Company and/or the Resulting Company do not take the responsibility of updating this communication at any time in future.*

You are requested to kindly take the abovementioned on record and oblige.

Thanking you,

Yours Faithfully,

For **SAREGAMA INDIA LIMITED**

**PRIYANKA** Digitally signed by  
PRIYANKA MOTWANI  
**MOTWANI** Date: 2023.08.04  
11:27:30 +05'30'

**Priyanka Motwani**  
**Company Secretary and Compliance Officer**