

SCHEME OF ARRANGEMENT

BETWEEN

SAREGAMA INDIA LIMITED
("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

(A) DESCRIPTION OF COMPANIES

1. Saregama India Limited ("Demerged Company") is a public company incorporated under the provisions of the Indian Companies Act, 1913. The Demerged Company is engaged in the business of manufacturing and sale of music storage device viz. carvaan, music card, audio compact discs, digital versatile discs and dealing with related music rights. The Demerged Company is also engaged in production and sale/ telecast/ broadcast of films, TV serials, pre-recorded programmes and dealing in film rights. The equity shares of the Demerged Company are listed on BSE Limited and the National Stock Exchange of India Limited.
2. Digidrive Distributors Limited ("Resulting Company") is a public company incorporated under the provisions of the Act (*as defined hereinafter*). The Resulting Company is incorporated to create a specialised master distributor for retailing goods on all digital marketplaces. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

(B) OVERVIEW OF THE SCHEME

1. This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions of the Act read with Section 2(19AA) and other applicable provisions of the Income Tax Act (*as defined hereinafter*) and provides for the demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis.
2. This Scheme also provides for various other matters consequent and incidental thereto.

(C) RATIONALE

The Demerged Company sells all its physical products including carvaan, directly and through distributors, appointed exclusively for selling on digital media medium. Online marketplace has considerable potential, and skills acquired by the Demerged Company in the recent past can be utilized to manage end-to-end distribution activity, and with a potential to add many more products. This will also benefit the Demerged Company's business, as the negotiation strength generated by the distributors by selling a suite of products will help accelerate carvaan sales too.



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Therefore, the Demerged Company intends to create a specialized master distributor for retailing all its physical products including carvaan on all digital marketplaces. Such distributor may also offer its sales & marketing services to other market participant. Accordingly, the Demerged Company intends to demerge its E-Commerce Distribution Business alongwith identified non-core assets, into the Resulting Company which, *inter alia*, will result in the following benefits:

- (a) unlocking the value of each of the business for the shareholders of the Demerged Company, attracting investors and providing better flexibility in accessing capital;
- (b) segregating different businesses having different risk profiles and returns, and providing investors with better flexibility to select investments which best suit their investment strategies and risk profile; and
- (c) enabling focused growth strategy for each of the businesses for exploiting opportunities specific to each business.

The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- 1. **PART I** deals with the definitions, share capital of the Parties, date of taking effect and implementation of this Scheme;
- 2. **PART II** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a *going concern* basis; and
- 3. **PART III** deals with the general terms and conditions applicable to this Scheme.

PART I

**DEFINITIONS, SHARE CAPITAL OF THE PARTIES AND DATE OF
TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME**

1. DEFINITIONS

- 1.1 In this Scheme, (a) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (b) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013;

"Applicable Law" or "Law" means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, Tribunal; (b) Permits; and (c) orders, decisions, injunctions, judgments,



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awards and decrees of or agreements with any Appropriate Authority (*as defined hereinafter*) having jurisdiction over the Parties as may be in force from time to time;

"Appointed Date" means the opening business hours of 1 April 2022 or such other date as may be agreed between the Parties;

"Appropriate Authority" means:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunals, central bank, commission or other authority thereof;
- (b) any governmental, quasi-governmental or private body, self regulatory organisation, or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI, Stock Exchanges; and
- (c) the Tribunal.

"Board" in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;

"Demerged Company" means Saregama India Limited, a public company incorporated under the Indian Companies Act, 1913 and having its corporate identity number L22213WB1946PLC014346 and registered office at 33, Jessore Road, Dum Dum, Kolkata-700 028, West Bengal;

"Demerged Undertaking" means the entire E-Commerce Distribution Business along with its ancillary services, units, undertakings, assets, properties, investments, and liabilities of whatsoever nature and kind and wherever situated, (other than the Remaining Business) of the Demerged Company, together in relation to and pertaining to or identified as relating to the E-Commerce Distribution Business, as of the Appointed Date, and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software (including firmware and other software embedded in hardware devices), software code (including source code and executable or object code), subroutines, interfaces, including application programming interfaces, and necessary algorithms, applications and related data, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, rights as lessee, leave and license permissions, goodwill, customer relationships and other intangibles, websites, portals, domain names, or any applications for the above, assignments and



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grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the E-Commerce Distribution Business;

- (b) any and all memberships and registrations of the Demerged Company in relation to and pertaining to the E-Commerce Distribution Business;
- (c) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the E-Commerce Distribution Business;
- (d) all contracts, agreements, declarations, statements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the distributor(s), supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description including all client registration forms/ KYC (know your customer) records/ POAs (power of attorney) issued by clients, client records, authorisations, client details, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the E-Commerce Distribution Business;
- (e) all other rights including sales tax deferrals and exemptions and other benefits, the input credit balances (including, State Goods & Service Tax ("SGST"), Integrated Goods and Services Tax ("IGST") and Central Goods and Service Tax ("CGST") credits under the goods and service tax laws, CENVAT/ MODVAT credit balances under Central Excise Act, 1944, sales tax law, duty drawback claims, rebate receivables, refund and advance, all customs duty benefits and exemptions, export and import incentives and benefits or any other benefits/ incentives/ exemptions given under any policy announcements issued or promulgated by the government of India or state government or any other government body or authority or any other like benefits under any statute) receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the E-Commerce Distribution Business, whether or not so recorded in the books of the Demerged Company;
- (f) all Tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including minimum alternate tax paid under Section 115JA/ 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act or any other Taxation statute enjoyed by the Demerged



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Company pertaining to the E-Commerce Distribution Business;

- (g) all debts, borrowings and liabilities, whether present, future or contingent or deferred tax liabilities, whether secured or unsecured, pertaining to the E-Commerce Distribution Business;
- (h) all Permits, licences, approvals, registrations, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property rights of the Demerged Company pertaining to its E-Commerce Distribution Business, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the E-Commerce Distribution Business;
- (i) entire experience, credentials, past record and market share of the Demerged Company pertaining to the E-Commerce Distribution Business;
- (j) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, pertaining to the E-Commerce Distribution Business of the Demerged Company; and
- (k) all employees of the Demerged Company engaged in the E-Commerce Distribution Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

"E-Commerce Distribution Business" means and includes the entire distribution business of the Demerged Company relating to sale of all its physical products including carvaan on digital marketplaces alongwith identified non-core assets and other activities and/ or arrangements incidental or relating thereto;

"Effective Date" means the date on which last of the conditions specified in Clause 17 (Conditions Precedent) of this Scheme are complied with or Appointed Date, whichever is later. Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

"Encumbrance" means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term **"Encumber"** shall be construed accordingly;

"Income Tax Act" means the Income-tax Act, 1961;

"INR" or "Rupee(s)" means Indian Rupee, the lawful currency of the Republic of India;



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"Parties" means collectively the Demerged Company and the Resulting Company and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"Person" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"Record Date" means the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for allotment of the Resulting Company New Equity Shares;

"Remaining Business" means all the business, units, divisions, undertakings and assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking;

"Resulting Company" means Digidrive Distributors Limited, a public company incorporated under the provisions of the Act and having its corporate identification number U51909WB2022PLC252287 and registered office at 33, Jessore Road, Dum Dum, Kolkata-700 028, West Bengal;

"RoC" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Parties;

"Saregama ESOPs" means the Saregama Employee Stock Option Scheme 2013 issued by the Demerged Company under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

"Scheme" or **"this Scheme"** means this composite scheme of arrangement, as may be modified;

"SEBI" means the Securities and Exchange Board of India;

"SEBI Circular" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;

"SEBI LODR Regulations" means SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and any amendments thereof;

"Stock Exchanges" means National Stock Exchange of India Limited and BSE Limited collectively and Stock Exchange shall mean each of them individually;

"Tax Laws" means all applicable laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax/ value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;



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"Taxation" or "Tax" or "Taxes" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties or any other Person and all penalties, charges, costs and interest relating thereto; and

"Tribunal" means the jurisdictional bench of the National Company Law Tribunal having jurisdiction over the Parties.

1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting the singular shall include the plural and *vice versa*;
- 1.2.2 any Person includes that Person's legal heirs, administrators, executors, liquidators, successors, successors-in-interest and permitted assigns, as the case may be;
- 1.2.3 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- 1.2.4 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and
- 1.2.5 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

2.1 The share capital structure of the Demerged Company as on 25 March 2022 is as follows:

Particulars	Amount in INR
Authorised share capital	
2,50,00,000 equity shares of INR 10 each	25,00,00,000
Total	25,00,00,000
Issued and subscribed and paid up share capital	
1,92,80,949 equity shares of INR 10 each	19,28,09,490
Total	19,28,09,490



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However, the Board of the Demerged Company at its meeting held on 24 February 2022 has approved sub-division (split) of 1 (One) equity share of the Demerged Company having a face value of INR 10 each (fully paid-up) to be sub-divided into 10 (Ten) equity shares of face value of INR 1 each (fully paid-up). Pursuant to the above, upon implementation of sub-division of the share capital, the share capital of the Demerged Company would be as follows:

Particulars	Amount in INR
Authorised share capital	
25,00,00,000 equity shares of INR 1 each	25,00,00,000
Total	25,00,00,000
Issued and subscribed and paid up share capital	
19,28,09,490 equity shares of INR 1 each	19,28,09,490
Total	19,28,09,490

There has been no further change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company until the date of approval of the Scheme by the Board of the Demerged Company.

The Demerged Company has outstanding employee stock options under its existing stock option scheme, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

The Demerged Company may, from time to time, in accordance with the Act, rules and regulations framed by the SEBI including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other Applicable Laws, issue securities to any persons (including by way of a rights issue, preferential allotment or bonus issue).

- 2.2 The share capital structure of the Resulting Company as on 25 March 2022 is as follows:

Particulars	Amount in INR
Authorised share capital	
1,00,000 equity shares of INR 1 each	1,00,000
Total	1,00,000
Issued, Subscribed and Paid-up Capital	
1,00,000 equity shares of INR 1 each	1,00,000
Total	1,00,000

The entire equity share capital of the Resulting Company is held by the Demerged Company.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 16 of this Scheme, shall become operative from the Effective Date and effective from the Appointed Date.



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PART II

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Upon the Scheme coming into effect and with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, the Demerged Undertaking along with all its assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, debentures, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This Scheme complies with the definition of "demerger" as per Section 2(19AA), 2(19AAA), 47, 72A of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in accordance with aforesaid provisions of the Income Tax Act.

- 4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer and vesting of assets and liabilities forming part of the Demerged Undertaking under this Scheme, is as follows:

- 4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. 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, pursuant to this Scheme, as appropriate to the property being vested, and title to the property shall be deemed to have been transferred accordingly;

- 4.2.2 Subject to Clause 4.2.3 below, with respect to the assets forming part of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights including lease rental rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation



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of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

- 4.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/ or the Resulting Company;
- 4.2.4 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes;
- 4.2.5 Upon effectiveness of the Scheme, all debts, liabilities, debentures, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act, instrument or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same. The term "**Demerged Liabilities**" shall include without limitation:
- (a) the debts, liabilities, debentures and obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
 - (b) the specific loans, credit facilities, overdraft facilities and borrowings (including debentures, bonds, notes and other debt securities) raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking; and
 - (c) in cases other than those referred to in Clause 4.2.5(a) or 4.2.5(b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, Tax liabilities and Tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Company, shall not be transferred as part of the Demerged Undertaking to the Resulting Company.

- 4.2.6 Unless otherwise agreed to between the Demerged Company and the Resulting Company, the vesting of all the assets of the Demerged Company forming part of the Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such



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Encumbrances shall be confined only to the relevant assets forming part of the Demerged Undertaking of the Demerged Company or part thereof on or over which they are subsisting on and vesting of such assets in the Resulting Company and no such Encumbrances shall extend over or apply to any other asset(s) of Resulting Company. Any reference in any security documents or arrangements (to which Demerged Company is a party) related to any assets of Demerged Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Resulting Company. Similarly, Resulting Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/ to be availed of by it, and the Encumbrances in respect of such indebtedness of the Demerged Company shall not extend or be deemed to extend or apply to the assets so vested;

- 4.2.7 In so far as any Encumbrance in respect of Demerged Liabilities is concerned, such Encumbrance shall without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Demerged Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities;
- 4.2.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 4.2.9 If the Demerged Company is entitled to any unutilized credits (including unutilised credits and unabsorbed depreciation, minimum alternate tax credit), balances or advances, benefits under the incentive schemes and policies including tax holiday or concessions relating to the Demerged Undertaking under any Tax Laws or Applicable Law(s), the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission;
- 4.2.10 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Demerged Company and the Resulting Company are expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds,



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advance tax credits, credit of tax deducted at source, credit of foreign taxes paid/ withheld, etc. if any, as may be required for the purposes of implementation of the Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company;

- 4.2.11 Subject to Clause 4 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.12 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate such bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company;
- 4.2.13 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and
- 4.2.14 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to and vested in the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Demerged Company and Resulting Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

- 4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause, the Demerged Company and the Resulting Company may execute any and all instruments or documents and



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do all the acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Demerged Company or upon the Scheme becoming effective, shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company. The Resulting Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts forming part of the Demerged Undertaking transferred and/ or registered in its name.

5. EMPLOYEES

- 5.1 With effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Demerged Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.
- 5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.
- 5.3 Employee stock options
- 5.3.1 Upon coming into effect of the Scheme and in consideration for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, the Demerged Company shall take necessary steps to modify the Saregama ESOPs in a manner considered appropriate, in order to enable the continuance of the employee stock options in the hands of the employees of the Demerged Company, subject to the approval of the Stock Exchanges and the relevant regulatory authorities, if required under Applicable Law;
- 5.3.2 The employee stock options granted by the Demerged Company under the Saregama ESOPs shall be restructured by the Board of the Demerged Company in such a manner that the employees on exercise of such employee stock options will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the employee stock options prior to the demerger;



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5.3.3 The existing exercise price of the stock options granted by the Demerged Company under the Saregama ESOPs, shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger; and

5.3.4 The Board of the Demerged Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 5.3, if required. Approval granted to the Scheme by the shareholders of the Demerged Company shall also be deemed to be approval granted to any modifications made to the Saregama ESOPs of the Demerged Company.

6. LEGAL PROCEEDINGS

6.1 With effect from the Effective Date, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature (except proceedings with respect to Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings with respect to Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The concerned Parties shall make relevant applications and take all steps as may be required in this regard. It is clarified that all income tax proceedings in relation to the Demerged Undertaking for a period prior to the Appointed Date shall be enforced against the Demerged Company and pertaining to the period after the Appointed Date shall be enforced against the Resulting Company.

6.3 Notwithstanding anything contained hereinabove, so far as the claims arising on the Demerged Company on account of on-going income tax disputes or on account of demands that may arise on the Demerged Company under the Income Tax Act, for the period prior to the Effective Date, the Resulting Company undertakes and agrees with Demerged Company that the Resulting Company shall take all such steps that may be required to defend such proceedings and/or claims including making payments towards the demands in the proceedings before the Appropriate Authority. However, if the Resulting Company does not and/or is unable to defend the said proceedings or claims, for whatsoever reasons, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall



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reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

- 6.4 Further, without prejudice to the aforesaid, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

7. CONSIDERATION

- 7.1 Upon effectiveness of this Scheme and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date, as under:

1 (One) fully paid up equity share of INR 10 (Indian Rupees Ten only) each of the Resulting Company ("Resulting Company New Equity Shares"), credited as fully paid up, for every 5 (Five) equity shares of INR 1 (Indian Rupees One only) each of the Demerged Company.

- 7.2 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Resulting Company.
- 7.3 The issue and allotment of Resulting Company New Equity Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law(s) as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.
- 7.4 Subject to the Applicable Law, the Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Resulting Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Resulting Company, the relevant depository and registrar and transfer agent in terms of Applicable Law(s) shall (as deemed necessary by the Board of the Resulting Company) be updated to reflect the issue of Resulting Company New Equity Shares in terms of this Scheme. The shareholders of the Demerged Company who hold shares in physical form, should provide the requisite details relating to his/ her/ its account with a



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depository participant or other confirmations as may be required, to the Resulting Company, prior to the Record Date to enable it to issue the Resulting Company New Shares.

However, if no such details have been provided to the Resulting Company by the shareholders of the Demerged Company holding shares in physical share certificates on or before the Record Date, the Resulting Company shall deal with the relevant shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding shares in dematerialised form to a trustee nominated by the Board of Resulting Company ("**Trustee of Resulting Company**") who shall hold these shares in trust for the benefit of such shareholder. The Resulting Company New Equity Shares held by the Trustee of Resulting Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of Resulting Company, along with such other documents as may be required by the Trustee of Resulting Company. The respective shareholders shall have all the rights of the shareholders of the Resulting Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of shares from the Trustee of Resulting Company. All costs and expenses incurred in this respect shall be borne by Resulting Company.

- 7.5 For the purpose of the allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in case any shareholder's holding in any of the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to a trustee (nominated by the Resulting Company in that behalf), who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of Resulting Company New Equity Shares, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the shares of the Resulting Company pertaining to the fractional entitlements.
- 7.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of shares in the Demerged Company, after effectiveness of this Scheme.
- 7.7 The Resulting Company New Equity Shares to be issued pursuant to this Scheme in respect of any shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.
- 7.8 The shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the unclaimed suspense account shall be issued to a new unclaimed suspense account created for shareholders of the Demerged Company. The shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the investor education protection fund shall be issued to investor education protection fund in favour of such shareholders of the Demerged Company.



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- 7.9 In the event, the Parties restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 7.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 7.10 The Resulting Company shall apply for listing of the Resulting Company New Equity Shares on the Stock Exchanges in terms of and in compliance of SEBI LODR Regulations, SEBI Circular and other relevant provisions as may be applicable. The Resulting Company New Equity Shares, issued pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.
- 7.11 Further, the Resulting Company shall, and to the extent required, take all the necessary steps and approvals required to increase / reclassify / reorganize its share capital on or before the Effective Date for issuance of the Resulting Company New Equity Shares as per this Clause 7.
- 7.12 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the provisions stated above.

8. ACCOUNTING TREATMENT BY THE PARTIES IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS

The Demerged Company and the Resulting Company shall account for the Scheme in their respective books/financial statements in accordance with applicable Indian Accounting Standards ("Ind-AS") notified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, and generally accepted accounting principles in India as amended from time to time including as provided herein below:

- 8.1 Accounting treatment in the books of the Demerged Company:
- 8.1.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company shall reduce the book value of all assets, liabilities and balance in Other Comprehensive Income reserves pertaining to the Demerged Undertaking transferred to the Resulting Company from its books of accounts;
- 8.1.2 The Demerged Company shall derecognise the carrying amount of investments in the Resulting Company cancelled pursuant to the Scheme;
- 8.1.3 Loans and advances and other dues outstanding as on the Appointed Date between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf;
- 8.1.4 The difference between the book value of assets pertaining to the Demerged Undertaking and the book value of liabilities and balance in Other Comprehensive Income reserves pertaining to the Demerged Undertaking transferred to the Resulting Company shall be adjusted with the Retained Earnings of the Demerged Company; and
- 8.1.5 Till the time demerger is effective and approved by the NCLT, the Resulting Company will be considered as a wholly owned subsidiary of the Demerged Company and thus consolidated financial statement from incorporation till the date the Scheme becomes effective will be prepared by the Demerged Company.



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8.2 Accounting treatment in the books of the Resulting Company:

- 8.2.1 The Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of the Demerged Company as on the Appointed Date;
- 8.2.2 The shareholding (represented by equity shares) of the Demerged Company in the Resulting Company as on the Appointed Date will stand cancelled and the difference between the above and share capital of Resulting Company, if any, shall be adjusted in capital reserve(s);
- 8.2.3 The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the shareholders of the Demerged Company pursuant to Clause 7.1 of this Scheme;
- 8.2.4 The identity of the Other Comprehensive Income reserves pertaining to the Demerged Undertaking of the Demerged Company shall be preserved and shall appear in the financial statements of the Resulting Company in the same form and manner, in which they appeared in the financial statements of the Demerged Company;
- 8.2.5 The surplus/ deficit, if any, of book value of the assets over the liabilities pertaining to the Demerged Undertaking transferred from the Demerged Company and recorded by the Resulting Company in accordance with Clause 8.2.1 above, over the amount credited as share capital as per Clause 8.2.3 above, and after giving effect to 8.2.4 above, shall be adjusted in capital reserve;
- 8.2.6 Loans and advances and other dues outstanding as on the Appointed Date between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf; and
- 8.2.7 In case of any differences in accounting policy between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company will prevail and the difference shall be adjusted appropriately as per the applicable Ind-AS.

9. REDUCTION OF SHARE CAPITAL OF THE RESULTING COMPANY

- 9.1 With effect from the Effective Date and upon allotment of the Resulting Company New Equity Shares, the entire paid up equity share capital, as on Effective Date, of the Resulting Company ("Resulting Company Cancelled Shares") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Resulting Company to that effect shall stand cancelled and reduced.
- 9.2 The reduction of the share capital of the Resulting Company shall be effected as an integral part of this Scheme itself under Sections 230 to 232 of the Act, without having to follow the process under Section 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order confirming the said reduction.



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- 9.3 On effecting the reduction of the share capital as stated in Clause 9.1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 9.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares.
- 9.5 The capital reserve in the books of the Resulting Company shall be increased to the extent of the amount of the Resulting Company Cancelled Shares.
- 9.6 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

PART III GENERAL TERMS & CONDITIONS

10. REMAINING BUSINESSES

- 10.1 The Remaining Business of the Demerged Company and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company. With effect from the Effective Date, only the Demerged Company shall be liable to perform and discharge all liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 10.2 All legal, Tax and/or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such legal, Tax or other proceedings in relation to the Remaining Business of the Demerged Company.
- 10.3 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall, in view of the transfer and vesting of the Demerged Undertaking, pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company, is unable to get the Demerged Company so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of the Demerged Company and at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

11. VALIDITY OF EXISTING RESOLUTIONS, ETC.

- 11.1 Upon coming into effect of this Scheme, the resolutions and power of attorney of/ executed by the Demerged Company, as are considered necessary by the Board of the Resulting Company, pertaining to the Demerged Undertaking, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and



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power of attorney passed/ executed by the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Resulting Company shall be added to the limits, if any, under like resolutions passed by the Resulting Company and shall constitute the aggregate of the said limits in the Resulting Company.

12. BUSINESS UNTIL EFFECTIVE DATE

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

12.1.1 The Demerged Company with respect to the Demerged Undertaking shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company;

12.1.2 All profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Resulting Company; and

12.1.3 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company as the case may be and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company.

12.2 With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date:

12.2.1 The Demerged Company shall, with respect to the Demerged Undertaking, carry on its businesses with reasonable diligence and business prudence and in the same manner as the Demerged Company and the Resulting Company had been doing hitherto; and

12.2.2 The Demerged Company shall, with respect to the Demerged Undertaking shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the relevant business of the Demerged Company and to give effect to the Scheme.

12.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry



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out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

13. FACILITATION PROVISIONS

- 13.1 Immediately upon the Scheme being effective, the concerned Parties shall enter into agreements as may be necessary, *inter alia* in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.
- 13.2 It is clarified that approval of the Scheme by the shareholders of Demerged Company and Resulting Company under Sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by the Parties, including, under Section 177 of the Act.
- 13.3 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertaking shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Company.

14. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking are transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the relevant Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Resulting Company.



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15. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

16. MODIFICATION OR AMENDMENTS TO THIS SCHEME

16.1 The Board of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

16.2 For the purposes of giving effect to this Scheme, the Board of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on all Parties as if the same were specifically incorporated in this Scheme.

17. CONDITIONS PRECEDENT

17.1 Unless otherwise decided (or waived) by Parties, the Scheme is conditional upon and subject to the following conditions precedent:

17.1.1 obtaining no-objection letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;

17.1.2 approval of the Scheme by the requisite majority of each class of shareholders and such other classes of Persons of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal. Further, the Demerged Company complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Demerged Company through e-voting, as applicable;

17.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Parties;

17.1.4 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and

17.1.5 the requisite consent, approval or permission of Appropriate Authority or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

17.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, title, or defences that Parties may have under or pursuant to all Applicable Law(s).

17.3 On the approval of this Scheme by the shareholders of the Parties and such other classes of Persons of the Parties, if any, pursuant to Clause 17.1.1, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Scheme.



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18. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

- 18.1 Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.
- 18.2 In the event of withdrawal of the Scheme under Clause 18.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person.
- 18.3 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme or relevant part(s) of this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.
- 18.4 In the event of revocation/ withdrawal of the Scheme under Clause 18.1 or Clause 18.2 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

19. DIVIDENDS

- 19.1 During the pendency of the Scheme, the Parties shall be entitled to declare and pay dividends, to their respective shareholders in consistent with the past practice or in ordinary course of business, whether interim or final. Any other dividend shall be recommended/declared only by the mutual consent of the concerned Parties.
- 19.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Parties to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Parties as the case may be, and subject to approval, if required, of the shareholders of the Parties as the case may be.

20. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company with respect to the Demerged Undertaking until the Appointed Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company with respect to the Demerged Undertaking in respect thereto as done and executed on behalf of the Resulting Company.

21. COSTS AND EXPENSES

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be borne by the Demerged Company.



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