

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH**

CP NO. 222 OF 2021

Connected With

C.A. (CAA). 203 /MB/2021

In the matter of the Companies Act, 2013;

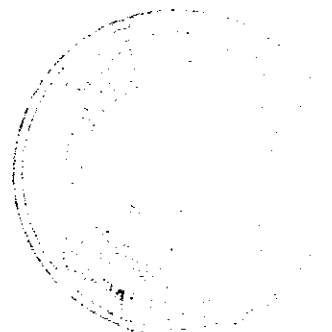
And

*In the matter of Application under Sections 230
- 232 read with Sections 52, 66 of the Compa-
nies Act, 2013 read with Companies (Compro-
mises, Arrangements and Amalgamations)
Rules, 2016;*

And

*In the matter of Scheme of Arrangement in re-
spect of demerger of Film Division of Tips In-
dustries Limited ("Demerged Company/First
Petitioner Company") into Tips Films Limited
("Resulting Company/Second Petitioner Com-
pany") and their respective shareholders.*

Tips Industries Limited)
(CIN: L92120MH1996PLC099359,)
having its registered office at 601, Durga)
Chambers, 6th Floor, 278/E, Linking) ...First Petitioner Com-
Road, Khar West, Mumbai - 400052 MH) pany/ Demerged Company
IN.



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

Tips Films Limited)
(CIN: U74940MH2009PTC193028,)
having its registered office at 501, Durga)
Chambers, 5th Floor, Linking Road,)Second Petitioner Com-
Khar West, Mumbai - 400052 MH IN.) pany/ Resulting Company

.... Collectively known as the Petitioner Companies

Order delivered on: 03.03.2022

Coram:

Hon'ble Ms. Suchitra Kanuparthi, Member (Judicial)

Hon'ble Ms. Anuradha Sanjay Bhatia, Member (Technical)

Appearances (via videoconferencing):

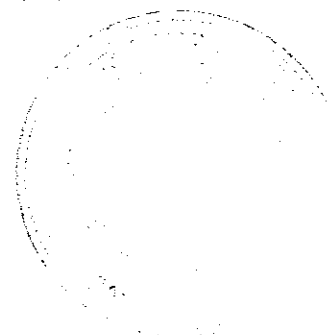
For the Petitioners: Hemant Sethi, Ms Vidisha Poonja i/b
Hemant Sethi & Co., Advocates

For the Regional Director (WR): Ms. Rupa Sutar, Deputy Director

Per: Anuradha Sanjay Bhatia, Member (Technical)

ORDER

1. The Sanction of this Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 to the said



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

Scheme of Arrangement in respect of demerger of Film Division of Tips Industries Limited ("Demerged Company/ First Petitioner Company") into Tips Films Limited ("Resulting Company/ Second Petitioner Company") and their respective shareholders.

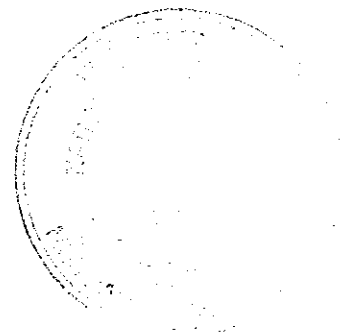
2. This Court is convened by video conference. Heard Learned Counsel for the Petitioner Companies. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petition.
3. The Petitioner Companies have approved the Scheme by passing the Board Resolutions at their respective board meetings held on 10 May 2021 and have approached the Tribunal for sanction of the Scheme.
4. The Learned Counsel for the Petitioner Companies submits that the rationale mentioned in the Scheme is as under:

First Petitioner Company primarily operates in two business segments through separate business divisions: (i) Music Division and (ii) Film Division. This Scheme for the demerger and vesting of the Demerged Undertaking of First Petitioner Company to Second Petitioner Company results in the following benefits:

1. *The Demerged Undertaking and the Remaining Business have both achieved scale and experience to sustain business on the basis of their own strengths. Additionally,*

both businesses deal with different sets of industry dynamics in the form of nature of risks, competition, challenges, opportunities and business methods. Hence, segregation of the two undertakings would enable focused managements to explore the potential business opportunities more effectively and efficiently;

- 2. Demerger will enable both First Petitioner Company & Second Petitioner Company to enhance business operations by streamlining operations, cutting costs, more efficient management control and outlining independent growth strategies.*
- 3. Each undertaking will be able to target and attract new investors with specific knowledge, expertise and risk appetite corresponding to their own businesses. Thus, each undertaking will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of each business;*
- 4. Demerger will enhance efficiencies and will have different business interest into separate corporate entity, resulting in operational synergies, simplification, focused*



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

management, streamlining and optimization of the group structure and efficient administration.

5. *Pursuant to the Scheme, the equity shares issued by the Resulting Company would be listed on BSE and NSE and will unlock the value of the Music Division and Film Division for the shareholders of the Demerged Company. Further the existing shareholders of the Demerged Company would hold the shares of two listed entities after the Scheme becoming effective; giving them flexibility in managing their investments in the two businesses having differential dynamics.*
6. *The demerger will unlock value of both businesses and result in shareholder value maximisation.*

The Board of Directors of the Demerged Company and the Resulting Company believe that the Scheme is in the best interests of the respective entities and their respective stakeholders including its minority shareholders, employees, and creditors.

6. The Learned Counsel for the Petitioner Companies further submits that the present Company Petition is filed in consonance with Section 230-232 of the Companies Act, 2013 and in terms of order passed in CA(CAA)/203/MB/2021.

IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

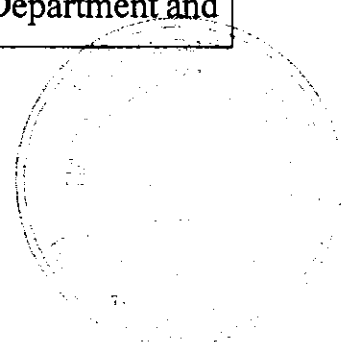
7. Learned Counsel appearing on behalf of the Petitioner Companies has stated that the Petitioner Companies have complied with all requirements as per directions of this Tribunal and they have made requisite filings to demonstrate compliance with this Tribunal. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if and to the extent applicable, as may be required under the Companies Act, 2013 and the rules made thereunder. The said undertaking is accepted.
8. The Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai, has filed a Report dated 18 February 2022 *inter-alia* stating in paragraphs IV (a) to (j) as under to which the Petitioner Companies have replied by way of an Affidavit-in-Rejoinder dated 25 February 2022: -

Para	Observation by the Regional Director	Undertaking of the Petitioner Companies / Rejoinder
a)	In compliance of AS-14 (IND AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other	As regards the observation made in Paragraph IV (a) of the said Report, the Petitioner Companies undertake that in addition to compliance of AS-14 (IND AS-103), the Petitioner

IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

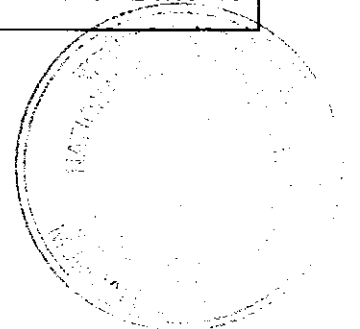
	applicable Accounting Standards such as AS-5(IND AS-8) etc.	Companies shall pass such accounting entries which are necessary in connection with the Scheme to comply with all applicable Accounting Standards such as AS-5 (IND AS-8), to the extent applicable.
b)	The Petitioners under provisions of section 230(5) of the Companies Act, 2013 have to serve notices to concerned authorities which are likely to be affected by Compromise or arrangement. Further, the approval of the scheme by this Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such Authorities is binding on the Petitioner Company(s).	As regards to the observation made in Paragraph IV (b) of this Report, the Petitioner Companies confirm that as per the provisions of section 230(5) of the Companies Act, 2013, the Petitioner Companies have served notices to all the concerned authorities; Regional Director, Registrar of Companies, SEBI, National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Income Tax Department and



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

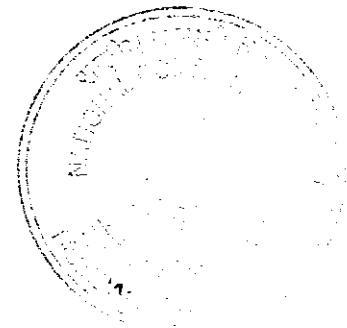
		the observations made by the concerned authorities have been duly responded and dealt with by the Petitioner Companies, wherever required.
c)	The Hon'ble NCLT may kindly direct to the Petitioners to file an undertaking to the extent that the Scheme enclosed to the Company Application and the scheme enclosed to the Company Petition are one & same and there is no discrepancy or deviation.	As regards the observation made in Paragraph IV (c) of this Report, the Petitioner Companies undertake and confirm that Scheme enclosed to the Company Scheme Application and the scheme enclosed to the Company Scheme Petition are one and the same and there is no discrepancy or deviation.
d)	As per Definition of the Scheme, "Appointed Date" for the Demerger means 1st day of April 2021 "Effective Date" means the date on which all the conditions and	As regards the observation made in Paragraph IV (d) of the said Report, the Petitioner Companies seek to clarify that the Appointed Date is 1st April, 2021 as mentioned in the Scheme



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

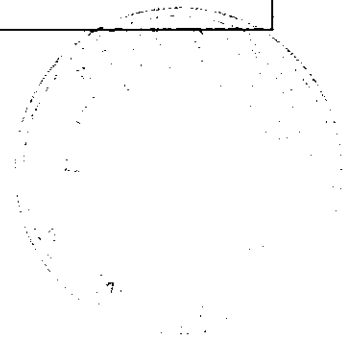
	<p>matters in relation to the Scheme referred to in clause 19 of this Scheme have been fulfilled.</p> <p>Further, the Petitioners may be asked to comply with the requirements and clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.</p>	<p>which is in compliance with the Companies Act, 2013 and that the Scheme shall take effect from such Appointed Date. Further, the Petitioner Companies undertakes to comply with the requirements clarified vide circular No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs to the extent applicable.</p>
e)	<p>e) As per Clause 14 of the Scheme,</p> <p>Accounting Treatment in the books of Tips Industries Limited (TIL)</p> <p>(a) Upon this scheme becoming effective, the book value of assets and liabilities of the Demerged Undertaking as appearing in the books of account of TIL and transferred to TFL</p>	<p>As regards the observation made in Paragraph IV (e) of this Report, the Petitioner Companies seek to clarify and undertake that the surplus shall be credited to Capital Reserve Account arising out of demerger and deficits shall be debited to Goodwill Account and also that such Capital Reserves</p>



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

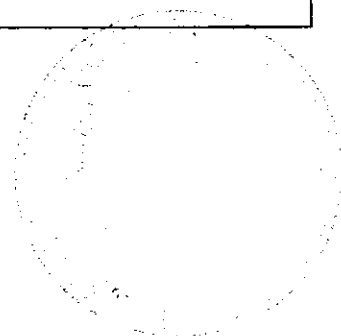
	<p>shall be reduced from the book value of assets and liabilities of TIL as on the close of business on the day immediately preceding the Appointed Date.</p> <p>(b) The difference between the book value of assets and liabilities of the Demerged Undertaking, shall be adjusted off/set-off first against the amount lying to the credit of the Capital Reserve Account, second against the amount lying to the credit of the Securities Premium Account and thereafter against the amount lying to the credit of the Retained Earnings Account.</p> <p>(c) Notwithstanding the above, the Board of Directors of TIL, in consultation with its statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate and is authorised by</p>	<p>shall not be available for distribution of dividend.</p>
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IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

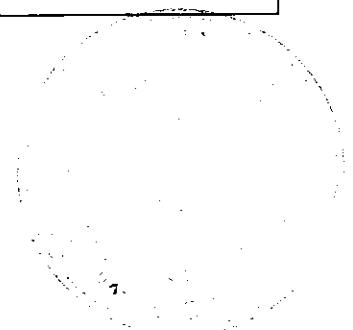
	<p>the Accounting Standards applicable to the Company</p> <p>Accounting treatment in the books of Tips Films Limited (TFL)</p> <p>(a) Upon coming into effect of this Scheme, TFL shall record the assets and liabilities transferred to and vested in it pursuant to the Scheme, at the same book values as appearing in the books of TIL as on the close of business on the day immediately prior to the Appointed Date.</p> <p>(b) TFL shall credit its Share Capital Account in its books of account with the aggregate face value of the New Equity shares issues to the shareholders of TIL by it in terms of clause 13.1 and reduce its Share Capital Account which are reduced and cancelled in terms of Clause 13.2.</p>	
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IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

	<p>(c) The surplus or deficit, if any, of the value of the assets over the value of the liabilities of the Demerged undertaking acquired pursuant to this Scheme by TFL, shall, after adjusting for the value of the New Equity Shares issued by TFL to the Shareholders of TIL, pursuant to this Scheme, shall be credited to the Capital Reserve Account in the books of TFL.</p> <p>(d) Notwithstanding the above, the Board of Directors of TIL and/or TFL, in consultation with its respective statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate and in accordance with the Accounting Standards applicable to TIL and TFL.</p>	
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IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

	<p>Petitioner Companies have to undertake that surplus/deficit shall be adjusted to Capital Reserve Account.</p> <p>Further Petitioner Companies have to undertake that reserves shall not be available for distribution of dividend.</p>	
h)	<p><u>STATUS OF ROC REPORT</u></p> <p>ROC, Mumbai Report dated 28.12.2021 has interalia mentioned that there are no prosecution, no technical scrutiny, no inquiry, no inspection and no complaints pending against Petitioner Companies.</p> <p>Further mentioned that :-</p> <p>1. Interest of the Creditors should be protected.</p> <p>Hon'ble Tribunal may consider the observations pointed out by ROC, Mumbai in their report and decide the matter on merits.</p>	<p>As regards the observation made in Paragraph IV (h) of this Report is concerned the Petitioner Companies submit that interest of creditors is not affected as there are no Secured Creditors in the Petitioner Companies and no Unsecured creditors in the Second Petitioner Company.</p> <p>In so far as the Unsecured Creditors of the First Petitioner Company is concerned their interest as creditors is protected since there is no compromise</p>

IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

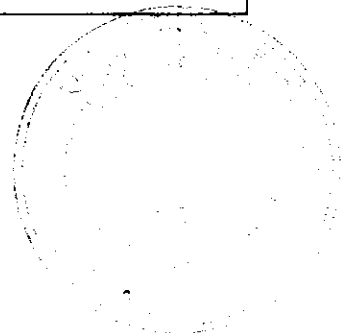
		<p>and/or arrangement with the creditors as no sacrifice is called for. The dues of the creditors will be paid off in ordinary course of business. Further, the present Scheme is a Scheme of Arrangement and Demerger between the Petitioner Companies and it's respective shareholders as contemplated under Section 230 (1)(b) of the Companies Act, 2013 and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013.</p>
i)	<p>The Hon'ble NCLT may direct the Petitioner Company to obtain approval from RBI/FEMA/FERA for foreign investment.</p>	<p>As regards the observation made in Paragraph IV (i) of the Report is concerned it is submitted that Foreign Direct Investment is under the automatic route and accordingly, shares proposed to be issued to the</p>



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

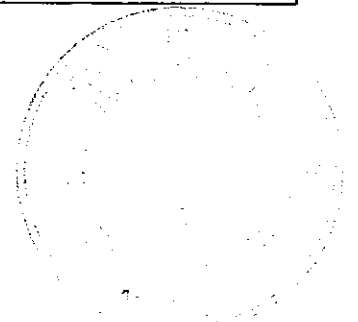
		non-resident shareholders pursuant to the Scheme shall be under the 100% automatic route and hence no approval under the FEMA Regulations is required. Further the Resulting Company undertakes to file Form FC-GPR under Single Master Form within 30 days of issuance of shares in accordance with FEMA Regulations / RBI Guidelines.
j)	The Hon'ble NCLT may kindly direct the second Petitioner Company to comply with the provisions of section 66 of the Companies Act, 2013 for reduction of shares and also to comply with the Rules and Regulations of SEBI	As regards the observation made in Paragraph IV (j) of the Report is concerned the Petitioner Companies undertake and confirm that the reduction is being done as integral part of scheme no separate provisions of section 66 of the Companies Act 2013 are required to be



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

		<p>complied with in view of explanation to Section 230 of the Companies Act 2013 which is reproduced herein below;</p> <p>“For the removal of doubts, it is hereby declared that the provisions of section 66 shall not apply to the reduction of share capital effected in pursuance of the order of the Tribunal under this section”</p> <p>Further the Petitioner Companies submit that pursuant to the Securities Exchange Board of India (“SEBI”) Circular No. SEBI /HO/ CFD/ DIL1/ CIR /P /2020 /249 dated December 22, 2020, as amended from time to time (“SEBI Circular”) read with Regulation 37 of the SEBI (Listing Obligations and</p>
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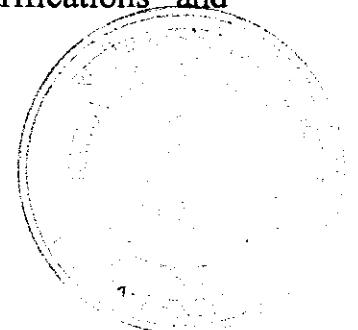


IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

		<p>Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), First Petitioner Company had applied to BSE Limited and National Stock Exchange of India Limited for their “Observation Letter” / “No Objection Letter” to file the Scheme for sanction of the Tribunal. BSE Limited by its letter dated 29th July, 2021 and National Stock Exchange of India Limited by its letter dated 29 th July, 2021, have respectively given their “No Objection Letter” letters which is annexed to the Company Scheme Application as “C1&C2”</p>
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9. The observations made by the Regional Director have been explained by the Petitioner Companies in Para above. The clarifications and



IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

undertakings given by the Petitioner Companies are accepted by this Tribunal.

10. From the material on record, the Scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy.
11. The Counsel for the Petitioner Companies submits that upon the coming into effect of this Scheme and in consideration of the demerger of the Demerged Undertaking in the Resulting Company pursuant to this Scheme, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot equity shares at par on a proportionate basis to each member of First Petitioner Company, whose name is recorded in the register of members of First Petitioner Company as holding shares on the Record Date, in the ratio of 1 (one) equity shares of Rs. 10/- each fully paid up of Second Petitioner Company for every 3 (three) equity share of Rs. 10/- each fully paid up held in First Petitioner Company.
12. Since all the requisite statutory compliances have been fulfilled, Company Petition CP(CAA)/222/MB/2021 connected with CA(CAA)/203/MB/2021 is made absolute in terms of prayer in the Petition.

IN THE NATIONAL COMPANY LAW TRIBUNAL,
COURT NO. V, MUMBAI BENCH

CP NO. 222 OF 2021 Connected With
C.A. (CAA). 203/MB/2021

13. The Scheme is sanctioned hereby, and the Appointed Date of the Scheme is fixed as 1st April 2021.
14. The Petitioner Companies are directed to lodge a certified copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically along with e-Form INC-28, within 30 days from the date of receipt of the order by the Registry, duly certified by the Joint/ Assistant Registrar of this Tribunal.
15. The Petitioner Companies are directed to lodge a certified copy of this Order and the Scheme duly authenticated by the Deputy / Assistant Registrar of this Tribunal, with the concerned Superintendent of Stamps for adjudication of stamp duty payable, if any, within 60 working days from the date of receipt of certified copy of the certified Order from the Registry of this Tribunal.
16. All concerned regulatory authorities to act on a copy of this Order duly certified by the Deputy Registrar/Assistant Registrar of this Tribunal along with copy of the Scheme.
17. Ordered Accordingly.

Sd/-
Anuradha Sanjay Bhatia
Member (Technical)

Sd/-
Suchitra Kanuparthi
Member (Judicial)

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**SCHEME OF ARRANGEMENT AND DEMERGER
BETWEEN**

Tips Industries Limited (TIL) Demerged Company

AND

Tips Films Limited (TFL) Resulting Company

265

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS IN RESPECT OF DEMERGER OF FILM DIVISION OF TIPS INDUSTRIES LIMITED INTO TIPS FILMS LIMITED UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 52, 66 OF THE COMPANIES ACT, 2013

OVERVIEW, OBJECTS AND BENEFITS OF THE SCHEME

- A. Tips Industries Limited (hereinafter referred to as the "Demerged Company", or "TIL", as the context may admit) is a listed public limited company incorporated on May 8th, 1996 under the Companies Act, 1956 with CIN L92120MH1996PLC099359 having its registered office at 601, Durga Chambers, 6th Floor, 278/E, Linking Road, Khar (West), Mumbai - 400052 MH IN. The equity shares of Demerged Company are listed on BSE and NSE, The company is engaged in the business of Production and Distribution of motion pictures ("Film Division") and acquisition and exploitation of Music Rights ("Music Division"). Classifying it on the basis of content, it consists of two main sectors-film and non-film music. The Company earns revenue from royalties on songs that are played on radio, mobiles, internet, etc.
- B. Tips Films Limited, (hereinafter referred to as the "The Resulting Company" or "TFL", as the context may admit) is an unlisted public limited company incorporated on June 5th, 2009 under the Companies Act, 1956 with CIN U74940MH2009PTC193028 and having its registered office at 501, Durga Chambers, 5th Floor, Linking Road, Khar (West), Mumbai- 400052 MH IN and has not yet commenced any significant business operations but will house Film Division of the Demerged Company.
- C. This Scheme of Arrangement (hereinafter referred to as the "Scheme") provides for a) the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Section 230 to 232 and other relevant provisions of the Act (as defined hereinafter) in the manner provided for in the Scheme and in compliance with Section 2(19AA) of IT Act, and reduction and cancellation of equity shares of TFL held by existing shareholders of TFL (without payment of consideration), in terms of Section 66 of the 2013 Act b) various other matters consequential or otherwise integrally connected therewith.

After the effectiveness of this Scheme, the Share Capital of TFL consisting of the fully paid-up New Equity Shares of TFL issued as consideration in terms of Section B of this Scheme to the shareholders of TIL shall be listed on the Stock Exchanges in accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, as amended from time to time. Further, as an integral part of the Scheme, existing Equity Shares of TFL (presently held by promoters and promoter group) shall stand cancelled and reduced (without payment of consideration) without any further act and deed, and hence this Scheme contemplates approval of the Tribunal(s) in terms of Section 66 of the 2013 Act, in addition to Sections 230-232 of the 2013 Act.

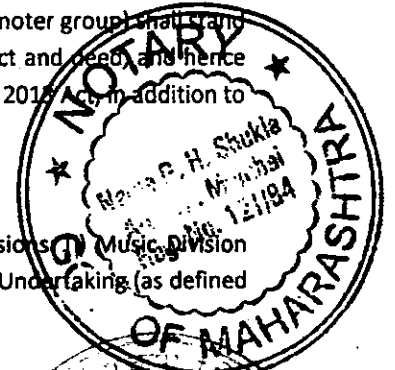
D. RATIONALE AND BENEFITS OF THIS SCHEME

TIL primarily operates in two business segments through separate business divisions (i) Music Division and (ii) Film Division. This Scheme for the demerger and vesting of the Demerged Undertaking (as defined hereinafter) of TIL to TFL, results in the following benefits:

1. The Demerged Undertaking and the Remaining Business have both achieved scale and experience to sustain business on the basis of their own strengths. Additionally, both businesses deal with different sets of industry dynamics in the form of nature of risks, competition, challenges, opportunities and business methods. Hence, segregation of the two undertakings would enable focused managements to explore the potential business opportunities more effectively and efficiently.

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FOR TIPS INDUSTRIES LTD.



266

2. Demerger will enable both TIL & TFL to enhance business operations by streamlining operations, cutting costs, more efficient management control and outlining independent growth strategies.
3. Each undertaking will be able to target and attract new investors with specific knowledge, expertise and risk appetite corresponding to their own businesses. Thus, each undertaking will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of each business;
4. Demerger will enhance efficiencies and will have different business interest into separate corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration.
5. Pursuant to the Scheme, the equity shares issued by the Resulting Company would be listed on BSE and NSE and will unlock the value of the Music Division and Film Division for the shareholders of the Demerged Company. Further the existing shareholders of the Demerged Company would hold the shares of two listed entities after the Scheme becoming effective; giving them flexibility in managing their investments in the two businesses having differential dynamics.
6. The demerger will unlock value of both businesses and result in shareholder value maximisation.

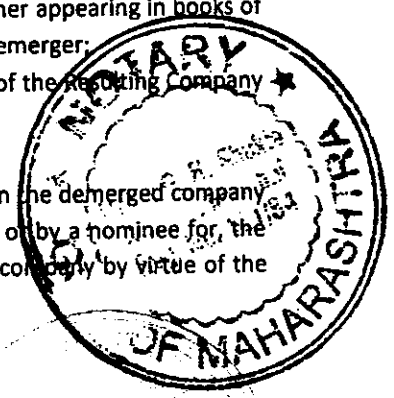
The Board of Directors of the Demerged Company and the Resulting Company believe that the Scheme is in the best interests of the respective entities and their respective stakeholders including its minority shareholders, employees, and creditors.

- E. The Restructuring as embodied in this Scheme is intended to provide greater business focus both in the Demerged Company and Resulting Company. The provisions of this Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications will however not affect the other parts of the Scheme such that:
- (a) All the assets and properties of the Demerged Undertaking (as defined hereinafter) being transferred/hived off by the Demerged Company immediately before the demerger become the properties of the Resulting Company by virtue of the demerger;
 - (b) All the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger;
 - (c) The properties and the liabilities, if any, relating to the Demerged Undertaking being transferred by Demerged Company are transferred to the Resulting Company at the values appearing in the books of accounts of the Demerged Company immediately before the demerger;
 - (d) Film Assets (as defined hereinafter) related to Demerged Undertaking whether appearing in books of accounts or not, are transferred to the Resulting Company by virtue of the demerger;
 - (e) All shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the demerger; and
 - (f) The transfer of the Demerged Undertaking will be on a going concern basis.
 - (g) the shareholders holding not less than three-fourths in value of the shares in the demerged company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or its subsidiary) become shareholders of the resulting company by virtue of the demerger,

Accordingly, this Scheme is divided into three sections, as follows:

- Section A: Demerger of Film Division
- Section B: Issue of shares / Reorganisation of share capital
- Section C: Other provisions

1. DEFINITIONS AND INTERPRETATIONS:



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COMPANY SECRETARY

267

- 1.1. "2013 Act" or "the Act" means the Companies Act, 2013, as notified, and ordinances and rules made thereunder and shall include any statutory modification(s), re-enactment(s) and/or amendment(s) thereof for the time being in force.
- 1.2. "Applicable Law" means (a) all the applicable statutes, notifications, enactments, acts of legislature, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinances, orders, or other instruments having force in law enacted or issued by any Government or Governmental Authority(ies) including any statutory modifications, amendments or re-enactments thereof for the time being in force; and (b) administrative interpretations, writs, injunctions, directions, directives, judgments, arbitral awards, orders, decrees, as may be in force from time to time.
- 1.3. "Appointed Date" means the 1st day of April, 2021.
- 1.4. "Board of Directors" or "Board" means and includes the respective boards of directors of TIL and TFL or any committee constituted by such board of directors.
- 1.5. "BSE" means BSE Limited
- 1.6. "CIN" means Corporate Identity Number
- 1.7. "Delivery Materials" shall include all materials of the Film Division with respect to the Film Assets, including but not limited to film negatives, hard disk drives, server, etc to be given by TIL to TFL in a timely manner upon execution of this Scheme.
- 1.8. "Demerged Undertaking" means the Film Division of Tips Industries Limited inter-alia engaged in the business of film production on a going concern basis, and shall include (without limitation):
- (a) all Film Assets, all related programme and movie rights, Intellectual Property Rights of the Films Division, telecasting and broadcasting rights, contracts, engagements, arrangement of all kind, brands, domain names and on a going concern basis and include without limitation:
- (i) (a) all assets wherever situated, whether movable or immovable (specifically mentioned below), tangible or intangible, buildings, vehicles, offices, investments, interest, capital work-in-progress, furniture, fixtures, office equipment, appliances, accessories (including, supplies, advertisement and promotional material), licenses, permits, quotas, approvals, registrations, lease, tenancy rights in relation to office and residential properties, incentives if any, municipal permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relating to the Film Division of TIL including but not limited to two commercial properties situated at Pinnacle house, CTS number F/72, Junction of P.D. Hinduja Marg, & 15th Road, Khar West, Mumbai 400052, on 6th floor (admeasuring 148.52 square meters) and on 7th floor (admeasuring 15.70 Square meters) along with adjoining terrace (76.27 Square meters);
- (b) all other permissions, rights (including rights under any contracts or agreements or memorandum of understanding, government contracts, etc.), entitlements, copyrights, patents, royalties, trade marks, trade names, domain names, and other designs, trade secrets, product / film name registration or Intellectual Property Rights of the Films Division of any nature (save and except in the Excluded Rights) and all other interest exclusively relating to the services being dealt with by the Demerged Undertaking except non-exclusive right/ license to use the Tips Logo for all the assets and future productions under TFL in perpetuity, and
- (c) all deposits, advances and or moneys paid or received by TIL in connection with or pertaining or relating to the Film Division of TIL, all statutory licenses and/or permissions to carry on the operations of the Film Division of TIL and any financial assets, corporate guarantees issued by the Demerged Company and the benefits of any bank guarantees issued in relation to and for the benefit of the Demerged Undertaking, deferred tax benefits, privileges, all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Film Assets of TIL;

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Rajesh
COMPANY SECRETARY

268

Without prejudice to the provisions of sub-clause 1.8 (a)(i) above, the Film Division of TIL shall include all the debts, liabilities, duties and obligations and for the purpose of this Scheme, it is clarified that liabilities pertaining to the Film Division of TIL include:

- (a) The liabilities, which arise out of the activities or operations of the Film Division of TIL;
 - (b) Specific loans and borrowings raised, incurred and utilized for the activities or operations of the Film Division of TIL;
 - (c) Liabilities other than those referred to in Sub-Clause (a) and (b) above and not directly relatable to the remaining business of TIL being the amounts of general or multipurpose borrowings of TIL shall be allocated to the Film Division of TIL in the same proportion which the value of the assets transferred under this clause bears to the total value of TIL immediately before giving effect to this Scheme;
- (ii) all deposits and balances with Government, Semi Government, Local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by the Demerged Company directly or indirectly in connection with or relating to the Demerged Undertaking / Film Division;
 - (iii) all necessary books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes 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 in connection with or relating to the Demerged Undertaking / Film Division;
 - (iv) All permanent and/or temporary employees of TIL substantially engaged in the Demerged Undertaking and those permanent and/or temporary employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or relatable to the Film Division;
 - (v) all legal or other proceedings, claims, notices, demands and obligations of whatsoever nature and whether known or unknown, contingent or otherwise, present or future relating to the Film Division, excluding those related to the Remaining Business;
 - (vi) All insurance policies related to Film Division;
 - (vii) all the credits for taxes such as sales tax, value added tax, service tax, CENVAT, GST and other indirect taxes, advance tax, tax credits (including but not limited to minimum alternate tax credit, pre-deposits made in indirect taxes), deferred tax benefits, tax deduction at source, accumulated losses and unabsorbed depreciation as per books if any as well as per the IT Act, enjoyed by the Demerged Company pertaining to the Film Division;
 - (viii) all exemption, benefits, allowance, rebates, etc. under IT Act (including right to admissibility of claim under the IT Act or such provisions becoming admissible in the period after the Appointed Date on discharging liabilities pertaining to Film Division);
 - (ix) Any question that may arise as to whether a specified asset or liability pertains to Film Division or whether it arises out of the activities or operations of the Film Division shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company. The designated list of assets, liabilities and intangibles pertaining to TFL as agreed upon between TIL and TFL is enclosed in "Annexure A"

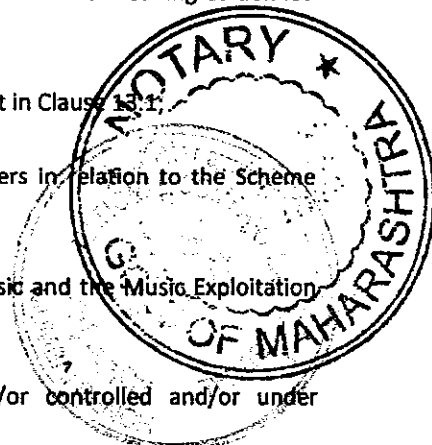
1.9. "Demerger" means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in Section -B hereof and shall have the same meaning as defined under section 2(19AA) of the Income-tax Act, 1961;

1.10. "Demerged Share Entitlement Ratio" shall have the meaning ascribed to it in Clause 13.1;

1.11. "Effective Date" means the date on which all the conditions and matters in relation to the Scheme referred to in clause 19 of this Scheme have been fulfilled.

1.12. "Excluded Rights" shall mean the Intellectual Property Rights in the Music and the Music Exploitation Rights.

1.13. "Films" shall mean the list of films produced and/or owned and/or controlled and/or under development by the Demerged Company annexed hereto as Annexure A.



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