

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH

CSP NO. 762 OF 2017

AND

CSP NO. 750 OF 2017

Under Section 230-232 of the Companies Act, 2013

In the matter of the Scheme of Arrangement between
RELIANCE MEDIAWORKS LIMITED, the
demerged Company and RELIANCE COMMERCIAL
FINANCE LIMITED, the resulting Company.

RELIANCE MEDIAWORKS LIMITED

....Petitioner/ the Demerged Company

AND

RELIANCE COMMERCIAL FINANCE LIMITED

....Petitioner/ the Resulting Company

Judgement/ order delivered on 18th October, 2017

Coram:

Hon'ble B.S.V. Prakash Kumar Hon'ble Member (J)

Hon'ble V. Nallasenapathy Hon'ble Member (T)

For the Petitioner(s): Ms. Alpana Ghone, Counsel, along with Mr. Rajesh Shah
with Mr. Ahmed M Chunawala i/b M/s. Rajesh Shah & Co.,
Advocate for the Petitioner.

Per : B.S.V. Prakash Kumar Hon'ble Member (J)



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

2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, to the Scheme of Arrangement between Reliance

MediaWorks Limited ("RMW" or "The Demerged Company") and Reliance Commercial Finance Limited ("RCFL" or "The Resulting Company") and their respective shareholders ("Scheme").

3. The Counsel for the Petitioners submit that the Background and rationale for the scheme are as under –

Reliance MediaWorks Limited ('RMW')

- a) Reliance MediaWorks Limited was incorporated as Adlabs Films Private Limited on November 30, 1987. The name of the company was changed to Adlabs Films Limited on January 25, 2006 and to Reliance MediaWorks Limited on October 5, 2009. The company was engaged in the business of processing of films and film exhibition (multiplexes) business consisting of various theatres. The company also forayed into media ventures business, consisting of broadcasting of a radio channel, production and distribution of movies and television content. Under this venture, the company operated a radio channel (Big FM) and produced several television shows and movies
- b) In line with the technological developments, the company started a new venture – offering cutting edge VFX production facilities to Indian and international producers through studios in Los Angeles, Mumbai and London.
- c) To unlock value for the shareholders, the radio business of the company was demerged. Subsequently, in 2015, the company transferred its film and media business (film processing, distribution and production of movies and TV business) to Prime Focus Limited. The company also transferred the film exhibition business (multiplexes business) to Carnival Cinemas in the same year. The company has retained two multiplexes in Mumbai – one at R-Mall, Mulund and the other at Wadala, and is earning rental income from leasing of such properties. The company has also given advances to group companies, on which it earns interest income.



- d) At present, the company owns the theatres (as mentioned above) and provides advisory services in relation to the distribution and production of movies and television content, by utilizing the experience and expertise available with the company due to forays in such businesses earlier.
- e) The company has long term liabilities exceeding Rs 2,500 crores and is paying interest on the said amount. The company is incurring losses annually, as the income generated from the businesses is not sufficient to offset the interest cost associated with the borrowings. The company is also in the process of converting its long term liabilities into preference share capital.
- f) As the company is unable to carry on businesses profitably, and is facing a severe crunch in terms of cash flows and debt serviceability, the company proposes to transfer the assets and liabilities pertaining to the Lease Rentals Business including receivables and advances to group companies and proportionate liabilities of the company. The divestment of the Lease Rentals Business would enable the company to reduce the quantum of borrowings and the associated interest cost. The demerger would enable the company to limit its losses and to maintain an asset-light business model for the advisory business.

Reliance Commercial Finance Limited ("RCFL"), formerly known as Reliance Gilts Limited

- g) RCFL is amongst the leading SME lenders in the Indian non-banking finance space. It is engaged in providing wide range of products which include SME loans, Loans against property, Infrastructure Financing, Agriculture Loans and Supply chain financing. In FY 2016-17, the company has acquired the commercial finance business from Reliance Capital Limited, its holding company. The company is looking to increase its leasing and financing portfolio, and thus proposes to acquire the Lease Rentals Business of RMW along with proportionate liabilities.



4. The Counsel for the Petitioners state that the Board of Directors of the Petitioner Companies in their respective Board meetings have approved the said Scheme of Arrangement which are annexed to the respective Company Scheme Petitions.
5. The Counsel appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all the directions passed in Company Scheme Application and that the respective Company Scheme Petitions have been filed in consonance with the orders passed in Company Scheme Application.
6. The Counsel appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of this Tribunal and they have filed necessary affidavits of compliance in the Tribunal. Moreover, the Petitioner Companies through their Counsel undertakes to comply with all statutory requirements if any, as required under the Companies Act, 1956 / 2013 and the Rules made there under whichever is applicable. The said undertakings given by the Petitioner Companies are accepted.
7. The Regional Director has filed an Report dated October 14, 2017, inter-alia, stating therein, save and except as stated in paragraph IV(1) to (4), it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Report it is stated that:

1 The tax implications if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee Company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the petitioner Company.



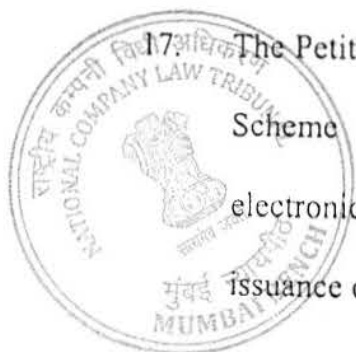
- 2 *It is submitted that the Petitioner Companies have submitted the proof of serving notice upon the Income Tax Authorities dated 13.07.2017. This office has issued reminder dated 09.10.2017.*
- 3 *Petitioner demerged company inter alia into the business of media ventures business, consisting of broadcasting of a radio channel, production and distribution of movies and television content. Under this venture, the company operated a radio channel (Big FM) and produced several television shows and movies. And therefore have to undertake to issue the notice to Ministry of Information and Broadcasting under section 230(5) of the Companies Act, 2013.*
- 4 *ROC, Mumbai in their report dated 12.10.2017 inter alia mentioned in point no. 31 that resulting company (unlisted) will issue consideration as shares to thousands of shareholders of demerged company (delisted)*
8. In response to above observations of the Regional Director, the Petitioner Companies have filed respective affidavits in reply dated 17th October, 2017 dealing with the observations made by the Regional Director.
9. In so far as observations made in paragraph IV (1) of the Report of Regional Director are concerned, the Counsel for the Petitioners submit that the Petitioner Companies undertake to comply with all applicable provisions of the Income-tax Act 1961 and all income-tax issue arising out of the Scheme will be met and answered in accordance of law.
10. In so far as observation made in paragraph IV (2) of the Report of Regional Director is concerned, the same is self-explanatory.
11. In so far as observation made in paragraph IV (3) of the Report of Regional Director is concerned, the Demerged Company states that it had demerged its radio business to Reliance Broadcast Network Limited with effect from June 30, 2009 and film and media business (i.e. film processing, distribution and production of movies and television business) to Prime Focus Limited in 2015. The Demerged Company states that at present, the Demerged Company is not



engaged into any of these businesses. Thus, the Demerged Company submits that at present it is not governed by Ministry of Information and Broadcasting and hence, it is not required to issue notice under section 230(5) of the Companies Act, 2013 to Ministry of Information and Broadcasting. The said explanation found to be satisfactory.

12. In so far as observation made in paragraph IV (4) of the Report of Regional Director is concerned, the Petitioner Companies undertake to comply with the provisions of clause 2.2 of the scheme.
13. In reply to the observation raised in para 32 of ROC report which is annexed to Regional Director report, the petitioner company has filed the Auditor's certificate in Company scheme application of demerged company as an Exhibit – F and in Company scheme application of resulting company as an Exhibit – F, certifying that the accounting treatment proposed in the scheme of arrangement is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013 (as amended from time to time).
14. The observations made by the Regional Director have been explained by the Petitioners in paragraphs 9 to 13 above. The clarifications and undertakings given by the Petitioner Companies are hereby accepted.
15. From the material on record, the Scheme appears to be fair and reasonable and does not violate any of the provisions of law and is not contrary to public policy.
16. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No.750 of 2017 and 762 of 2017 has been made absolute in terms of prayer of the petitions mentioned therein.

17. The Petitioners are directed to file a copy of this order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically, along with E-Form INC-28 within 30 days from the date of issuance of the order by the Registry.



18. The Petitioner Company to file a copy of this order and the Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the order.
19. The Petitioner Companies to pay costs of Rs.25,000/- each to the Regional Director, Western Region, Mumbai within four weeks from the date of the receipt of the order.
20. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.
21. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

sd/-

V. Nallasenapathy, Member(T)

sd/-

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



Certified True Copy
Date of Application 18.10.2017
Number of Pages 7
Fee Paid Rs. 35
Applicant called for collection copy on 24.10.2017
Copy prepared on 24.10.2017
Copy Issued on 24.10.2017

Deputy Director
National Company Law Tribunal, Mumbai Bench

SCHEME OF ARRANGEMENT
BETWEEN
RELIANCE MEDIAWORKS LIMITED
AND
RELIANCE COMMERCIAL FINANCE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

PREAMBLE

This Scheme of Arrangement (“Scheme”) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder for transfer and vesting of the Lease Rentals Business (as defined hereinafter) of Reliance MediaWorks Limited (“The Demerged Company” or “RMW”) into Reliance Commercial Finance Limited, formerly known as Reliance Gilts Limited (“the Resulting Company” or “RCFL” or “the Company”) on a going concern basis and such other approvals/ permissions, as may be required under the applicable laws, regulations, and guidelines issued by the regulatory authorities.

The Demerged Company will continue to pursue its interests in the Retained Business (as defined hereinafter) as is presently being carried out, subject to the regulatory requirements, risks, etc. specific to its Retained Business.

This Scheme also makes provisions for various other matters consequential or related hereto and otherwise integrally connected herewith.

BACKGROUND & RATIONALE

Reliance MediaWorks Limited (‘RMW’)

Reliance MediaWorks Limited was incorporated as Adlabs Films Private Limited on November 30, 1987. The name of the company was changed to Adlabs Films Limited on January 25, 2006 and to Reliance MediaWorks Limited on October 5, 2009. The company



was engaged in the business of processing of films and film exhibition (multiplexes) business consisting of various theatres. The company also forayed into media ventures business, consisting of broadcasting of a radio channel, production and distribution of movies and television content. Under this venture, the company operated a radio channel (Big FM) and produced several television shows and movies.

In line with the technological developments, the company started a new venture – offering cutting edge VFX production facilities to Indian and international producers through studios in Los Angeles, Mumbai and London.

To unlock value for the shareholders, the radio business of the company was demerged. Subsequently, in 2015, the company transferred its film and media business (film processing, distribution and production of movies and TV business) to Prime Focus Limited. The company also transferred the film exhibition business (multiplexes business) to Carnival Cinemas in the same year. The company has retained two multiplexes in Mumbai – one at R-Mall, Mulund and the other at Wadala, and is earning rental income from leasing of such properties. The company has also given advances to group companies, on which it earns interest income.

At present, the company owns the theatres (as mentioned above) and provides advisory services in relation to the distribution and production of movies and television content, by utilizing the experience and expertise available with the company due to forays in such businesses earlier.

The company has long term liabilities exceeding Rs 2,500 crores and is paying interest on the said amount. The company is incurring losses annually, as the income generated from the businesses is not sufficient to offset the interest cost associated with the borrowings. The company is also in the process of converting its long term liabilities into preference share capital.

As the company is unable to carry on businesses profitably, and is facing a severe crunch in terms of cash flows and debt serviceability, the company proposes to transfer the assets and liabilities pertaining to the Lease Rentals Business including receivables and advances to group companies and proportionate liabilities of the company. The divestment of the Lease Rentals Business would enable the company to reduce the quantum of borrowings



and the associated interest cost. The demerger would enable the company to limit its losses and to maintain an asset-light business model for the advisory business.

Reliance Commercial Finance Limited ("RCFL"), formerly known as Reliance Gilts Limited

RCFL is amongst the leading SME lenders in the Indian non-banking finance space. It is engaged in providing wide range of products which include SME loans, Loans against property, Infrastructure Financing, Agriculture Loans and Supply chain financing. In FY 2016-17, the company has acquired the commercial finance business from Reliance Capital Limited, its holding company. The company is looking to increase its leasing and financing portfolio, and thus proposes to acquire the Lease Rentals Business of RMW along with proportionate liabilities.

PARTS OF THE SCHEME

The Scheme is divided into the following sections:

- (a) **SECTION 1** deals with the Definitions and Share Capital;
- (b) **SECTION 2** deals with the transfer of Lease Rentals Business of the Demerged Company into Resulting Company;
- (c) **SECTION 3** deals with General Clauses, Terms and Conditions; and
- (d) **SECTION 4** deals with Other Terms and Conditions.



SECTION 1

DEFINITIONS AND SHARE CAPITAL

DEFINITIONS

In this Scheme of Arrangement (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

"Act" or "the Act" means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof for the time being in force;

"Appointed Date" means March 31, 2017 or such other date as may be decided by the Board of the Resulting Company with the consent or direction of the Tribunal;

"Board", in relation to the Demerged Company or the Resulting Company, as the case may be, means the board of directors of such Company, and shall include a committee duly constituted and authorised thereby for the purpose of matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto;

"Effective Date" means the last of the dates on which the certified copies of the Order of the Tribunal sanctioning the Scheme of Arrangement is filed with the Registrar of Companies by the Demerged Company and the Resulting Company;

"Registrar of Companies" means the Registrar of Companies, Mumbai, Maharashtra;

"Retained Business" means all the undertakings, businesses, units, activities, investments and operations and their respective assets and liabilities including employees of the Demerged Company other than those forming part of Lease Rentals Business pursuant to this Scheme, and shall include the advisory business of the Demerged Company for providing advisory services in relation to distribution and production of films and television content.

"Record Date" means the date to be fixed jointly by the Board of Directors of RMW and RCFL for the purposes of determining the shareholders of RMW to



whom shares would be issued in accordance with Clause 2.2 of this Scheme (as defined hereinafter);

“Scheme” or “the Scheme” or “this Scheme” or “Scheme of Arrangement” means this Scheme of Arrangement in its present form as submitted to the Tribunal or as the case may be this Scheme with such modification(s), if any made, as per Clause 4.2 of the Scheme;

“Demerged Company” or “RMW” means **Reliance MediaWorks Limited**, a company incorporated under the Companies Act, 1956 and having its registered office at Communication Centre, Film City Complex, Goregaon (East) Mumbai - 400065;

“Resulting Company” or “RCFL” means **Reliance Commercial Finance Limited**, formerly known as Reliance Gilts Limited, a company incorporated under the Companies Act, 2013 and having its registered office at Reliance Centre, 6th Floor, South Wing, Off. Western Express Highway, Santacruz (East), Mumbai - 400055;

“Tribunal” or “NCLT” means the National Company Law Tribunal (“NCLT”) and the National Company Law Appellate Tribunal (“NCLAT”) as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Section 230 to 232 of the Companies Act, 2013 and includes, in particular, the Mumbai Bench of NCLT;

“Lease Rentals Business” means the undertaking of the Demerged Company comprising of leased out assets of the Demerged Company transferred on a going concern basis along with all assets, liabilities, employees as follows:

- a. All assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, plant & machinery, equipment, stocks and inventory, other movable properties, in possession or reversion, present of whatsoever nature belonging to the Demerged Company in relation to the Lease Rentals Business, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements,



rights, credits, titles, interests, benefits, advantages, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits 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 concerning the Lease Rentals Business and approvals of whatsoever nature and where-so-ever 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 the Lease Rentals Business as on the Appointed Date;

- b. Any and all permits, authorizations, quotas, rights, entitlements, allotments, approvals, consents, concessions, subsidies, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals, benefits and credits (including, but not limited to credits and benefits in respect of tax deducted at source, turnover tax, excise duty, minimum alternate tax credit, customs duty, sales tax, value added tax and service tax), income tax benefits (including carry forward tax losses comprising of unabsorbed depreciation) exemptions (including the right to claim tax holiday under the Income Tax Act, 1961), as may be applicable, liberties, advantages, no-objection certificates, certifications, registrations, easements, licences, tenancies, offices, privileges and benefits, including employee state insurance, provident fund credits, gratuity fund credits, insurance policies, privileges, rights and benefits of all lease rights, licences, powers and facilities of every kind and description whatsoever relating to the Lease Rentals Business and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any legislative, executive or judicial unit of any governmental or semi-governmental entity



or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority used or held for use by the Demerged Company in relation to the Lease Rentals Business;

- c. Identified 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 as on the Appointed Date;
- d. The debts, obligations and liabilities of the Demerged Company comprising of, only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date and, (a) which arise out of the activities or operations of the Demerged Company appertaining to or relatable to the Lease Rentals Business and such other debts, liabilities, duties, (b) obligations arising of contracts and/or agreements of the Demerged Company relating to the Lease Rentals Business; and (c) general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-Tax Act, 1961 whether secured and unsecured and the specific contingent liabilities pertaining to or relatable to the Lease Rentals Business;
- e. All employees of the Demerged Company substantially engaged in the Lease Rentals Business as determined by the Board of Directors of the Demerged Company;
- f. All necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer program, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details 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 Lease Rentals Business; and
- g. All legal, tax, regulatory, quasi-judicial, administrative proceedings, suits, appeals, applications or other proceedings of whatsoever nature initiated



by or against the Demerged Company in connection with the Lease Rentals Business.

The assets and liabilities forming a part of the Lease Rentals Business, as on the Appointed Date, which are transferred to the Resulting Company pursuant to this Scheme shall be determined by the Board of Directors of the Demerged Company in consultation with the statutory auditors of the Demerged Company. It is clarified that the Lease Rentals Business does not include the assets, liabilities and obligations forming part of the Retained Business.

All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

SHARE CAPITAL

The share capital of the Demerged Company as on March 31, 2016 is as under:

Share Capital	Rs. in Crs.
<u>Authorized Share Capital</u>	
480,000,000 Equity Shares of Rs. 5/- each	240
20,000,000 Preference Shares of Rs 5/- each	10
TOTAL	250
<u>Issued, Subscribed and Fully Paid-up Share Capital</u>	
193,208,831 Equity Shares of Rs. 5/- each, fully paid up	96.60
2,950,000 10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs 5/- each, fully paid up	1.48
TOTAL	98.08

The board of directors of RMW have passed resolution for conversion of loans into Preference Share Capital and the allotment is expected to be completed by March 31, 2017, post obtaining shareholders' approval. Assuming that an amount of Rs. 1,000 Crs is converted into Preference Capital of the Company, the shareholding pattern of the Company would be as under:



Share Capital	Rs. in Crs.
<u>Authorized Share Capital</u>	
480,000,000 Equity Shares of Rs. 5/- each	240
602,00,00,000 Preference Shares of Rs 5/- each	3010
TOTAL	3250
<u>Issued, Subscribed and Fully Paid-up Share Capital</u>	
193,208,831 Equity Shares of Rs. 5/- each, fully paid up	96.60
200,29,60,000 10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs 5/- each, fully paid up	1,001.48
TOTAL	1,098.08

The share capital of the Resulting Company as on March 31, 2016 is as under:

Share Capital	Rs. in Crs.
Authorized Share Capital	
200,000,000 Equity Shares of Rs 10 each	200
TOTAL	200
Issued, Subscribed and Fully Paid-up Share Capital	
6,33,00,700 Equity Shares of Rs 10 each	63.30
TOTAL	63.30

There has been a change in the capital structure of the company after the above mentioned date. The revised share capital of the Resulting Company as March 25, 2017 is as under:

Share Capital	Rs. in Crs.
Authorized Share Capital	
200,000,000 Equity Shares of Rs 10 each	200.00
0% p.a. 400,000,000 Preference Shares of Rs. 10 each	400.00
TOTAL	600.00
Issued, Subscribed and Fully Paid-up Share Capital	
6,33,00,700 Equity Shares of Rs 10 each	63.30
TOTAL	63.30



DATE OF TAKING EFFECT AND OPERATIVE DATE

Each section of the Scheme set out herein in its present form or with any modifications(s) in accordance with Clause 4.2 of the Scheme shall, unless otherwise specified, be effective from the Appointed Date but operative from the Effective Date.

SECTION 2

TRANSFER AND VESTING OF LEASE RENTALS BUSINESS OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

Upon the Scheme becoming effective and with effect from the Appointed Date, the Lease Rentals Business of the Demerged Company shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner:

- a) With effect from the Appointed Date, the whole of the undertaking and properties of the Lease Rentals Business shall, pursuant to the provisions contained in the Section 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis so as to vest in the Resulting Company all rights, title and interest pertaining to such Properties.
- b) With effect from the Appointed Date, the demerger and vesting of the Lease Rentals Business under this Scheme has been proposed in compliance with the provisions of 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 the said Section. Such modification will however not affect the other parts of the Scheme.



- c) With effect from the Appointed Date, all the immovable properties of the Lease Rentals Business, whether freehold or leasehold and any documents of title and rights thereto shall stand transferred and vested in Resulting Company and shall become the property and integral part of the Resulting Company, without any further act, instrument or deed required by either of the Resulting Company or Demerged Company and without any approval or acknowledgement of any third party.
- d) In respect of such of the assets and properties forming part of the assets pertaining to the Lease Rentals Business as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or novation and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of the Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Resulting Company.
- e) In respect of the assets other than those dealt within sub-clause (c) above and forming part of the assets, including but not limited to sundry debts, receivables, bills, credits, loans, advances and deposits if any, pertaining to the Lease Rentals Business, whether recoverable in cash or in kind or for value to be received, the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to any person in pursuance of the provisions of the Section 230 to 232 of the Companies Act, 2013, read with other relevant provisions of the Act to the end and intent that the right of the Demerged Company to recover or realise the same stand transferred to the Resulting Company. The Resulting Company may, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivables, bills, credits, loans, advances or deposits stand transferred and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes and the Demerged Company shall provide all necessary assistance required in this regard.



- f) Upon the coming into effect of the Scheme, all debt, obligations and liabilities relating to the Lease Rentals Business which arose out of the activities or operations of the Lease Rentals Business and general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-Tax Act, 1961 shall without any further act or deed be and stand transferred to and vested in the Resulting Company and shall become the debt, duties, undertaking, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such reserves, debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- g) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all existing and future incentives, unavailed credits and exemptions, benefits, advantages, privileges, remissions, carried forward losses (including unabsorbed depreciation) and other statutory benefits, including in respect of income tax (including and not limited to taxes deducted at source, MAT credits) as applicable, excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax etc., relating to the Lease Rentals Business of the Demerged Company shall be available to and vest in the Resulting Company. The Demerged Company and the Resulting Company shall be entitled, wherever necessary, to revise their returns filed under various laws, as may be applicable, including returns filed under the Income Tax, Wealth Tax, Commercial Tax/ Trade Tax/ Sales Tax/ VAT, Entry Tax, Central Excise laws, and also, without limitation, the TDS/TCS certificates.

CONSIDERATION

Upon the Scheme becoming effective and in consideration of transfer and vesting of the undertaking of the Demerged Company into Resulting Company, the Resulting Company shall, without any further application or deed, issue and allot, at par, to the shareholders of the Demerged Company



(other than the Resulting company, if applicable) whose name appears in the Register of Members of the Demerged Company as on the Record Date or to their successors-in-title, fully paid up preference shares (terms and conditions are given in Schedule I), in the following ratio:

- 1 (One) Preference Share of Re.1 each fully paid up of the Resulting Company for every 200 (Two Hundred) Equity Shares of Re.5 each fully paid up, held by the Equity shareholders in the Demerged Company.
- 1 (One) Preference Share of Re.1 each fully paid up of the Resulting Company for every 5000 (Five Thousand) Preference Shares of Re.5 each fully paid up, held by the Preference shareholders in the Demerged Company.

Any fraction arising on issue of shares as above will be rounded off to the nearest integer.

The shares to be issued by the Resulting Company pursuant to Clause 2.2.1 above shall be issued in physical form by the Resulting Company, unless otherwise requested in writing by the shareholders of the Demerged Company.

The shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of the Resulting Company.

The Resulting Company shall take necessary steps to increase or alter or re-classify, if necessary, its Authorized Share Capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.

The approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be due compliance of all applicable provisions of the Act for the issue and allotment of shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.



ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Companies Act, 2013 and generally accepted accounting principles in India:

The Demerged Company shall reduce from its books, the book value of assets and liabilities, as on the Appointed Date, transferred as part of the Lease Rentals Business pursuant to the Scheme.

Capital reserve account of the Demerged Company shall be debited/credited with the difference between the value of net assets i.e. book values of assets as reduced by the book value of the liabilities pertaining to the Lease Rentals Business.

ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

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

The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme, at their respective carrying values as appearing in the books of account of the Demerged Company as on the Appointed Date.

The Resulting Company shall account for preference shares issued to the shareholders of the Demerged Company on terms and conditions set out in Schedule I to this Scheme at par.

The surplus of the value of Net Assets ("Net Assets" means excess of value of assets over the value of liabilities as per Clause 2.4.1.1) pertaining to the Demerged Undertaking and the amount of Preference Shares issued under Clause 2.2.1 above shall be credited to Capital Reserve Account. The deficit, if any, shall be recorded as goodwill.



SECTION 3

GENERAL CLAUSES, TERMS AND CONDITIONS

PERMITS, REGULATORY APPROVALS AND TAX INCENTIVES

With effect from the Appointed Date, all the statutory licenses, permissions, approvals, consents held by the Demerged Company pertaining to the Lease Rentals Business without any further act or deed shall be deemed to be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such licenses shall endorse where necessary, and record the Resulting Company on such licenses so as to empower and facilitate the approval and vesting of the Lease Rentals Business of the Demerged Company in the Resulting Company and continuation of operations pertaining to the Lease Rentals Business of the Demerged Company in the Resulting Company without any hindrance, and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company. The benefit of all licenses, statutory and regulatory, including permissions or approvals or consents required to carry on the operations of the Lease Rentals Business shall without any other order to this effect, vest into and become available to the Resulting Company pursuant to the sanction of this Scheme.

In so far as the immovable properties pertaining to the Lease Rentals Business held by the Demerged Company is concerned, the parties shall undertake such steps or activities as may be required for the purpose of transferring the immovable properties to the Resulting Company, with the offices of the relevant sub-registrar of assurance or similar registering authority. All the rights of the Demerged Company in such immovable properties of the Lease Rentals Business shall on the Scheme becoming effective, stand transferred to the Resulting Company and where required, such authorities shall make necessary mutation entries and changes in the land or revenue or other applicable records to reflect the name of the Resulting Company as owner of the immovable properties.



The Demerged Company in relation to the Lease Rentals Business may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Lease Rentals Business shall stand transferred to and vested in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever including benefits, deductions, exemptions under the income tax, excise, sales tax, service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Lease Rentals Business, to the extent statutorily available, shall be claimed by the Resulting Company.

RETAINED BUSINESS OF THE DEMERGED COMPANY

It is clarified that the Retained Business and all the assets, liabilities and obligations of the Demerged Company, other than those transferred pursuant to this Scheme, shall continue to belong to and be managed by the Demerged Company.

All legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date, relating to the Retained Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Retained Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.

After the Effective Date, if any proceedings are taken against the Resulting Company in respect of matters relating to the Retained Business, the Demerged Company shall indemnify and keep indemnified the Resulting Company against all costs liabilities and obligations incurred by the Resulting Company in respect thereof.

CONDUCT OF BUSINESS OF LEASE RENTALS BUSINESS UNTIL THE EFFECTIVE DATE

With effect from the date of filing the Scheme in the Tribunal and up to and including the Effective Date, except in the ordinary course of business, the Demerged Company shall not without the prior written consent of the Board of the Resulting Company or pursuant to any pre-existing obligation, sell, transfer or



otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose-off any of the Lease Rentals Business or any material assets or part thereof.

LEGAL PROCEEDINGS

All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising before the Effective Date and relating to the Lease Rentals Business, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Demerged Company.

After the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters relating to Lease Rentals Business as referred above, it shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

The Resulting Company undertakes to have all respective legal or other proceedings initiated by or against the Demerged Company as referred in Clause 3.4.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.

CONTRACTS, DEEDS, ETC.

Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, memorandum of understandings and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Lease Rentals Business of the Demerged Company, shall continue in full force and effect against or in favour of the Resulting Company and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.



The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company.

SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities above and the continuance of proceedings by or against the Resulting Company above shall not affect any transaction or proceeding already concluded in the Demerged Company, in relation to the respective Lease Rentals Business on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Lease Rentals Business in respect thereto as done and executed on its behalf.

STAFF, WORKMEN & EMPLOYEES

Upon the coming into effect of this Scheme, all employees of the Demerged Company engaged in or in relation to the Lease Rentals Business of the Demerged Company and who are in such employment as on the Effective Date shall become the employees of the Resulting Company and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by the Demerged Company and without any interruption of or break in service as a result of the transfer of the Lease Rentals Business.

In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees related to the Lease Rentals Business(collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to



the Lease Rentals Business being transferred to the Resulting Company, in terms of Clause 3.7.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of the Demerged Company, until such time that the Resulting Company create its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to Lease Rentals Business shall be transferred to the funds created by the Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Boards of the Demerged Company and the Resulting Company may decide to continue to make the said contributions to the Funds of the Demerged Company.

SECTION 4

OTHER TERMS AND CONDITIONS

APPLICATION TO THE TRIBUNAL

The Demerged Company and the Resulting Company shall, as may be required, make applications and/or petitions under the Section 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal for sanction of this Scheme and all matters ancillary or incidental thereto.

MODIFICATION OR AMENDMENTS TO THE SCHEME

Subject to approval of the Tribunal, the Resulting Company and the Demerged Company may, with the approval of their respective Boards, consent from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters, and things necessary for bringing this Scheme into effect or agree to any terms and/ or conditions or limitations that the Tribunal or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of the Resulting Company and the Demerged Company to give effect to



the modification/amendments to the Scheme may be exercised by their respective Boards or any person authorised in that behalf by the concerned Board, subject to approval of the Tribunal or any other authorities under the applicable laws.

CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- a) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/ or creditors of the Demerged Company and the Resulting Company as may be directed by the Tribunal or any other competent authority, as may be applicable.
- b) The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, other than as mentioned above in this Clause, which by law or otherwise may be necessary for the implementation of this Scheme.
- c) The Scheme being sanctioned by the Tribunal or any other authority under the Section 230 to 232 of the Companies Act, 2013.
- d) Certified copies of the Orders of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies by the Demerged Company and the Resulting Company.

In the event all of the aforesaid approvals not being received by June 30, 2018 or such other date as may be decided by the Boards of the Demerged Company and the Resulting Company, they may resolve that the said Section or transfer of that particular asset or liability shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise be expedient and be agreed by the Boards of the Demerged Company and the Resulting Company.

COSTS, CHARGES & EXPENSES



All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne solely by the Resulting Company.

SCHEDULE I

KEY TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES

Issuer	Reliance Commercial Finance Limited, formerly known as Reliance Gilts Limited
Instrument	Non-Convertible Non-Cumulative Redeemable Preference Shares
Face value	Re.1 per share
Issue price	Re.1 per share
Tenure	Within 18 months from the date of allotment
Dividend	10% p.a. on the Face Value
Redemption on maturity	Each preference share shall be redeemed at the Issue Price

Certified True Copy

Date of Application 18.10.2017

Number of Pages 21

Fee Paid Rs. 105

Applicant called for collection copy on 24.10.2017

Copy prepared on 24.10.2017

Copy Issued on 24.10.2017



Deputy Director

National Company Law Tribunal, Mumbai Bench



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT MUMBAI

COMPANY SCHEME PETITION NO. 750 OF 2017

IN

COMPANY SCHEME APPLICATION NO. 361 OF 2017

In the matter of the Companies Act, 2013
(18 of 2013);

AND

In the matter of Sections 230 to 232 and
other applicable provisions of the
Companies Act, 2013 and Rules framed
thereunder as in force from time to time;

AND

In the matter of Scheme of Arrangement
between Reliance MediaWorks Limited
("RMW" or "The Demerged Company")

AND

Reliance Commercial Finance Limited
("The Resulting Company" or "RCFL")

AND

Their respective shareholders



RELIANCE COMMERCIAL FINANCE LIMITEDthe Petitioner Company

CERTIFIED COPY OF THE MINUTES OF
ORDER DATED 18th October 2017 ALONG
WITH SCHEME OF ARRANGEMENT

M/s. RAJESH SHAH & CO

ADVOCATES FOR PETITIONER

16, Oriental Building,

30, Nagindas Master Road,

Flora Fountain,

Mumbai 400 001