

**Reliance Commercial Finance Limited
(Formerly Reliance Gilts Limited)****Corporate Identity Number (CIN):U66010MH2000PLC128301**Registered Office: Reliance Centre, 6th Floor, South Wing

Off Western Express Highway, Santacruz (East), Mumbai 400 055

Tel. No.: +91 22 3303 6000, Fax No. : +91 22 3303 6662

Website: www.reliancecommercialfinance.com, E-mail Id: rcfl.investor@relianceada.com**NOTICE OF TRIBUNAL CONVENED MEETING OF THE PREFERENCE SHAREHOLDERS**

Day	:	Wednesday
Date	:	August 2, 2017
Time	:	10:30 A.M. IST
Venue	:	Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai 400 055

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH AT MUMBAI
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 ("RCFL" or "The Resulting Company")

AND

Their respective shareholders

RELIANCE COMMERCIAL FINANCE LIMITED, a)
company incorporated under the provisions of the)
Companies Act, 1956 with Corporate Identity Number)
U66010MH2000PLC128301 and having its registered)
office at Reliance Centre, 6th Floor, South Wing, Off Western)
Express Highway, Santacruz (East), Mumbai 400 055) the Applicant Company

**NOTICE CONVENING THE MEETING OF PREFERENCE SHAREHOLDERS OF RELIANCE COMMERCIAL FINANCE LIMITED,
THE APPLICANT COMPANY ("MEETING")**

To,
The Preference Shareholder(s) of Reliance Commercial Finance Limited
(*"The Applicant Company" or "The Company" or "The Resulting Company" or "RCFL"*)

Notice is hereby given that by an Order dated June 22, 2017, in the abovementioned Company Scheme Application No.361 of 2017, the Mumbai Bench of the National Company Law Tribunal ("Tribunal") has directed a meeting to be held of the Preference Shareholders of the Company, for the purpose of considering, and if thought fit, approving with or without modification(s), 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 ("the Scheme" or "Scheme").

In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of the Preference Shareholders of the Applicant Company will be held to transact the following special business at Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai 400 055 on Wednesday, August 2, 2017 at 10:30 A.M. IST at which time and place, the said Preference Shareholders of the Applicant Company are requested to attend, to consider and, if thought fit, approve with or without modification(s), the following Resolution under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with requisite majority:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Companies Act") and the provisions of the Memorandum and Articles of Association of the Company, and further subject to the consents, approvals and permissions being obtained from the National Company Law Tribunal and other appropriate authorities to the extent applicable or necessary, approval of the Preference Shareholders be and is hereby accorded to 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"), as attached to the notice.

RESOLVED FURTHER THAT the Board & Key Managerial Personnel ("KMPs") be and are hereby authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution

and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the National Company Law Tribunal, Mumbai Bench and/ or any other authority(ies) while sanctioning the Arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board & KMPs may deem fit and proper."

Explanatory Statement under Section 230 read with Section 102 of the Companies Act, 2013 along with copy of the Scheme and other annexures including Proxy Form and Attendance Slip are enclosed herewith. Copies of the Scheme and statement under Section 230 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Company.

The Tribunal has appointed Shri Lav Chaturvedi, failing whom Shri Devang Mody, failing whom Shri Padmanabh Vora, Directors of the Applicant Company as the Chairman of the said meeting. The abovementioned Scheme, if approved at the meeting, will be subject to the subsequent approval of the Tribunal.

Persons entitled to attend and vote at the said meeting, may vote in person or by proxy provided that a proxy in the prescribed form, duly signed by such person or their authorised signatories, is deposited at the registered office of the Company at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, not later than 48 hours before the meeting. Forms of proxy can be had at the registered office of the Applicant Company.

The voting rights of Preference Shareholders shall be in proportion to their Preference Shareholding in the Company as on the cut-off date of close of business on Saturday, July 1, 2017.

It is further clarified that the Proxies can only vote on Poll at the meeting and not through any other mode.

Lav Chaturvedi

Chairman appointed for the meeting

Place : Mumbai

Date : July 1, 2017

Registered Office:

Reliance Commercial Finance Limited
Reliance Centre, 6th Floor
South Wing Off Western Express Highway
Santacruz (East), Mumbai 400 055
CIN: U66010MH2000PLC128301

Notes:

- (1) This Notice is being sent to the Preference Shareholders whose name appear in the Register of Members / Record of Depositories as at the close of business on Saturday, July 1, 2017 in physical mode to all the shareholders at their registered address. This Notice may also be accessed on Company's Website www.reliancecommercialfinance.com.
- (2) A Preference Shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of herself / himself and such proxy need not be a member of the Company. The Proxy Form duly completed should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (3) Only registered Preference Shareholders of the Company may attend and vote (either in person or by proxy or by authorised representative under Section 113 of the Companies Act, 2013) at the Preference Shareholder's meeting. The authorised representative of a body corporate which is a registered Preference Shareholder of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the board of directors or other governing body of the body corporate is deposited at the registered office of the Company not later than 48 hours before the meeting authorising such representative to attend and vote at the Preference Shareholders' meeting.
- (4) Registered Preference Shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Company in respect of such joint holding will be entitled to vote.

- (5) All alterations made in the proxy form should be initialed.
- (6) Shareholders are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with their respective Depositories or with Applicant Company for admission to the meeting hall.
- (7) Shareholders whose names appears on the Register of Members/ Record of Depositories as at the close of business on Saturday, July 1, 2017 ("cut-off date") will be considered for the purpose of voting and the voting rights shall be reckoned based on the Preference Shareholding as on Saturday, July 01, 2017. The voting rights of members shall be in proportion to their shares in the paid-up Preference Share capital of the Company as on cut-off date.
- (8) As directed by Hon'ble Tribunal, Shri Anil Lohia, Partner at M/s. Dayal & Lohia, Chartered Accountants or in his absence Shri Rinkit Kiran Uchat, Partner at M/s. Dayal & Lohia, Chartered Accountants shall act as the Scrutinizers to scrutinize votes cast on Poll at the Meeting and submitting a report on votes cast to the Chairperson of the Meeting within 48 hours from the conclusion of the meeting.
- (9) The result of the voting shall be announced by the Chairman, upon receipt of Scrutinizer's report.
- (10) The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Preference Shareholders at the Registered Office of the Applicant Company upto 1 (one) day prior to the date of the meeting between 11:00 A.M. IST and 2:00 P.M. IST on all working days, except Saturdays, Sundays and Public Holidays.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH AT MUMBAI

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 ("RCFL" or "The Resulting Company")

AND

Their respective shareholders

RELIANCE COMMERCIAL FINANCE LIMITED, a)
company incorporated under the provisions of the)
Companies Act, 1956 with Corporate Identity Number)
U66010MH2000PLC128301 and having its registered)
office at Reliance Centre, 6th Floor, South Wing, Off Western)
Express Highway, Santacruz (East), Mumbai 400 055) the Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 230 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 FOR THE MEETING OF PREFERENCE SHAREHOLDERS OF RELIANCE COMMERCIAL FINANCE LIMITED CONVENED BY HON'BLE NATIONAL COMPANY LAW TRIBUNAL

Details of the Companies or Parties involved in the Scheme:

- a) **Reliance Commercial Finance Limited** - referred to as "the Applicant Company" or "the Company" or "Resulting Company" or "RCFL";
- b) **Reliance MediaWorks Limited**- referred to as "RMW" or "the Demerged Company";

The Scheme of Arrangement between the above Companies and their respective shareholders is referred to as "the Scheme" or "this Scheme" or "Scheme" and the above Companies together are referred to as "the Applicant Companies". Other definitions contained in the enclosed Scheme will apply to this Statement.

- 1. This is a Statement accompanying the Notice convening the meeting of the Preference Shareholders of the Applicant Company.
- 2. Pursuant to an order dated June 22, 2017 passed by the Mumbai Bench of the National Company Law Tribunal ("Tribunal") in the Company Scheme Application No. 361 of 2017 referred to hereinabove, a meeting of the Preference Shareholders of the Company is being convened and held on Wednesday, August 2, 2017 at Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai 400 055 at 10:30 A.M. IST for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Reliance MediaWorks Limited ("RMW" or "The Demerged Company") and Reliance Commercial Finance Limited ("The Applicant Company" or "The Company" or "The Resulting Company" or "RCFL") and their respective shareholders ("the Scheme" or "Scheme").
- 3. A copy of the Scheme setting out in detail the terms and conditions of the arrangement has been approved by the Board of Directors of the Applicant Companies at their respective board meetings held on March 31, 2017 for RCFL and March 25, 2017 for RMW, is attached to this Explanatory Statement and forms part of this Statement.

4. Details of the Companies:

4.1 Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)

- (a) **Reliance Commercial Finance Limited** (formerly Reliance Gilts Limited) ("RCFL" or "Resulting Company"), a Public Limited Company, having Corporate Identification Number U66010MH2000PLC128301, was incorporated on August 17, 2000 under the Companies Act, 1956 in the State of Maharashtra,

Mumbai, under the name "Reliance Life Insurance Limited". Subsequently, the name of the Applicant Company was changed to "Reliance Life Insurance Company Limited" with effect from October 12, 2000. The name of the Applicant Company was further changed to "RLIC Limited" with effect from October 24, 2005. The name of the Applicant Company was further changed to "Reliance Gilts Limited" with effect from March 3, 2006. The name of the Applicant Company was further changed to "Reliance Commercial Finance Limited" with effect from June 7, 2016. Permanent Account Number of RCFL is AABCR6898M.

- (b) The registered office of RCFL is situated at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055 and E-mail address is rcfl.investor@relianceada.com
- (c) The objects for which RCFL has been established are set out in its Memorandum of Association. The main objects of RCFL are set out hereunder :

"1. *To do business of a Non-Banking Financial Company and to undertake and or arrange or syndicate all types of business relating to financing of consumers, individuals, industry or corporates, for all kinds of vehicles, aircrafts, ships, machinery, plants, two-wheelers, tractors and other farm equipments, consumer durables, equipment, renewable energy equipment / infrastructure, construction equipment, housing equipment, capital equipment, office equipment, their spares and components, real estate, infrastructure work or activity, including used / refurbished products, as also services of every kind and description, computers, storage tanks, toll roads, communication satellites, communication lines, factories, rolling stock, movable and immovable property, to engage in all forms of securitisation, installment sale and/or deferred sale relating to goods or materials, to purchase the book debts and receivables of companies and to lend or give credit against the same, to undertake real estate business, to borrow, to transact business as promoters, financiers, monetary agents, to carry out the business of a company established with the object of financing industrial enterprises and to arrange or provide financial and other facilities independently or in association with any person, Government, Financial Institutions, Banks, Industrial Companies or any other agency, in the form of lending or advancing money by way of loan, working capital finance, refinance, project finance or in any other form, whether with or without security, to institutions, bodies corporate, firms, associations, societies, trusts, authorities, industrial enterprises and to arrange or provide facilities for the purposes of infrastructure development work or for providing infrastructure facilities or engaging in infrastructure activities and to raise and provide venture capital and promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of, and to trade in their shares or other securities.*

2. *To promote the formation and mobilisation of capital, to manage capital savings and investment, to undertake bills discounting business, to purchase, finance, discount, re-discount, bills of exchange, to act as a discount and acceptance house, to arrange acceptance or co-acceptance of bills, to borrow, to lend, to negotiate loans, to transact business as promoters, financiers, monetary agents, to invest the capital or other funds of the Company in the purchase or acquisition of or rights in movable and immovable property, to use the capital, funds and assets of the Company as security for borrowing and the acquisition of or rights in movable or immovable property, or shares, stocks, debentures, debenture stock, bonds, mortgages, obligations, securities, revolving underwriting facilities and issue, acceptance and registration of all types of instruments, or to finance their acquisition by leasing or hire purchase or in any other manner, to raise or provide venture capital, to promote or finance the promotion of all types of instruments, or to finance their acquisition by leasing or hire purchase or in any other manner, to raise or provide venture capital, to promote or finance the promotion of joint stock companies, to invest in, to underwrite, to manage the issue of, and to trade in, shares or other securities, to undertake portfolio management, advisory and counselling services, to finance assist industrial and other enterprises in India and abroad, to provide finance and loan syndication, to revolve investments, computer programming and software manufacture and services television and communication software, development of financial-service supermarket, intercorporate bills and unit broking import/export financing, consultancy assignments, factoring, consumer financing and foreign exchange broking and securities dealing.*

3. *To carry on the business of acting as promoters, developers, catalysts or founders of bourse, securities market, association of dealers in securities or any other market place in order to develop an efficient, orderly and liquid secondary and an other markets for securities and other instruments, and that of lenders, borrowers, brokers, broking houses, arrangers, merchant bankers, issuers or in any other capacity deal in call, notice and term money markets and in securities aforesaid and other instruments."*

- (d) Reliance Commercial Finance Limited (RCFL) offers a wide range of products which include Small and Medium Enterprises (SME) loans, Loans Against Property (LAP), Infrastructure financing, Agriculture loans and Supply Chain financing, Micro financing, Vehicle loans and Construction finance. The focus in this

business continues to be on asset backed lending and productive asset creation. The aim of RCFL is not only credit growth per se also the quality of credit sourced. In financial year 2016-2017, the commercial finance division of Reliance Capital Ltd., holding company was demerged into RCFL.

- (e) The registered office of the Company is at Reliance Centre, 6th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055. The Company shifted its registered office to its current address w.e.f. February 9, 2017. Before February 9, 2017 the registered office of the company was at Reliance Centre, 19, Walchand Hirachand Marg, Mumbai 400 001. Further, Clause IIIA, sub clause 1 to 2 of the main objects of the company mentioned in the Memorandum of Association of RCFL were altered vide special resolution passed at the Annual General Meeting held on May 30, 2016 and approved on June 3, 2016 by the Registrar of Companies, Maharashtra, Mumbai.
- (f) The equity and preference shares of RCFL are not listed on any Stock Exchange in India or elsewhere.
- (g) Capital Structure of the Company – The authorized, issued, subscribed and paid-up share capital of RCFL as on March 31, 2017 is as under:

Share Capital	Rs. in crore
Authorized Share Capital	
20 00 00 000 Equity Shares of Rs. 10 each	200.00
40 00 00 000 0% p.a. Non-Convertible Redeemable Preference Shares of Rs. 10 each	400.00
Total	600.00
Issued, Subscribed and Fully Paid-up Share Capital	
12 28 25 700 Equity Shares of Rs. 10 each	122.83
40 00 00 000 0% p.a. Non-Convertible Redeemable Preference Shares of Rs. 10 each	400.00
TOTAL	522.83

Subsequent to March 31, 2017 there has been no change in the issued, subscribed and paid-up share capital of RCFL.

- (h) The details of the promoter and present directors of RCFL along with their addresses are as follows:

Sr. No.	Name	Address
Promoter		
1.	Reliance Capital Limited	H Block 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710
Directors		
1.	Shri Padmanabh Vora	Flat No. 503-504, 5 th Floor, "A" Wing, Mount Everest Tower, Bhakti Park, Wadala Mumbai 400 037
2.	Smt. Deena Mehta	17A, Abhilasha Building, 17 th Floor, 46 August Krantimarg, Gaumdevi, Mumbai 400 036
3.	Shri Lav Chaturvedi	403-404, Golden Rays, X Wing, Shastri Nagar, Andheri (West), Mumbai 400 053
4.	Shri Devang Mody	Flat No. 101, 1 st Floor, Balaji Tower, J.K Mehta Road, Santacruz (West), Mumbai 400 054

4.2 Reliance MediaWorks Limited

- (a) Reliance MediaWorks Limited ("the Applicant Company" or "the Company" or "the Demerged Company" or "RMW"), a Public Limited Company, having Corporate Identification Number U29299MH1987PLC045446, was incorporated under the provisions of the Companies Act, 1956, on November 30, 1987 in the State of Maharashtra, Mumbai, under the name "Adlabs Films Private Limited". Subsequently, the name of the Applicant Company was changed to "Adlabs Films Limited" with effect from June 19, 2000. The name of the Applicant Company was further changed to "Reliance MediaWorks Limited" with effect from October 5, 2009. Permanent Account Number of RMW is AAACA4252H.

- (b) The registered office of RMW is situated at Communication Centre, Film City Complex, Goregaon (East) Mumbai 400 065 and E-mail address is investor.complaints@relianceada.com.
- (c) The objects for which RMW has been established are set out in its Memorandum of Association. The main objects of RMW are set out hereunder :
1. *"To carry on the business of manufacturers, producers, exporters, importers, hirers, dealers, distributors and exhibitors of raw films, chemicals, photographic, and optical goods, cinematographic films, video cassettes, apparatus, recorders, machinery and equipments pertaining to or required for the film developing, printing, processing, editing, sound recording, re-recording, transferring, dubbing of sound, video taping, transferring film to video, duplicating video cassettes, discs or any format and to edit various formats.*
 2. *To arrange to produce, secure, procedure, acquire, retain, purchase, publish, dispose off and distribute advertisement films, TV serials, feature films, and programmes of educational, cultural, devotional, industrial, health, entertainment, family welfare, tourism, Governmental and of other subjects of interest."*
- (d) RMW is presently engaged in the business of leasing of theatres and providing advisory services in relation to the production and distribution of movies and television content.
- (e) Registered Office of RMW has been changed from Film City Complex, Goregaon (East), Mumbai 400 065 to Communication Centre, Film City Complex, Goregaon (East), Mumbai 400 065 w.e.f. May 15, 2015. Apart from this, there has been no change in the name, registered office and objects of RMW during the last five years.
- (f) The equity and preference shares of RMW are not listed on any Stock Exchange in India or elsewhere.
- (g) Capital Structure – The authorized, issued, subscribed and paid-up share capital of RMW as on March 31, 2017 is as under:

Share Capital	Rs. in crore
Authorised Share Capital:	
48 00 00 000 Equity Shares of Rs. 5/- each	240
6 02 00 00 000 Preference Shares of Rs. 5/- each	3 010.00
Total	3 250.00
Issued, Subscribed and Paid-up Share Capital:	
19 32 08 831 Equity Shares of Rs. 5/- each, fully paid-up	96.60
29 50 000 10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5/- each, fully paid-up	1.47
2 08 00 00 000 Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5/- each, fully paid-up	1 040.00
Total	1 138.07

- (h) The details of the promoters and present directors of RMW along with their addresses are as follows:

Sr. No.	Name	Address
Promoters		
1.	Reliance Land Private Limited	H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai, Thane 400 710
2.	Reliance Capital Limited	H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai, 400 710

Sr. No.	Name	Address
Directors		
1.	Mr. Gautam Doshi	402, Hamilton Court, Tagore Road, Santa Cruz (West), Mumbai 400 054
2.	Mr. Prasoon Joshi	201/202, B Wing, Quantum Park Building, Union Park, Khar (West), Mumbai 400 052.
3.	Mr. Satish Kadakia	C-702, Ekta Bhoomi II CHS, Behind Panchshil, Joggers Park, Mahavir Nagar, Dhanukar Wadi, Kandivali, Mumbai 400 067
4.	Mr. Sushilkumar Agrawal	A-2, Matru Ashish, 14 th Floor, 454 Nepean Sea Road, Mumbai 400036
5.	Mr. Parag Shamji Ved	Shreenath Krupa, 7 th Road, Rajawadi, Ghatkopar (East), Mumbai 400 077

5. Relationship subsisting between the Companies who are Parties to the Scheme

RCFL and RMW belong to the Reliance ADA Group of Companies.

RCFL is a wholly owned subsidiary of Reliance Capital Limited.

Reliance Capital Limited also holds 1% equity stake in RMW.

6. At the meeting held on March 31, 2017, the Board of Directors of RCFL and at the meeting held on March 25, 2017, the Board of Directors of RMW had unanimously approved the proposed Scheme of Arrangement, after taking on record the Valuation report dated March 25, 2017 issued by M/s. MZSK & Associates, Chartered Accountants, an independent valuer.

7. Names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

(i) RCFL

Name of the Directors of RCFL present in the Meeting	Voted in Favour/ Against/ Abstain from voting
Shri Padmanabh Vora	In Favour
Smt. Deena Mehta	In Favour
Shri Lav Chaturvedi	In Favour

(ii) RMW

Name of the Directors of RMW present in the Meeting	Voted in Favour/ Against/ Abstain from voting
Mr. Gautam Doshi	In Favour
Mr. Satish Kadakia	In Favour
Mr. Sushil Kumar Agrawal	In Favour
Mr. Parag Shamji Ved	In Favour

8. Rationale and Benefits of the Scheme

The rationale and benefits are explained as under:

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

Reliance Commercial Finance Limited (RCFL) offers a wide range of products which include Small and Medium Enterprises (SME) loans, Loans Against Property (LAP), Infrastructure financing, Agriculture loans and Supply Chain financing, Micro financing, Vehicle loans and Construction finance. The focus in this business continues to be on asset backed lending and productive asset creation. The aim of RCFL is not only credit growth per se also the quality of credit sourced. In financial year 2016-2017, the commercial finance division of Reliance Capital Ltd., holding company was demerged into RCFL. 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.

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 June 19, 2000 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 Films Private Limited in the same year. The company has retained two multiplexes in Mumbai – one at R-Mall, Mulund and the other at IMAX, 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 crore 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 Rental Business including receivables and advances to group companies and proportionate liabilities of the company. The divestment of the Lease Rental 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.

9. Key salient features of the scheme:

- a) "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;
- b) "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;
- c) Transfer and Vesting of Lease Rentals Business of the demerged company into the resulting company:
 - (i) With effect from the Appointed Date, the whole of the undertaking and properties of the Lease Rental Business shall, pursuant to the provisions contained in 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.
 - (ii) 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 of the Scheme), in the following ratio:

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

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

10. Summary of Valuation Report including basis of valuation

(i) Summary of Valuation report obtained from M/s. MZSK & Associates, Chartered Accountants, an independent valuer:

(a) Valuation report on Share Entitlement for demerger of Demerged Undertaking from Demerged Company to the Resulting Company:

RMW was valued using Breakup Value method. Based on above, the Breakup Value ("BV") of Lease Rental Business of RMW, determined as net of fair value of assets and fair value of liabilities(excluding preference share liability), is (-ve) Rs.1,030.9 mn.

(b) The nominal value of Lease Rental Business of Reliance MediaWorks Limited is Rs. 1.3 mn. And the consideration for the demerger of Lease Rentals business would be settled by issue of :

Equity Shareholders of RMW:

- 1 (One) Preference Share of Re. 1 each fully paid-up of the RCFL for every 200 (Two Hundred) Equity Shares of Rs. 5 each fully paid-up, held by the Equity shareholders in RMW.

Preference Shareholders of RMW:

- 1 (One) Preference Share of Re. 1 each fully paid-up of the RCFL for every 5,000 (Five Thousand) Preference Shares of Rs. 5 each fully paid-up, held by the Preference shareholders in the RMW.

(ii) The valuation report is attached to the notice for your reference.

11. Statutory Auditors of RCFL, M/s.Chaturvedi & Shah, Chartered Accountants had vide certificate dated March 31, 2017 confirmed that the accounting treatment proposed in the Scheme is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

12. Amounts due to unsecured creditors (provisional) as on March 31, 2017

Particulars of amounts due to Unsecured Creditors from respective Company's involved in the Scheme as at March 31, 2017 is detailed herein:

Name of the Applicant Companies	Amount (in Rs.)
RCFL	12 97 01 87 343
RMW	9 64 37 14 616

13. Effect of the Scheme on various parties

a) **Directors & Key Managerial Personnel ("KMPs")** - The Directors or KMPs or their relatives of the respective Companies involved in the Scheme do not have any other interest in the scheme otherwise than that as shareholders in any of the Applicant Companies involved in the Scheme. Further, none of the directors, key managerial personnel and/or relatives of the Directors / KMPs of the respective Companies involved in the Scheme is concerned or interested, financially or otherwise, in the proposed Scheme. Save as aforesaid, none of the Directors and KMPs of the respective Companies involved in the Scheme have any material interest in the proposed Scheme. The effect of the Scheme on interests of the Directors or KMPs or their relatives, is not any different from the effect of the Scheme on like interests of other persons.

Details of the present Directors and Key Managerial Personnel (KMPs) and their equity / preference respective shareholding as on date in other Applicant Companies are as follows:

RCFL

Sr. No	Name of the Directors and KMPs of RCFL	Shares held in RMW	Shares held in RCFL
1.	Shri Padmanabh Vora, Independent Director	-	-
2.	Smt. Deena Mehta, Independent Director	-	-
3.	Shri Lav Chaturvedi, Non Independent Non-executive Director	-	-
4.	Shri Devang Mody, Executive Director & CEO	-	-
KMPs			
1.	Shri Amrish Shah, Chief Financial Officer	-	-
2.	Smt. Ekta Thakurel, Company Secretary & Compliance Officer	-	-

RMW:

Sr. No.	Name of the Directors and KMPs of RMW	Shares held in RMW	Shares held in RCFL
Directors			
1.	Mr. Gautam Doshi, Director	-	-
2.	Mr. Prasoon Joshi, Independent Director	-	-
3.	Mr. Satish Kadakia, Whole-time Director	10	-
4.	Mr. Sushil Kumar Krishna Agrawal, Independent Director	-	-
5.	Mr. Parag Shamji Ved, Independent Director	-	-
KMPs			
1.	Mr. Mohan Umrotkar, Chief Financial Officer	-	-
2.	Ms. Neelam Samant, Company Secretary	-	-

b) Promoter & Non-Promoter Equity Shareholders of RCFL and RMW and preference shareholders of RCFL and RMW:

The Scheme provides that the equity shareholders of RMW shall be issued preference shares in RCFL. Further, the preference shareholders in RMW shall be issued preference shares in RCFL. The swap ratio for shares is based on an independent valuation exercise carried on by M/s. MZSK & Associates, Chartered Accountants, after considering the valuation of the lease rentals business of RMW.

Thus, the rights and interest of the Promoters and Non-Promoter Shareholders of Companies will not be prejudicially affected by the Scheme.

The pre and post (expected) Scheme shareholding patterns of the companies involved in the Scheme as on March 31, 2017 is as follows:

RCFL**Equity Capital:**

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RCFL		Post-Scheme shareholding of RCFL (Expected) (Refer Note)	
		Number of shares	%	Number of shares	%
1.	Reliance Capital Limited	12 28 25 700*	100	12 28 25 700*	100
	Total		100.00		100.00

*Out of the above equity shares, 6 equity shares are jointly held by Reliance Capital Limited and its nominees.

Preference Share Capital: 0% p.a. Non-Convertible Redeemable Preference Shares of Rs. 10 each:

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RCFL		Post-Scheme shareholding of RCFL (Expected) (Refer Note)	
		Number of shares	%	Number of shares	%
1.	Reliance Capital Limited	40 00 00 000	100	40 00 00 000	100
	Total		100.00		100.00

Preference Share Capital: 10% p.a. Non-convertible Non-cumulative redeemable preference shares of Re.1 each:

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RCFL		Post-Scheme shareholding of RCFL (Expected) (Refer Note)	
		Number of shares	%	Number of shares	%
1.	Reliance Land Private Limited	-	-	8 34 871	60.38
2.	Reliance Capital Limited	-	-	9 660	0.70
3.	Other Public	-	-	3 34 313	24.18
4.	Reliance Infocomm Engineering Private Limited	-	-	240	0.02
5.	Crest Logistics and Engineers Private Limited	-	-	350	0.03
6.	Reliance Share & Stock Brokers Private Limited	-	-	1 91 200	13.83
7.	Payone Enterprises Private Limited	-	-	12 000	0.87
	Total	-	-	13 82 634	100.00

Note: The above shareholding pattern is prepared based on shareholding of RMW as on March 31, 2017. However, the shares would be issued by RCFL to shareholders of RMW on the record date, which would be decided by the Board of Directors of both companies at a later point of time. The post-scheme shareholding pattern may change in respect of the change in shareholding of RMW as on the Record Date.

RMW

Equity Shareholding:

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RMW		Post-Scheme shareholding of RMW (Expected)	
		Number of shares	%	Number of shares	%
	Promoter group				
(a)	Reliance Land Private Limited	12 44 14 132	64.39	12 44 14 132	64.39
(b)	Reliance Capital Limited	19 32 089	1.00	19 32 089	1.00
	Public	-	-	-	-
	Other Public	6 68 62 610	34.61	6 68 62 610	34.61
	Grand Total	19 32 08 831	100.00	19 32 08 831	100.00

Preference Share Capital:

Series I: 10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5 /- each, fully paid-up

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RMW		Post-Scheme shareholding of RMW (Expected)	
		Number of shares	%	Number of shares	%
1.	Reliance Infocomm Engineering Private Limited	12 00 000	40.68	12 00 000	40.68
2.	Crest Logistics and Engineers Private Limited	17 50 000	59.32	17 50 000	59.32
	Total	29 50 000	100.00	29 50 000	100.00

Series II: Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5 /- each, fully paid-up

Sr. No.	Name of the Shareholder	Pre-Scheme shareholding of RMW		Post-Scheme shareholding of RMW (Expected)	
		Number of shares	%	Number of shares	%
1.	Reliance Land Private Limited	1 06 40 00 000	51.15	1 06 40 00 000	51.15
2.	Reliance Share & Stock Brokers Private Limited	95 60 00 000	45.96	95 60 00 000	45.96
3.	Payone Enterprises Private Limited	6 00 00 000	2.88	6 00 00 000	2.88
	Total	208 00 00 000	100.00	2 08 00 00 000	100.00

Note: There will be no change in the Equity and Preference shareholding pattern of RMW post Scheme as no shares would be issued pursuant to the Scheme.

- c) **Creditors** – The rights and interest of the respective creditors of Companies involved in the Scheme will not be prejudicially affected by the Scheme, as post Scheme the respective companies shall meet their respective liabilities as they arise in the ordinary course of business. Further there is no Compromise and/or Arrangement with the Creditors since no sacrifice or waiver is, at all, called from them, their terms or rights are not sought to be modified in any manner.
- d) **Employees of the Demerged Undertaking RMW**– Upon the coming into effect of this Scheme, all employees of the Demerged Company engaged in or in relation to the Lease Rental 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 Rental Business.

14. CAPITAL STRUCTURE PRE AND POST SCHEME

Pre & Post Scheme Capital structure of all the Companies involved in the Scheme will be as under:

RCFL

	Pre-Scheme as on March 31, 2017		Post-Scheme (Expected)	
	Number of shares	Rs. in crore	Number of shares	Rs. in crore
Authorised Share Capital:				
Equity shares of Rs. 10 each	20 00 00 000	200.00	20 00 00 000	200.00
0% p.a. Non-Convertible, Redeemable Preference Shares of Rs. 10 each	40 00 00 000	400.00	40 00 00 000	400.00
10% p.a. Non-Convertible Non-Cumulative Redeemable Preference Shares of Re. 1 per share fully paid-up	-	-	20 00 000	0.20
Total	60 00 00 000	600.00	60 20 00 000	600.20
Issued, Subscribed & Paid-up Share Capital:				
Equity shares of Rs. 10 each	12 28 25 700	122.83	12 28 25 700	122.83
0% p.a. Non-Convertible, Redeemable Preference Shares of Rs. 10 each	40 00 00 000	400.00	40 00 00 000	400.00
10% p.a. Non-Convertible Non-Cumulative Redeemable Preference Shares of Re. 1 per share fully paid-up	-	-	13 82 634	0.14
Total	52 28 25 700	522.83	52 42 08 334	522.97

Notes

1. There has been no change in the capital structure of the RCFL after the above mentioned date. The revised share capital of the RCFL as on March 31, 2017 is correctly reflected in above para.

2. In 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 ("the Scheme" or "Scheme"), the share capital of RCFL as on March 25, 2017 is given as under:

Share Capital	Rs. in crore
Authorized Share Capital	
20 00 00 000 Equity Shares of Rs. 10 each	200.00
40 00 00 000 0% p.a. Non-Convertible Redeemable 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

There has been a change in the capital structure of the RCFL after the above mentioned date. The revised share capital of the RCFL as on March 31, 2017 is correctly reflected in table above notes.

The above shareholding pattern has been prepared based on the shareholding of RCFL as on March 31, 2017. However, the Scheme provides that equity and preference shares would be issued by RCFL to shareholders of RMW as on the Record Date. Thus, there may be a change in the post-scheme shareholding pattern of RCFL due to change in the shareholding of RMW as on the Record Date.

RMW

	Pre-Scheme as on March 31, 2017		Post-Scheme (Expected)	
	Number of shares	Rs. in crore	Number of shares	Rs. in crore
Authorised Share Capital:				
Equity Shares of Rs. 5/- each	48 00 00 000	240.00	48 00 00 000	240.00
Preference Shares of Rs. 5/- each	6 02 00 00 000	3 010.00	6 02 00 00 000	3 010.00
Total	6 50 00 00 000	3250.00	6 50 00 00 000	3 250.00
Issued, Subscribed & Paid-Up Share Capital:				
Equity Shares of Rs. 5/- each fully paid-up	19 32 08 831	96.60	19 32 08 831	96.60
10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5/- each, fully paid-up	29 50 000	1.47	29 50 000	1.47
Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5/- each, fully paid-up	2 08 00 00 000	1 040.00	2 08 00 00 000	1 040.00
Total	2 27 61 58 831	1 138.07	2 27 61 58 831	1 138.07

Notes

- The scheme was approved by the board of directors of the RMW on March 25, 2017. On this date the company was in the process of converting long term liabilities into preference share capital. Such conversion of long term liabilities into preference share capital was done on March 26, 2017 vide a resolution passed by the Committee of directors of the company. As decided by the Committee, an amount of Rs. 1,040 crore (One Thousand Forty crore) was converted into preference share capital by allotting 208,00,00,000 Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs. 5/- each, fully paid-up. Accordingly, the share capital mentioned above is after considering the allotment of preference shares after the approval of the scheme by the board of directors.
- There will be no change in the Shareholding Pattern of Equity Shares and preference shares of RMW, pre and post scheme

15. The copy of draft scheme has been filed with the Registrar of Companies.
16. No investigation proceedings have been instituted or are pending under applicable provisions of Companies Act, 2013 or erstwhile provisions of Companies Act, 1956 against RCFL.
17. No winding up petition has been admitted against RCFL.
18. On the Scheme being approved by the requisite majority of the shareholders of the respective Companies involved in the Scheme as per the requirement of Section 230 of the Companies Act, 2013, both the Companies will file a petition with the Tribunal at Mumbai for sanction of the Scheme.
19. The following documents will be open for inspection by the Preference Shareholders of RCFL up to 1 (one) day prior to the date of the meeting at its registered office between 11:00 A.M. IST and 2:00 P.M. IST on all working days, except Saturdays, Sundays and Public Holidays:
 - (i) Copy of the Order dated June 22, 2017 of the Tribunal at Mumbai passed in Company Scheme Application No. 361 of 2017 directing the convening of the meeting of the Preference Shareholders of RCFL;
 - (ii) Copy of the Company Scheme Application No. 361 of 2017;
 - (iii) Scheme of Arrangement;
 - (iv) Memorandum and Articles of Association of RCFL and RMW;
 - (v) Annual Report of RCFL for the financial year ended March 31, 2017 and of RMW for the financial year ended March 31, 2016;
 - (vi) Copies of the report on the Share Entitlement for demerger dated March 25, 2017 issued by M/s. MZSK & Associates, Chartered Accountants, an independent valuer;
 - (vii) Certificates issued by respective Statutory Auditors of RCFL and RMW in relation to the accounting treatment prescribed in the Scheme is in compliance with the Accounting Standards;
 - (viii) Register of Director's Shareholdings of RCFL and RMW.

This statement may be treated as an Explanatory Statement under Sections 230 to 232 of the Companies Act, 2013.

A copy of the Scheme, Explanatory Statement and Proxy Form may be obtained from the Registered Office of RCFL or/ and at the office of advocate M/s. Rajesh Shah & Co. situated at 16, Oriental Building, 30, Nagindas Master Road, Flora Fountain, Mumbai 400 001.

Lav Chaturvedi
Chairman appointed for the meeting

Place: Mumbai
Date: July 1, 2017

Registered Office:

Reliance Commercial Finance Limited
Reliance Centre, 6th Floor, South Wing
Off Western Express Highway
Santacruz (East), Mumbai 400055
CIN: U66010MH2000PLC128301

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 crore 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

1.1. DEFINITIONS

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

- 1.1.1. **"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;
- 1.1.2. **"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;
- 1.1.3. **"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;
- 1.1.4. **"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;
- 1.1.5. **"Registrar of Companies"** means the Registrar of Companies, Mumbai, Maharashtra;
- 1.1.6. **"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.
- 1.1.7. **"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);
- 1.1.8. **"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;
- 1.1.9. **"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;
- 1.1.10. **"Resulting Company"** or **"RCFL"** means **Reliance Commercial Finance Limited**, formerly known as Reliance Gilts Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Reliance Centre, 6th Floor, South Wing Off Western Express Highway, Santacruz (East), Mumbai – 400055;
- 1.1.11. **"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;
- 1.1.12. **"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 alongwith 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.

- 1.1.13. 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.

1.2. SHARE CAPITAL

1.2.1 The share capital structure of the Demerged Company as on March 31, 2016 is as follows:

Share Capital	Rs. in crore
Authorized Share Capital	
48 00 00 000 Equity Shares of Rs. 5/- each	240
2 00 00 000 Preference Shares of Rs. 5/- each	10
TOTAL	250
Issued, Subscribed and Fully Paid-up Share Capital	
19 32 08 831 Equity Shares of Rs. 5/- each, fully paid-up	96.60
29 50 000 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 crore is converted into Preference Capital of the Company, the shareholding pattern of the Company would be as under:

Share Capital	Rs. in crore
Authorized Share Capital	
48 00 00 000 Equity Shares of Rs. 5/- each	240
6 02 00 00 000 Preference Shares of Rs. 5/- each	3010
TOTAL	3250
Issued, Subscribed and Fully Paid-up Share Capital	
19 32 08 831 Equity Shares of Rs. 5/- each, fully paid-up	96.60
2 00 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

1.2.2 The share capital structure of the Resulting Company as on March 31, 2016 is as follows:

Share Capital	Rs. in crore
Authorized Share Capital	
20 00 00 000 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 crore
Authorized Share Capital	
20 00 00 000 Equity Shares of Rs. 10 each	200.00
0% p.a. 40 00 00 000 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

1.3. 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

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

2.1.1. 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.

2.2. CONSIDERATION

- 2.2.1. 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 5,000 (Five Thousand) Preference Shares of Re.5 each fully paid-up, held by the Preference shareholders in the Demerged Company.
- 2.2.2. Any fraction arising on issue of shares as above will be rounded off to the nearest integer.
- 2.2.3. 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.
- 2.2.4. The shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of the Resulting Company.
- 2.2.5. 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.
- 2.2.6. 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.

2.3. 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:

- 2.3.1. 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.
- 2.3.2. 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.

2.4. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

- 2.4.1. 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:
- 2.4.1.1. 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.
- 2.4.1.2. 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.
- 2.4.1.3. 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

3.1. PERMITS, REGULATORY APPROVALS AND TAX INCENTIVES

- 3.1.1. 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.
- 3.1.2. 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.
- 3.1.3. 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.

3.2. RETAINED BUSINESS OF THE DEMERGED COMPANY

- 3.2.1. 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.
- 3.2.2. 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.
- 3.2.3. 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.

3.3. CONDUCT OF BUSINESS OF LEASE RENTALS BUSINESS UNTIL THE EFFECTIVE DATE

- 3.3.1. 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.

3.4. LEGAL PROCEEDINGS

- 3.4.1. 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.

- 3.4.2. 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.
- 3.4.3. 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.

3.5. CONTRACTS, DEEDS, ETC.

- 3.5.1. 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.
- 3.5.2. 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.

3.6. SAVING OF CONCLUDED TRANSACTIONS

- 3.6.1. 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.

3.7. STAFF, WORKMEN & EMPLOYEES

- 3.7.1. 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.
- 3.7.2. 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

4.1. 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.

4.2. 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.

4.3. CONDITIONALITY OF THE SCHEME

4.3.1. 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.

4.3.2. 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.

4.4. COSTS, CHARGES & EXPENSES

4.4.1. 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

Ref No: 11/3/2017

March 25, 2017

To, Board of Directors, Reliance MediaWorks Limited, Communication Centre Film City Complex Goregaon East Mumbai - 400065	To, Board of Directors, Reliance Commercial Finance Limited, Reliance Centre, 6th Floor, South Wing, Off. Western Express Highway, Santacruz (East) Mumbai - 400055
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Dear Sir(s)/Madam(s),

Sub: Valuation

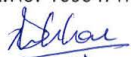
We, MZSK & Associates, Chartered Accountants ('MZSK' or 'We' or 'Us'), have been appointed to provide valuation report in connection with proposed demerger of Lease Rentals Business of Reliance Mediaworks Ltd. into Reliance Commercial Finance Ltd (together referred to as "the Companies"). We are pleased to present herewith our report on the same.

We enclose our report providing our opinion on the fair value of Lease Rentals Business of RML on a going concern basis as at March 24, 2017 ('Valuation Date') for the purpose mentioned below. The attached report details the valuation methodologies, calculations and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This letter should be read in conjunction with the attached report.

Thanking you,

For MZSK & Associates
Chartered Accountants
M.No. 105047W



Rajesh Thakkar
Partner
M.No. 103085
Place: Mumbai



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1. Purpose of Valuation

- 1.1 Reliance MediaWorks Ltd. ("RML" or "Demerged Company") is engaged in the business of leasing movie theatres owned by RML located in Mulund & Wadala and it also provides advisory services in relation to distribution & production of films and television content.
- 1.2 Reliance Commercial Finance Ltd. ("RCFL") is primarily engaged in the business of leasing & providing finance for various purposes and it manages assets of worth INR 16,191 Cr. as on December 2016. Currently, its products comprises of business expansion loans, property loans, vehicle loans, construction equipment loans, infrastructure, microfinance and agriculture loans.
- 1.3 We understand that the management of the RML is considering a proposal to demerge its Lease Rentals Business to RCFL ("Proposed Demerger").
- 1.4 In this regards, we MZSK have been appointed to undertake the valuation of Lease Rentals Business of RML as at March 24, 2017 on a going concern basis for the Proposed Demerger and provide a report thereon to the Board of Directors of the Company containing value of the Lease Rentals Business.



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2. Sources of Information

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of RML;

- 2.1 Provisional Balance Sheet of Lease Rentals Business of RML as on March 24, 2017;
- 2.2 Fixed asset valuation report of the building located in Wadala and retail space located in R Mall (Mulund), held under the Lease Rentals Business of RML;
- 2.3 Copy of Scheme of Arrangement between RML and RCFL;
- 2.4 Management representation letter dated March 24, 2017 provided by management of RML.



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3. Exclusions and Limitations

- 3.1. Our report is subject to the limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 3.2. This report, its contents and the results herein are (i) Specified to the purpose mentioned in this report (ii) Specific to the date of this report and (iii) are based on the balance sheet of Lease Rentals Business as at March 24, 2017. The Management has represented that the business activities of Lease Rentals Business been carried out in the normal and ordinary course between March 24, 2017 and date hereof and that no material adverse change has occurred in their respective operations and financial position between March 24, 2017 and date hereof.
- 3.3. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of RML, and have considered them at the value as disclosed by them in their regulatory filings or in submissions, oral or written, made to us.
- 3.4. During the course of our work, we have relied upon provisional financial statement of Lease Rentals Business and fixed asset valuation report provided to us by the Company. A value is determined at a point in time, taking into consideration the economic, social and market patterns existing at that point in time. To the extent that the assumed events do not occur, the outcome may vary from expected.
- 3.5. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out herein which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 3.6. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.
- 3.7. Our conclusions are based in these assumptions and information given by/on behalf of the Company. The management of the Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/result. Accordingly, we assume no responsibility for any errors in the information furnished by the Company and their impact on the valuation report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.



- 3.8. Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair value based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair value.
- 3.9. This report and its contents is prepared for the Company and to be used only for the specific engagement and regulatory reporting purpose. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion for any other purpose or with any other person except to whom it is issued and those connected with the purpose for which it is issued. We will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report, without our written consent.
- 3.10. This report is based on the information received from the sources mentioned herein and discussions with the representatives of RML. We have assumed that no information has been withheld that could have influenced the purpose of our report.
- 3.11. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither ourselves, nor any of our Partners, Directors, Officers or Employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report. We owe responsibility to the Board of Directors of the Company and nobody else. We are not liable to any third party in relation to the issue of this report. In no event we shall be liable for any loss, damage, cost or expense arising in any way for fraudulent acts, misrepresentations or willful default on the part of the Company, their management, directors, employees or agents.
- 3.12. A valuation of this nature is necessarily based on prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us of, the date hereof. Events occurring after the date hereof, may affect this valuation report and the assumptions used in preparing it, and we do not assume any obligations to update, revise or reaffirm this valuation report. However, we reserve the right to amend or replace the report at any time in the event of any material change in the facts presented to us.
- 3.13. The valuation report assumes that the Company comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Our conclusion of value assumes that the assets and liabilities of the Company, reflected in their respective latest balance sheets remain intact as of the date hereof.
- 3.14. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Company, as laid out in the engagement letter, for such valuation work.
- 3.15. In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.



4. Brief Background

Reliance Mediaworks Ltd.

- 4.1. RML is a company incorporated under the Companies Act, 1956 and its registered office is located at Communication Centre, Film City Complex, Goregaon (East) Mumbai.
- 4.2. It is primarily engaged in the business of leasing movie theatres owned by RML located in Mulund & Wadala and provides advisory services in relation to distribution & production of films and television content.
- 4.3. The paid up share capital of RML as on the date of this report comprises of equity shares of 193,208,831 having face value of INR 5 each and 2,950,000 10% Redeemable Non-Convertible Non-Cumulative Preference Shares of Rs 5 each. We have been informed by the management of RML, that the company has initiated a process for the conversion of loans into preference share capital and the allotment of the same would get completed by March 31, 2017.
- 4.4. The shareholding pattern of RML as on valuation date is detailed herein below :

Sr.No	Name of Shareholder	No. of shares held	% of Holding
1	Promoter & Promoter Group	12,63,46,221	65.39%
2	Private Corporate Bodies	5,86,74,854	30.37%
3	Indian Public	75,60,095	3.91%
4	Other (Incl.NRI)	6,27,661	0.33%
	Total	19,32,08,831	100.0%

Lease Rentals Business of RML :

- 4.5. Lease Rentals Business of RML offers property-leasing and renting services to companies and individuals.
- 4.6. The lease rentals business is defined as under in the Scheme of Demerger:

1.1.12 "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.*

4.7. The Lease Rentals Business of RML, includes 2 properties owned by RML in Mumbai viz retail space in R Mall, Mulund and Land & Building located in Wadala which are being utilized as a multiplex by Carnival Films. The approximate area of the aforementioned properties is 41,000 square feet and 1,06,799 square feet respectively.

Reliance Commercial Finance Ltd.

- 4.8. Reliance Commercial Finance Ltd. ("RCFL") is primarily engaged in the business of providing finance for various purposes to small and medium enterprises with assets under management (AUM), including securitized portfolio of INR 16,191 Cr as on December 2016. Currently, RCFL's products comprises of business expansion loans, property loans, vehicle loans, construction equipment loans, infrastructure, microfinance and agriculture loans.
- 4.9. The paid up share capital of RCFL as on the date of this report comprises of equity shares of 6,33,00,700 having face value of INR 10 each.
- 4.10. The 100% paid up share capital of RCFL is owned by Reliance Capital Ltd.



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5. Valuation Approaches & Methodologies

- 5.1. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.
- 5.2. There are three generally accepted approaches to valuation:
- (a) "Cost" approach
 - (b) "Income" approach
 - (c) "Market" approach
- 5.3. Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

5.3.1. Cost Approach

- The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.
- **Net Asset Value Method**
 - The Net Asset Value ("NAV") method under cost approach, consider the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company.
 - NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.
 - This valuation approach is mainly used in cases where the asset base dominates earnings capability.
 - As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.
 - Additionally, net asset value does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many respects, net asset value represents the minimum benchmark value of an operating business.



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- **Break Up Value Method**

- Under the Break Up Value ("BV") method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.
- This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

5.3.2. **Market Approach**

- **Market Price Method**

- Under this approach, the market price of an equity share as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

- **Comparable Companies Multiple Method**

- Under the Comparable Companies Multiple ("CCM") method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to Preference Shareholders, if any, in order to arrive at the value for equity shareholders.

- **Market Transaction Multiple Analysis**

- Under the Market Transactions Multiple Analysis ("MTA"), the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.



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5.3.3. Income Approach

The Income approach focuses on the income prospects of a company.

- **Discounted Cash Flow Method**

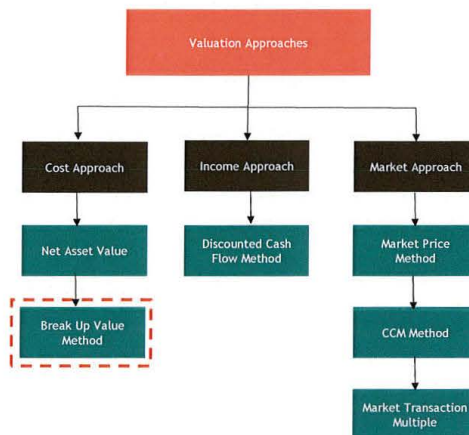
- Under the Discounted Cash Flow (“DCF”) method, the value of the business is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- Discount rate is the Weighted Average Cost of Capital (“WACC”), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.
- The perpetuity (terminal) value is calculated based on the business’s potential for further growth beyond the explicit forecast period. The “constant growth model” is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business’s future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The Surplus Assets / Non Operating assets are also adjusted.



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6. Conclusion on Valuation Approaches & Methodologies

6.1. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the company, and other factors which generally influence the valuation of companies and their assets.



6.2. Considering the asset base of Lease Rentals Business of RML, it would be appropriate to consider valuation methodology which captures true worth of Lease Rentals Business. Hence, we have considered Break Up Value method as the primary method for the present valuation exercise as Lease Rentals Business of RML currently is holding two major assets namely retail space in R-Mall and land & building in Wadala. Under the BV Method, business is valued by netting the fair value of liabilities from the fair value of the assets.



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7. Valuation of Lease Rentals Business of Reliance MediaWorks Limited

- 7.1. We have relied on the provisional financial Statements of Lease Rentals Business of the Company as provided by its management and representatives as at March 24, 2017.
- 7.2. For the purpose of current market value of fixed assets held under Lease Rentals Business, we have considered the fixed asset valuation report as provided by its management of RML.
- 7.3. Under BV method, we have considered the book values of assets and liabilities (excluding preference shares liability) as reflecting in financial statement of the Lease Rentals Business as on March 20, 2017. However, the value of fixed assets which comprises of retail space in R Mall, Mulund and land & building in Wadala is considered at market value as on March 24, 2017, based on fixed asset valuation report. We have been represented by the management of RML the book values represents the net realizable values/fair values as on March 24, 2017.
- 7.4. We have been represented by the management of RML, that there are no contingent liabilities as on the valuation date pertaining to Lease Rentals Business.
- 7.5. Based on above, the Breakup Value ("BV") of Lease Rentals Business of RML, determined as net of fair value of assets and fair value of liabilities(excluding preference share liability), is (-ve) INR 1030.9 mn.
- 7.6. Hence, it is considered appropriate to assign nominal value of INR 1.3 mn towards equity share capital and preference share capital of RML.



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8. Valuation Conclusion

8.1. It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

8.2. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not on exact science. Mathematical certainty is not demanded, nor indeed is it possible."

8.3. Considering all the relevant factors and circumstances as discussed and concluded in para 7.6 above, the nominal value of Lease Rentals Business of Reliance MediaWorks Limited is INR 1.3 mn. Further, we have been informed by the management of RML and RCFL that the consideration for the demerger of LR would be settled by issue of :

For Equity Shareholders of RML :

1 (One) Preference Share of Re.1 each fully paid up of the RCFL for every 200 (Two Hundred) Equity Shares of Re.5 each fully paid up, held by the Equity shareholders in RML.

For Preference Shareholders of RML :

1 (One) Preference Share of Re.1 each fully paid up of the RCFL for every 5000 (Five Thousand) Preference Shares of Re.5 each fully paid up, held by the Preference shareholders in the RML.

For MZSK & Associates

Chartered Accountants

M.No. 105047W



Rajesh Thakkar

Partner

M.No. 103085

Place: Mumbai



REPORT OF THE BOARD OF DIRECTORS OF RELIANCE COMMERCIAL FINANCE LIMITED ON THE SCHEME OF ARRANGEMENT BETWEEN RELIANCE MEDIAWORKS LIMITED ("RMW" OR "THE DEMERGED COMPANY") AND RELIANCE COMMERCIAL FINANCE LIMITED ("THE RESULTING COMPANY" OR "RCFL" OR "THE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS ("THE SCHEME")

1. Background:

- 1.1 A meeting of the Board of Directors ('Board') of Reliance Commercial Finance Limited was held on March 31, 2017 to consider and recommend the proposed Scheme of Arrangement between Reliance MediaWorks Limited ("RMW" or "The Demerged Company") and Reliance Commercial Finance Limited ("the Resulting Company" or "RCFL" or "the Company") and their respective shareholders ("the Scheme").
- 1.2 In terms of section 232(2) (c) of Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders has to be appended with the notice of the meeting of shareholders and creditors. Further, the said report has to specify any special valuation difficulties, if any in the valuation. This report of the Board is made in order to comply with the requirements of section 232(2) (c) of Companies Act, 2013.
- 1.3 While deliberating on the Scheme, the Board had, inter-alia, considered and took on record the following necessary documents ('Documents'):
 - a. Draft Scheme of Arrangement between RMW and RCFL and their respective shareholders;
 - b. Valuation Report dated March 25, 2017 issued by M/s. MZSK & Associates, Chartered Accountants on the proposed demerger of the Lease Rentals Business of Reliance MediaWorks Limited into Reliance Commercial Finance Limited;

The background and rationale for the Scheme is as under:

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 w.e.f. June 19, 2000 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. 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 IMAX, Wadala, and is earning rental income from leasing of such properties.

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 also given advances to group companies, on which it earns interest income.

The company has long term liabilities exceeding Rs. 2,500 crore 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 rentals business (lease rentals from theatres) along with surplus assets (receivables and advances from the company), along with 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 (formerly Reliance Gilts Limited) ("RCFL")

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 commercial finance division of Reliance Capital Limited, holding company was demerged into RCFL. 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.

2. Valuation

The Reports on valuation have been obtained from M/s. MZSK & Associates, Chartered Accountants, an independent valuer. The valuations have been arrived at based on the various methodologies explained in the Report and various qualitative factors relevant to the Business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations.

The valuation report states that it is appropriate to assign nominal value of INR 13 lakhs towards equity share capital and preference share capital in equal share as follows:

For Equity Shareholders of RMW:

- 1 (One) Preference Share of Re.1 each fully paid-up of RCFL for every 200 (Two Hundred) Equity Shares of Rs. 5 each fully paid-up, held by the Equity shareholders in RMW.

For Preference Shareholders of RMW :

- 1 (One) Preference Share of Re.1 each fully paid-up of RCFL for every 5,000 (Five Thousand) Preference Shares of Re.5 each fully paid-up, held by the Preference shareholders in RMW.

The Management is of the view that the same is fair and reasonable and in the interest of the shareholders.

Impact on key stakeholders

The demerger would enable the company to add to its lease rental portfolio. The Management estimates that the acquisition of theatres at Mulund and Wadala, along with other assets would add to the company's revenue generating capacity. The Scheme is expected to add value to all stakeholders of the Company.

For and on behalf of Reliance Commercial Finance Limited

Sd/-

Padmanabh Vora
Director

Date : March 31, 2017

Place : Mumbai

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**COMMERCIAL
FINANCE**

**Reliance Commercial Finance Limited
(Formerly Reliance Gilts Limited)**

CIN - U66010MH2000PLC128301

Registered Office: Reliance Centre, 6th Floor, South Wing

Off Western Express Highway, Santacruz (East), Mumbai 400 055

Tel. No.: +91 22 3303 6000, Fax No.: +91 22 3303 6662

Website: www.reliancecommercialfinance.com, E-mail Id: rcfl.investor@relianceada.com

PROXY FORM

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH AT MUMBAI
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 ("RCFL" or "The Resulting Company") and their respective shareholders

RELIANCE COMMERCIAL FINANCE LIMITED, a company)
incorporated under the provisions of the Companies Act, 1956)
with Corporate Identity Number U66010MH2000PLC128301)
and having its registered office at Reliance Centre,)
6th Floor, South Wing, Off Western Express Highway, Santacruz)
(East), Mumbai 400 055) the Applicant Company

Name of the member(s)	:
Registered address	:
E-mail ID	:
Folio No. /DP ID & Client ID*	:
No. of share(s) held	:

* Applicable in case shares are held in electronic form.

I/We, being the member(s) of [] preference shares of the **RELIANCE COMMERCIAL FINANCE LIMITED**, hereby appoint

- (1) Name : _____ Email - ID : _____
Address : _____
Signature : _____, or failing him
- (2) Name : _____ Email - ID : _____
Address : _____
Signature : _____, or failing him
- (3) Name : _____ Email - ID : _____
Address : _____
Signature : _____

as my / our proxy, to act for me/ us at the National Company Law Tribunal convened Meeting of the Preference Shareholders to be held on Wednesday, August 2, 2017 at 10:30 A.M. IST at Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai 400 055, for the purpose of considering and if thought fit, approving, with or without modification(s), 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 under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 at such meeting and any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s).....(here, if for, insert 'FOR', or if against, insert 'AGAINST' and in the latter case strike out the words 'EITHER WITH OR WITHOUT MODIFICATIONS' after the word resolution) the said arrangement embodied in the Scheme and the resolution, either with or without modification(s)*, as my/our proxy may approve.

*strike out whatever is not applicable

Signed this _____ day of July 2017

Please affix
Revenue
Stamp

Signature of Shareholder(s)

Signature of Proxy Holder(s)

Notes:

1. This Form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.
2. Please affix revenue stamp before putting signature.
3. Alterations, if any, made in the Proxy Form should be initialed.
4. In case of multiple proxies, the Proxy later in time shall be accepted.
5. Proxy need not be shareholder of the Company.



COMMERCIAL
FINANCE

**Reliance Commercial Finance Limited
(Formerly Reliance Gilts Limited)**

CIN - U66010MH2000PLC128301

Registered Office: Reliance Centre, 6th Floor, South Wing

Off Western Express Highway, Santacruz (East), Mumbai 400 055

Tel. No.: +91 22 3303 6000, Fax No.: +91 22 3303 6662

Website: www.reliancecommercialfinance.com, E-mail Id: rcfl.investor@relianceada.com

ATTENDANCE SLIP

TRIBUNAL CONVENED MEETING ON WEDNESDAY, AUGUST 2, 2017 AT 10:30 A.M. IST

Folio No. / DP ID & Client ID*	
No. of shares held	

* Applicable in case shares are held in electronic form.

I/ We certify that I/We am/are registered shareholder/proxy for the registered shareholder of the Company.

I/ We hereby record my presence at the TRIBUNAL CONVENED MEETING of the Company to be held on Wednesday, August 2, 2017 at Reliance Centre, Off Western Express Highway, Santacruz (East), Mumbai 400 055 at 10:30 A.M. IST

Shareholder's / Proxy's name in **BLOCK** letters

Signature of Shareholder /Proxy

Note: Please fill in the attendance slip and hand it over at the entrance of the Meeting Hall. Joint Shareholder(s) may obtain additional attendance slip at the venue of the meeting.

ROUTE MAP FOR VENUE OF THE MEETING



Landmark : Next to Prabhat Colony

Distance from Santacruz Station : 1 Km

Distance from Western Express Highway : 500 mtr