Magnum Ventures Limited

CIN: L21093DL1980PLC010492

Registered Office: Room No. 101, 64/6, Site-IV, Sahibabad Industrial Area, Ghaziabad-201010, Uttar Pradesh, Phone: 0120-4180000

E-mail: info@magnumventures.in Website: www.magnumventures.in

To
The General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, P.J.Towers,
Dalal Street, Mumbai – 400 001

Sub: Application under Regulation 37 and 59A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the proposed Scheme of Arrangement among Magnum Ventures Limited ("Demerged Company"), Magnum Paperz Limited ("Resulting Company") and their respective shareholders and creditors ("the Proposed Scheme")

Ref: BSE query vide email dated 08/07/2026

Dear Sir/Madam,

SN	Query/ Particulars	Reply/Remark
1.	The revised draft scheme along with the changes mentioned in your letter dated June 30, 2026.	Enclosed herewith as 1
2.	Clarify the reason as to why the Valuation report is not applicable in the instant cases.	Clarification letter Enclosed as 2
3.	Precedence of such cases wherein the capital reduction is undertaken pursuant to the demerger.	Enclosed as 3 1. Tata Motor Finance: https://www.tatacapital.com/content/dam/tata-capital/pdf/tmfl/tmfl-meetings/1670592260-annexures-to-notice-of-creditors-meeting.pdf 2. Poineer Embroideries: https://www.pelhakoba.com/wp-content/uploads/2022/11/Scheme-of-Arrangement-Demerger.pdf 3. Hinduja TMA: https://ndlventures.in/contents/static/hvmedia/inv/complete_scheme.pdf
4.	Provide the promoter and promoter build up again with the percentage calculation against all the absolute number of equity shares mentioned in the table.	Enclosed as 4

5.	Clarify the current status of the SAT appeal in the matter of SEBI Order dated May 30, 2023 and the impact of the same on the scheme.	Enclosed 5

Thanking You,

For Magnum Ventures Limited

ABHAY JAIN

Abhay Jain
Managing Director

Date: 10-07-2026
Place: Ghaziabad

SCHEME OF ARRANGEMENT AMONG MAGNUM VENTURES LIMITED AND MAGNUM PAPERZ LIMITED,

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 AND 232 READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE LAWS

A. Preamble and Overview of the Scheme

This Scheme of Arrangement ("Scheme") is framed pursuant to the provisions of Sections 230 and 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, together with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Section 2(1B) and other applicable provisions of the Income Tax Act, 1961, and other applicable laws, as may be in force from time to time.

The Scheme, inter alia, provides for:

i. The Demerger of the 'Paper Business' (Demerged Undertaking) of Magnum Ventures Limited (the Demerged Company) into Magnum Paperz Limited (the Resulting Company), as a going concern;

ii. The proportionate reduction of the issued, subscribed and paid-up share capital of the Demerged Company in accordance with the provisions of this Scheme;

iii. The cancellation and extinguishment of the entire pre-Scheme issued, subscribed and paid-up share capital of the Resulting Company, being a wholly owned subsidiary of the Demerged Company, and the issuance of new securities by the Resulting Company pursuant to this Scheme; and

iv. All matters incidental, consequential and integrally connected therewith.

B. Background and brief description of the Companies to the Scheme

I. Demerged Company-Magnum Ventures Limited

Magnum Ventures Limited, incorporated under the provisions of the Companies Act, 1956, has its registered office at Room No. 118, First Floor, MGM Commercial Complex, 4634/1, Plot No. 19, Ansari Road, Darya Ganj, New Delhi-110 002. The Company is engaged in paper manufacturing and hospitality business, other related and ancillary activities. Magnum Ventures Limited is a public limited company, listed on BSE and NSE.

II. Resulting Company-Magnum Paperz Limited

Magnum Paperz Limited, incorporated under the provisions of the Companies Act, 2013, has its registered office at 18/41, Industrial Area, Site-4, Sahibabad, Ghaziabad-201 010, Uttar Pradesh. The Company was recently incorporated on 22nd September, 2025 to carry on the business of manufacturing paper and paper products,

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

and other related and ancillary activities. Magnum Paperz Limited is a closely held, unlisted public limited, wholly owned subsidiary company of the Demerged Company.

III. Relevant corporate details of both the Companies are given in 'Clause-1: Definitions Clause' of this Scheme.

IV. The Demerged Company is a listed public limited company. Whereas the Resulting Company is a wholly owned subsidiary of the Demerged Company. Both the Companies in this Scheme are Group Companies under common management and control.

V. The proposed Scheme of Arrangement will not result in any change in management or control of any of the Companies in the Scheme.

VI. This Scheme is proposed in the interest of operational efficiency, business focus, organisational simplification and value creation for the shareholders and other stakeholders of the Companies.

C. Detailed Rationale and benefits of the Scheme

The circumstances that justify and/or necessitate the proposed Scheme of Arrangement between Magnum Ventures Limited (the Demerged Company) and Magnum Paperz Limited (the Resulting Company), and the benefits of the proposed Demerger together with the related capital restructuring comprising proportionate reduction of the share capital of the Demerged Company, cancellation of the pre-Scheme share capital of the Resulting Company and the issuance of new securities pursuant to the Scheme, as perceived by the Boards of Directors of the said Companies, to their shareholders and other stakeholders, are set out below.

I. Circumstances justifying the Demerger of the 'Paper Business' of Magnum Ventures Limited into Magnum Paperz Limited:

i. Existing Business Verticals: Magnum Ventures Limited (the Demerged Company) is engaged in two distinct business verticals, namely:

a. **Paper Business:** The business of manufacturing paper and paper products from wastepaper through its manufacturing facilities located at Sahibabad, District Ghaziabad, Uttar Pradesh (Delhi NCR), together with all activities incidental or ancillary thereto.

b. **Hotel Business:** The business of owning and operating a Five Star Hotel under the brand "Country Inn & Suites by Radisson", situated at Sahibabad, District Ghaziabad, Uttar Pradesh (Delhi NCR), together with all activities incidental or ancillary thereto. The said hotel has the distinction of being an all-vegetarian hotel formally certified as a Five Star Hotel by the Hotel & Restaurant Approval and Classification Committee (HRACC), Ministry of Tourism, Government of India.

ii. Distinct Nature of Businesses: The Paper Business and the Hotel Business are inherently different in nature, with distinct

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

operational characteristics, risk profiles and regulatory requirements, and require separate management focus and specialised skill sets.

iii. Focused Business Strategy: The management of the Demerged Company proposes to hive off the Paper Business into a separate entity in order to create a focused and independent business structure for each business vertical.

iv. Operational and Strategic Flexibility: The proposed demerger will provide flexibility to manage the Demerged Company and the Resulting Company independently and to enter into different strategic alliances, partnerships and collaborations appropriate to each business in the future.

v. Optimised Capital Structure: The demerger will enable both the Demerged Company and the Resulting Company to adopt capital structures and financial policies aligned with their respective operational requirements and long-term strategic objectives.

vi. Improved Resource Mobilisation: The Scheme will facilitate each Company to attract and retain suitable manpower, raise funds, and invite strategic investors and other stakeholders independently, based on the needs of their respective businesses.

vii. Independent Growth and Expansion: The demerger will provide a platform for independent growth and expansion of each business vertical without exposing the entire organisation to the risks associated with the other business.

viii. Enhanced Management Focus: With a view to achieving greater management focus and keeping in mind the paramount and overall interests of the shareholders, the Boards of Directors of the Demerged Company and the Resulting Company have considered that a Scheme of Demerger is the most appropriate and efficient mechanism.

ix. Overall Stakeholder Benefit: The proposed Scheme of Demerger is expected to have a beneficial impact on the Demerged Company and the Resulting Company, their respective employees, shareholders and other stakeholders, and is in the overall interest of all concerned.

II. Rationale for Reduction of Share Capital of the Demerged Company

i. The Demerged Company presently carries on two distinct business verticals, namely the Paper Business and the Hotel Business.

ii. Pursuant to the Scheme, the entire Paper Business together with all related assets, liabilities, contracts, licences, employees, rights, obligations and business operations shall stand transferred to and vested in the Resulting Company as a going concern.

MAGNUM VENTURES LTD. SAHABAD

MAGNUM PAPERZ LIMITED

iii. Consequently, a substantial portion of the assets, revenues, profits, cash flows and business operations presently forming part of the Demerged Company shall stand transferred to the Resulting Company.

iv. The proposed reduction of share capital is intended to appropriately realign the capital structure of the Demerged Company with the scale, size, net worth and asset base of the residual Hotel Business that shall continue to remain with the Demerged Company after implementation of the Scheme.

v. The reduction of equity share capital and preference share capital has been determined having regard to the relative value of the businesses retained by the Demerged Company and transferred to the Resulting Company, the post-Scheme net worth position of both companies and the objective of creating balanced, efficient and sustainable capital structures in both entities.

vi. The proposed reduction of share capital is not an independent corporate action but an integral, inseparable and simultaneous component of the Scheme of Arrangement and has been designed having regard to the relative value of the Demerged Undertaking and the Remaining Business. The reduction is intended to ensure that the post-Scheme capital structure of the Demerged Company appropriately reflects the scale and value of the business retained by it after transfer of the Demerged Undertaking to the Resulting Company.

vii. The proposed reduction does not involve any selective reduction and shall apply uniformly to all shareholders holding shares of the same class.

viii. Further, the proposed reduction shall not result in any change in the inter-se shareholding pattern, voting rights or economic participation of the shareholders of the Demerged Company, all of whom shall continue to hold shares in the Demerged Company in the same proportion as existing immediately prior to the Scheme becoming effective. Accordingly, the reduction is purely proportionate in nature and does not confer any preferential benefit upon any shareholder or class of shareholders."

III. Rationale for Cancellation of Pre-Scheme Share Capital of the Resulting Company

i. The Resulting Company was incorporated as a wholly owned subsidiary of the Demerged Company with the primary objective of housing and carrying on the Paper Business proposed to be transferred pursuant to this Scheme.

ii. As on the date of approval of the Scheme, the entire issued, subscribed and paid-up share capital of the Resulting Company is held by the Demerged Company and/or its nominees. Consequently, the existing share capital of the Resulting

MAGNUM VENTURES LTD. SHIBABAD

MAGNUM PAPERZ LIMITED

Company merely represents the ownership interest of the Demerged Company in its wholly owned subsidiary and does not represent any independent economic interest of third-party investors.

iii. Upon the Scheme becoming effective, the Resulting Company will cease to be a wholly owned subsidiary of the Demerged Company and will become a separately held company owned directly by the shareholders of the Demerged Company.

iv. It is the fundamental objective of the Scheme that the shareholders of the Demerged Company should directly hold shares in the Resulting Company in the same proportion in which they hold shares in the Demerged Company immediately prior to the Scheme becoming effective, thereby ensuring continuity of ownership and economic participation in the Paper Business.

v. In order to achieve the aforesaid objective and to avoid creation of any differential rights, duplication of economic interests or unintended benefit in favour of any person, the existing issued, subscribed and paid-up share capital of the Resulting Company shall stand cancelled and extinguished without any separate consideration, as an integral consequence of the implementation of this Scheme, and the Resulting Company shall simultaneously issue and allot fresh shares to the shareholders of the Demerged Company in accordance with the provisions of this Scheme.

vi. The proposed cancellation is merely a consequential and integral component of the Demerger and is analogous to elimination of cross-holdings arising from the wholly owned subsidiary structure. The same does not result in any economic loss, prejudice or diminution of rights of any shareholder, creditor or other stakeholder.

IV. Rationale for the Share Exchange Ratio together with the related Capital Restructuring contemplated under this Scheme

i. The Scheme has been structured with the fundamental objective that, upon the Scheme becoming effective, the shareholders of the Demerged Company shall continue to participate in both the Remaining Business of the Demerged Company and the Demerged Undertaking vested in the Resulting Company in the same economic proportion as existed immediately prior to the Scheme.

ii. Accordingly, the Share Exchange Ratio together with the related Capital Restructuring contemplated under this Scheme has been designed as a single integrated mechanism comprising the proportionate reduction of the share capital of the Demerged Company, cancellation of the pre-Scheme share capital of the Resulting Company and issuance and allotment of new securities by the Resulting Company, so as to preserve continuity of ownership, voting rights and economic participation of all shareholders.

MAGNUM VENTURES LTD. HYDERABAD

MAGNUM PAPERS LIMITED

iii. Upon implementation of the Scheme, the shareholders of the Demerged Company shall directly hold shares in the Resulting Company in the same proportion in which they held shares in the Demerged Company immediately prior to the Scheme. Consequently, the Scheme does not alter the relative inter-se shareholding of the existing shareholders or confer any differential rights or economic advantage upon any shareholder or class of shareholders.

iv. The Share Exchange Ratio together with the related Capital Restructuring contemplated under this Scheme constitutes a single integrated restructuring mechanism, and the reduction of the share capital of the Demerged Company, cancellation of the pre-Scheme share capital of the Resulting Company and issuance and allotment of new securities by the Resulting Company are integral, inter-dependent and inseparable components of the Composite Scheme of Arrangement and are intended to be implemented simultaneously.

v. The aforesaid restructuring mechanism has been formulated with a view to preserving continuity of ownership, ensuring equitable treatment of all shareholders and facilitating the segregation of the Paper Business and the Hotel Business into two independent corporate entities without altering the proportionate economic interest of any shareholder in either business.

vi. The Boards of Directors of the Demerged Company and the Resulting Company are of the considered opinion that the Share Exchange Ratio together with the related Capital Restructuring contemplated under this Scheme is fair, reasonable, commercially justified and in the best interests of the Companies, their respective shareholders and all other stakeholders.

vii. It is further clarified that the proposed reduction and cancellation of share capital:

a. do not involve any diminution of liability in respect of unpaid share capital;

b. do not involve any payment of paid-up share capital to any shareholder;

c. do not constitute a buy-back of securities within the meaning of the Companies Act, 2013 or any other Applicable Law; and

d. do not result in any change in control, management or the proportionate voting rights or economic interest of the shareholders.

Accordingly, the Scheme of Arrangement is being proposed for the reasons detailed above. The Boards of Directors of the Demerged Company and the Resulting Company believe that the Scheme is fair, reasonable, commercially sound and in the best interests of all stakeholders.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERS LIMITED

1. DEFINITIONS, INTERPRETATION AND CAPITAL STRUCTURE OF THE COMPANIES

1.1 DEFINITIONS

In this Scheme and in all documents executed or issued pursuant to or in connection with this Scheme, unless the context otherwise requires or is repugnant to the meaning thereof, the following expressions shall have the meanings assigned to them below:

1.1.1 **"Act" or "Companies Act, 2013"** means the Companies Act, 2013 (18 of 2013) and includes all rules, regulations, notifications, circulars, clarifications and guidelines made or issued thereunder, including, without limitation, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, and the National Company Law Tribunal Rules, 2016, and shall include any statutory amendment, modification, re-enactment or consolidation thereof for the time being in force.

1.1.2 **"Applicable Law(s)"** means all applicable central, state, local or other laws, and includes, without limitation:

a. all constitutions, statutes, laws (including common law), decrees, treaties, codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances and orders issued by any Appropriate Authority, statutory authority, competent authority, court or tribunal having jurisdiction over the Companies;

b. all Permits, approvals, consents and authorisations issued or granted by any Appropriate Authority; and

c. all orders, decisions, judgments, injunctions, awards, decrees and agreements of or with any Appropriate Authority having jurisdiction over the Companies to this Scheme,

and shall include, where applicable, any listing agreement or similar arrangement entered into with any stock exchange.

1.1.3 **"Appointed Date"** means the same date as the Effective Date, or such other date as may be approved by the Hon'ble National Company Law Tribunal, and shall be the date from which this Scheme shall be deemed to be operative for all accounting, legal and tax purposes.

Provided that the Board of Directors of the Demerged Company and the Resulting Company, may, with the approval of the Hon'ble National Company Law Tribunal or any other Appropriate Authority, mutually agree upon such other Appointed Date as may be required, directed or deem fit and proper by such Companies.

1.1.4 **"Appropriate Authority"** means, collectively, and wherever the context so requires:

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER LIMITED

i. the Government of any jurisdiction, including any Central, State, provincial, municipal or local government or any political or administrative subdivision thereof, and any department, ministry, agency, instrumentality, court, central bank, commission or other authority of such government;

ii. the Reserve Bank of India, the Securities and Exchange Board of India, the Real Estate Regulatory Authority(ies), the Directorate General of Shipping, and such other sectoral regulators or authorities as may be applicable; and

iii. any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, taxation, importing or other governmental or quasi-governmental authority, including, without limitation, the National Company Law Tribunal and stock exchanges.

1.1.5 **"Board" or "Board of Directors"** means the respective Board of Directors of the Demerged Company and the Resulting Company, and shall, unless repugnant to the context or otherwise, include any committee thereof or any person(s) duly authorised by such Board of Directors or by any such committee to exercise the powers and functions of the Board.

1.1.6 **"Companies"**, when used collectively, means the Demerged Company and the Resulting Company; and "Company" means any one of such Companies, individually, as the context may require.

1.1.7 **"Demerged Company"** means **Magnum Ventures Limited** being a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Room No. 118, First Floor, MGM Commercial Complex, 4634/1, Plot No. 19, Ansari Road, Darya Ganj, New Delhi-110 002, with e-mail address: cs_mvl@cissahibabad.in, and Website: www.magnumventures.in.

Magnum Ventures Limited [Corporate Identity Number (CIN): L21093DL1980PLC010492; Permanent Account Number (PAN): AAACM6054H] (hereinafter referred to as "the Demerged Company" or "the Company") was originally incorporated on 29th May, 1980, under the provisions of the Companies Act, 1956, as a private limited company in the name and style of "Magnum Papers Private Limited", pursuant to a Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi. Subsequently, the Company was converted into a public limited company, and its name was changed to "Magnum Papers Limited" pursuant to a Fresh Certificate of Incorporation dated 31st May, 1995, issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi. Thereafter, the name of the Company was further changed to its present name, "Magnum Ventures Limited", pursuant to a Fresh Certificate of Incorporation dated 15th November, 2006, issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

It is hereby noted that the Demerged Company is in the process of shifting its registered office from the National Capital Territory of Delhi to the State of Uttar Pradesh, in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. Upon completion of such change in registered office and issuance of the requisite order and issuance of new Corporate Identity Number (CIN) by the competent authority, the address of the registered office of the Demerged Company as stated in this Scheme shall stand automatically updated to reflect the new registered office address in the State of Uttar Pradesh, without requiring any further approval, consent, modification or sanction from any other authority. It is clarified that such change in registered office shall be procedural and ministerial in nature and shall not be construed as a modification of any substantive term or condition of this Scheme.

1.1.8 **"Demerged Undertaking"** or **"Demerged Business"** means the "Paper Business" of Magnum Ventures Limited (the Demerged Company), together with all ancillary, incidental and support services and related activities, and all properties, assets, rights, interests, approvals, permits and powers, and all debts, liabilities, duties, obligations, litigations, employees and working capital (including inventories), whether tangible or intangible, to be transferred to and vested in Magnum Paperz Limited (the Resulting Company) as a going concern, with effect from the Appointed Date, in accordance with this Scheme, and shall include, without limitation, the following:

i. Operations and Activities: The entire operations and activities of the 'Paper Business', including manufacturing of paper and paper products from wastepaper, together with all ancillary and related activities forming part of or incidental thereto.

ii. Assets and Properties: All movable and immovable, tangible and intangible, present, future or contingent assets relating to the Demerged Undertaking, including land (freehold or leasehold), buildings, plant and machinery, electrical installations, equipment, furniture, fixtures, vehicles, stocks and inventories, work-in-progress, cash in hand, bank and escrow balances, deposits, receivables, advances, claims, rights, powers, authorities, approvals, allotments, consents, letters of intent, registrations, contracts, arrangements, titles, interests, benefits, advantages, goodwill, brands, tenancy and sub-letting rights, leave and license permissions, NOCs, Intellectual Property Rights (including trademarks, trade names, patents, copyrights, domain names, websites, portals, know-how), applications therefor, import quotas and other quota rights, utilities and service rights, provisions, funds and benefits, wherever situated, in India or abroad, pertaining to the Demerged Undertaking.

iii. Rights, Experience and Credentials: All rights, claims, arbitration awards and proceedings, accumulated experience, goodwill, business reputation, credentials, accreditations, pre-qualifications, performance qualifications and performance history, including technical, financial and manufacturing

MAGNUM VENTURES LTD. SONDAGAD

MAGNUM PAPERZ LIMITED

qualifications, past work experience and business track record; all building plans and drawings (together with approvals obtained or pending); all approved tenders, licenses, subsidies, grants, incentives, powers and facilities; and all other rights, interests and benefits of whatsoever nature arising out of or relating to the Demerged Undertaking.

iv. Tax Attributes: All tax credits, incentives, refunds and benefits relating to the Demerged Undertaking, including income tax (advance tax, TDS, self-assessment and regular tax), GST, VAT, service tax, excise, customs, input tax credits, and all other tax attributes and claims belonging to or attributable to the Demerged Undertaking.

v. Receivables and Advances: All receivables, loans, advances, accrued interest, earnest monies, security deposits, advance payments and other entitlements of the Demerged Company relating to the Demerged Undertaking.

vi. Liabilities: All debts, liabilities, duties and obligations, whether present or contingent, including funded and non-funded facilities, bank guarantees, performance guarantees, corporate guarantees and letters of credit, relatable to the Demerged Undertaking, subject to lender consents wherever required.

For the purposes of this Scheme, liabilities relatable to the Demerged Undertaking shall include:

(a) liabilities arising out of the operations or activities of the Demerged Undertaking;

(b) specific borrowings raised and utilised solely for the Demerged Undertaking; and

(c) in other cases, such portion of general or multipurpose borrowings as bears the same proportion as the value of the assets transferred under the Demerger bears to the total assets of the Demerged Company immediately prior to the Demerger.

vii. Contracts and Projects: All contracts, agreements, arrangements and instruments, whether written or oral, including vendor and customer contracts, purchase and service orders, leases, licenses, insurance policies and claims, tenders, bids, letters of intent, operation and maintenance contracts, and ongoing and completed projects forming part of the Demerged Undertaking, together with all rights and benefits thereunder.

viii. Records and Data: All books, records, files, papers, manuals, drawings, software and licenses, databases, customer and supplier information, pricing and credit data, and all other records, whether physical or electronic, relating to the Demerged Undertaking.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER LIMITED

ix. Employees: All Transferring Employees.

x. Litigation: All civil, criminal, quasi-judicial, arbitral and administrative proceedings relating to or arising from the Demerged Undertaking.

Clarifications

a. Upon the Demerger becoming effective, all assets and liabilities relating to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company.

b. The Resulting Company shall be entitled to use and rely upon the experience, credentials, qualifications, performance history, track record, contracts and completion certificates of the Demerged Company pertaining to the Demerged Undertaking for the purpose of participating in or qualifying for any tenders or projects.

c. Any question as to whether any asset, liability, employee or other item pertains to the Demerged Undertaking shall be determined by the Board of Directors of the Demerged Company, and such determination shall be final and binding.

d. The Proforma Balance Sheet of the Demerged Undertaking is set out in Schedule-1.

1.1.9 **"Demerger"** means the transfer and vesting, on a going concern basis, of the "Paper Business" of Magnum Ventures Limited (the Demerged Company) into Magnum Paperz Limited (the Resulting Company), pursuant to and in accordance with this Scheme, in its present form or with such modifications, amendments or conditions as may be approved, imposed or directed by the Hon'ble National Company Law Tribunal or any other Appropriate Authority, as the case may be.

1.1.10 **"Effective Date"** means the last of the dates on which the certified copies of the order(s) of the Hon'ble National Company Law Tribunal sanctioning this Scheme are filed with the concerned Registrar of Companies, Ministry of Corporate Affairs. Any reference in this Scheme to "upon this Scheme becoming effective", "upon this Scheme coming into effect" or "effectiveness of this Scheme" shall be construed as a reference to the Effective Date.

It is, however, clarified that although this Scheme shall become operative from the Effective Date, the provisions of this Scheme shall be deemed to have taken effect from the Appointed Date. The Effective Date shall operate only as the trigger for implementation of the Scheme, and upon the Scheme becoming effective, all provisions hereof shall come into operation and be effective from the Appointed Date, in accordance with Section 232(6) of the Companies Act, 2013, and other applicable provisions, if any.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER LIMITED

1.1.11 **"Encumbrance"** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any nature whatsoever securing or conferring any priority of payment in respect of any obligation of any person, and includes any right or interest arising from a transaction which, although not constituting the grant of security in legal form, has an economic or financial effect similar to the creation of security under Applicable Law(s); (a) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, right of first refusal or transfer restriction in favour of any person; and (b) any adverse claim relating to or affecting title, ownership, possession or use of any asset or property.

1.1.12 **"FEMA"** means the Foreign Exchange Management Act, 1999, together with all rules, regulations, notifications, circulars and directions made thereunder, and shall include any statutory amendment, modification, re-enactment or consolidation thereof for the time being in force.

1.1.13 **"Hotel Business of the Demerger Company"** means the business of owning and operating, by Magnum Ventures Limited, a Five Star Hotel under the brand "Country Inn & Suites by Radisson", situated at Sahibabad, District Ghaziabad, Uttar Pradesh (Delhi NCR), together with all ancillary, incidental and support activities, assets, rights, benefits and obligations relating thereto.

1.1.14 **"INR" or "₹"** means the Indian Rupee, being the lawful and official currency of the Republic of India (currency code: 'INR', and its symbol: '₹').

1.1.15 **"Intellectual Property Rights"** means all intellectual property rights, whether registered or unregistered, owned by, vested in, licensed to, or recognised under Applicable Law(s) as belonging to and/or forming part of the Demerged Undertaking of the Demerged Company, or arising under common law, whether in India or abroad, including, without limitation:

i. all trademarks, service marks, brand names, trade names, logos, insignia, domain names, internet websites, online portals, and all copyright in relation thereto, together with the goodwill associated therewith, and all applications, registrations, renewals and variations thereof;

ii. all patents, whether granted or applied for, and all rights and interests therein;

iii. all confidential and proprietary information, including trade secrets;

iv. all published and unpublished works of authorship, copyrights therein, and all applications, registrations, renewals, extensions, restorations and reversions thereof;

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERS LIMITED

v. all computer software and programs, including source code, object code, firmware, operating systems, specifications and related processes;

vi. all designs, drawings, sketches and layouts;

vii. all tools, databases, frameworks, customer data, technical information, proprietary knowledge, technology, know-how, licenses, software licenses and formulas;

viii. all ideas and all other intellectual property or proprietary rights of any nature; and

ix. all rights, benefits and protections in respect of the foregoing as provided under Applicable Law(s).

1.1.16 **"IT Act"** means the Income Tax Act, 1961, together with all rules, regulations, notifications, circulars and directions issued thereunder, and shall include any statutory amendment, modification, re-enactment or consolidation thereof for the time being in force.

1.1.17 **"National Company Law Tribunal"** means the appropriate Bench or Benches of the Hon'ble National Company Law Tribunal constituted under the Companies Act, 2013, or such other court, tribunal, forum or authority as may have jurisdiction to sanction this Scheme and to deal with matters incidental or ancillary thereto, and shall hereinafter be referred to as the "Tribunal" or "NCLT".

1.1.18 **"NCD"** means the secured, listed, non-convertible debentures of the Demerged Company, issued and outstanding in the Demerged Company as specified in **Annexure A.**

1.1.19 **"New CRPS"** means 0% Non-cumulative Compulsorily Redeemable Preference Shares of face value INR 100 each, credited as fully paid-up, to be issued and allotted pursuant to this Scheme by the Resulting Company to the shareholders of the Demerged Company.

1.1.20 **"New Equity Shares"** means Equity Shares of face value INR 10 each, credited as fully paid-up, to be issued and allotted pursuant to this Scheme by the Resulting Company to the shareholders of the Demerged Company.

1.1.21 **"New Shares"**, when used collectively, means the New Equity Shares and New CRPS, issued pursuant to this Scheme.

1.1.22 **"Paper Business of the Demerger Company"** means the business of manufacturing paper and paper products from wastepaper, carried on by Magnum Ventures Limited through its manufacturing facilities at Sahibabad, District Ghaziabad, Uttar Pradesh (Delhi NCR), together with all ancillary, incidental and support activities, assets, rights, benefits and obligations relating thereto.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

1.1.23 **"Permits"** means all consents, licences, permits, permissions, authorisations, rights, approvals, environmental approvals, customer approvals, no-objection certificates (NOCs), clearances, confirmations, declarations, waivers, exemptions, registrations, enlistments and filings, whether governmental, statutory, regulatory or otherwise, granted or issued under Applicable Law(s).

1.1.24 **"Person"** means any individual, partnership, corporation, limited liability partnership, limited liability company, association, joint stock company, trust, joint venture, unincorporated organisation, or Appropriate Authority, as the context may require.

1.1.25 **"Portals"** means electronic portals and/or websites maintained or operated by Appropriate Authorities, government departments, public sector undertakings, private sector undertakings, banks, financial institutions and other entities or Persons, as the context may require.

1.1.26 **"Record Date"** means the date or dates to be fixed by the Board of Directors of the Demerged Company and/or the Resulting Company, for the purpose of determining the eligibility of the Equity Shareholders, Preference Shareholders and NCD Holders of the Demerged Company to receive New Equity Shares, New CRPS and NCDs, respectively, in the Resulting Company pursuant to the Demerger, and for such other matters as may be required under this Scheme.

1.1.27 **"Registrar of Companies"** or **"ROC"** means the concerned Registrar(s) of Companies under the Ministry of Corporate Affairs, having jurisdiction over the respective Companies in accordance with the Companies Act, 2013 and other applicable provisions, if any.

1.1.28 **"Remaining Business" or "Residual Business of the Demerged Company"** means all businesses, units, divisions, undertakings, activities and operations, together with all assets, properties, liabilities, obligations, investments, cash and bank balances and intellectual property rights of the Demerged Company, other than those forming part of the Demerged Undertaking under this Scheme. It is hereby clarified that all assets and corresponding liabilities relating to the Remaining Business shall continue to vest in and be retained by the Demerged Company and shall not form part of the Demerger.

Without prejudice to the generality of the foregoing, the Remaining Business of the Demerged Company shall include, inter alia, the following:

i. **"Hotel Business"** being the business of owning and operating a Five Star Hotel under the Brand 'Country Inn and Suites by Radisson', in Sahibabad, District Ghaziabad, Uttar Pradesh in Delhi NCR Region, together with all ancillary, incidental and support activities, and all assets of whatsoever nature and description relating thereto, whether movable or immovable, real or personal, corporeal or incorporeal, tangible or

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

intangible, present, future or contingent, forming part of or pertaining to such Transformer Business.

ii. All trademarks, service marks, patents, domain names, copyrights, industrial designs, product registrations and all other intellectual property rights, whether registered or unregistered, owned by, licensed to or used by Magnum Ventures Limited, in relation to and for the purposes of its Remaining Business.

1.1.29 **"Resulting Company"** means **Magnum Paperz Limited** being a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at 18/41, Industrial Area, Site-4, Sahibabad, Ghaziabad-201 010, Uttar Pradesh, and e-mail address: magnumpaperzltd@gmail.com.

Magnum Paperz Limited [Corporate Identity Number (CIN): U17013UP2025PLC233401; Permanent Account Number (PAN): AATCM9133G] (hereinafter referred to as "the Resulting Company" or "the Company") was incorporated on 22nd September, 2025, under the provisions of the Companies Act, 2013, as a public limited company, pursuant to a Certificate of Incorporation issued by the Central Registration Centre, on behalf of the jurisdictional Registrar of Companies, Uttar Pradesh, Kanpur.

1.1.30 **"Scheme"** means the present Scheme of Arrangement framed pursuant to the provisions of Sections 230 and 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, together with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961, and other applicable laws, if any, which, inter alia, provides for the demerger of the "Paper Business" of Magnum Ventures Limited into Magnum Paperz Limited, as a going concern; and matters incidental, consequential and integrally connected thereto, in its present form or with such modifications, amendments or conditions as may be approved, imposed or directed by the members and/or creditors of the Companies to the Scheme and/or by any Appropriate Authority, including the Hon'ble National Company Law Tribunal, or as may otherwise be deemed fit and agreed to by the Companies.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

1.1.31 **"SEBI"** or the **"Securities and Exchange Board of India"** means the Securities and Exchange Board of India, established as a statutory authority under the provisions of the Securities and Exchange Board of India Act, 1992.

1.1.32 **"SEBI Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), read with the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11th November 2024, issued by the Securities and Exchange Board of India for compliance with the provisions of the SEBI LODR Regulations by listed entities, as amended, modified or supplemented from time to time.

1.1.33 **"SEBI Scheme Master Circular"** means the Master Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/93 dated 20th June 2023, issued by the Securities and Exchange Board of India, relating to schemes of arrangement by listed entities and other related matters, as amended, modified or supplemented from time to time.

1.1.34 **"SEBI Scheme Debt Circular"** means the Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated 21st May, 2024 issued by the Securities and Exchange Board of India, relating to listing obligations and disclosure requirements for non-convertible securities and other related matters, as amended, modified or supplemented from time to time.

1.1.35 **"SEBI Regulations"** means, collectively, the SEBI Listing Regulations, the SEBI Scheme Master Circular and the SEBI Scheme Debt Circular, as amended, modified or supplemented from time to time.

1.1.36 **"Stock Exchanges"**, when referred to collectively, means BSE Limited (Bombay Stock Exchange/BSE) and the National Stock Exchange of India Limited (National Stock Exchange/NSE); and "Stock Exchange" means any one of the aforesaid Stock Exchanges, individually, as the context may require.

1.1.37 **"Taxation", "Tax"** or **"Taxes"** means all forms of taxes, and all statutory, governmental, state, provincial, international, local or municipal impositions, duties, contributions, levies or charges, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, value added or otherwise, and shall include, without limitation, any payments on account of or in respect of tax, whether by way of deduction or collection at source, advance tax, minimum alternate tax or otherwise, attributable directly or indirectly to the Demerged Undertaking of the Demerged Company, or any other Person, together with all penalties, interest, charges and costs relating thereto.

1.1.38 **"Transferring Employees"** means: (a) all employees of the Demerged Undertaking as on the Effective Date; and (b) such other employees of the Demerged Company as may be identified or designated by the Demerged Company as on the Effective Date, who shall, pursuant to this Scheme, stand transferred in accordance with the employee transfer provisions hereof.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

1.2 INTERPRETATION

Unless the context otherwise requires, terms and expressions used in this Scheme but not defined herein shall have the meanings respectively assigned to them under the Companies Act, 2013, and, if not defined therein, under the relevant Applicable Law(s).

In this Scheme, unless the context otherwise requires:

i. Words importing the singular shall include the plural, and vice versa.

ii. Headings, sub-headings and words in bold typeface are inserted for convenience only and shall not affect the construction or interpretation of this Scheme.

iii. References to clauses, sections or schedules shall, unless the context otherwise requires, be references to the clauses, sections or schedules of this Scheme.

iv. References to one gender shall include all genders.

v. The words "including", "include", "in particular" or any similar expression shall be construed as illustrative and not limiting the sense of the words preceding them.

vi. References to days, months and years shall mean calendar days, calendar months and calendar years, respectively, in accordance with the English calendar.

vii. References to "writing" shall include printing, typing, lithography and other means of reproducing words in a visible form.

viii. Where a wider construction is possible, the words "other" and "otherwise" shall not be construed ejusdem generis with any preceding words.

ix. References in this Scheme to any statute or statutory provision shall be construed as references to:

a. Any statutory modification, amendment, consolidation or re-enactment thereof for the time being in force.

b. Any subordinate legislation made from time to time under such statute or provision.

c. Any statutory instrument, order, rule or regulation made pursuant thereto.

d. Any corresponding provision of which such statute or statutory provision is a consolidation, modification or re-enactment.

1.3 CAPITAL STRUCTURE

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER LIMITED

i. Capital Structure of the Demerged Company as on 27th February, 2026, being the date of approval of the Scheme by the Board of Directors of the Company, is given below:

Particulars	Amount (INR)
Authorised Capital	
8,43,25,000 Equity Shares of INR 10 each	84,32,50,000
30,00,000 Preference Shares of INR 100 each	30,00,00,000
Total	**114,32,50,000**
Issued, Subscribed and Paid-up Capital	
6,84,11,317 Equity Shares of INR 10 each fully paid-up	68,41,13,170
3,25,000 Compulsorily Redeemable Preference Shares of INR 100 each fully paid-up	3,25,00,000
Total	**71,66,13,170**

ii. Capital Structure of the Resulting Company as on 27th February, 2026, being the date of approval of the Scheme by the Board of Directors of the Company, is given below:

Particulars	Amount (INR)
Authorised Capital	
1,50,000 Equity Shares of INR 10 each	15,00,000
Total	**15,00,000**
Issued, Subscribed and Paid-up Capital	
10,000 Equity Shares of INR 10 each fully paid-up	1,00,000
Total	**1,00,000**

iii. The Demerged Company has issued Secured Non-Convertible Debentures (NCD) which are listed on BSE and NSE. Status of these NCDs as on 27th February, 2026, being the date of approval of the Scheme by the Board of Directors of the Company, is given below:

Particulars	Amount (INR)
23,000 Secured Listed Non-Convertible Debentures (NCD)	61,45,00,000
Total	**61,45,00,000**

iv. The Demerged Company is a listed public limited company. Equity Shares of the Demerged Company are listed on BSE and NSE. Non-Convertible Debentures of the Demerged Company are also listed on BSE and NSE.

v. Whereas the Resulting Company is a wholly owned subsidiary of the Demerged Company. Accordingly, entire issued and paid-up Equity Share Capital of the Resulting Company is held by the Demerged Company and its nominee Shareholders.

vi. Both the Companies in this Scheme are Group Companies under common management and control.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER

vii. The proposed Scheme of Arrangement will not result in any change in management or control of any of the Companies in the Scheme.

viii. This Scheme does not provide for any reclassification of the Promoters of the Companies.

ix. There shall be no change in the issued and paid-up share capital, shareholding pattern or control of the unlisted Resulting Company during the pendency of this Scheme up to the Record Date, except pursuant to the implementation of this Scheme. Further, there shall be no change in the issued and paid-up share capital, shareholding pattern or control of the Resulting Company from the Record Date until receipt of listing and trading approval from the Stock Exchanges, other than changes arising solely pursuant to the present Scheme of Arrangement.

2. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

2.1 Upon this Scheme becoming effective and with effect from the Appointed Date, pursuant to the provisions of Sections 230 and 232 of the Companies Act, 2013 and other applicable provisions, the Demerged Undertaking of the Demerged Company, as defined in Sub-clause 1.1.8 of this Scheme, as a going concern, shall, without any further act, instrument or deed, stand transferred to and vested in the Resulting Company by operation of law. Accordingly, all assets, properties, rights, interests, benefits, liabilities, obligations, contracts, arrangements, employees, permits, licenses, registrations, approvals, records, credentials, litigations and proceedings forming part of or relating to the Demerged Undertaking shall, with effect from the Appointed Date, become those of the Resulting Company.

2.2 Without prejudice to the generality of Clause 2.1 and unless otherwise stated, with effect from the Appointed Date:

2.2.1 All movable assets of the Demerged Undertaking, whether tangible or intangible and whether capable of transfer by delivery, endorsement, novation or otherwise, shall stand transferred to and vested in the Resulting Company. Upon the Scheme becoming effective, title thereto shall be deemed to stand mutated and recognised in favour of the Resulting Company.

2.2.2 All investments, actionable claims, loans, advances, earnest monies, receivables, bills, credits, deposits, bank balances and other amounts recoverable in cash or in kind pertaining to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company, which shall be entitled to recover and realise the same in its own name. Any investments pertaining to the Demerged Undertaking held by the Demerged Company in listed companies, whether under promoter or non-promoter category, shall vest in the Resulting Company, which shall continue in the same shareholder category for all regulatory purposes.

MAGNUM VENTURES LTD. SECBAD

MAGNUM PAPER

2.2.3 All immovable properties of the Demerged Company pertaining to the Demerged Undertaking, including land, buildings, structures, plant and machinery embedded or affixed thereto, whether freehold, leasehold, licensed or otherwise, together with all rights, easements, leasehold interests, security deposits and title documents relating thereto, shall stand transferred to and vested in the Resulting Company by operation of law. Filing of a certified copy of the NCLT order sanctioning this Scheme with the relevant authority shall be deemed to constitute sufficient mutation and substitution of title in favour of the Resulting Company, and no separate conveyance or instrument shall be required.

2.2.4 All trademarks, brands, copyrights, patents, domain names, trade names, industrial designs and other intellectual property rights, including pending applications, relating to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company.

2.3 With effect from the Appointed Date, all debts, liabilities, non-convertible debentures, other debt instruments, duties, obligations, and commitments of the Demerged Company exclusively relating to the Demerged Undertaking, whether present or contingent, secured or unsecured, shall stand transferred to and vested in the Resulting Company on the same terms and conditions.

2.4 All security interests, charges and encumbrances created by the Demerged Company in respect of the Demerged Undertaking shall continue only against the assets to which they related immediately prior to the Effective Date and shall not extend to any other assets of the Resulting Company. Likewise, existing security interests of the Resulting Company shall not extend to assets of the Demerged Undertaking beyond existing charges. The Demerger shall not be construed as the creation of any new charge. Necessary filings with the Registrar of Companies shall be made as required under Applicable Law.

2.5 With effect from the Effective Date, the Resulting Company shall be entitled to operate all bank and demat accounts of the Demerged Company relating to the Demerged Undertaking. For limited purposes of receiving refunds or payments in the name of the Demerged Company, the Resulting Company may maintain temporary accounts in such name, which shall not be used for regular operations.

2.6 All corporate approvals, resolutions and authorisations of the Demerged Company insofar as they relate to the Demerged Undertaking shall be deemed to be approvals of the Resulting Company.

2.7 All licences, permits, registrations, incentives, subsidies, tax benefits and entitlements pertaining to the Demerged Undertaking shall vest in the Resulting Company and continue on the same terms without interruption.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERS LIMITED

2.8 All taxes, refunds, credits, incentives, accumulated losses and other fiscal attributes directly relatable to the Demerged Undertaking shall stand transferred to the Resulting Company in accordance with Applicable Law, the Income Tax Act, 1961 and GST laws.

2.9 All contracts, work orders, tenders, bids, ongoing works, completed works and pending claims relating to the Demerged Undertaking shall stand transferred to and vest in the Resulting Company. For all tender eligibility, pre-qualification and experience criteria prescribed by CPWD, PWD, PSUs or any authority, the experience, credentials, work orders and financials of the Demerged Undertaking shall be deemed to be those of the Resulting Company. All security deposits, bank guarantees and contractual rights shall stand transferred accordingly.

2.10 The sanction and implementation of this Scheme shall not be construed as a ground for disqualification or rejection of any tender, registration, empanelment or contract of the Resulting Company. Any substitution of name shall be treated as a procedural formality only.

2.11 All inter-company transactions, balances and contracts between the Demerged Undertaking and the Resulting Company shall stand cancelled from the Effective Date.

2.12 Without prejudice to the other provisions of this Scheme and for the avoidance of doubt, all assets, properties, rights, interests, benefits, liabilities, obligations, duties and commitments of whatsoever nature, whether present or future, whether or not expressly referred to, described or identified in this Scheme, which are exclusively attributable to, or which relate to, or arise from, or are connected with the Demerged Undertaking, shall, by operation of law, stand transferred to and vested in the Resulting Company with effect from the Appointed Date. Similarly, any asset, right, interest, benefit, liability or obligation which is not expressly identified in this Scheme, but which is capable of being reasonably regarded as forming part of, or arising from, or relating to the Demerged Undertaking, shall ipso facto be deemed to form part of the Demerged Undertaking and shall stand transferred to and vested in the Resulting Company without any further act, instrument or deed. It is further clarified that any such asset or liability discovered, identified or crystallised at any time after the Effective Date, but relating to the period prior to or on the Appointed Date and attributable to the Demerged Undertaking, shall also stand transferred to and vest in the Resulting Company as if expressly provided for in this Scheme.

2.13 The transfer and vesting of the Demerged Undertaking pursuant to this Scheme shall be effected by operation of law and may be subject to stamp duty, if any, as applicable under the relevant State laws. The Companies shall be entitled to claim all available exemptions, abatements or concessional stamp duty benefits under Applicable Law.

3. TAXES, DUTIES, CESS AND OTHER STATUTORY LEVIES

3.1 On or after the Effective Date, the Demerged Company and the Resulting Company, as the case may be, shall be entitled to revise, amend or file their respective financial statements, tax returns and statutory returns, together with all prescribed forms, filings and annexures, under the provisions of the Income-tax Act, 1961 (including recomputation under normal provisions and minimum alternate tax), the Wealth Tax Act, 1957, customs duty laws, central sales tax laws, applicable State value added tax laws, service tax laws, excise duty laws, goods and services tax laws, and any other Applicable Law dealing with taxes, duties, cess or levies, whether Central, State or local, as may be required to give effect to this Scheme and matters incidental thereto.

3.2 With effect from the Effective Date, all tax proceedings relating to the Demerged Undertaking, including assessments, reassessments, appeals, revisions, rectifications, audits, investigations, recovery proceedings or other proceedings of whatsoever nature, pending by or against the Demerged Company, shall be continued, prosecuted and enforced by or against the Resulting Company, as if such proceedings were originally initiated by or against the Resulting Company. Such proceedings shall not abate or be prejudicially affected by reason of the demerger.

3.3 All tax liabilities, whether ascertained or unascertained, disputed or undisputed, present or contingent, exclusively relating to the Demerged Undertaking, under applicable tax laws and to the extent not provided for in the accounts as on the date immediately preceding the Appointed Date, shall stand transferred to and become the liabilities of the Resulting Company. Any surplus in provisions for taxation, including advance tax, TDS, TCS or MAT credit relatable to the Demerged Undertaking, shall likewise stand transferred to and vest in the Resulting Company.

3.4 All refunds, credits, incentives or benefits under applicable tax laws, including income-tax refunds, GST refunds, duty drawback, export incentives or similar benefits, arising from or attributable to the Demerged Undertaking, and not credited in the accounts as on the date immediately preceding the Appointed Date, shall belong to and be received by the Resulting Company.

3.5 Any tax payment made by the Demerged Company in respect of the Demerged Undertaking on or after the Appointed Date, whether by way of advance tax, self-assessment tax, deduction or collection at source or otherwise, shall be deemed to have been made by the Resulting Company and shall be dealt with accordingly. Any tax deducted at source on inter-se transactions relating to the Demerged Undertaking (where income is deemed not to accrue) shall be treated as advance tax of the Resulting Company.

3.6 All obligations relating to deduction or collection of tax at source on payments relating to the Demerged Undertaking shall, upon the Scheme becoming effective, be deemed to have been duly complied with by the Resulting Company.

3.7 All deductions otherwise admissible under applicable tax laws in respect of the Demerged Undertaking, including deductions

MAGNUM VENTURES LTD. AHMEDABAD

MAGNUM PAPER

allowable on actual payment or subject to tax deduction at source, shall be available to the Resulting Company in the same manner and to the same extent as would have been available to the Demerged Company.

3.8 Subject to the provisions of Section 72A read with Section 2(19AA) of the Income Tx Act, 1961, the accumulated losses and unabsorbed depreciation directly relatable to the Demerged Undertaking, if any, shall be deemed to be the accumulated losses and unabsorbed depreciation of the Resulting Company.

3.9 The losses and unabsorbed depreciation as per the books of account of the Demerged Undertaking as on the date immediately preceding the Appointed Date, if any, shall be deemed to be the brought-forward losses and unabsorbed depreciation of the Resulting Company for computation of book profit and minimum alternate tax.

3.10 Without prejudice to the foregoing, all tax attributes exclusively attributable to the Demerged Undertaking, including accumulated losses, unabsorbed depreciation, MAT credit, TDS, foreign tax credits, indirect tax credits (GST, service tax, excise, VAT, CST) and customs duty benefits shall stand transferred to and vest in the Resulting Company, subject to Applicable Law.

3.11 Notwithstanding anything contained in this Scheme or in any Applicable Law, no Tax Authority shall deny, disallow, vary or restrict any tax benefit, deduction, exemption, set-off, credit, refund, carry-forward of losses or unabsorbed depreciation, incentive or concession to the Resulting Company solely on the ground that such benefit accrued to the Demerged Company prior to the Effective Date or on account of the demerger.

3.12 With effect from the Appointed Date, all GST registrations, electronic credit ledger balances, electronic cash ledger balances and all eligible input tax credit relatable to the Demerged Undertaking shall, subject to the provisions of GST laws, stand transferred to and vest in the Resulting Company.

3.13 The Resulting Company shall be entitled to undertake, file, revise or rectify any declaration, return, statement, application or procedural compliance required under GST laws to give effect to the transfer, carry-forward and utilisation of eligible input tax credit pursuant to this Scheme, notwithstanding prescribed time limits, to the extent permissible under law and recognised by judicial precedents.

3.14 It is expressly clarified that no input tax credit relating to the Demerged Undertaking shall lapse, expire or be forfeited merely on account of the demerger, and the Resulting Company shall be entitled to utilise such credit in accordance with GST laws.

3.15 All GST returns, assessments, audits, investigations, notices or proceedings relating to the Demerged Undertaking for periods prior to the Effective Date shall be continued by or against the Resulting Company, and any resulting refund or demand shall accrue to or be borne by the Resulting Company.

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER

3.16 For the purposes of GST laws, the demerger of the Demerged Undertaking shall be treated as a transfer of business on a going concern basis, and all supplies, credits and compliances shall be dealt with accordingly.

4. PERMITS

4.1 With effect from the Appointed Date and pursuant to the provisions of Sections 230 and 232 of the Companies Act, 2013 and other applicable provisions, all permits, registrations, enlistments, approvals, consents, licenses and authorisations of whatsoever nature, whether statutory, regulatory, governmental or otherwise, held by or availed of by the Demerged Company and relating to the Demerged Undertaking, together with all rights, benefits, privileges, incentives and entitlements accrued thereunder, shall, without any further act, instrument or deed, stand transferred to and vested in, or be deemed to have been transferred to and vested in, and be available to, the Resulting Company. Accordingly, such permits, registrations, approvals, licenses, rights, title, interests and authorities shall, as from the Appointed Date, become the permits, assets, rights, title and interests of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions as were applicable to the Demerged Company in respect of the Demerged Undertaking immediately prior to the Appointed Date.

4.2 The benefits and obligations of all statutory and regulatory permissions relating to the Demerged Undertaking, including environmental approvals and consents, tax registrations (including GST and other indirect tax registrations), industrial licenses and similar approvals, shall vest in and become available to the Resulting Company pursuant to this Scheme. Further, all incentives, subsidies, concessions, special status and other benefits or privileges, whether fiscal or non-fiscal, enjoyed by, granted to or availed of by the Demerged Company in relation to the Demerged Undertaking, from any Government Authority, statutory body, local authority or other Person, shall vest in and be available to the Resulting Company on the same terms and conditions, without any interruption.

4.3 Upon the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, all concerned licensors, grantors and Appropriate Authorities shall, as may be necessary, mutate, endorse or record the name of the Resulting Company in place of the Demerged Company in respect of such permits, registrations, licenses and approvals, so as to facilitate the seamless continuation of the Demerged Undertaking by the Resulting Company.

4.4 Upon the Effective Date and until such time as the permits, registrations, licenses and approvals are formally transferred, recorded or perfected in the records of the relevant authorities in favour of the Resulting Company, the Resulting Company shall be entitled and authorised to carry on and continue the business and operations of the Demerged Undertaking under the existing permits, licenses and approvals. During such interim period, the Resulting Company shall maintain appropriate records and comply with

MAGNUM VENTURES LTD. SECBAD

MAGNUM PAPER LIMITED

applicable legal requirements in respect of operations carried out under such permits, licenses or approvals.

4.5 It is clarified that all incentives, subsidies, concessions, exemptions, rebates, grants and other benefits, whether fiscal or non-fiscal, relating to the Demerged Undertaking and available to the Demerged Company immediately prior to the Effective Date shall, to the extent permissible under Applicable Law, continue to be available to the Resulting Company without interruption.

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

5.1 Upon this Scheme becoming effective and subject to its provisions, all contracts, deeds, bonds, agreements, arrangements, understandings (whether written or oral) and other instruments of whatsoever nature, to which the Demerged Company is a party or to the benefit of which the Demerged Company is entitled, and which relate to or arise out of the Demerged Undertaking, and which are subsisting or in force as on the Appointed Date, shall, without any further act, instrument or deed, stand transferred to and remain in full force and effect in favour of or against the Resulting Company, as the case may be. All such contracts, deeds, bonds, agreements, arrangements, understandings and instruments shall be enforceable by or against the Resulting Company as fully and effectually as if the Resulting Company had been an original party, beneficiary or obligee thereto.

5.2 Without prejudice to the automatic transfer and vesting effected by this Scheme, the Resulting Company may, at any time after the Scheme becomes effective, if required under any Applicable Law or by any counter-party, execute such deeds, documents or writings, including deeds of adherence, confirmations, substitutions or novation agreements, in respect of any contract or arrangement relating to the Demerged Undertaking, as may be necessary or desirable to formally give effect to this Scheme. For this purpose, the Resulting Company shall be deemed to be authorised to execute such documents on behalf of the Demerged Company, and to perform all acts, deeds and compliances necessary for the effective implementation of this Scheme.

5.3 From the Effective Date and until the rights and obligations under such contracts or arrangements are formally recorded or recognised in the name of the Resulting Company, the Resulting Company shall be entitled to enforce, perform, complete and receive benefits under all contracts, arrangements and transactions relating to the Demerged Undertaking, and may, to the extent required, correspond, issue invoices, accept stock returns, issue credit notes and take all necessary actions in the name of or on behalf of the Demerged Company, and all such actions shall be deemed valid and binding.

6. LEGAL PROCEEDINGS

Upon this Scheme becoming effective, any suit, appeal, petition or other legal proceeding, including quasi-judicial, arbitral or administrative proceedings, of whatsoever nature, by or against the Demerged

Company and relating to or arising out of the Demerged Undertaking, pending as on the Effective Date, shall not abate, be discontinued or be in any manner prejudicially affected by reason of the demerger, transfer and vesting of the Demerged Undertaking or anything contained in this Scheme. All such proceedings shall be continued, prosecuted, defended and enforced by or against the Resulting Company, in the same manner and to the same extent as such proceedings would or might have been continued, prosecuted, defended or enforced by or against the Demerged Company, as if this Scheme had not been implemented. It is clarified that the Resulting Company shall be entitled to be substituted in place of the Demerged Company in all such proceedings and no fresh proceeding, filing or consent shall be required solely by reason of such substitution.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Undertaking into the Resulting Company and the continuance of proceedings by or against the Resulting Company, as provided under this Scheme, shall not affect, invalidate or otherwise impair any transactions, contracts, arrangements, acts, deeds, matters or proceedings lawfully concluded or completed by the Demerged Company in relation to the Demerged Undertaking prior to the Effective Date. Accordingly, the Resulting Company accepts, adopts and confirms all such acts, deeds, matters and things done or executed by or on behalf of the Demerged Company in respect of the Demerged Undertaking prior to the Effective Date, and the same shall be deemed to have been done or executed by or on behalf of the Resulting Company, with the same force, validity and effect as if originally undertaken by the Resulting Company. Nothing contained in this Scheme shall be construed as authorising the reopening or renegotiation of any contract, transaction or matter lawfully concluded prior to the Effective Date.

8. STAFF, WORKMEN AND EMPLOYEES

8.1 Upon this Scheme becoming effective, all Transferring Employees of the Demerged Company who are in service as on the Effective Date shall, without any further act or deed, stand transferred to and become the staff, workmen and employees of the Resulting Company with effect from the Effective Date. Such transfer shall be without any break or interruption in service, and with continuity of service, on terms and conditions of employment which shall not be less favourable than those applicable to them in the Demerged Company immediately prior to the Effective Date.

8.2 Upon the Scheme becoming effective, all provident fund, gratuity fund, superannuation fund, employee state insurance contributions, trusts, schemes or other employee welfare benefits, whether statutory or contractual, insofar as they relate to or are attributable to the employees transferred pursuant to Clause 8.1, shall:

i. continue on the same terms and conditions; or

ii. be transferred to and merged with the corresponding funds, trusts or schemes maintained by the Resulting Company; or

iii. be continued under such new or existing arrangements as may be adopted or created by the Resulting Company,

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPERZ LIMITED

in each case, in compliance with applicable law.

Upon such transfer or continuation, the Resulting Company shall stand substituted in place of the Demerged Company for all purposes relating to the administration, operation and funding of such trusts, funds or schemes, including the obligation to make contributions thereto.

It is expressly clarified that all rights, duties, powers and obligations of the Demerged Company in relation to such employee benefit funds, trusts or schemes to the extent attributable to the transferred employees shall become those of the Resulting Company, and that the services of such employees shall be treated as continuous for all purposes, including for determining benefits under such funds, trusts or schemes.

8.3 Pending the formal transfer or merger of the aforesaid employee benefit funds, the provident fund, gratuity fund and superannuation fund contributions and dues in respect of the employees transferred pursuant to this Scheme shall continue to be deposited in the existing provident fund, gratuity fund and superannuation fund accounts of the Demerged Company, as applicable, in accordance with law, and shall thereafter be appropriately transferred or adjusted in favour of the Resulting Company.

9. CONDUCT OF BUSINESS OF THE DEMERGED UNDERTAKING BY THE DEMERGED COMPANY UPTO THE EFFECTIVE DATE

From the Appointed Date until the Effective Date:

9.1 From the Appointed Date, the Demerged Company shall stand possessed of all the assets and properties forming part of the Demerged Undertaking in trust for the Resulting Company. Accordingly, any asset or property acquired by the Demerged Company on or after the Appointed Date in relation to or for the purposes of the Demerged Undertaking shall be deemed to have been acquired for and on behalf of, and shall vest in, the Resulting Company upon this Scheme becoming effective.

9.2 The Demerged Company shall be deemed to have carried on and conducted the business and activities of the Demerged Undertaking for and on behalf of, and for the benefit and account of, the Resulting Company.

9.3 All income, profits or receipts accruing to the Demerged Company and all costs, charges, expenses or losses arising or incurred by the Demerged Company in relation to the Demerged Undertaking on or after the Appointed Date shall, for all purposes, be treated as the income, profits, costs, charges, expenses or losses, as the case may be, of the Resulting Company.

9.4 Any rights, powers, authorities or privileges exercised by the Demerged Company in respect of the Demerged Undertaking during the said period shall be deemed to have been exercised for and on behalf of, and in trust for, the Resulting Company. Likewise, any obligations, duties or commitments undertaken or discharged by the

MAGNUM PAPER LIMITED

Demerged Company in relation to the Demerged Undertaking shall be deemed to have been undertaken or discharged for and on behalf of the Resulting Company.

9.5 All debts, liabilities, loans raised and utilised, duties and obligations which arise, accrue or are incurred by the Demerged Company in connection with or attributable to the Demerged Undertaking on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Resulting Company.

9.6 During the period from the Appointed Date until the Effective Date, the Demerged Company shall not, in respect of the Demerged Undertaking, without the prior written consent of the Board of Directors of the Resulting Company or except pursuant to any pre-existing obligation sell, transfer, alienate, assign or otherwise dispose of; mortgage, charge or encumber; or deal with the whole or any substantial part of the Demerged Undertaking, otherwise than in the ordinary course of business.

10. REMAINING BUSINESS OF THE DEMERGED COMPANY

10.1 Upon this Scheme becoming effective, the Remaining Business of the Demerged Company, together with all assets, properties (including immovable properties), investments, rights, interests, liabilities, obligations and commitments relating thereto, shall continue to belong to, vest in and be carried on by the Demerged Company, and nothing contained in this Scheme shall be deemed to transfer or affect the same in any manner.

10.2 All legal, tax, regulatory or other proceedings, claims, demands, assessments, investigations or actions of whatsoever nature, whether pending as on the Effective Date or instituted at any time thereafter, relating to or arising out of the Remaining Business of the Demerged Company, including in respect of any property, right, power, liability, obligation or duty thereof, shall be continued, prosecuted and enforced by or against the Demerged Company alone. The Resulting Company shall not be responsible or liable, directly or indirectly, for any such proceedings or matters relating to the Remaining Business.

10.3 In the event any proceeding, claim or action relating to the Remaining Business is initiated or continued against the Resulting Company, the Resulting Company shall defend the same in accordance with the instructions of the Demerged Company and at the cost and expense of the Demerged Company. The Demerged Company shall fully indemnify and hold harmless the Resulting Company from and against all liabilities, losses, costs, expenses, penalties or obligations incurred in connection therewith.

10.4 Conversely, if any proceeding, claim or action relating to the Demerged Undertaking is initiated or continued against the Demerged Company, the Demerged Company shall defend the same in accordance with the instructions of the Resulting Company and at the cost and expense of the Resulting Company. The Resulting Company shall fully indemnify and hold harmless the Demerged

Company from and against all liabilities, losses, costs, expenses, penalties or obligations incurred in connection therewith.

10.5 With effect from the Appointed Date and including the Effective Date and thereafter:

a. The Demerged Company shall be deemed to have carried on, and shall continue to carry on, all activities and operations relating to its Remaining Business for its own account and benefit; and

b. All income, profits, losses, costs, charges and expenses arising from or relating to the Remaining Business shall, for all purposes, be treated as the income, profits, losses, costs or expenses of the Demerged Company alone.

10.6 With effect from the Appointed Date, the Remaining Business of the Demerged Company, together with the assets and properties forming part thereof, shall be deemed to be released and discharged from all encumbrances, charges or security interests relating exclusively to the Demerged Undertaking, and such encumbrances shall thereafter attach only to the Demerged Undertaking as transferred to the Resulting Company, in accordance with this Scheme.

11. CONSIDERATION FOR DEMERGER

11.1 Upon this Scheme finally coming into effect and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company in accordance with the provisions of this Scheme, the Resulting Company shall, without any further act, application or deed, issue and allot New Shares to the shareholders of the Demerged Company whose names appear in the Register of Members and/or list of Beneficial Owners, as received from the Depositories, as the case may be, as on the Record Date, in the following manner:

11.1.1 The Resulting Company shall issue and allot two (2) New Equity Shares of face value of INR 10 each, credited as fully paid-up, to the Equity Shareholders of the Demerged Company for every ten (10) Equity Shares of face value of INR 10 each held by them in the Demerged Company.

11.1.2 The Resulting Company shall issue and allot nine (9) New Compulsorily Redeemable Preference Shares of face value of INR 100 each, credited as fully paid-up, to each of the Compulsorily Redeemable Preference Shareholders of the Demerged Company for every ten (10) Compulsorily Redeemable Preference Shares of face value of INR 100 each held by them in the Demerged Company, on the same terms and conditions.

11.2 Fractional entitlements arising out of the aforesaid exchange process for Equity Shares and Compulsorily Redeemable Preference Shares, (as mentioned in Clause 11.1.1 and 11.1.2, respectively, above), if any, shall be aggregated and held by a trust, nominated

MAGNUM VENTURES LTD. AHMEDABAD

MAGNUM PAPER LIMITED

by the Board of Directors of the Resulting Company, in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares, as per the Scheme. The Resulting Company shall submit to the Designated Stock Exchange a report from its Audit Committee and the Independent Directors certifying that the Resulting Company has compensated the eligible shareholders against their respective fractional entitlement, within a period of seven days of compensating the shareholders.

In the event that the aggregate number of shares to be allotted/allocated to the Trust pursuant to aggregation of fractional entitlements also results in a fractional entitlement, such fractional entitlement shall be rounded off to the nearest whole number.

11.3 New Equity Shares and New Preference Shares to be issued and allotted in terms of Clause 11.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. The New Equity Shares so issued and allotted shall rank pari passu in all respects, including voting rights and dividend entitlement, with the existing equity shares, if any, of the Resulting Company.

11.4 The issue and allotment of New Shares by the Resulting Company in accordance with the provisions of this Scheme shall be deemed to be an integral part of this Scheme. Upon approval of this Scheme by the members of the Resulting Company and sanction thereof by the Hon'ble National Company Law Tribunal, the members of the Resulting Company shall be deemed to have accorded their approval under the provisions of Sections 42, 55 and 62 of the Companies Act, 2013, and other applicable provisions, if any, for the issue and allotment of such New Shares, and no separate resolution or further act shall be required.

11.5 Approval of this Scheme by the shareholders of the Resulting Company shall also be deemed to be the approval of the shareholders for enabling investment by Foreign Institutional Investors (FIIs) / Registered Foreign Portfolio Investors (FPIs), under the Portfolio Investment Scheme, in the issued and paid-up Equity Share Capital of the Resulting Company, up to the applicable sectoral caps and investment limits, in accordance with applicable law. Upon the Scheme becoming effective, the Resulting Company shall intimate the Reserve Bank of India, as required, and shall comply with all applicable provisions of the Foreign Exchange Management Act, 1999, the Foreign Exchange Regulations, and other laws and regulations for the time being in force, as may be applicable.

11.6 In the event of there being any pending share transfer(s) in the Demerged Company, the Board of Directors, including any committee thereof, of the Demerged Company and/or the Resulting Company shall be empowered, in appropriate cases, either prior to or subsequent to the Record Date, to give effect to such transfer(s) in the Demerged Company as if such changes in the registered holders were operative on the Record Date, for the purpose of

MAGNUM VENTURES LTD. SECBAD

MAGNUM PAPERZ LIMITED

removing any difficulty in relation to the issue and allotment of New Shares pursuant to this Scheme.

11.7 If any shares of the Demerged Company are held in abeyance, under dispute or subject to any legal restraint, the corresponding equity shares to be issued by the Resulting Company pursuant to this Scheme shall also be kept in abeyance and shall be dealt with in accordance with applicable law until such restraint is resolved.

11.8 The New Equity Shares and New Preference Shares to be issued by the Resulting Company to the shareholders of the Demerged Company pursuant to this Scheme shall be issued only in dematerialised form and shall be credited to the existing depository accounts of the respective Equity Shareholders and Preference Shareholders of the Demerged Company. Shareholders of the Demerged Company holding shares in physical form shall be entitled to receive the New Equity Shares and New Preference Shares of the Resulting Company only in dematerialised form, provided that the details of their depository account are intimated in writing to the Resulting Company and/or its Registrar and Transfer Agent ("RTA"), and such intimation is received at least seven (7) days prior to the Record Date.

In the event that the requisite depository account details are not received from any shareholder holding shares in physical form at least seven (7) days prior to the Record Date, the New Equity Shares and New Preference Shares otherwise issuable to such shareholder shall be kept in abeyance and/or credited to an escrow account, suspense account, or an account held with a trustee nominated by the Board of Directors of the Resulting Company, for the benefit of such shareholder, or shall be dealt with in such other manner as may be permitted under Applicable Law. Such New Equity Shares and New Preference Shares shall be credited to the respective dematerialised accounts of the concerned shareholders upon receipt of the requisite depository account details, duly furnished in writing to the Resulting Company and/or its RTA, in accordance with Applicable Law.

11.9 It is clarified that, in the event of any change in the capital structure of the Demerged Company, including but not limited to sub-division or consolidation of shares, issue of bonus shares, rights issue, preferential issue, or any other similar corporate action, or in the event of any material accounting changes, at any time prior to the Record Date, the Share Exchange Ratio specified in Clause 11.1 of this Scheme may be suitably adjusted, if and to the extent required, to take into account the impact of such changes.

Any such adjustment shall be carried out with the mutual consent of the respective Boards of Directors of the Demerged Company and the Resulting Company, and upon such approval, the revised Share Exchange Ratio shall be deemed to form an integral part of this Scheme, as if originally provided herein.

11.10 It is further clarified that the provisions of this Scheme relating to the issue and allotment of New Shares by the Resulting Company shall not apply to any share application money, if any, outstanding

MAGNUM PAPERZ LIMITED

in the books of the Demerged Company as on the Record Date, and such share application money shall be dealt with in accordance with the Applicable Law and the terms governing such application money.

12. REDUCTION OF SHARE CAPITAL OF THE DEMERGED COMPANY

12.1 Upon this Scheme becoming effective and after the issue and allotment of New Shares by the Resulting Company to the shareholders of the Demerged Company in accordance with this Scheme, the Demerged Company shall, for the purpose of giving effect to the Demerger and reflecting the same in its books of account, reduce its issued, subscribed and paid-up share capital in the following manner:

i. The issued, subscribed and paid-up equity share capital of the Demerged Company shall be reduced by seventy per cent (70%) on a proportionate basis. Accordingly, seven (7) equity shares of face value INR 10 each out of every ten (10) equity shares of face value INR 10 each held by each equity shareholder of the Demerged Company as on the Record Date shall stand cancelled and extinguished.

ii. The issued, subscribed and paid-up preference share capital of the Demerged Company shall also be reduced by ninety per cent (90%) on a proportionate basis. Accordingly, nine (9) compulsorily redeemable preference shares of face value INR 100 each out of every ten (10) compulsorily redeemable preference shares of face value INR 100 each held by each preference shareholder of the Demerged Company as on the Record Date shall stand cancelled and extinguished.

12.2 As a consequence of the reduction referred to in Clause 12.1 above, upon the Scheme becoming effective:

i. For every ten (10) equity shares of face value INR 10 each held in the Demerged Company as on the Record Date, the equity shareholders shall thereafter hold three (3) equity shares of face value INR 10 each, credited as fully paid-up, and the balance seven (7) equity shares of face value INR 10 each shall stand cancelled and extinguished, without any further act, instrument or deed.

ii. For every ten (10) compulsorily redeemable preference shares of face value INR 100 each held in the Demerged Company as on the Record Date, the preference shareholders shall thereafter hold one (1) compulsorily redeemable preference share of face value INR 100 each, credited as fully paid-up, and the balance nine (9) compulsorily redeemable preference shares of face value INR 100 each shall stand cancelled and extinguished, without any further act, instrument or deed.

12.3 Fractional entitlements, if any, arising pursuant to the aforesaid reduction of equity share capital and Compulsorily Redeemable Preference Shares, shall be aggregated and held by a trust to be nominated by the Board of Directors of the Demerged Company for

MAGNUM PAPERZ LIMITED

this purpose. The trustee shall sell such aggregated shares in the market at such price and within such period, not exceeding ninety (90) days from the date of giving effect to the reduction, as may be determined in accordance with this Scheme and Applicable Law. The Demerged Company shall submit to the Designated Stock Exchange a report from its Audit Committee and Independent Directors certifying that the eligible equity shareholders have been duly compensated against their respective fractional entitlements, within seven (7) days of such compensation.

In the event that the aggregate number of shares to be allotted/allocated to the Trust pursuant to aggregation of fractional entitlements also results in a fractional entitlement, such fractional entitlement shall be rounded off to the nearest whole number.

12.4 The equity shares and preference shares remaining with the shareholders of the Demerged Company pursuant to the aforesaid reduction of share capital shall be held and credited only in dematerialised form and shall be credited to the existing demat accounts of the shareholders. Shareholders holding shares in physical form shall be entitled to receive such shares only in dematerialised form, subject to intimation of their depository account details in writing to the Demerged Company and/or its Registrar and Transfer Agent ("RTA") at least seven (7) days prior to the Record Date.

In the event such depository account details are not received within the aforesaid period, the shares otherwise creditable to such shareholders shall be kept in abeyance and/or credited to an escrow account, suspense account, or an account held with a trustee nominated by the Board of Directors of the Demerged Company, for the benefit of such shareholders, or dealt with in such other manner as may be permitted under Applicable Law. Such shares shall be credited to the respective demat accounts upon receipt of the requisite details, in accordance with Applicable Law.

12.5 The Demerged Company shall take all necessary steps, actions and filings to give effect to the aforesaid reduction of share capital, including undertaking the requisite corporate actions with the Depositories, stock exchanges and other relevant authorities, as may be required under Applicable Law.

12.6 It is expressly clarified that the aforesaid reduction of share capital of the Demerged Company:

i. does not involve any diminution of liability in respect of unpaid share capital;

ii. does not involve any payment to any shareholder of any paid-up share capital; and

iii. does not constitute a buy-back of shares within the meaning of the Companies Act, 2013 or any other Applicable Law.

12.7 It is further clarified that the aforesaid reduction of share capital shall not adversely affect the interests or rights of any creditor of

MAGNUM VENTURES LTD. SECBAD

MAGNUM PAPER

the Demerged Company, and that the approval of this Scheme by the shareholders and creditors of the Demerged Company and its sanction by the Hon'ble National Company Law Tribunal shall be deemed to be full and sufficient compliance with the provisions of Section 66 read with Sections 230 and 232 of the Companies Act, 2013. No separate application, resolution or sanction shall be required for the said reduction.

13. CANCELLATION OF SHARE CAPITAL OF THE RESULTING COMPANY

13.1 Pursuant to the provisions of this Scheme, the Resulting Company shall, *inter alia*, issue and allot new equity shares to the equity shareholders of the Demerged Company in consideration of the transfer and vesting of the Demerged Undertaking. It is the intent and objective of this Scheme that, upon the Scheme becoming effective, the equity shareholding pattern of the Resulting Company shall mirror the equity shareholding pattern of the Demerged Company, such that the same set of equity shareholders shall hold equity shares in the Demerged Company and the Resulting Company in the same proportion.

13.2 In order to achieve the aforesaid mirror shareholding structure, and upon this Scheme becoming effective, the entire issued, subscribed and paid-up equity share capital of the Resulting Company as existing immediately prior to the Effective Date shall stand cancelled and extinguished, without any further act, instrument or deed and without any payment being made to any shareholder of the Resulting Company against such cancellation. It is expressly clarified that no consideration, cash or otherwise, shall be paid by the Resulting Company to any shareholder in respect of such cancellation.

13.3 It is further clarified that the aforesaid cancellation of the equity share capital of the Resulting Company:

i. does not involve any diminution of liability in respect of unpaid share capital;

ii. does not involve any payment to any shareholder of any paid-up share capital; and

iii. does not constitute a buy-back of shares within the meaning of the Companies Act, 2013 or any other Applicable Law.

13.4 It is further clarified that the aforesaid cancellation of share capital shall not adversely affect the interests or rights of any creditor of the Resulting Company, and the approval of this Scheme by the shareholders and creditors of the Resulting Company and its sanction by the Hon'ble National Company Law Tribunal shall be deemed to be full and sufficient compliance with the provisions of Section 66 read with Sections 230 and 232 of the Companies Act, 2013, and no separate application, resolution or sanction shall be required for the said reduction.

14. UPON THIS SCHEME BECOMING EFFECTIVE

MAGNUM VENTURES LTD. SAHIBABAD

MAGNUM PAPER LIMITED

14.1 None of the Companies shall be dissolved pursuant to this Scheme.

14.2 Upon this Scheme becoming effective, the Demerged Company shall continue to exist as a going concern. Its issued, subscribed and paid-up share capital shall stand reduced only to the extent and in the manner expressly provided in Clause 12 (Reduction of Share Capital of the Demerged Company) of this Scheme. Except for such reduction, the shareholders of the Demerged Company shall continue to hold equity shares and preference shares therein, and their shareholding shall stand adjusted proportionately in accordance with this Scheme.

14.3 Upon this Scheme becoming effective, and in consideration of the transfer and vesting of the Demerged Undertaking, the Resulting Company shall issue and allot New Shares to the shareholders of the Demerged Company in accordance with Clause 11 (Consideration for Demerger) of this Scheme. Such issue and allotment shall constitute the sole and exclusive consideration for the Demerger.

14.4 Upon this Scheme becoming effective, the entire issued, subscribed and paid-up equity share capital of the Resulting Company as existing immediately prior to the Effective Date shall stand cancelled and extinguished, without any payment being made to any shareholder and without any further act, deed or instrument, in the manner provided under Clause 13 (Cancellation of Share Capital of the Resulting Company) of this Scheme. Such cancellation is undertaken to achieve mirror shareholding between the Demerged Company and the Resulting Company and shall not involve any diminution of liability in respect of unpaid share capital; or any payment to any shareholder of paid-up share capital.

14.5 Upon this Scheme becoming effective, any crossholding of shares, if any, existing as on the Record Date between the Demerged Company in respect of the Demerged Undertaking and the Resulting Company shall stand cancelled and extinguished, without any further act, deed or instrument.

14.6 The Demerged Company and the Resulting Company shall account for the Demerger in their respective books of account in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the rules made thereunder, and Generally Accepted Accounting Principles, in the manner set out in the Accounting Treatment given in this Scheme. For this purpose, the Demerged Company and/or the Resulting Company may utilise their respective reserves and surplus, including securities premium or any other permissible reserves, strictly in accordance with applicable law and accounting standards.

14.7 It is expressly clarified that:

i. the reduction of share capital of the Demerged Company under Clause 12;
ii. the cancellation of pre-Scheme share capital of the Resulting Company under Clause 13;
iii. the cancellation of crossholdings, if any; and
iv. the utilisation of reserves and surplus,

MAGNUM VENTURES LTD. SHIGABAO

MAGNUM PAPER

are integral, inseparable and consequential parts of this Scheme. The approval of this Scheme by the shareholders and/or creditors of the Demerged Company and the Resulting Company, as applicable, and its sanction by the Hon'ble National Company Law Tribunal under Sections 230 and 232 of the Companies Act, 2013, shall be deemed to constitute full and sufficient compliance with Section 66 of the Companies Act, 2013, and no separate resolution, petition or approval under Section 66 shall be required.

It is further clarified that the aforesaid actions do not constitute a buy-back of shares; and do not require the use of the words "and reduced" in the names of either company.

14.8 It is expressly clarified that no creditor of the Demerged Company or the Resulting Company shall be prejudicially affected by the implementation of this Scheme, including the reduction or cancellation of share capital or utilisation of reserves contemplated herein.

14.9 Upon this Scheme of Arrangement becoming effective, the authorised share capital of the Demerged Company shall be transferred to the Resulting Company to the extent of INR fifty crore (INR 50 crore). Accordingly, the authorised share capital of the Resulting Company shall stand increased by INR fifty crore (INR 50 crore). Simultaneously, the authorised share capital of the Demerged Company shall stand reduced by INR fifty crore (INR 50 crore), being the amount of authorised share capital so transferred to the Resulting Company.

14.10 In accordance with the provisions of the Companies Act, 2013 and other Applicable Law, if any, the fees already paid on the aforesaid authorised share capital shall be set off against the fees payable by the Resulting Company on such increase in its authorised share capital. The Resulting Company shall pay only the balance fees, if any, payable after giving effect to such set-off.

14.11 Clause V (Capital Clause) of the Memorandum of Association and the relevant Articles of Association, if any, of the Demerged Company and the Resulting Company shall, without any further act, instrument or deed, stand modified so as to give effect to the aforesaid changes in the authorised share capital.

Accordingly, Clause V (Capital Clause) of the Memorandum of Association of the Demerged Company and the Resulting Company shall stand substituted as under:

i. Magnum Ventures Limited: The Authorised Capital of the Company is INR 64,32,50,000/- (INR Sixty Four Crores Thirty Two Lakhs Fifty Thousand Only) divided into 6,38,25,000 (Six Crores Thirty Eight Lakhs Twenty Five Thousand) Equity Shares of INR 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Preference Shares of INR 100/- (Rupees One Hundred) each.

ii. Magnum Paperz Limited: The Authorised Capital of the Company is INR 50,15,00,000/- (Rupees Fifty Crores Fifteen Lakhs Only)

MAGNUM VENTURES LTD. SECUNDERABAD

MAGNUM PAPERZ LIMITED

divided into 4,71,50,000 (Four Crores Seventy One Lakhs Fifty Thousand) Equity Shares of INR 10/- (Rupees Ten) each and 3,00,000 (Three Lakhs) Preference Shares of INR 100/- (Rupees One Hundred) each.

14.12 The approval of this Scheme of Arrangement by the shareholders of the Demerged Company and the Resulting Company and its sanction by the Hon'ble National Company Law Tribunal shall be deemed to constitute sufficient approval for such modification, and no separate approval shall be required in this regard, save as required under Applicable Law.

14.13 Save as expressly provided in this Scheme, the Demerged Company and/or the Resulting Company may, to the extent necessary for the effective implementation of this Scheme, increase, reclassify, consolidate, subdivide or otherwise modify their respective authorised share capital in accordance with the provisions of the Companies Act, 2013 and other Applicable Law. The approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company and its sanction by the Hon'ble National Company Law Tribunal shall be deemed to constitute all requisite approvals for such increase or modification, subject to payment of applicable statutory fees, and no separate shareholder or regulatory approval shall be required.

15. ACCOUNTING TREATMENT FOR DEMERGER

15.1 Upon this Scheme becoming effective, the Demerger of Demerged Undertaking of the Demerged Company into Resulting Company, together with all matters incidental or ancillary thereto, shall be accounted for in accordance with the provisions of the Companies Act, 2013, the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (including Ind AS 103-Business Combinations), and Generally Accepted Accounting Principles ("GAAP"), as applicable.

15.2 Accordingly, upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall give effect to the Demerger in their respective books of account by applying the "Pooling of Interests Method", as prescribed under Appendix C of Ind AS 103 (Business Combinations), read with other applicable Indian Accounting Standards and GAAP.

15.3 In terms of Appendix C of Ind AS 103, the Pooling of Interests Method, inter alia, entails the following:

i. The assets and liabilities of Demerged Undertaking shall be recorded at their respective carrying amounts.

ii. No adjustments shall be made to reflect fair values or to recognise any new assets or liabilities, except for adjustments required to harmonise accounting policies.

iii. The financial information for prior periods presented in the financial statements shall be restated as if the Demerger had occurred from the beginning of the preceding period presented,

MAGNUM VENTURES LTD. GHAZIABAD

MAGNUM PAPERS LIMITED

and if the Demerger had occurred after such date, the prior period information shall be restated only from that date.

iv. The identity of reserves relating to the Demerged Undertaking shall be preserved and reflected in the financial statements of the Resulting Company in the same form in which they appeared in the financial statements of the Demerged Company.

15.4 Without prejudice to the generality of the foregoing, the following accounting treatment shall be given effect to in the books of the Companies:

15.4.1 In the Books of the Demerged Company

15.4.1.1 All assets and liabilities pertaining to Demerged Undertaking, which cease to be assets and liabilities of the Demerged Company pursuant to the Demerger, shall be derecognised from the books of account of the Demerged Company at their respective carrying values as on the Appointed Date. The difference between such carrying values of assets and liabilities shall be referred to as the "Net Assets" or "Net Book Value of Assets" of the Demerged Undertaking.

15.4.1.2 The balances under the head "Reserves and Surplus" of the Demerged Company shall be reduced proportionately, in the same ratio as the Net Assets Value of Demerged Undertaking bears to the total Net Assets Value of the Demerged Company immediately prior to the Demerger, as on the Appointed Date.

15.4.1.3 Any inter-corporate loans, advances, payables, receivables or other balances between the Demerged Undertaking and the Resulting Company shall stand cancelled, and corresponding effect shall be given in the books of the Demerged Company.

15.4.1.4 The share capital of the Demerged Company shall be reduced in accordance with Clause 12 of this Scheme.

15.4.1.5 Any surplus or deficit arising pursuant to the Demerger, after giving effect to Sub-clause 15.4.1.1 to 15.4.1.4 above, shall be transferred to Capital Reserve in the books of the Demerged Company.

15.4.2 In the Books of the Resulting Company

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

15.4.2.2 The Resulting Company shall record in its books the corresponding balances of Reserves and Surplus reduced from the books of the Demerged Company in terms of Sub-clause 15.4.1.2 above.

MAGNUM PAPER LIMITED

15.4.2.3 Any inter-corporate loans, advances, payables or receivables between the Demerged Undertaking and the Resulting Company shall stand cancelled, and corresponding accounting effect shall be given in the books of the Resulting Company.

15.4.2.4 The Resulting Company shall cancel its pre-Scheme equity share capital in accordance with Clause 13 of this Scheme.

15.4.2.5 The Resulting Company shall credit its Share Capital Account with the aggregate face value of the New Shares issued to the shareholders of the Demerged Company pursuant to Clause 11 of this Scheme.

15.4.2.6 Any surplus or deficit arising pursuant to the Demerger, after giving effect to Sub-clause 15.4.2.1 to 15.4.2.5 above, shall be transferred to Capital Reserve in the books of the Resulting Company.

15.5 Notwithstanding anything contained herein, the Board of Directors of the Demerged Company and the Resulting Company, in consultation with their respective Statutory Auditors, shall be entitled to finalise and implement such accounting treatment as may be required to ensure compliance with Section 133 of the Companies Act, 2013, the applicable Indian Accounting Standards, GAAP and other applicable provisions of law.

16. STEPS FOR EFFECTIVE IMPLEMENTATION OF THE SCHEME

16.1 Upon this Scheme becoming effective, the Demerged Company and the Resulting Company shall take all necessary, incidental and consequential steps to ensure the smooth, seamless and uninterrupted transfer, vesting and continuation of the Demerged Undertaking into the Resulting Company and for the effective implementation of this Scheme in its true letter and spirit.

16.2 Upon the Scheme becoming effective, the Resulting Company shall, as may be required or considered appropriate, intimate and furnish certified copies of the order of the Hon'ble National Company Law Tribunal sanctioning this Scheme to:

i. customers, vendors, suppliers and counterparties relating to the Demerged Undertaking;

ii. Central and State Government departments, statutory, regulatory and tax authorities;

iii. banks, financial institutions, trustees, debenture holders and lenders, to the extent relating to the Demerged Undertaking; and

iv. any other person or authority whose records, approvals, permissions or consents are required to be updated,

for the purposes of taking the Scheme on record and effecting substitution of the Resulting Company as the successor-in-interest of the Demerged Undertaking in place of the Demerged Company.

16.3 Upon such intimation, and notwithstanding any requirement for formal endorsement, amendment or novation, all customers, authorities and third parties shall recognise and treat the Resulting Company as the lawful successor-in-interest of the Demerged Undertaking and shall give effect to this Scheme in their respective records, including substitution of name, updation of registrations, licenses, approvals, contracts and bank account details, insofar as they relate to the Demerged Undertaking.

16.4 Any delay, omission or failure on the part of any customer, Government authority, statutory body, regulator or third party in effecting or recording such substitution or updation shall not:

i. affect the validity, enforceability or implementation of this Scheme;

ii. prejudice the rights, obligations or entitlements of the Resulting Company in respect of the Demerged Undertaking; or

iii. be construed as a breach or non-compliance by the Demerged Company or the Resulting Company under this Scheme or under any Applicable Law.

16.5 Pending completion of such substitutions or procedural formalities, the Resulting Company shall be entitled to:

i. continue to carry on and operate the business of the Demerged Undertaking;

ii. perform, enforce and receive benefits under all contracts, approvals and arrangements relating to the Demerged Undertaking; and

iii. correspond, invoice, receive payments and discharge obligations,

as the successor-in-interest of the Demerged Undertaking, and all such actions shall be deemed to be valid, lawful and binding.

16.6 It is clarified that this Clause is facilitative, enabling and clarificatory in nature and shall be interpreted so as to give full effect to the implementation of this Scheme. All authorities and third parties are requested to act upon the Scheme and the NCLT Order in a pragmatic, non-technical and implementation-oriented manner, consistent with the intent and object of Sections 230 and 232 of the Companies Act, 2013 and Section 2(19AA) of the Income-tax Act, 1961.

17. FACILITATION AND TRANSITIONAL ARRANGEMENTS

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17.1 Immediately upon this Scheme becoming effective, the Demerged Company and the Resulting Company may, to the extent considered necessary or expedient for effective implementation of this Scheme and continuity of operations of the Demerged Undertaking, enter into such transitional, facilitative or support arrangements, including but not limited to shared services agreements, sub-contracting or sub-licensing arrangements, infrastructure and office space usage arrangements; and arrangements relating to information technology, finance, accounts, taxation, audit, secretarial, legal, human resources, payroll, security, administrative and other support services.

17.2 It is clarified that all such arrangements shall:

a. be entered into in the ordinary course of business;

b. be on an arm's length basis;

c. be for such limited duration as may be commercially required; and

d. be on such commercial terms and consideration as may be mutually agreed between the Demerged Company and the Resulting Company.

17.3 It is expressly clarified that:

i. the execution of such facilitation or transitional arrangements shall not affect the transfer and vesting of the Demerged Undertaking as a going concern; and

ii. such arrangements are purely facilitative in nature and shall not be construed as retention of ownership, control or beneficial interest by the Demerged Company in the Demerged Undertaking.

18. PROPERTY AND RIGHTS HELD IN TRUST

18.1 Notwithstanding anything contained in this Scheme, pending the recording, mutation, endorsement or perfection of transfer of any property, asset, permit, license, approval, consent, contract, agreement or right forming part of the Demerged Undertaking in favour of the Resulting Company, in the records of any Appropriate Authority or Person, the Resulting Company shall be entitled to enjoy, exercise and enforce all rights, benefits and entitlements relating thereto, as if it were the owner thereof or the original party thereto, with effect from the Appointed Date.

18.2 Until such recording, mutation or perfection is completed, and to the extent required, the Demerged Company shall hold such property, asset, permit, approval, license or right in trust and for the benefit of the Resulting Company and shall not deal with the same except in accordance with the directions or for the benefit of the Resulting Company.

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18.3 It is clarified that any asset or liability identified as forming part of the Demerged Undertaking, but whose transfer is pending due to any approval, consent, sanction or procedural formality, shall be deemed to be held in trust by the Demerged Company for and on behalf of the Resulting Company, with effect from the Appointed Date.

18.4 Immediately upon receipt of such approval, consent or sanction, such asset or liability shall, without any further act, deed or consideration, stand transferred to and vested in the Resulting Company with effect from the Appointed Date, together with all attendant rights, obligations and benefits.

18.5 All costs, expenses, payments and liabilities incurred by the Demerged Company in connection with holding such assets or liabilities in trust or in facilitating their transfer shall be borne by the Resulting Company, and the Resulting Company shall indemnify and keep indemnified the Demerged Company against all claims, losses or liabilities arising therefrom.

19. COMPLIANCE WITH INCOME TAX ACT

19.1 It is clarified that this Scheme is undertaken for bona fide business and commercial reasons, including operational focus, risk segregation and value optimisation. The Demerger is intended to qualify as a "demerger" under Section 2(19AA) of the Income-tax Act, 1961 and shall be implemented accordingly. The provisions of this Scheme relating to Demerger have been drawn up to comply with the conditions relating to "demerger" as defined under Section 2(19AA) read with other applicable provisions of the Income Tax Act, 1961.

19.2 The present Scheme of Arrangement will result in the following:

i. All the property and assets of the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger, shall become the property and assets of the Resulting Company by virtue of the present Demerger.

ii. All the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger, shall become the liabilities of the Resulting Company by virtue of the Demerger. The liabilities relatable to the Demerged Undertaking shall include the following:

(a) The liabilities which arise out of the activities or operations of the Demerged Undertaking.

(b) The specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Demerged Undertaking.

(c) In cases, other than those referred to in clause (a) or clause (b), so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value

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of the assets transferred in the Demerger bears to the total value of the assets of the Demerged Company immediately before the Demerger.

iii. The property and the liabilities of the Demerged Undertaking being transferred by the Demerged Company shall be transferred at values appearing in the books of account of the Demerged Company immediately before the Demerger. For determining the value of the property of the Demerged Undertaking, any change in the value of assets consequent to their revaluation shall be ignored.

Provided that the provisions of this sub-clause shall not apply where the Resulting Company records the value of the property and the liabilities of the Demerged Undertaking at a value different from the value appearing in the books of account of the Demerged Company, immediately before the Demerger, in compliance with the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015.

iv. The Resulting Company will issue, in consideration of the Demerger, its shares, credited as fully paid, to all the shareholders of the Demerged Company on a proportionate basis except where the Resulting Company is itself a shareholder of the Demerged Company.

v. The shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the Demerger by, or by a nominee for, the Resulting Company or its subsidiary) shall become shareholders of the Resulting Company by virtue of the Demerger.

vi. The transfer of the Demerged Undertaking shall be on a going concern basis.

19.3 It is expressly clarified that if, at any time, any provision of this Scheme relating to the Demerger is found, construed or interpreted to be inconsistent with, or does not fully comply with, the requirements of Section 2(19AA) of the Income-tax Act, 1961, whether by reason of any amendment, re-enactment or substitution of law, introduction of new legislation, judicial or administrative interpretation, or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income-tax Act, 1961, or the corresponding provisions of any amended or newly enacted law, shall prevail. To the extent necessary to ensure such compliance, this Scheme shall be deemed to stand modified, amended or adjusted, without requiring any further act, approval or sanction, so as to fully conform to the requirements of Section 2(19AA) of the Income-tax Act, 1961 or such corresponding law. Any such modification shall not affect, invalidate or impair the remaining provisions of this Scheme. The Board of Directors of the Demerged Company and/or the Resulting Company is hereby expressly authorised to make, carry out and implement all such modifications, amendments or adjustments as may be necessary or expedient to ensure

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compliance with the aforesaid provisions, and such power may be exercised at any time in the best interests of the Companies and their shareholders.

20. COMPLIANCE WITH SEBI REGULATIONS AND LISTING OF THE RESULTING COMPANY

20.1 The Equity Shares of the Demerged Company are presently listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

20.2 In accordance with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI Listing Regulations, the SEBI Scheme Master Circular, and other applicable laws, rules and regulations, the Equity Shares of the Resulting Company shall be listed on BSE and NSE, and on such other stock exchange(s) on which the Equity Shares of the Demerged Company are listed as on the Effective Date.

Accordingly, upon this Scheme becoming effective, the entire post-Scheme issued and paid-up Equity Share Capital of the Resulting Company, comprising the New Equity Shares issued to the shareholders of the Demerged Company pursuant to this Scheme, shall be listed and admitted to trading on BSE, NSE and such other stock exchange(s) on which the Equity Shares of the Demerged Company are listed as on the Effective Date.

It is clarified that pursuant to this Scheme, the entire pre-Scheme Equity Share Capital of the Resulting Company, being held by the Demerged Company, shall stand cancelled and extinguished without any payment to any shareholder.

20.3 The Resulting Company shall make all necessary applications to the Stock Exchanges, SEBI and other appropriate authorities, and shall comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SEBI Scheme Master Circular, the Listing Agreement and other applicable laws and regulations in this regard. Upon receipt of the requisite applications and documents, the Stock Exchanges and SEBI shall, in accordance with law, grant the necessary approvals for listing and trading.

20.4 In the event that any shareholding of the Promoters in the Resulting Company and/or any New Shares issued by the Resulting Company pursuant to this Scheme are subject to lock-in by the Stock Exchanges, SEBI or any other competent authority, in accordance with the SEBI Regulations, Listing Agreement or other applicable law, such locked-in shares may, notwithstanding such lock-in, be transferred inter-se among the promoters, strictly in compliance with the applicable provisions of the SEBI Regulations.

20.5 Notwithstanding any applicable lock-in provisions, the locked-in Equity Shares may be pledged in favour of any scheduled commercial bank or public financial institution as collateral security

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for loans, where such pledge is a condition of the sanction of the loan, in accordance with applicable law.

20.6 The New Equity Shares allotted by the Resulting Company pursuant to this Scheme shall remain frozen in the depositories system until trading approval is granted by the Designated Stock Exchange. The Resulting Company shall comply with all applicable requirements in this regard.

20.7 In terms of the SEBI Listing Regulations and the SEBI Scheme Master Circular, the Scheme shall be subject to approval by the Public Shareholders (i.e., shareholders other than the Promoters and Promoter Group) of the Demerged Company through e-voting and such other means as may be applicable. The Scheme shall be acted upon only if the votes cast in favour of the Scheme by the Public Shareholders exceed the votes cast against it.

20.8 BSE Limited shall act as the Designated Stock Exchange for the purposes of this Scheme.

20.9 Notwithstanding anything contained herein, the Demerged Company and the Resulting Company shall comply with all applicable provisions of SEBI Regulations, securities laws and stock exchange requirements in connection with this Scheme and all matters incidental or ancillary thereto.

20.10 The Compulsorily Redeemable Preference Shares presently issued by the Demerged Company are not listed on any recognised stock exchange. The Compulsorily Redeemable Preference Shares remaining outstanding in the Demerged Company after the reduction of share capital pursuant to this Scheme shall continue to remain unlisted.

20.11 It is further clarified that the Resulting Company neither proposes nor is required under Applicable Law to list the New Non-Cumulative Compulsorily Redeemable Preference Shares to be issued pursuant to this Scheme on any recognised stock exchange.

21. IMPACT OF THE SCHEME ON NON-CONVERTIBLE DEBENTURE HOLDERS

21.1 The non-convertible debentures forming part of the Demerged Undertaking shall, pursuant to this Scheme, be transferred to and vest in the Resulting Company, on a going-concern basis, on the same terms and conditions as applicable prior to such transfer, including, inter alia, the coupon rate, tenure, redemption price, quantum, ranking, security cover, nature of security, covenants, and all other rights, obligations and entitlements attached thereto. The Demerged Company and the Resulting Company shall take all actions and execute all documents as may be necessary to give effect to such transfer and vesting.

21.2 It is hereby clarified that the proposed Scheme does not entail any modification, variation or amendment to the existing terms and conditions of the non-convertible debentures issued by the Demerged Company.

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21.3 The Resulting Company shall take all necessary steps to obtain the requisite listing and trading approvals from the stock exchange(s) on which such non-convertible debentures are listed as on the Effective Date. Upon receipt of such approvals, the non-convertible debentures shall continue to remain listed and freely tradable, without any interruption, thereby ensuring continuity of liquidity and exit options for the non-convertible debenture holders.

21.4 The Resulting Company shall have the financial capacity to service interest and redemption obligations in respect of the non-convertible debentures as and when they fall due. Further, the promoters of the Demerged Company have undertaken to provide necessary financial support, if required, to enable the Resulting Company to meet its obligations towards the non-convertible debenture holders. Accordingly, the Scheme shall not be prejudicial to, or adversely affect, the interests of the non-convertible debenture holders.

21.5 The additional disclosures required to be made in terms of the SEBI circular(s) governing schemes of arrangement involving listed debt securities are set out in Annexure A to this Scheme.

22. NO COMPROMISE WITH CREDITORS

This Scheme does not constitute a compromise or arrangement with the creditors of any of the Companies to the Scheme and does not in any manner adversely affect the rights or interests of such creditors. Further, this Scheme does not involve or amount to any corporate debt restructuring or rescheduling of liabilities within the meaning of the Companies Act, 2013 or any other applicable law. It is affirmed that the assets and financial resources of the Companies are more than sufficient to meet and discharge all liabilities of their creditors in full, as and when they fall due.

23. APPLICATION/PETITION TO THE NATIONAL COMPANY LAW TRIBUNAL AND OTHER APPROPRIATE AUTHORITIES

23.1 The Demerged Company shall make the necessary application(s) and/or petition(s) under Sections 230 and 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, together with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable laws, to the appropriate Bench of the Hon'ble National Company Law Tribunal and to such Appropriate Authorities as may be required, for sanction of this Scheme and for matters connected or incidental thereto.

23.2 The Resulting Company shall make the requisite application(s) and/or petition(s) under Sections 230 and 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, together with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable laws, to the Hon'ble National Company Law Tribunal and to such competent or Appropriate Authorities as may be required, for sanction of this Scheme and for matters incidental or ancillary thereto.

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23.3 It is hereby clarified that, pending the sanction of this Scheme and notwithstanding anything to the contrary contained herein, the Companies shall be entitled to apply to, correspond with and obtain from any Appropriate Authority, statutory or regulatory authority, Government department or any third party, such consents, approvals, permissions, sanctions, acknowledgements or no-objection certificates as may be required under Applicable Law for the purposes of:

i. owning, holding, managing, transferring or dealing with the assets and liabilities of the Demerged Undertaking;

ii. carrying on, continuing or transitioning the business and operations thereof; and

iii. giving effect to, implementing or facilitating any provision of this Scheme.

Any such applications, approvals or consents obtained prior to the Effective Date shall, upon this Scheme becoming effective, be deemed to have been obtained for and in favour of the Resulting Company, as applicable, without any further act, deed or instrument, unless expressly required otherwise under Applicable Law.

24. MODIFICATIONS/AMENDMENTS TO THE SCHEME

24.1 The Demerged Company and the Resulting Company, acting through their respective Boards of Directors, shall be entitled, on behalf of all persons concerned, to make, consent to or approve, from time to time, any modifications, amendments or variations to this Scheme, or to accept any conditions, limitations or directions that may be approved, imposed or directed by the Hon'ble National Company Law Tribunal or any other Appropriate Authority, or which may otherwise be considered necessary, expedient, desirable or appropriate for the purpose of giving effect to this Scheme.

24.2 For the purpose of implementing this Scheme or any modification or amendment thereto, the Board of Directors of the Demerged Company and the Resulting Company, as applicable, shall be authorised to issue such directions, pass such resolutions and take such actions, including for resolving any questions, doubts or difficulties that may arise in relation to the implementation of this Scheme, and any such decision or direction shall be final and binding on all concerned parties, as if the same were specifically incorporated in this Scheme.

24.3 Without prejudice to the foregoing, in the event of any difficulty, doubt or impediment arising in connection with the implementation, operation or enforcement of this Scheme, the Board of Directors of the Demerged Company and the Resulting Company, shall have the full power and authority to take such steps, actions or measures as may be necessary, expedient or desirable to resolve such difficulty or to otherwise give effect to the intent and provisions of this Scheme, subject to compliance with Applicable Law(s).

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25. SEQUENCE OF IMPLEMENTATION OF THE SCHEME:

Upon sanction of this Scheme by the Hon'ble National Company Law Tribunal and upon the Scheme becoming effective, the Scheme shall be implemented in the sequence set out below, and the following events and steps shall be deemed to have occurred accordingly, without any further act, deed or instrument, unless otherwise expressly provided herein:

25.1 Demerger and Issue of New Shares by the Resulting Company: Upon the Scheme becoming effective, the Demerged Undertaking of the Demerged Company shall stand demerged from and vested in the Resulting Company as a going concern in accordance with this Scheme, and in consideration thereof, the Resulting Company shall, pursuant to Clause 11, issue and allot the New Shares to the shareholders of the Demerged Company whose names appear in the register of members as on the Record Date, in the manner and on the terms set out in this Scheme. Simultaneously, the pre-Scheme equity share capital of the Resulting Company shall stand cancelled and extinguished as provided in Clause 13 of this Scheme.

25.2 Reduction of Share Capital of the Demerged Company: Upon completion of the issue and allotment of the New Shares by the Resulting Company in accordance with Clause 11 of this Scheme, the Demerged Company shall, as an integral part of this Scheme and without any further act, approval or application, reduce its issued, subscribed and paid-up share capital in the manner and to the extent specified in Clause 12 of this Scheme.

26. SEVERABILITY

If any provision or part of this Scheme is held to be invalid, illegal, unenforceable or unworkable by any court, tribunal or other authority of competent jurisdiction, whether under present or future law, such provision or part thereof shall be severable from the remainder of the Scheme and the remaining provisions of the Scheme shall continue to be valid, binding and enforceable, so far as the Scheme is not thereby rendered materially adverse to any of the Companies to the Scheme.

Provided that, if the deletion or modification of such provision or part thereof results in the Scheme becoming materially adverse to any Company, then, subject to the approval of the respective Boards of Directors and such other approvals as may be required, the Companies shall endeavour to modify or amend the Scheme in such manner as may be necessary to best give effect to the intent, benefits and obligations of the Scheme, as originally contemplated.

27. CONDITIONALITY OF THE SCHEME

This Scheme is conditional upon and subject to the fulfilment of the following conditions:

i. Approval of the Scheme by the requisite majorities of the shareholders and/or creditors, as applicable, of the Demerged Company and the Resulting Company, as may be directed by the Hon'ble NCLT and/or any other Appropriate Authority.

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ii. Sanction of the Scheme by the Hon'ble NCLT under Sections 230 and 232 and other applicable provisions of the Companies Act, 2013, and receipt of such other approvals, consents or permissions from any Appropriate Authority, as may be required.

iii. Filing of the certified copy of the order of the Hon'ble NCLT sanctioning the Scheme with the concerned Registrar of Companies by all the Companies to the Scheme, in accordance with Applicable Law.

28. Costs, Expenses and duties

All costs, charges, taxes, duties, fees and expenses of whatsoever nature incurred in relation to or incidental to the formulation, implementation and completion of the Demerger pursuant to this Scheme, including professional fees and statutory costs, shall be borne and paid in equal proportion by the Demerged Company and the Resulting Company, unless otherwise agreed in writing among them.

Provided that, in the event the Scheme does not become effective or is declared invalid for any reason whatsoever, each Company shall bear and pay the costs, charges, taxes, duties, fees and expenses incurred by it.

It is hereby clarified that such costs, charges, taxes, duties, fees and expenses shall be allowable as deduction to the Demerged Company and the Resulting Company, in accordance with the applicable provisions of the Income Tax Act, 1961 and other applicable laws, if any.

Legal Counsel to the Scheme:

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Annexure-A

Details of the NCDs issued in the Demerged Company

SN	Particular	Remarks	
a.	Nature of NCD	Listed, rated, secured, redeemable, non-convertible debentures (NCD)	
b.	ISIN	INE387I07013	
c.	Face value (Rs. per NCD) (As on the Date of Approval of the Scheme by the Board of Directors)	26,717.39	
d.	Number of NCD	23,000	
e.	Debenture Trustee	Catalyst Trusteeship Limited	
f.	Rate of dividend/coupon/ Coupon frequency	Coupon Rate of interest on the NCD is 18% per annum. Coupon frequency is Monthly, due on the last date of each calendar month	
g.	Credit Rating	ACUITE BB	
h.	Tenure/ Maturity	The NCD shall mature on 31st August, 2027. The NCDs are redeemable in the following next tranches:	
		Date	**Amount (Rs.)**
		30-Jun-26	1,63,43,698
		30-Sep-26	1,63,43,698
		31-Dec-26	1,63,43,698
		31-Mar-27	1,63,43,698
		30-Jun-27	2,08,11,206
		31-Aug-27	52,83,14,002
		Total	**61,45,00,000**
i.	Terms of Redemption	The NCDs are redeemable in the aforesaid tranches.	
j	Redemption amount (with redemption premium/ discount if any), early redemption scenario, if any	NCDs are redeemable at Par. The Total Redemption amount of as mentioned above at point (f) above. There is no premium/ discount at redemption. As on now there is no early redemption scenario for the NCD.	

k.	Safeguards for the protection of holder of NCD's	The NCDs forming part of the Demerged Undertaking shall, pursuant to this Scheme, be transferred to and vest in the Resulting Company on the same terms and conditions, including coupon rate, tenure, redemption price, quantum, ranking, nature of security, and all other rights and obligations attached thereto. The proposed Scheme does not entail any change in the terms and conditions of the NCDs issued by the Demerged Company. The Resulting Company shall take all necessary steps to obtain listing and trading approvals for the NCDs on the Stock Exchanges on which such NCDs are listed as on the Effective Date. Upon receipt of such approvals, the NCDs shall continue to remain listed and freely tradable, thereby ensuring liquidity and exit options for the NCD holders. Accordingly, the Scheme shall not have any adverse impact on the interests of the NCD holders.
l.	Exit offer to the dissenting holders of NCD's	NOC from the Debenture Trustee shall be obtained on the Scheme. There is no exit offer provided in the Scheme to the dissenting holders of NCDs
m.	Other embedded features (Put option, call option, dates, notification times, etc.)	N.A.
n.	Other terms of the instruments	N.A.
o.	Latest audited financials along with notes to accounts and any audit qualifications (financial statements should not be later than six months prior)	Available at: https://www.magnumventures.in/investors-relations/scheme-arrangement.html
p.	An auditors' certificate certifying the payment/ repayment capability of the Resultant	Available at: https://www.magnumventures.in/investors-relations/scheme-arrangement.html

	Entity	
q.	Fairness Report from Merchant Banker	Available at: https://www.magnumventures.in/investors-relations/scheme-arrangement.html
r.	Any other information /details pertinent for holders of NCD's	N.A.

Schedule-1 to the Scheme of Arrangement

Proforma Balance Sheet of 'Paper Business' of Magnum Ventures Limited to be demerged into Magnum Paperz Limited

As on 31st December, 2025

Particulars	Amount INR
ASSETS	
Non-Current Assets	
a) Property Plant and Equipment	422,26,94,090
b) Capital Work-in-Progress	73,08,62,630
c) Intangible Assets	30,063
d) Right of Use Asset	28,24,39,125
e) Financial Assets	
i. Investments	1,00,000
ii. Other Financial Assets	5,03,50,607
Total Non-Current Asset	**528,64,76,515**
Current Assets	
a) Inventories	94,34,35,503
b) Financial Assets	
i. Trade receivables	45,02,63,415
ii. Cash and cash equivalents	4,24,62,227
iii. Bank Balance other than above	5,68,61,561
iv. Loans	14,16,751
v. Other Financial Asset	3,00,412
c) Other Current Assets	-10,40,41,966
Total Current Asset	**139,06,97,905**
TOTAL ASSETS (A)	**667,71,74,420**
LIABILITIES	
Non-Current Liabilities	
a) Financial Liabilities	
i. Borrowings	78,91,16,431
ii. Lease Liabilities	30,09,20,708
b) Provisions	3,11,27,335
c) Deferred Tax Liabilities (Net)	175,14,22,169
Total Non-Current Liabilities	**287,25,86,643**
Current Liabilities	
a) Financial Liabilities	
i. Borrowings	4,90,31,094
ia. Lease Liabilities	4,50,38,341
ii. Trade Payable	45,84,89,953
iii. Other Financial Liabilities	5,39,04,514
b) Other Current Liabilities	7,05,44,723
c) Provisions	1,47,59,203
Total Current Liabilities	**69,17,67,828**
TOTAL LIABILITIES (B)	**356,43,54,472**
Net Assets [A-B] (C)	**311,28,19,948**

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Magnum Ventures Limited

CIN: L21093DL1980PLC010492

Registered Office: Room No. 101, 64/6, Site-IV, Sahibabad Industrial Area, Ghaziabad-201010, Uttar Pradesh, Phone: 0120-4180000

E-mail: info@magnumventures.in Website: www.magnumventures.in

To
The General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, P.J.Towers,
Dalal Street, Mumbai – 400 001

Sub: Application under Regulation 37 and 59A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the proposed Scheme of Arrangement among Magnum Ventures Limited ("Demerged Company"), Magnum Paperz Limited ("Resulting Company") and their respective shareholders and creditors ("the Proposed Scheme")

Ref: Clarification on non-applicability of Valuation

Dear Sir/ Madam,

In connection with the query with regard to non-applicability of the valuation, we wish to make following submission:

I. Valuation for Demerger of Paper Business of Magnum Ventures Limited (Demerged Company) into Magnum Paperz Limited (Resulting Company):

A. Exchange Ratio for Equity Shareholders:

Upon implementation of the Scheme, the Demerged Company and the Resulting Company shall have an identical set of equity shareholders holding equity shares in the **same** proportion (mirror shareholding structure). Accordingly, there is no change in the relative economic interest of the shareholders as a group, no determination of relative enterprise or equity value is required, a conventional valuation exercise for arriving at a share exchange ratio under the Asset Approach, Income Approach, or Market Approach is not warranted. The exchange ratio has therefore been structured to give effect to the mirror shareholding mechanism contemplated under the Scheme.

B. Exchange Ratio for Compulsorily Redeemable Preference Shareholders (CRPS):

Considering that (1) the CRPS are being issued by the Resulting Company on a strictly proportionate basis and on identical terms and conditions as existing prior to the Scheme (2) the aggregate nominal and economic value of CRPS held collectively in the Demerged Company and the Resulting Company post-Scheme shall be equal to the aggregate pre-**Scheme** value of CRPS in the Demerged Company, and (3) the demerger is structured on a mirror ownership basis, there is no alteration in the relative economic interest of the CRPS holders. Accordingly, a separate valuation under the Asset Approach, Income Approach, or Market Approach is not required for the purpose of issuance of CRPS pursuant to the Scheme.

II. Reduction of Capital in the Demerged Company:

As a consequence of the aforesaid reduction, upon the Scheme becoming effective and without any further act, instrument or deed:

(i) For every ten (10) equity shares of face value of INR 10 each held in the Demerged Company as on the Record Date, the equity shareholders shall thereafter hold three (3) equity shares of face value of INR 10 each, credited as fully paid-up, and the balance seven (7) equity shares of face value of INR 10 each shall stand cancelled and extinguished.

(ii) For every ten (10) compulsorily redeemable preference shares of face value of INR 100 each held in the Demerged Company as on the Record Date, the preference shareholders shall thereafter hold one (1) compulsorily redeemable preference share of face value of INR 100 each, credited as fully paid-up, and the balance nine (9) compulsorily redeemable preference shares of face value of INR 100 each shall stand cancelled and extinguished.

The reduction of capital (1) is affected strictly on a proportionate basis across all shareholders; (2) does not result in any change in the inter se shareholding percentages of the equity or preference shareholders; and, (3) forms part of a composite Scheme under which the Demerged Company and the Resulting Company shall have an identical set of shareholders holding shares in the same proportion (mirror ownership structure). Accordingly, there is no alteration in the relative economic interest of any shareholder or class of shareholders. Therefore, a separate valuation exercise under the Asset Approach, Income Approach, or Market Approach is not required for the purpose of the aforesaid capital reduction

Hope the aforesaid clarifies your query on the captioned matter.

Thanking you,

For Magnum Ventures Limited

Abhay Jain
Managing Director

Date: 10.07.2026
Place: Ghaziabad

SCHEME OF ARRANGEMENT AND RECONSTRUCTION

BETWEEN

Hinduja TMT Limited	…	Demerged Company
HTMT Technologies Limited	…	Resulting Company

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

PART I - GENERAL

1. **Hinduja TMT Limited** (hereinafter referred to as the "**Demerged Company**" as the context may admit) is engaged in various businesses including: (i) the business, undertaking, activities and operations of Information Technology and Information Technology Enabled Services ("**IT/ITES**") which comprises of consulting, customized systems development, setting up and running contact centres, technical help desks and back office processing units in business verticals including insurance, finance, manufacturing, pharmaceutical products, telecom, consumer and household products, energy, utilities and rendering services in relation to the same including the foregoing business, undertaking, activities and operations carried on directly or indirectly through its branches and subsidiaries in India and abroad, namely, Source 1 HTMT Inc., Customer Contact Center Inc., HTMT Europe Ltd., Hinduja TMT France, C-Cubed (Antilles) N.V., C-Cubed BV, Pacific Horizon Ltd., all of which together constitute an integrated IT/ITES business (the "**IT/ITES Business**"); and (ii) the business of media and entertainment including cable operator, cable television network, content aggregation and related services as corporate parent of its subsidiaries in those sectors (the "**Media Business**").

2. **HTMT Technologies Limited** (the "**Resulting Company**") is a company having as its main object, *inter alia*, carrying out the business of Information Technology and Information Technology Enabled Services, business process outsourcing, knowledge process outsourcing, call centres and to develop and deal in hardware,

software and allied equipment. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

3. This Scheme of Arrangement (hereinafter referred to as the "**Scheme**") provides for the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Sections 391 to 394 and other relevant provisions of the Act (as defined hereinafter) in the manner provided for in the Scheme. The restructuring as embodied in this Scheme is intended to provide greater business focus both in the Demerged Company and Resulting Company. This Scheme has been drawn up to comply with the conditions as specified under Section 2 (19AA) of the Income Tax Act, 1961 such that:

(i) all the assets and properties of the Demerged Undertaking (as defined hereinafter) being transferred by the Demerged Company immediately before the demerger become the properties of the Resulting Company by virtue of the demerger;

(ii) all the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger;

(iii) the properties and the liabilities, if any, relatable to the Demerged Undertaking being transferred by Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the demerger;

(iv) the Resulting Company issues shares to the shareholders of the Demerged Company in consideration of the demerger on a proportionate basis;

(v) all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the demerger; and

(vi) the transfer of the Demerged Undertaking will be on a going concern basis.

4. The Scheme is divided into the following parts:

(a) Part I, which deals with the introduction and definitions;

(b) Part II, which deals with the demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company; and

(c) Part III, which deals with the general terms and conditions that would be applicable to Part II of the Scheme.

5. The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

6. **Definitions**:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

(A) "**Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof;

(B) "**Demerged Company**" means Hinduja TMT Limited, a company incorporated under the Act and having its registered office at InCentre, 49/50 MIDC, Andheri East, Mumbai 400 093;

(C) "**Demerged Undertaking**" means the whole of the IT/ITES Business of the Demerged Company, in India and abroad, described in Clause 1 above, on a going concern basis, which shall include (without limitation):

(a) all assets and properties of or required for the IT/ITES Business wherever situated, whether movable or immovable, freehold or leasehold, tangible or intangible, including investments in, and advances to, as part of the business activity of IT/ITES Business, subsidiaries of the Demerged Company enumerated in Clause 1 above including without limitation all funds, investments, plant and machinery, estates, buildings, offices (including marketing offices, corporate and administrative offices and

liaison offices), machinery, capital work in progress, furniture, fixtures, office equipment, vehicles, computer installations, electricals including any other hardware or software applications, appliances, accessories, power lines, water pipelines and depots**;**

(b) all agreements, contracts, engagements, permits, quotas, rights, registrations, entitlements, industrial and other licences, bids, all assignments and grants thereof, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, consents, subsidies, tax credits, incentives, tenancies in relation to office and/or residential properties for the employees, investments or interest (whether vested, contingent or otherwise) in projects undertaken or contracted to be undertaken either solely or jointly with other parties, goodwill, trade marks, trade names, trade secrets, product registrations, patents, copyrights, all other intellectual property, bank accounts, receivables, privileges, insurance claims and policies, powers of attorney, and authorities, certifications, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, licences, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, emails, telexes, facsimile, VSATs connections and installations and any other communication devices, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking, including licenses, approvals, certificates, clearances, exemptions and all benefits relating to units in software technology parks /special economic zones ;

(c) all deposits or benefits of any deposits, balances, earnest moneys and/or security deposits paid or received by the Demerged Company directly or

indirectly in connection with or relating to the Demerged Undertaking;

(d) all books, records, files, papers, engineering and process information, computer programmes along with licenses, drawings, back up copies, websites, domain names, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Demerged Undertaking; and

(e) debts, duties, obligations and liabilities (including contingent liabilities) relatable to the Demerged Undertaking;

Explanation:

(I) For the purpose of this Scheme, it is clarified that the liabilities pertaining to the Demerged Undertaking are:

(a) The liabilities which accrue or arise out of the activities or operations of the IT/ITES Business.

(b) Specific loans and borrowings (including debentures) raised, incurred and utilised solely for the activities or operation of the IT/ITES Business.

(c) Liabilities (including debentures, if any) other than those referred to in sub-clauses (a) and (b) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the IT/ITES Business in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date

immediately preceding the Demerger Appointed Date.

(II) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the IT/ITES Business or whether it arises out of the activities or operations of the IT/ITES Business shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

(D) "**Demerger**" means the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company as set out in Part II hereof;

(E) "**Demerger Appointed Date**" means opening of business on October 1, 2006;

(F) "**Demerger Share Entitlement Ratio**" shall have the meaning ascribed to it in Clause 23;

(G) "**Effective Date**" means the date on which all the conditions and matters in relation to the Scheme referred to in Clause 38 of this Scheme have been fulfilled;

References in this Scheme to the date of "**coming into effect of this Scheme**" or "**effectiveness of this Scheme**" shall mean the Effective Date;

(H) "**Record Date**" shall have the meaning ascribed to it in Clause 23 hereof;

(I) "**Remaining Undertaking**" means all the estate, assets, rights, title, interests, businesses, undertakings, activities, operations and the divisions of the Demerged Company, including the Media Business of the Demerged Company, save and except the Demerged Undertaking **;**

(J) "**Resulting Company**" means HTMT Technologies Limited, a company incorporated under the Act and having its registered office at 315 G, New Charni Road, Mumbai 400004.

(K) **"Resulting Company Compensatory ESOP Scheme"** means the Compensatory Employee Stock Options Scheme of the Resulting Company for grant of stock options by the Resulting Company, on the Effective Date, to the employees of the Demerged Undertaking pursuant to the Scheme, the salient features of such scheme are set out in Schedule 1 hereto; and

(L) "**Scheme**" means this Scheme of Arrangement.

7. **Share Capital:**

(a) The share capital structure of the Demerged Company as on June 30, 2006 was as follows:

	Rupees
Authorised:	
70,000,000 Equity Shares of Rs. 10/- each	70,00,00,000
Issued, Subscribed and Paid-up:	
40,903,887 Equity Shares of Rs. 10/- each fully paid-up	40,90,38,870
Total	40,90,38,870

(b) The share capital structure of the Resulting Company as on June 30, 2006 was as follows:

	Rupees
Authorised:	
60,00,000 Equity Shares of Rs. 10- each	6,00,00,000
Total	**6,00,00,000**
Issued, Subscribed and Paid-up:	
2,50,000 Equity Shares of Rs.10/- each fully paid up	25,00,000
Total	25,00,000

PART II - DEMERGER

SECTION 1 – DEMERGED UNDERTAKING

8. (a) Upon the coming into effect of the Scheme and with effect from the Demerger Appointed Date and subject to this Scheme, the Demerged Undertaking (including all the estate, assets, rights, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and transferred to and vested in the Resulting Company, or be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company, as a going concern so as to become as and from the Demerger Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company.

(b) In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, wherever located, the same may be so transferred by the Demerged Company and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking. Such delivery shall be made on a date (within thirty days from the Effective Date) to be mutually agreed upon between the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company.

(c) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause (b) above, the same shall (as more particularly provided in sub-clause (a) above) without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in the Resulting Company and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company on the Demerger Appointed Date pursuant to the provisions of

Section 394 of the Act. For the avoidance of doubt, it is hereby clarified that all the rights, title and interest of the Demerged Company in any leasehold properties in relation to the Demerged Undertaking shall, pursuant to Section 394 (2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.

(d) All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company upon the coming into effect of the Scheme.

9. (a) Upon the coming into effect of the Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

(b) Without prejudice to the other provisions of the Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of Part II of the Scheme itself, 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, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with 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. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of Part II of

this Scheme, 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 referred to above on the part of the Demerged Company to be carried out or performed.

(c) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all insurance claims and policies, consents, permissions, licenses, approvals, certificates, clearances generally and relating to units in software technology parks/special economic zones in India and abroad and all branches, powers of attorney, authorities given by, issued to or executed in favour of the Demerged Company, all quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the Demerged Undertaking, be transferred to and vested in the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company. It is clarified that any benefits accruing to the Software Technology Park/Special Economic Zone units under the Income Tax Act, 1961 (the "**IT Act**") shall be vested in the Resulting Company in accordance with the provisions of the IT Act.

10. All the property, assets and liabilities of the Demerged Undertaking shall be transferred by the Demerged Company to the Resulting Company at the values appearing in the books of account of the Demerged Company at the close of business of the day immediately preceding the Demerger Appointed Date.

11. (a) It is clarified that, upon the coming into effect of the Scheme, the following liabilities and obligations of the Demerged Company being a part of the Demerged Undertaking shall, without any further act or deed be and stand transferred, or shall be deemed to have been transferred on the Demerger Appointed Date to the Resulting Company, and shall become

the liabilities and obligations of the Resulting Company which shall undertake to meet, discharge and satisfy the same:

(i) The liabilities which accrue or arise out of the activities or operations of the IT/ITES Business.

(ii) Specific loans and borrowings (including debentures) raised, incurred and utilised solely for the activities or operation of the IT/ITES Business.

(iii) Liabilities (including debentures, if any) other than those referred to in sub-clauses (i) and (ii) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the IT/ITES Business in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date immediately preceding the Demerger Appointed Date.

(b) Where any of the liabilities and obligations of the Demerged Company as on the Demerger Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Demerger Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

12. (a) Upon the coming into effect of the Scheme, all legal, taxation or other proceedings (including before any statutory or quasi-

judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted any time in the future and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company (or any successor thereof).

(b) If proceedings are taken against the Demerged Company (or any successor thereof) in respect of the matters referred to in sub-clause (a) above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company (or any successor thereof) against all liabilities and obligations incurred by the Demerged Company (or any successor thereof) in respect thereof.

(c) The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company (or any successor thereof) referred to in sub-clause (a) above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company (or any successor thereof).

13. With effect from the Demerger Appointed Date and up to and including the Effective Date:

(a) the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking, including the rights and interest in any documents specified in Clause 9 hereof, for and on account of, and in trust for and for the benefit of the Resulting Company; and

(b) all income, profits costs, charges, expenses (including costs, charges and expenses relating to employees of the Demerged Company engaged in the Demerged Undertaking) and taxes accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the Demerged Undertaking shall for all purposes, be treated as the income, profits, costs, charges, expenses and taxes or losses, as the case may be, of the Resulting Company.

(c) The Demerged Company undertakes that it will from the date of approval of the Scheme by the Board of Directors of the Demerged Company and the Resulting Company, or the Demerger Appointed Date, whichever is earlier, and upto and including the Effective Date preserve and carry on the Demerged Undertaking with diligence and prudence.

14. Any claims, liabilities or demands (including in relation to income tax, sales tax, IT/ITES subsidies or otherwise) arising out of the activities or operations of the Demerged Undertaking which relates to the period prior to the Demerger Appointed Date but arises at any time including after the Effective Date shall be deemed to be part of the Demerged Undertaking and shall consequently be entirely borne by the Resulting Company. In the event that such liability is incurred by or such claim or demand is made upon the Demerged Company (or any successor thereof), then the Resulting Company shall indemnify the Demerged Company (or any successor thereof) for any payments made in relation to the same.

15. (a) The Resulting Company undertakes to engage, on and from the Effective Date, such employees of the Demerged Company (including such employees engaged by the Demerged Company in the ordinary course of business) engaged in the Demerged Undertaking and who are in the employment of the Demerged Company as on the Effective Date, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company, with continuity of service. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company

in respect of the Demerged Undertaking with employees of the Demerged Company in relation to the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

(b) In so far as the existing provident fund, gratuity fund and superannuation fund and/or schemes, created or maintained by the Demerged Company for the employees of the Demerged Undertaking are concerned, such funds/schemes shall, subject to the necessary approvals and permissions, be transferred to or merged with the relevant funds/schemes as determined by the Resulting Company.

(c) (i) In respect of the stock options granted by the Demerged Company under the employees' stock options scheme of the Demerged Company, titled Hinduja TMT Limited Employees Stock Option Plan, 2001 (the "**Demerged Company Option Scheme**"), to employees engaged in the Demerged Undertaking, it is hereby clarified that the stock options which have been granted but have not vested as of the Effective Date, in the employees engaged in the Demerged Undertaking, would lapse (such lapsed options being hereafter referred to as **"Lapsed Options of the Demerged Company"**, and such employees of the Demerged Company engaged in the Demerged Undertaking whose stock options granted under the Demerged Company Option Scheme would lapse being hereinafter collectively referred to as the **"Grantees of Lapsed Options"** and individually as **"Grantee of Lapsed Options")**. It is hereby also clarified that the stock options under the Demerged Company Option Scheme which have vested in employees engaged in the Demerged Undertaking as of the Effective Date, would lapse if they remain unexercised on the Record Date (as defined hereinafter). It is hereby further clarified that, in respect of stock options under the Demerged Company Option Scheme which have

vested as well as have been exercised before the Record Date (as defined hereinafter) the Demerged Company shall issue and allot one fully paid-up equity share of Rs.10/- each of the Demerged Company for each exercised option;

(ii) In order to compensate the Grantees of Lapsed Options in respect of the Lapsed Options of the Demerged Company, the Resulting Company shall grant, and shall be deemed to have granted, to each Grantee of Lapsed Options, on the Effective Date, in lieu of the Lapsed Options of the Demerged Company, in pursuance of this Scheme, such number of stock options as are envisaged in the Resulting Company Compensatory ESOP Scheme as would equal to the number of Lapsed Options of the Demerged Company of the respective Grantee of Lapsed Options. This grant of stock options by the Resulting Company to each Grantee of Lapsed Options shall be, and shall be deemed to be, at an exercise price equal to the exercise price at which such Grantee of Lapsed Options had been granted by the Demerged Company the Lapsed Options of the Demerged Company. The vesting period of the stock options granted hereunder by the Resulting Company shall be as provided for in the Resulting Company Compensatory ESOP Scheme.

(iii) It is hereby clarified that, *inter alia*, having regard to the compensatory nature of the grant of stock options of the Resulting Company hereunder (pending listing of equity shares of the Resulting Company on a recognized stock exchange) on the Effective Date, the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended to-date, shall apply, *mutatis mutandis*, to the extent applicable, to the stock options granted by the Resulting Company to the Grantees of Lapsed Options in pursuance of this Scheme with effect from the date on which the equity shares of the Resulting Company are first listed on the National Stock Exchange of

India Limited and the Bombay Stock Exchange Limited in accordance with the provisions of Clause 27 below. It is further clarified that, for this purpose, the "intrinsic value" of the stock options of the Resulting Company granted hereunder vis-à-vis the Resulting Company shall be equal to "intrinsic value" of the Lapsed Options of the Demerged Company vis-à-vis the Demerged Company under clause 2(9A) of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

16. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking under the Scheme and the continuance of the proceedings by or against the Resulting Company under Clause 12 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on and after the Demerger Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and/or on behalf of the Resulting Company.

SECTION 2 – REMAINING UNDERTAKING

17. The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

18. All legal, taxation or other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company (or successor thereof). The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company (or successor thereof).

19. With effect from the Demerger Appointed Date and up to and including the Effective Date, the Demerged Company:

(a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Demerged Company (or successor thereof).

SECTION 3 - LIABILITIES

20. **LOANS, FIXED DEPOSITS, DEBENTURES AND RELATED SECURITY**

(a) In so far as loans, borrowings and debentures of the Demerged Company are concerned, the loans, borrowings and debentures which are to be transferred to the Resulting Company in terms of Clause 11 hereof (the "**Transferred Borrowings**") being a part of the Demerged Undertaking shall, upon coming into effect of the Scheme and subject to sub-clause (b) below, without any further act or deed, become loans, borrowings and debentures of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans, incurred such borrowings or issued such debentures. In so far as the assets comprising the Remaining Undertaking are concerned, the security over such assets relating to the Transferred Borrowings shall, without any further act, instrument or deed be released and discharged from the obligations and security relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(b) Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the security and charge over such assets relating to any loans, borrowings or debentures which are not transferred pursuant to Part II of this Scheme, the same shall without any further act or deed be released and discharged from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Undertaking.

(c) Without prejudice to the provisions of Clause ~~21~~*20* (a) or the foregoing clauses, and upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Maharashtra respectively to give formal effect to the above provisions, if required.

(d) The Demerged Company and/or the Resulting Company shall enter into and execute such further deeds, documents or writings as may be required to give full effect to the above provisions.

(e) Upon the coming into effect of the Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities and obligations of the Demerged Undertaking enumerated in Clause 11 above , and the Demerged Company (or any successor thereof) shall not have any obligations in respect thereof.

(f) It is expressly provided that, save as mentioned in this Clause 20 no other term or condition of the liabilities and obligations of the Demerged Undertaking enumerated in Clause 11 above shall be modified except to the extent that such amendment is required by necessary implication or by any agreement entered into with the respective lender.

(g) The provisions of this Clause shall operate notwithstanding anything to the contrary contained in any deed or writing or the

terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions..

SECTION 4 -REORGANISATION OF CAPITAL.

21. The provisions of this Section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

22. In consideration of the provisions of Part II of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company and the Demerged Company shall be restructured and reorganised in the manner set out in Clauses 23 to 32 below.

23. (a) Upon the coming into effect of the Scheme and in consideration of the Demerger pursuant to Part II of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members of the Demerged Company (including employees, who have become shareholders by exercising their options, which have vested in accordance with the Demerged Company Option Scheme) on a date (the "**Record Date**") to be fixed in that behalf by the Board of Directors or a committee thereof of the Demerged Company, equity shares of the Resulting Company in the ratio (the "**Demerger Share Entitlement Ratio**") of 1 Equity Share in the Resulting Company of Rs. 10 /- credited as fully paid up for every 2 Equity Shares of Rs.10/- each fully paid up held by such member in the Demerged Company.

(b) Upon effectiveness of this Scheme, pursuant to the Demerger, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity shares from 1 (One) equity share of Rs.10/- fully paid up to 1 (One) equity share of Rs. 5/- each fully paid. Consequent to such reduction in the face value of the paid up equity shares from Rs. 10/- each to Rs. 5/- per share, the

shareholding of the shareholders of the Demerged Company shall be reduced proportionately. Simultaneously, 2 (Two) equity shares each of Rs. 5/-, shall be consolidated into 1 (One) fully paid-up equity share of Rs. 10/-.

(c) The reduction of capital of the Demerged Company pursuant to the Scheme shall be given effect as an integral part of the Scheme and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall be deemed to be their consent under the provisions of Section 100 and all other applicable provisions of the Act to such reduction of capital of the Demerged Company and the Demerged Company shall not be required to convene any separate meeting for that purpose. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act.

(d) It is hereby clarified that the amount by which the share capital of the Demerged Company is reduced in terms of Clause 23 (b) above, shall not be paid to the shareholders of the Demerged Company but shall be credited to the "General Reserve" account of the Demerged Company.

24. In case any member's holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share of the Demerged Company or of the Resulting Company, neither the Demerged Company nor the Resulting Company shall issue fractional share certificates to such members but shall consolidate such fractions and issue consolidated equity shares to separate trustees nominated respectively by the Demerged Company and the Resulting Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to their respective fractional entitlements in Demerged Company and Resulting Company.

25. (a) The equity shares of the Resulting Company issued and allotted in terms of Clause 23 above shall rank pari passu in all respects with the existing equity shares of the Resulting Company .

(b) The equity shares of the Demerged Company and the Resulting Company to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Demerged Company and the Resulting Company respectively.

26. The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment by the Resulting Company of equity shares of Resulting Company to the members of Demerged Company.

27. The equity shares of the Resulting Company issued in terms of Clause 23 hereof shall, subject to the execution of the listing agreement and payment of the appropriate fee, be listed on the National Stock Exchange of India Limited, the Bombay Stock Exchange Limited and on such other recognised stock exchange(s) in India, if any, as may be decided by the Board of Directors of the Resulting Company on consideration of all relevant factors.

28. Insofar as the issue of shares pursuant to Clause 23 is concerned, each member of the Demerged Company holding shares in physical mode shall have the option, to be exercised by way of giving a notice (with prescribed details) respectively to Demerged Company and Resulting Company, on or before such date as may be respectively determined by the Boards of Directors of the Demerged Company and the Resulting Company, to receive the shares either in certificate form or in dematerialized form. In the event that such notice or requisite details have not been received by the Demerged Company or the Resulting Company in respect of any member, the shares shall be issued by them to such members in certificate form. In respect of those members exercising the option to receive the shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall provide such other confirmation, information and details as may be required. Each member of the Demerged Company holding shares in dematerialized form shall receive equity shares respectively of Demerged Company and Resulting Company in dematerialized form.

29. Equity shares to be issued by the Demerged Company and the Resulting Company pursuant to this Scheme, in respect of any equity shares of Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise, shall pending

allotment or settlement of dispute by order of Court or otherwise be held by the trustees appointed by the Demerged Company and the Resulting Company respectively.

30 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors, or any committee thereof, of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in the Demerged Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged Company or Resulting Company, as the case may be, in respect of such shares.

31. Unless otherwise determined by the Board of Directors, or any committee thereof, of the Demerged Company and the Board of Directors, or any committee thereof, of the Resulting Company, allotment of shares in terms of this Scheme shall be done within 90 days from the Effective Date.

32. On allotment of shares by the Resulting Company in terms of Clause 23 above, the existing shareholding of the Demerged Company, in the Resulting Company shall be cancelled as an integral part of this Scheme in accordance with provisions of Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

SECTION 5 – GENERAL

33. Accounting Treatment:

(a) In the books of the Demerged Company:

Upon coming into effect of the Scheme, the Demerged Company shall give effect to the following accounting treatment as at the Demerger Appointed Date:

(i) The difference between the book value of the assets (net of diminution/depreciation, if any) and the book value of the liabilities of the Demerged Company that is transferred to the Resulting Company pursuant to the Scheme and such amount of diminution/depreciation, if any, to the extent considered appropriate by the Board of Directors of the Demerged Company in the value of assets of the Demerged Company would be first debited to the Share Capital Account of the Demerged Company to the extent of the amount of reduction in the paid-up share capital of the Demerged Company pursuant to the Scheme, thereafter the balance shall be debited to the Share Premium Account in accordance with the provisions of Section 100 of the Act and the balance, if remaining thereafter, would be adjusted against the General Reserve Account.

(ii) The application and consequential reduction of the Share Capital Account and Share Premium Account, as per sub-clause (i) above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid Share Capital or payment to any shareholder of any paid-up Share Capital and the Order of the Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act confirming the reduction in the Share Capital Account and Share Premium Account of the Demerged Company.

(b) In the books of the Resulting Company:

Upon coming into effect of the Scheme, the Resulting Company shall give effect to the following accounting treatment as at the Demerger Appointed Date:

(i) The Resulting Company shall, record the assets and liabilities (difference between the assets and liabilities hereinafter referred to as "**Net Assets**") vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged

Company, at the close of business of the day immediately preceding the Demerger Appointed Date.

(ii) The Resulting Company shall credit to its Share Capital Account in its books of account the aggregate face value of the new equity shares issued by it to the members of the Demerged Company pursuant to Clause 23(a) of the Scheme.

(iii) The excess of the Net Assets over the face value of new equity shares allotted in accordance with Clause 23(a) of the Scheme shall be credited to the General Reserve Account in the books of the Resulting Company. It is clarified that the balance in the General Reserve Account in the books of the Resulting Company after such credit shall constitute, and shall be deemed to constitute revenue reserves.

(c) It is hereby clarified that pursuant to the provisions of Clause 13 of the Scheme, all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of the Resulting Company, upon the Scheme coming into effect**.**

34. (a) Upon coming into effect of the Scheme, Clause (V) of the Memorandum of Association of the Resulting Company shall, without any further act, deed or instrument, be substituted by the following clause:

"The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two crores and Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten each) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

PART III - OTHER TERMS & CONDITIONS

35. (a) The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.

(b) The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

(c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company and the Resulting Company respectively, and subject to the approval of the shareholders of the Demerged Company and the Resulting Company respectively.

36. The Demerged Company and the Resulting Company shall make necessary applications before the High Court of Judicature at Bombay for the sanction of this Scheme under Sections 391 and 394 of the Act.

37. (a) The Demerged Company (by its Board of Directors) and the Resulting Company (by its Board of Directors) either by themselves or through a committee appointed by them in this behalf, may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which either the Boards of Directors of the Demerged Company or the Resulting Company, as the case may be, deem fit, or which the Court and/or any other Authority may deem fit to approve or impose.

(b) The Demerged Company (by its Board of Directors) and the Resulting Company (by its Board of Directors), either by themselves or through a committee appointed by them in this behalf, may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture-holders of the respective companies), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law).

(c) Any issue as to whether any asset, liability, employee or litigation pertains to the Demerged Undertaking or not shall be decided by the Board of Directors of the Resulting Company either by themselves or through a committee appointed by them in this behalf, and if considered necessary by them, after consultation with the Board of Directors of the Demerged Company, on the basis of evidence that they may deem relevant for the purpose (including the books and records of the Demerged Company).

38. This Scheme is conditional upon and subject to:

(a) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act and the requisite orders of the High Court of Judicature at Bombay being obtained;

(b) such other sanctions and approvals including sanction of any Governmental Authority, creditor, lessor or contracting party as

may be required by law or contract in respect of the Scheme being obtained;

(c) the certified copies of the court orders referred to in this Scheme being filed with the Registrar of Companies, Maharashtra.

39. In the event of this Scheme failing to take effect finally by 31st March 2007 or by such later date as may be agreed by the respective Boards of Directors of the Demerged Company and the Resulting Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own costs or shall bear costs as may be mutually agreed.

40. In the event of non-fulfillment of any or all obligations under the Scheme by any Company towards the other Company, inter-se or to third parties and non-performance of which will put the other Company under any obligation, then such Company will indemnify all costs/interest, etc. to the other Company.

41. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

42. All costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Demerged Company for the Demerger, unless otherwise determined by the Boards of Directors of the Demerged Company and the Resulting Company.

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Schedule 1

SALIENT FEATURES OF THE RESULTING COMPANY COMPENSATORY ESOP SCHEME

1. PLAN OBJECTIVES

The objectives of the Plan are:

1.1 To compensate the employees of the De-merged Undertaking in respect of the unvested stock options granted to them by the De-merged Company under the Demerged Company Option Scheme that would lapse on the coming into effect of the Scheme of Demerger,.

1.2 To reward and retain employees, in keeping with market trends in the IT/ITES sector.

1.3 To motivate employees to drive corporate performance and thereby enhance overall shareholder value.

2. DEFINITIONS

2.1 **"Acceptance letter"** means the letter by which the Optionee communicates that the Grant of Options has been accepted, and that he /she will abide by the terms and conditions of the Compensatory ESOP Scheme.

2.2 **"Allotment Committee"** means a committee of the Board, which shall meet periodically to allot Shares arising out of the Exercise by the Optionees

2.3 **"Board"** means the Board of Directors of the Company.

2.4 **"Company"** means HTMT Technologies Limited and any successor company thereof and includes where the context so requires, the subsidiaries of HTMT Technologies Limited.

2.5 "Compensatory ESOP Scheme" means this HTMT Technologies Ltd. Compensatory Employee Stock Option Plan, 2006.

2.6 **"Compensation Committee"** means a committee of Directors of the Company constituted by the Board consisting of a majority of independent Directors and entrusted with the authority to implement the Compensatory ESOP Scheme.

2.7 "Corporate Action" means rights issue, bonus issue, merger, sale of division, amalgamation, merger, demerger, reconstruction, reorganisation or such action by which the controlling or the shareholding pattern of the Company undergoes any kind of change.

2.8 **"Date of Separation"** means the last date of employment with the Company.

2.9 "Demerged Undertaking" means and includes the whole of the business, undertaking, activities and operations of information technology / information technology enabled services ("IT/ITES") of the Demerged Company including such business, undertaking, activities and operations carried on directly or indirectly through its branches and subsidiaries in India and abroad.

2.10 "**Demerged Company Option Scheme**" means Hinduja TMT Limited Employees Stock Option Plan, 2001 of HTMT

2.11 **"Director"** means a director on the Board.

2.12 **"Effective Date**" means the date on which all the conditions and matters in relation to the Scheme of Demerger have been fulfilled and the Scheme of Demerger becomes effective.

2.13 **"Employee/Transferred Employee"** means an employee of the Demerged Undertaking and includes an employee of HTMT and employees of the IT/ITES subsidiaries of HTMT, whether working in India or abroad on the Grant Date, whose options granted by HTMT pursuant to the Demerged Company Option Scheme lapsed on the coming into effect of the Scheme of Demerger.

2.14 **"Exercise"** means an act whereby the Optionee makes a written application to the Company, to subscribe for the Shares against the Options Vested in him / her under the Compensatory ESOP Scheme together with payment of the Exercise Price.

2.15 **"Exercise Application"** is the application form in which the Optionee has to apply to the Company along with the cheque / demand draft in respect of the Exercise Price for Exercising the Options granted to him/her.

2.16 **"Exercise Price"** means in relation to each Transferred Employee, such price at which the said Transferred Employee was originally granted the Lapsed Options of the Demerged Company, being also the price at which such Transferred Employee, as Optionee is entitled to subscribe to the Shares arising out of Options Granted and Vested in him/her under the Compensatory ESOP Scheme.

2.17 **"Exercise Period"** means the time period after Vesting, within which the Optionee should Exercise his/her right to apply for Shares against the Options vested in him/her under the Compensatory ESOP Scheme.

2.18 **"First Anniversary Date**" means the date, which falls after one year of the Grant Date.

2.19 **"Grant"** is the process whereby the Compensation Committee shall be deemed to have granted Options to the Transferred Employees under this Compensatory ESOP Scheme on the Grant Date.

2.20 **"Grant Date"** means the Effective Date and which shall be the date the Transferred Employee shall be deemed to have been Granted Options by the Company under the Compensatory ESOP Scheme.

2.21 **"HTMT" or "Demerged Company "** means Hinduja TMT Limited.

2.22 **"Lapsed Options of the Demerged Company"** means and includes options granted by HTMT under the Demerged Company Option Scheme, to employees engaged in the Demerged Undertaking which have not vested as of the Effective Date, which stock options would lapse upon coming into effect of the Scheme of Demerger on the Effective Date.

2.23 **"Letter of Grant"** means the letter issued by the Company to an Employee intimating the Grant of Options to him/her for acquiring a specified number of Shares at the Exercise Price.

2.24 **"Nominee"** shall mean the person nominated by the Employee as provided in this Plan.

2.25 **"Normal Retirement Date"** shall mean the date on which an Employee is due to retire from the services of the Company, in accordance with the service conditions to which he/she is subject.

2.26 **"Option"** means a right (but not an obligation) granted to an Employee to apply for a specified number of Shares of the Company at a future date and at a predetermined price (being the Exercise Price) in accordance with the terms stated in this Compensatory ESOP Scheme. However, Options do not carry voting rights as available to an ordinary shareholder and as defined in the Companies Act, 1956. Each Grant of an Option would represent the right to apply for one fully paid-up equity share of the Company of the face value of Rs. 10/- per share. In case of sub-division of Shares or in case of bonus, rights, etc. the number of Options will be suitably adjusted by the Compensation Committee.

2.27 **"Optionee"** means a Transferred Employee to whom Options have been Granted pursuant to this Compensatory ESOP Scheme, and who has accepted such Grant by signing the Acceptance Letter and includes where the context so requires, the Nominee or the legal heirs of a deceased Employee.

2.28 **"Plan"** or **'Compensatory ESOP Scheme**" means this HTMT Technologies Limited Compensatory Employees Stock Option Plan, 2006.

2.29 **"Scheme of Arrangement" or "Scheme of Demerger"** means Scheme of arrangement and reconstruction between HTMT and the Company and their respective shareholders and creditors .

2.30 **"Second Anniversary Date**" means the date, which falls after two years of the Grant Date.

2.31 **"Share"** means the equity shares of the Company.

2.32 **".**"SEBI ESOP Guidelines" means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as revised from time to time.

2.33 **"Vesting"** means the process by which the Optionee is given the right to apply for Shares against Options granted to him/her under the Compensatory ESOP Scheme.

2.34 **"Vesting Date"** means the earliest date on which the Optionee may Exercise his / her right to seek allotment of Shares in terms of the Vesting Schedule under the Compensatory ESOP Scheme.

2.35 **"Vesting Schedule"** shall have the meaning assigned to it in Clause 6.2 hereof.

3. AUTHORITY AND POWERS OF THE COMPENSATION COMMITTEE

3.1 Notwithstanding anything stated herein, the Compensation Committee in its absolute discretion has been authorised to determine all the terms governing the Compensatory ESOP Scheme including any variation thereof and including but not limited to

3.1.1 The terms and conditions subject to which the Options vested would be exercisable by an Optionee.

3.1.2 The period within which the Options have to be Exercised by theOptionee.

3.1.3 The procedure for cashless Exercise of Options, if any.

3.1.4 Giving effect to amendments in the number of Options and/or the Exercise Price as a result of Corporate Actions.

3.1.5 Giving effect to amendments in the Vesting Schedule and/or Exercise Period in the case of Optionees who have separated from the Company's service by reason of any disability of pursuant to any scheme of voluntary retirement or for any other reason, which in the opinion of the Compensation Committee, is a fit case for making any such amendments.

3.1.6 Resolution of any disputes arising on any matter arising out of the implementation of this Plan.

3.1.7 Accelerate the Vesting Schedule.

3.1.8 Cancellation of Options on account of misconduct of Optionee.

3.2 The terms prescribed by the Compensation Committee and/or the resolution by the Compensation Committee of any dispute, shall be final and binding on all the Employees/ Optionees.

4. ELIGIBILITY, GRANT CONDITIONS AND NOMINATION

4.1 Eligible Employees

4.1.1 All Transferred Employees of the Company pursuant to the Scheme of Demerger are the eligible employees, under the Compensatory ESOP Scheme, and to whom the Options as stated in para 5.1 shall be deemed to have been Granted on the Grant Date

4.2 Grant conditions

4.2.1 Options granted to an Employee shall not be transferred to any other person.

4.2.2 No person other than the Optionee shall be entitled to Exercise the Option, save as provided in 6.6.

4.2.3 Options granted to an Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

4.2.4 An Optionee is required to sign and return to the Company the Acceptance Letter in the prescribed form in order to be entitled to Exercise the Options Granted to him/her under this Plan.

4.3 Nomination

4.3.1 An Optionee may appoint any person as his/her Nominee in the prescribed form, for exercising the rights in the circumstances specified in para 6.6.

4.3.2 An Optionee may revoke such nomination at any time and a fresh nomination may be made on such revocation.

4.3.3 Upon the demise of the Optionee, the Nominee, if any, shall alone be entitled to Exercise the rights of the Optionee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs of the Optionee concerned.

4.3.4 If the Optionee fails to make a nomination, the ensuing Shares will be issued to the legal heirs only upon such evidence being produced to the absolute satisfaction of the Board as may be required from time to time.

5. NUMBER OF OPTIONS

5.1 . Every Transferred Employee shall be deemed to have been granted by the Compensation Committee with effect from Grant Date, the number of Options, equal to the number of Lapsed Options of the Demerged Company.

6. VESTING OF OPTIONS

6.1 **Vesting Period:** There shall be a period of one year between the Grant Date and Vesting of Options.

6.2 **Vesting Schedule**: The Vesting Schedule for the Options granted to the Transferred Employee shall be as under:

- One half of the Options will vest on the First Anniversary Date
- The balance half of the Options will vest on the Second Anniversary Date.

6.3 **Accelerated vesting:** Subject to the provisions of para 6.1, the Compensation Committee may at its discretion accelerate the Vesting Schedule for some or all of the Options granted to the Transferred Employees in the event of Corporate Action, which in the opinion of the Compensation Committee is an appropriate case for acceleration of the Vesting Schedule.

6.4 Vesting in the event of retirement: Options that had been Granted to an Optionee who retires from the Company's services on the Normal Retirement Date or thereafter (such Optionee being hereinafter referred to as "Retired Optionee"), shall vest in accordance with the Vesting Schedule specified in para 6.2.

6.5 Vesting in the event of permanent incapacity: Subject to the provisions of para 6.1, all Options granted to an Optionee who suffers a permanent incapacity while in employment, shall vest in him/her as on the date of permanent incapacitation.

6.6 Vesting in the event of Death of an Optionee: Subject to the provisions of para 6.1 in the event of (a) death of an Optionee while in employment or (b) death of a retired Optionee, all the Options granted to him/her till such date, shall immediately vest in the Nominee (or in the legal heirs in the vent there is no Nominee) of the deceased Optionee or deceased Retired Optionee, as the case may be.

6.7 Vesting for Employees on long leave: The Vesting Schedule may be extended by the entire duration of the leave period for Employees on long leave, subject to a maximum period of 24 months from the Grant Date.

7. EXERCISE OF OPTIONS:

7.1 **Exercise Timeframe:** An Optionee or Retired Optionee may exercise his/her vested Options, in part or in whole any day after the earliest applicable Vesting Date and prior to the completion of the 36th month from the Grant Date.

7.2 **Exercise of Vested Options in the event of Death:** The Nominee, or in the event there is no Nominee, the legal heirs of a deceased Optionee or Retired Optionee, as the case may be, may Exercise the Options at any time prior to the completion of the 36th month from the Grant Date

7.3 **Exercise of Vested Options in the event of resignation or termination of services:** An Optionee who separates from the services of the Company for any reason other than (a) retirement on the Normal Retirement Date or thereafter, (b) death (c) permanent incapacity (d) Corporate Action, may Exercise the vested Options at any time within a period of three months from the last date of employment with the Company, or within a period of 36th months from the Grant Date whichever is earlier.

7.4 **Exercise of Vested Options in the event of permanent incapacity:** An Optionee who suffers permanent incapacity while in employment may exercise the Options at any time prior to the completion of the 36th month from the Grant Date.

7.5 **Remittance on Exercise of Options:** An Optionee (or as the case may be, the Nominee or legal heir of a deceased Optionee or deceased Retired Optionee), shall remit the full amount payable by him/her on Exercise of the Options together with the Exercise Application in the prescribed form, indicating the number of Options Exercised, in the manner stated in the said Exercise Application.

8. **LAPSE OF OPTIONS**

8.1 Notwithstanding anything contained elsewhere in this Plan, the Options vested in, but not exercised by, an Optionee as well as unvested Options, will lapse, in case of termination of his/her employment for any reason, which in the opinion of the Compensation Committee is an appropriate case for lapse of the Option, including but not limited to the following:

8.1.1 Misconduct,
8.1.2 Fraud,
8.1.3 Unauthorised disclosure of confidential data.

8.2 Treatment of unvested Options: If an Optionee separates from the services of the Company for any reason other than (a) retirement on the Normal Retirement Date or thereafter, (b) death or (c) permanent incapacity (d) separation from services of the Company due to Corporate Action;

8.2.1 all unvested Options outstanding on the date of separation of the Optionee will lapse on the said date of separation.

8.2.2 all Vested Options that have not been Exercised within a period of three months from the last day of employment with the Company, or within a period of 36th months from the Grant Date whichever is earlier, will lapse.

Provided that in the event of resignation / termination from the services of the Company for reasons other than (a) retirement on the Normal Retirement Date or thereafter, (b) death or (c) permanent incapacity (d) separation from services of

the Company due to demerger or any Corporate Action, the unexercised Options will lapse.

9. **ALLOTMENT OF SHARES ON EXERCISE OF OPTIONS:** The Allotment Committee shall periodically allot shares arising out of Exercise of Options. The Company's shares are proposed to be/ will be traded on Stock Exchanges compulsorily in dematerialised form. The Shares allotted by the Allotment Committee, pursuant to receipt of valid Exercise Applications will be allotted only in dematerialised form.

10. **LOCK-IN PERIOD**

No lock-in restriction would apply to the Shares issued consequent upon the Exercise of Options granted under this Plan.

11. PRICING

11.1 The Exercise Price of Options Granted, pursuant to this Compensatory ESOP Scheme, in relation to each Transferred Employee shall be such price at which the said Transferred Employee was originally granted the Lapsed Options of the Demerged Company.

11.2 In the event of any changes in the number and/or face value of the outstanding equity shares of the Company by way of stock split, exchange of shares, recapitalisations, Corporate Action or otherwise, the Exercise Price per Share/number of unvested and Vested but not Exercised Options shall be appropriately adjusted in accordance with the directions of the Compensation Committee in this matter, and such directions shall be binding.

12. **TRANSFER OF OPTIONEES**

An Optionee whose services are transferred from the Company to any of its subsidiary ,shall be entitled to retain his/her entitlement to the Options granted to him/her, in accordance with the terms and conditions specified in the Letter of Grant, subject to the provisions of this Plan.

13. TAXES

All taxes consequent upon the grant/exercise of stock options under this Plan will be borne by the Optionee or by the Nominee/legal heir as the case may be.

14. COMPLIANCE WITH REGULATIONS

Optionees are required to comply with all applicable laws and regulations relatable to the exercise of rights attached to the Options.

15 GENERAL RISKS AND DISCLOSURES

Participation in the Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the Employee alone.

16 CHANGE OF PLAN

The Company and Compensation Committee have the discretion to change the terms and conditions of the Plan. However, the change shall not be to the detriment of the Employees participating in the Plan and shall have effect only after complying with the conditions specified in the SEBI ESOP Guidelines.

17 NOT CONTRACT OF EMPLOYMENT

17.1 Grant of Options under this Plan shall not form part of any contract of employment between the Company and the Employee. The rights and obligations of any individual under the terms of his office or employment with the Company shall not be affected by his/her participation in this Plan.

17.2 Nothing in this Plan shall be construed as affording an Employee any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

17.3 This Plan shall not confer on any person any legal or equitable rights against the Company either directly or indirectly or give rise to any cause of action on law or equity against the Company

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SCHEME OF ARRANGEMENT

BETWEEN

PIONEER EMBROIDERIES LIMITED
("PEL" OR "DEMERGED COMPANY")

AND

PIONEER REALTY LIMITED
("PRL" OR "RESULTING COMPANY")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF COMPANIES ACT, RULES AND REGULATIONS THEREUNDER

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1. PREAMBLE

1.1 This Scheme of Arrangement (Demerger) (hereinafter defined as **"the Scheme"**), presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 **("Act")** and other applicable provisions of Companies Act, rules and regulations thereunder as applicable from time to time, provides for Demerger of the Demerged Undertaking (hereinafter defined) of Pioneer Embroideries Limited into Pioneer Realty Private Limited with effect from the Appointed Date (hereinafter defined). In addition, this Scheme of Arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

1.2 The Scheme is divided into the following parts:

(i) **Part I** deals with Definitions, Interpretations and Share Capital

(ii) **Part II** deals with Demerger of the Demerged Undertaking of the Demerged Company and Vesting the same with the Resulting Company

(iii) **Part III** deal with General Terms and Conditions and other matters consequential and integrally connected thereto

2. DESCRIPTION OF COMPANIES

2.1 **Pioneer Embroideries Limited** (**the "PEL" or "Demerged Company"**) was incorporated as a public limited company, vide Certificate of Incorporation dated 25th October, 1991 under the Companies Act, 1956 in Maharashtra. PEL has obtained Certificate of Commencement of Business dated 30th March, 1993. The Corporate Identity Number of the Demerged Company is L17291MH1991PLC063752 and having it's Registered

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Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058, Maharashtra. The shares of Demerged Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The shares of Demerged Company are listed on Calcutta Stock Exchange Limited (CSE) but the Demerged Company has already made application for delisting of its shares from CSE, since 2007 to which no revert is being received and hence it is deemed to be an approval of the exchange that the shares of Demerged Company are delisted from CSE and process needs to be carried out by the CSE. The business of the Demerged Company comprises of following which are undertaken mainly at the facilities mentioned below:

i. Embroidery & Bobbin Lace (ELD), known as **"ELD Business"** comprising of manufacturing, exporting and retailing of embroidery fabric, laces and apparels; The facilities are situated at:

- Sarigam: 1637,1639, 1638, G.I.D.C. Sarigam, Dist. Valsad, Gujarat –396 155
- Naroli: Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.)-396 203

ii. Specialized Polyester Filament Yarn (SPFY) comprising manufacturing and exporting of value-added Specialized Polyester Filament Yarn: Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh -173 030, known as **"Remaining Business"** or **"SPFY Business"**

2.2 **Pioneer Realty Limited** (the **"PRL"** or **"Resulting Company"**) is a Public Limited Company incorporated under the Companies Act, 1956 on 29th March, 2007 in Maharashtra. PRL has obtained its Certificate for Commencement of Business dated 23rd May, 2007. The Corporate Identity Number of the Resulting Company is U70101MH2007PLC169361. Registered Office of PRL is situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058 Maharashtra. PRL is a 100% subsidiary of PEL and is formed with an objective of carrying out real estate related activities with own or leased property. It does not have significant operations and had no revenue since last 3 years. It also intends to carry on ELD Business and hence it has modified it's Main Object Clause vide revised certificate of incorporation dated 1st August, 2022.

3. RATIONALE & PURPOSE OF THE SCHEME

3.1 The Demerged Company is evaluating the development of ELD Business and SPFY Business owned by it in a dissimilar manner as both have a separate requirements/ nature of funding, working capital cycle, pricing policies, manpower, managerial expertise, focus and skill sets, market intelligence and sourcing capabilities, and is exploring opportunity to leverage its unique strengths to raise funds accordingly.

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3.2 Post demerger, both the companies would be focused on individual businesses as pure-play entities. The ELD Business owns "Hakoba" through its subsidiary, a brand of repute in the B2C space, while the SPFY business has a strong B2B brand "Silkolite", both of which can now get more directed attention for growth.

3.3 For the purpose of further expansion of ELD Business and SPFY, management is exploring options to attract willing investors, strategic partners, financial institution and bankers. Therefore, both the businesses shall not have any linkages with each other. Further, management can utilize the funds availed by securing the assets for that particular business activities.

3.4 Thus, through this Scheme, the Demerged Company is unlocking the value and creating liquidity avenues for the shareholders of the Demerged Company from both the businesses as post the implementation of the Scheme, the Shareholders would be owning shares of both the companies as the shares of Resulting Company are also proposed to be listed on BSE and NSE.

3.5 With this objective in mind and intent of realigning the business operations of Demerged Company, enable the management and Board of Directors of Demerged Company & Resulting Company chart out independent strategies for their respective commercial operations in order to maximize value creation for their respective stakeholders and enhance focus of management for the respective businesses, it is proposed to transfer and vest ELD Business Undertaking in the Resulting Company through the Scheme (hereinafter defined), resulting into remaining business and assets including SPFY shall be held and owned by PEL (**"Demerger"**).

3.6 Pursuant to this Scheme, all the shareholders of Demerged Company will get shares in Resulting Company and there would be no change in the economic interest for any of the shareholders of Demerged Company pre- and post- implementation of the Scheme as the existing shareholding in the Demerged Company would be split in both the Demerged and Resulting Companies.

3.7 The transfer and vesting shall achieve the following benefits for the Demerged Company and the Resulting Company:

a. The Demerger will enable better and more efficient management, control and running of the ELD and SPFY activity individually;
b. The Demerger will enable both Demerged Company and Resulting Company to achieve and fulfill their objectives more efficiently and offer opportunities to the management of both the companies to pursue growth and expansion opportunity;
c. The realigned structure will enable the management to attract investors / partners in both the business in sync with respective objectives and goals;
d. The Scheme shall be beneficial for the interest of the Companies, their shareholders, creditors and employees.
e. Enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies; and
f. Enhancing shareholder value by creating leaner and focused organizations

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3.8 Accordingly, upon the Scheme becoming effective, there will not be any adverse effect on the Shareholders of the Demerged Company. The Scheme will not, in any manner be prejudicial to the interest of the concerned shareholders, creditors, employee or key managerial personnel or any stakeholder or general public at large.

3.9 In view of the above rationale, the Board recommended a Scheme of Arrangement whereby the ELO Business Undertaking of Demerged Company will be demerged into Resulting Company as a going concern with effect from the Appointed Date (hereinafter defined). Accordingly, the Board of Directors of Demerged Company and Resulting Company have decided to make requisite applications and/or petitions before the Tribunal (hereinafter defined) as the case may be, as applicable under Sections 230 to 232 read with Section 66 of the Act (hereinafter defined) and other applicable provisions for the sanction of this Scheme.

3.10 Thus, with the aforesaid objectives, it is proposed to demerge the Demerged Undertaking into the Resulting Company.

4. **TREATMENT OF THE SCHEME FOR THE PURPOSE OF THE INCOME TAX ACT, 1961:**

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of this Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with the provisions of Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

5. **DEFINITIONS**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

5.1 "**Act**" shall mean reference to the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, as amended from time to time and to the extent in force;

5.2. "**Applicable Law**" means any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force in India;

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5.3. **"Appointed Date"** shall mean the opening of the business hours as on 1st April, 2022 or such other date as may be decided by the National Company Law Tribunal or any other appropriate authority as may be applicable;

5.4. **"Appropriate Authority"** or **"Governmental Authority"** means and includes any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, including Registrar of Companies (ROC), Regional Director (RD), Official Liquidators (OL), National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), Income Tax Authority (ITA), Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), any industrial corporation, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction,

5.5. **"Board of Directors"** or **"Board"** means the Board of Directors of each of the Companies under the Scheme as the context may require and shall include a committee of Directors or any person authorized by Board or such Committee of Directors for the purposes of matters pertaining to this Scheme and or any other matter relating thereto;

5.6. **"BSE"** means BSE Limited;

5.7. **"Book Value"** shall mean the value(s) of assets and liabilities of the Demerged Undertaking, as appearing in the books of accounts of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date,

5.8. **"Demerged Company"** or **"PEL"** means Pioneer Embroideries Limited, a company governed under the Companies Act, 2013 and having CIN L17291MH1991PLC063752 with registered Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road. Andheri (W), Mumbai-400058, Maharashtra;

5.9. **"Demerged Undertaking"** shall mean the ELD Business of PEL. Without prejudice and limitation to the generality of the above, the Demerged Undertaking shall mean and include.

a. all assets (whether movable or immovable, real or personal corporeal or incorporeal, present or future, contingent or definite, tangible or intangible) including plant and machinery, furniture, fixtures, equipment's, accessories, vehicles, leasehold assets, investments in relation to the Business Undertaking, letters of intent, registrations, settlements, rights, credits, title, interest, benefits, advantages, sundry debtors, deposits, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements, and all the rights, titles, interests, goodwill, benefit entitlements and advantages, contingent rights or benefit belonging to or in the ownership,

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power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to Textile Business as on the Appointed Date;

b Investments in shares, debentures and other securities, if any, held by the Demerged Company pertaining to the ELD Business;

c. Assets other than those referred to in above sub-clauses (a & b) being general in nature, if any, allocated to the ELD Business in the manner as may be decided by the Board of Directors of the Demerged Company;

d. all present secured or unsecured, asserted or unasserted debts, duties, obligations, guarantees, assurances, liabilities including contingent liabilities, in respect of ELD Business Undertaking and also including all other debts, liabilities, duties and obligations of the Demerged Company relating to the ELD Business which may accrue or arise after the Appointed Date but which is related to the period up to the day immediately preceding the Appointed Date;

e the specific loans and borrowing raised, incurred and utilized solely for the activities and operations of the Demerged Company in relation to the ELD Business;

f. liabilities other than those referred above being the amounts of general or multipurpose borrowings, if any, of the Demerged Company as allocated to the ELD Business in the same proportion in which the book value of the assets transferred under this Clause bears to the total book value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme as may be determined by the Board of Directors of the Demerged Company;

g all employees of the Demerged Company employed in and / or relatable to the ELD Business as on the Effective Date,

h. all deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the ELD Business;

i all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the ELD Business;

j. all contracts, agreements, understanding in connection with or pertaining to or relatable to the ELD Business;

k. all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights, service marks, domain names and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the ELD Business as on the Appointed Date;

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l. tax loss including unabsorbed depreciation or surplus in the provision for taxation / duties / levies account including but not limited to VAT Credit, CENVAT credit, GST Input Tax Credit, custom duty refund / duty drawback as on the date immediately preceding the Appointed Date pertaining to Demerged Undertaking;

m. cash, bank balance and deposits of the Demerged Company with banks, government, semi-government, local and other authorities and bodies with respect to the ELD Business;

n. all books, records, files, papers, information, software, computer programs along with their licenses, drawings, manual, data, catalogues, quotations, sales and advertising materials, list of present and former clients, and any other record whether in physical or electronic form, in connection with or relating to the ELD Business of the Demerged Company as on the Appointed date; and

o all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the ELD Business.

It is clarified that Demerged Undertaking of the Demerged Company shall not include any employees, assets, liabilities, rights and obligations belonging to and forming part of the "Remaining Business Undertaking". Further, any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be mutually decided by the Board of Directors of the Demerged Company and the Resulting Company.

5.10. "Eligible Member" means each Equity shareholder of the Demerged Company whose name is recorded in the register of members as members of the Demerged Company on the Record date.

5.11. **"Effective Date"** means the opening hours of the day on which the last of approvals/conditions specified in Clause 24 of this Scheme are obtained or complied with. Any references in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" or "upon the scheme becoming effective" shall mean the Effective Date.

5.12. **"IT Act"** shall mean the Income Tax Act, 1961, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force;

5.13. "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Mumbai Bench;

5.14. "NSE" means the National Stock Exchange of India Limited;

5.15. **"Record Date"** means the date to be fixed by the Board of Directors of the Resulting Company in consultation with the Board of Directors of the Demerged

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Company for the purpose of determining the shareholders of the Demerged Company who shall be entitled to receive Consideration under Clause 11, pursuant to the Scheme.

5.16 **"Remaining Business"** means all assets, liabilities, businesses, activities & operations of the Demerged Company other than those comprised in the Demerged Undertaking.

5.17. **"Resulting Company" or "PRL"** means Pioneer Realty Limited, having CIN U70101MH2007PLC169361 Registered Office of PRL is situated at Unit 1018, 1st Floor, Abhishek Premises, Plot No C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058 Maharashtra;

5.18. **"ROC"** means Registrar of Companies, Mumbai;

5.19. **"RD"** means Regional Director, Mumbai, Maharashtra;

5.20. **"Scheme" or "The Scheme"** or **"This Scheme"** or **"Scheme of Arrangement"** means this Composite Scheme of Arrangement in its present form as submitted in accordance with the provisions of Sections 230 to 232 read with section 66 of the Act or with any modification(s), if any, made under Clause 23 of the Scheme or with such other modification/amendments as the NCLT or any other Governmental Authority may direct.

5.21. **"SEBI"** means Securities Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992, as amended from time to time;

5.22. **"SEBI Circular"** shall mean circulars issued by SEBI being Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

5.23. **"Stock Exchanges"** means BSE and NSE or any of them as may be applicable.

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Income Tax Act, 1961 and other applicable laws, rules, regulations, byelaws, as the case may be, including any statutory modification or re-enactment thereof, from time to time

6. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date

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7. **SHARE CAPITAL**

7.1. The share capital of the Demerged Company as on 31st March 2022 and as on the Appointed Date is as under:

Particulars	(Amount in Rs.)
Authorized Share Capital	
5,00,00,000 Equity Shares of 10/- each	50,00,00,000
Total	**50,00,00,000**
Issued, Subscribed and Paid up Share Capital	
2,65,90,942 Equity Shares of 10/- each.	26,59,09,420
Total	**26,59,09,420**

Subsequent to the Appointed Date and till the date of approval of this Scheme by the Board of Directors of the Demerged Company, there has been no change in the Authorised, Issued, Subscribed and Paid-up capital of Demerged Company.

7.2 The share capital of the Resulting Company as on 31st March 2022 and as on the Appointed Date is as under:

Particulars	(Amount in Rs.)
Authorized Share Capital	
50,00,000 Equity Shares of 10/- each.	5,00,00,000
Total	**5,00,00,000**
Issued, Subscribed and Paid up Share Capital	
50,000 Equity Shares of 10/- each.	500,000
Total	**500,000**

Subsequent to the Appointed Date and till the date of approval of this Scheme by the Board of Directors of the Resulting Company, there has been no change in the Authorised, Issued, Subscribed and Paid-up capital of the Resulting Company.

As on the Appointed Date and as on date, the Demerged Company holds 100% of Equity Share Capital of the Resulting Company.

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PART II

DEMERGER OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

8. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

8.1 Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme. the Demerged Undertaking of Demerged Company as defined in Clause 5.9 of this Scheme, shall pursuant to Sections 230 to 232 of the Act and other relevant provision of the Act and the order of the NCLT sanctioning the Scheme, without any further act, instrument or deed, be and stand demerged from the Demerged Company and transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company on a going concern basis, in accordance with Section 2(19AA) of the Income-tax Act, 1961, so as to vest in the Resulting Company, all the estates, properties, assets, rights, claims, titles, interests and authorities pertaining to Demerged Undertaking, pursuant to Sections 230 and 232 of the Act and any other relevant provisions of the Act and the order of the NCLT sanctioning the Scheme, subject however, to subsisting charges and pledges, if any. The value of the assets pertaining to the Demerged Undertaking being transferred to and vesting with the Resulting Company in accordance with this Scheme on the basis of the Book Value as set out in the balance sheet of the Demerged Company as on the close of 31st March 2022,

8.2 Without prejudice to the provisions of Clause 8.1, assets and properties of Demerged Company relating to the Demerged Undertaking, upon the coming into effect of this Scheme and with effect from the Appointed Date, under the provisions of Sections 230 to 232 of the Act, without any further act or deed or instrument or conveyance for the same shall deemed to be transferred to the Resulting Company and shall become the assets and properties of the Resulting Company. The order of the NCLT shall for all purposes be treated as the instrument conveying such properties and assets to Resulting Company. It is however clarified that the same shall be subject to payment of applicable stamp duty on this composite Scheme

8.3 In respect of assets such as intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities, bodies and customers, the Demerged Company shall if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme under Section 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Demerged Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to Resulting Company.

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8.4 All immovable properties, if any, (including land, building and any other immovable property) of Demerged Undertaking of the Demerged Company whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall automatically stand vested in the Resulting Company without the requirement of execution of any further documents for registering the name of the Resulting Company as the owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar, Municipality, etc may rely on the Scheme along with the order passed by NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of the Resulting Company as the owner of the immovable properties. For the purpose of clarification, all the immovable properties including leasehold rights forming part of Demerged Undertaking shall automatically stand vested in Resulting Company without the requirement of execution of any further documents for registering the name of the Resulting Company as the owner thereof and the regulatory authorities, including Sub-registrar, Talati, Tehsildar, Municipality, etc. may rely on the Scheme along with the order passed by NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of Resulting Company as the owner of the immovable properties reserving the right of the Resulting Company, only for the purpose of effecting the transfer of properties in revenue records or with sub-registrar or any other authorities, the Resulting Company may enter into any separate transfer deed or any other deed in light of and as may be appropriate as per the state laws where the immovable property of the Demerged Undertaking is situated. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties The Demerged Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Resulting Company. The Stamp duty if any paid in the state where the registered office of the Resulting Company is situated shall be considered for set off, if any, in any other states where the immovable property of the Demerged Undertaking is situated for the statutory compliance and payment of stamp duty in that other state.

8.5 In respect of the assets of the Demerged Undertaking which are movable in nature and/or otherwise capable of transfer by manual or constructive delivery or by paying over and/or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for transfer of the same and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking transferred to the Resulting Company.

8.6 If any asset relating to Demerged Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall, (i) hold such asset in trust for the sole benefit of the Resulting Company till the same is transferred and shall hold and deal with the same in accordance with the reasonable instructions as may be given by the Resulting Company in that regard; and (ii) make reasonable efforts to transfer

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such asset to the Resulting Company (along with any benefits attached thereto) within the earliest possible period pursuant to the Scheme becoming effective.

8.7 All patents, parent rights applications, trademarks, trade names, knowhow, content, software, manuals, copyrights, service marks, domain names and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipment and installations, utilities, electricity and electronic devices and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities / guarantees given by the Demerged Company in relation to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, local authorities or any other customs etc., benefits of any agreement to sell of immovable properties sold or purchased by the Demerged Company in relation to the Demerged Undertaking, and all other rights, interests, claims and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest monies and/ or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favor of or enjoyed by the Demerged Company and relatable to the Demerged Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Resulting Company pursuant to the provisions of Section 232 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.

8.8 Upon the coming into effect of this Scheme and with effect from the Appointed Date, any statutory licenses, permissions or approvals or consents or no-objections received and held by the Demerged Company required to carry on operations of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company by virtue of order of NCLT sanctioning the Scheme, and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Resulting Company. The benefit of all statutory and regulatory permissions, approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company pursuant to the Scheme.

8.9 Upon coming into the effect of this Scheme and with effect from the Appointed Date, all income, expenses, debts, liabilities, obligations, including, without limitation, all secured and unsecured debts, sundry creditors, contingent liabilities, duties, obligations and undertakings of the Demerged Company, in relation to the Demerged Undertaking, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the NCLT, as the case may be, and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or

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PIONEER REALTY LIMITED MUMBAI

thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to and vested in the Resulting Company and shall be assumed by Resulting Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the income, expenses, liabilities, debts, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company, and the Resulting Company shall meet, discharge and satisfy the liabilities 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 liabilities have arisen in order to give effect to the provisions of this clause.

8.10 In so far as the assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the transfer and vesting of the Demerged Undertaking, as aforesaid, shall be subject to the existing charges, hypothecation, mortgages and/or encumbrances, if any, over the assets or any part thereof, provided however that such charges, hypothecation, mortgages and/or encumbrances shall be confined only to the assets of the Demerged Undertaking or part thereof on or over which they are subsisting upon transfer to and vesting of such assets in the Resulting Company and no such charges, hypothecation, mortgages and/or encumbrances shall extend to over or apply to any other asset(s) of the Resulting Company. Any reference to any security documents or arrangements (to which the Demerged Company is a party) to any assets of the Demerged Company shall be so construed to the end and intent that such security shall not extend nor be deemed to extend, to any other asset(s) of the Resulting Company unless specifically agreed to by the Resulting Company subject to the consents and approval of the existing secured creditors of the Resulting Company, if any. Similarly, the Resulting Company shall not be required to create any additional security over the assets of the Demerged Undertaking acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by the Resulting Company and the charges, mortgages, hypothecation and/or encumbrances in respect of the such indebtedness of the Resulting Company shall not extend nor be deemed to extend or apply to the assets of the Demerged Undertaking so acquired by the Resulting Company. However, the Demerged Company and the Resulting Company may provide the Corporate Guarantee for each other and also continue to provide a collateral security of the assets which are already provided as a security for and on behalf of the Demerged Company as a whole and such asset, pursuant to the Scheme may either belong to the Demerged Company or the Resulting Company, as may be mutually agreed between the Demerged Company and the Resulting Company.

8.11 It is clarified that the transfer of the Demerged Undertaking to the Resulting Company shall not affect the subsisting charges, hypothecations, mortgages and/or encumbrances over the assets retained by the Demerged Company or any part thereof and such charges, hypothecation, mortgages and/or encumbrances shall continue to be applicable in respect of such assets including providing corporate guarantee for the Resulting Company.

PIONEER EMBROIDERIES LTD. MUMBAI

PIONEER REALTY LIMITED MUMBAI

8.12 All taxes (including income tax, sales tax, excise duty, service tax, CGST, IGST, SGST, GST Compensation Cess, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including without limitation, sales tax, excise duty, custom duty, income tax, CGST, IGST, SGST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits from activities of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and shall, in all proceedings, be dealt with accordingly

8.13 As per the provisions of Section 72A(4) and all other applicable provisions of the IT Act, all the accumulated tax losses and unabsorbed depreciation of the Demerged Company shall be:

- Where such loss or unabsorbed depreciation is directly relatable to the Demerged Undertaking transferred to the Resulting Company, be allowed to be carried forward and set-off in the hands of Resulting Company

- Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, be apportioned between the Demerged and the Resulting Company in the same proportion in which the assets of the undertaking have been retained by the Demerged Company and transferred to the Resulting Company, and be allowed to be carried forward and set-off in the hands of the Demerged Company and the Resulting Company as the case may be.

8.14 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between or amongst the Demerged Company and the Resulting Company, inso far as it relates to the Demerged Undertaking, shall be considered as intra-party transactions for all purposes

9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

9.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise of whatsoever nature relating to Demerged Undertaking and to which the Demerged Company are a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or there under.

9.2 Without prejudice to the transfer and vesting of Demerged Undertaking to and in the Resulting Company, the Resulting Company may, at any time after this Scheme becomes effective, if so required or becomes necessary, enter into and/or issue and/or

PIONEER EMBROIDERIES LTD. MUMBAI

PIONEER REALTY LIMITED MUMBAI

execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation's with or in favor of any party to any agreements, contracts, arrangements, understandings, bonds, engagements, deeds and instruments relating to Demerged Undertaking. The Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme

9.3 For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licences, consents, registrations, approvals, municipal permissions, insurance policies, connections for water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), relating to Demerged Undertaking shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favor of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company

9.4 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Demerged Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do till such time as the transfer is affected.

9.5 In pursuance of the Scheme, the Demerged Company and the Resulting Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents and enter into such arrangements as may be required for giving effect to this Scheme.

10. LEGAL, TAXATION AND OTHER PROCEEDINGS

10.1 Upon coming into effect of this Scheme, all legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending and/or arising at or after the Appointed Date and relating to the Demerged Undertaking of the Demerged Company shall be continued and/or enforced by or against the Demerged Company until the Effective Date. As and from the Effective Date, the said legal, taxation and other proceedings shall be continued and/or enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and/or enforced by or against the Demerged Company. The Resulting Company shall be impleaded as a party to such proceedings and shall prosecute or defend such proceedings at its own right, cost and in co-operation with the Demerged Company.

PIONEER EMBROIDERIES LTD. MUMBAI

PIONEER REALTY LIMITED MUMBAI

10.2 After the Appointed Date till the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 10 1 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.

10.3 After the Effective Date, if any proceedings are taken or continued against the Demerged Company in respect of Demerged Undertaking carried on by the Resulting Company, the Resulting Company shall defend the same at its own cost; and, in respect of Demerged Undertaking carried on by the Resulting Company after the Effective Date, the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities, costs and obligations incurred by the Demerged Company, if any, in respect thereof

10.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 10 1 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, after the Effective Date In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the Resulting Company to prosecute/defend such proceedings and the Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if any, in respect thereof

11. ISSUE OF SHARES BY THE RESULTING COMPANY

11.1 The provision of this Clause 11 of the Scheme shall operate notwithstanding anything contrary in this Scheme or in any other instrument, deed or writing.

11.2 Upon the coming into effect of the Scheme and in consideration of the transfer & vesting of Demerged Undertaking of the Demerged Company in the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot to "Equity Shareholders of PEL", whose names appear in the register of members and records of the depository as member of the Demerged Company, on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, *4 (Four) Equity Share of Rs.10/- (Rupees Ten) each fully paid up of the Resulting Company for every 10 (Ten) Equity Share of Rs.10/- (Rupees Ten) each fully paid up held in Demerged Company such that the shareholding in the Resulting Company on such issuance of shares is the mirror image of the shareholding in the Demerged Company ("New Equity Shares")*

11.3 The New Equity Shares to be issued and allotted as provided in Clause 11.2 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu with the existing equity shares of the

Resulting Company after the Record Date including with respect to dividend, bonus entitlement, voting rights and other corporate benefits.

11.4 The issue and allotment of Resulting Company New Equity Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such Other Applicable Law(s) as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.

11.5 The Equity Shares to be issued pursuant to Clause 11.2 above shall be issued in dematerialized form by the Resulting Company, provided that the shareholders of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has not provided the requisite details relating to his/hers/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue Equity Shares in physical form to such shareholder or shareholders. Notwithstanding the above, if as per Applicable Laws, the Resulting Company is not permitted to issue and allot the new equity shares in physical form and it has still not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this Scheme.

11.6 The Equity Shares issued and/ or allotted pursuant to Clause 11.2, in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be also held in abeyance by the Resulting Company.

11.7 The new Equity Shares issued pursuant to Clause 11.2, which the Resulting Company is unable to allot due to Applicable Laws (including, without limitation, the failure to receive approvals of an Appropriate Authority as required under Applicable Law) or any regulations or otherwise shall, pending allotment, be held in abeyance by Resulting Company and shall be dealt with in the manner as may be permissible under the Applicable Law and deemed fit by the Board of the Resulting Company. If the above cannot be effected for any reason, the Resulting Company shall ensure that this does not delay implementation of the Scheme; and shall, take all such appropriate actions as may be necessary under Applicable Laws. The Resulting Company and / or the Depository shall enter into such further documents and take such further actions

PIONEER EMBROIDERIES LTD. MUMBAI

PIONEER REALTY LIMITED MUMBAI

as may be necessary or appropriate in this regard and to enable actions contemplated therein.

11.8 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after this Scheme comes into effect. The Board of the Demerged Company shall be empowered to remove such difficulties that may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transition period.

11.9 The issue and allotment of the New Equity Shares in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act have been complied with.

11.10 The Resulting Company shall apply for listing of its New Equity Shares issued in terms of Clause 11.2 above on both BSE and NSE, which have nationwide terminal, in terms of and in compliance with the SEBI Circular. The New Equity Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange (BSE Limited).

11.11 There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing, which may affect the basis on which approval is received from the Stock Exchanges.

11.12 The New Equity Shares to be issued in lieu of the shares of the Demerged Company held in the unclaimed suspense account, if any, shall be issued to a new unclaimed suspense account created for shareholders of the Resulting Company

11.13 If any equity shares of the Demerged Company held by the equity shareholders of the Demerged Company as on the Record Date are under any statutory lock-in, the equity shares issued and allotted by the Resulting Company to such equity shareholders shall also be locked-in for the remainder of the lock-in period as per Applicable Laws.

11.14 Upon the Scheme becoming effective, the Equity Share Capital of the Resulting Company as held by the Demerged Company shall get cancelled and the Share Capital of the Resulting Company shall be reduced to that extent.

11.15 For the purpose of the allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in case any shareholders holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to one of the Directors as trustee (nominated by the Resulting Company in that behalf, who shall hold such

shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of listing of shares of Resulting Company New Equity Shares, post allotment, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee It is clarified that any such distribution shall take place only on the sale of all the shares of the Resulting Company pertaining to the fractional entitlements.

11.16 The approval of this Scheme by the shareholders of the Companies under Sections 230 to 232 read with section 66 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.

11.17 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance with the provisions of Section 62 and Section 42 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of shares pursuant to Clause 11.2 by the Resulting Company as provided in this Scheme.

11.18 The Resulting Company shall and to the extent required, increase its Authorized Share Capital to facilitate the issue and allotment of shares pursuant to Clause 11.2 as the case may be under this Scheme.

11.19 The Board of Directors of the Resulting Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transaction period

12. CANCELLATION OF SHARES OF THE RESULTING COMPANY HELD BY THE DEMERGED COMPANY

12.1 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, 50,000 Equity Shares of Rs 10/- each of the Resulting Company held by the Demerged Company, forming part of the Demerged Undertaking, shall without any application or deed, stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Resulting Company to that effect shall stand cancelled and reduced without any payments to the Demerged Company ("Resulting Company Cancelled Shares"). This cancellation shall amount to reduction of the capital of the Resulting Company to this limited extent;

12.2 There will be an automatic reduction of capital of the Resulting Company pursuant to this Scheme which shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Resulting Company shall be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Resulting Company and

the Resulting Company shall not be required to convene any separate meeting for the purpose The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act Notwithstanding the reduction of subscribed and paid-up equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name;

12.3 On effecting the reduction of the share capital as stated in Clause 12 1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled;

12.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares;

13. REDUCTION OF SHARE CAPITAL OF THE DEMERGED COMPANY

13.1 Upon the Scheme becoming effective and as consequence to the demerger of the Demerged Undertaking as envisaged in the said the Scheme and upon the issuance of shares by the Resulting Company to the Shareholders of the Demerged Company in terms of Clause 11.2 above, the pre-demerger share capital of the Demerged Company shall stand reduced as per clause 13.2 of the Scheme, which shall be regarded as reduction of share capital of the Demerged Company, pursuant to section 66 of the Act as also any other applicable provisions of the Act

13.2 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, the existing paid-up equity share capital of the Demerged Company shall be reduced by reducing the number of shares such that the shareholders in the Demerged Company whose names appear in the register of members and records of the depository as member of the Demerged Company, on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be such that the shareholding in the Demerged Company on such reduction of shares shall be reduced to 6 (Six) Equity Share of Rs.10/- (Rupees Ten) each fully paid up of the Demerged Company for every 10 (Ten) Equity Share of Rs 10/- (Rupees Ten) each fully paid up held in Demerged Company and balance shares i.e. 4 (four) Equity Shares of Rs 10/- each shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Demerged Company to that effect shall stand cancelled and reduced without any further act or deed ("Demerged Company Cancelled Shares") and without any payment towards the same. This cancellation shall amount to reduction of the capital of the Demerged Company to this limited extent The Directors shall be eligible to take all the steps to effectuate such reduction in compliance with the Applicable Laws and as may be applicable and relevant for the Demerged Company;

13.3 The proposed reduction is to keep the shareholding in both the Companies relevant to the worth of both the Undertakings of the Demerged Company. The reduction of capital of the Demerged Company pursuant to this Scheme shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall

be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Demerged Company and the Demerged Company shall not be required to convene any separate meeting for the purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act Notwithstanding the reduction of subscribed and paid-up equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as a suffix to its name;

13.4 On effecting the reduction of the share capital as stated in Clause 13.2 above, the effect shall be given in a dematerialized form for all the shares which are held in the demat account. However, those shareholders who hold the shares in the physical form, the share certificates in respect of the Demerged Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled and new share certificates can be issued to such shareholders, subject to the approval of the Appropriate Authorities and as allowed under the Applicable Laws. All the Process and permissions as mentioned under Clauses 11.4 to 11.8 of the Scheme as applicable to the Resulting Company, shall be applicable to the Demerged Company;

13.5 On the Effective Date, the Demerged Company shall debit its share capital account in its books of account with the aggregate face value of the Demerged Company cancelled Shares;

13.6 The shares of the Demerged Company are already listed on the BSE and NSE and resultant reduced shares would continue to be listed on the said exchanges, which have nationwide terminal, in terms of and in compliance with the SEBI Regulations The Demerged Company will arrange to for continuation of trading in the shares of the listed Demerged Company by taking relevant actions with the designated stock exchange.

13.7 There shall be no change in the shareholding pattern of the Demerged Company between the Record Date and the listing, which may affect the basis on which approval is received from the Stock Exchanges.

13.8 For the purpose of the reduction of Share Capital as mentioned in Clause 13.2 above pursuant to this Scheme, in case any shareholders holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Demerged Company shall not credit fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to one of the Directors as trustee (nominated by the Demerged Company in that behalf, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of new equity Shares by the Demerged Company, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is

PIONEER EMBROIDERIES LTD. MUMBAI

PIONEER REALTY LIMITED MUMBAI

clarified that any such distribution shall take place only on the sale of all the shares of the Demerged Company pertaining to the fractional entitlements.

13.9 The approval of this Scheme by the shareholders of the Companies under Sections 230 to 232 read with section 66 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.

14. ACCOUNTING TREATMENT

14.1 ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

Upon this Scheme coming into effect on the Effective Date, and with effect from the Appointed Date, the Demerged Company shall account for the Demerger and vesting of the Demerged Undertaking with the Resulting Company in its books of accounts in accordance with the Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time and other generally accepted accounting principles in India as under:

i. the Demerged Company shall reduce the book values of assets, including investment in the shares of Resulting Company and liabilities of the Demerged Undertaking along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as at the close of business on the day immediately preceding the Appointed Date in its books of accounts;

ii. loans and advances and other dues outstanding as on the Appointed Date between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

iii. Upon the Scheme becoming effective as an integral part of the Scheme and in pursuant to clause 13 of the Scheme the equity share capital of the Demerged Company be reduced by reducing the number of equity shares from 2,65,90,942 Equity Shares to 1,59,54,565 Equity Shares of Rs. 10/- each. The value of such equity share capital as reduced shall be adjusted against the difference between the book value of assets pertaining to the Demerged Undertaking and the book value of liabilities and balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) pertaining to the Demerged Undertaking transferred to the Resulting Company and as mentioned in Clause 11.14 of the Scheme;

iv. the Demerged Company shall make an adjustment equal to the book values of the Demerged Undertaking as per Clause (i) above and after adjusting the cancellation and reduction as mentioned in Clause (ii) to (vi) above, remaining if any, shall be adjusted against the Retained Earnings account of the Demerged Company; and

v. Till the time demerger effective and approved by the NCLT, the Resulting Company will be considered as a wholly owned subsidiary of the Demerged Company and thus consolidated financial statement from incorporation till the date the Scheme becomes effective will be prepared by the Demerged Company.

14.2 ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Resulting Company shall account for the transfer and vesting of the Demerged Undertaking as per the 'Pooling of interests' in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standards (Ind AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act and shall be recorded as under:

i. The Resulting Company shall record the Assets and Liabilities along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date of the Demerged Undertaking vested in it as on the Appointed Date pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company,

ii. The shareholding (represented by equity shares) of the Demerged company in the Resulting Company as on the Appointed Date will get cancelled against investment in shares of the Resulting Company held by Demerged Company, being transferred as a part of Demerged Undertaking,;

iii. The Identity of the all the Reserves (Securities Premium Account, share based payment account, Retained Earnings or reserves of any other nature)pertaining to the Demerged Undertaking of the Demerged Company shall be preserved and shall appear in the financial statements of the Resulting Company in the same form and manner, in which they appeared in the financial statements of the Demerged Company;

iv. The Resulting Company shall issue and allot its shares to the shareholders of the Demerged Company in accordance with Clause 11.2 of Part II of this Scheme. With respect to the Shares issued by the Resulting Company, the share capital account of the Resulting Company would be credited with the aggregate face value of the shares issued by it;

v. The loans and advances or payables or receivables or any other investment or arrangement of any kind, held inter se, if any, between the Demerged Company and the Resulting Company shall stand cancelled, to the extent it belongs to the Demerged Undertaking;

PIONEER EMBROIDERIES LTD MUMBAI

PIONEER REALTY LIMITED MUMBAI

vi. The surplus/deficit, if any between the book value of Assets, Liabilities, reserves as reduced by the face value of the shares issued by the Resulting Company and after considering the cancellation of inter-company balances in accordance with Clause v above, if any, shall be recorded as capital reserve within "Other Equity" of the Resulting Company; and

vii. In case of any difference in the accounting policies between the Demerged Company and the Resulting Company, the impact, if any of the same will be quantified and adjusted in the "Other Equity" of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

15. DIVIDEND

15.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.

15.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit

15.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

16. STAFF, WORKMEN AND EMPLOYEES

16.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, as on the Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company without any break or interruption in their services, on same terms and conditions of their employment with the Demerged Company. The Resulting Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past service with the Demerged Company, as the case may be, shall also be taken into account

16.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective

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Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to such Fund or Funds shall become those of the Resulting Company. It is clarified that the Resulting Company shall carry out such steps as may be necessary to register the employees of the Demerged Company, in relation to Demerged Undertaking, with its existing exempt Gratuity trust and exempt Provident Fund trust or Employee's Provident Fund Organization or any other government provident fund, as per the provisions of applicable regulations and the same shall be binding on all employees. It is clarified that the services of the staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, will be treated as having been continuous for the purpose of the said Fund or Funds.

16.3 Employee Stock Options

i. Upon coming into effect of the Scheme and in consideration for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, the Demerged Company shall take necessary steps to modify the PEL ESOP 2018 in a manner considered appropriate, in order to enable the continuance of the employee stock options in the hands of the employees of the Demerged Company, subject to the approval of the Stock Exchanges and the relevant regulatory authorities, if required under Applicable Law.

ii. The employee stock options granted by the Demerged company under the PEL ESOP 2018 shall be restructured by the Board of the Demerged Company in such a manner that the employees on exercise of such employee stock options will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the employee stock option prior to the demerger.

iii. The existing exercise price of the stock options granted by the Demerged company under the PEL ESOP 2018, shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger; and

iv. The Board of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this clause 16.3, if required. Approval granted to the Scheme by the shareholders of the Demerged Company shall also be deemed to be approval granted to any modifications made to the PEL ESOP 2018 of the Demerged Company

17. TAX CREDIT AND TAX TREATMENT

17.1 The benefit of any tax credits whether central, state or local, availed by the Demerged Company, in relation to Demerged Undertaking, and the obligations, if any, for payment of the tax on any assets of the Demerged Company on their erection and/or installation, etc., shall be deemed to have been availed by the Resulting Company or as the case may be, deemed to be the obligations of the Resulting Company.

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17.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable / receivable by the Demerged Company, in relation to Demerged Undertaking, including all or any refunds / credit / MAT credit / GST input credit and any claims relating thereto shall be treated as asset / liability or refunds / credit / claims, as the case may be, of the Resulting Company. The Resulting Company and Demerged Company shall settle the receivables and payables, if any arising due to the Scheme at any future date as and when realized

17.3 The Resulting Company and the Demerged Company are expressly permitted to revise their tax returns including tax deducted at source certificates/returns and to claim refunds, advance tax credits, excise and service tax credits, unutilized input tax credit of CGST, IGST, SGST, GST Compensation Cess, set off, etc on the basis of the accounts of the Demerged Company, in relation to Demerged Undertaking, as vested with the Resulting Company upon coming into effect of this scheme and its right to make such revisions in the related tax returns and related certificates, as applicable, and the rights to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

18. CONDUCT OF BUSINESS UNTILL EFFECTIVE DATE

18.1 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall carry on the business of Demerged Undertaking with reasonable diligence in the ordinary course of business. The Demerged Company shall not, without the prior written consent of the Board of Directors of the Resulting Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with, or dispose-off, any of the assets of Demerged Undertaking or any part thereof.

18.2 With effect from the Appointed Date and up to and including the Effective Date

18.2.1 The Demerged Company, in relation to Demerged Undertaking, shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, and in trust for, the Resulting Company,

18.2.2 All profits and income accruing or arising to the Demerged Company, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), in relation to Demerged Undertaking, for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, the Resulting Company;

18.2.3 Any rights, powers, authorities or privileges exercised by the Demerged Company, in relation to Demerged Undertaking, shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties

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and commitments that have been undertaken or discharged by the Demerged Company, in relation to Demerged Undertaking, shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company;

18.2.4 All taxes (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, IGST, SGST, GST Compensation Cess, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, IGST, SGST, GST Compensation Cess, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and, shall, in all proceedings, be dealt with accordingly, and

18.2.5 The Demerged Company shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees of Demerged Undertaking, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of the Resulting Company.

18.3 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may be required to carry on the business of Demerged Undertaking.

19. REMAINING BUSINESSES OF THE DEMERGED COMPANY

19.1 The Remaining Businesses of the Demerged Company and all the assets, liabilities and obligations other than Demerged Undertaking shall continue to belong to and be vested in and be managed by the Demerged Company.

19.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Businesses of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Remaining Businesses of the Demerged Company) shall be continued and enforced by or against the Demerged Company after the Effective Date.

19.3 If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 19.2 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof. In respect of such defense, the Demerged Company shall

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extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

19.4 With effect from the Appointed Date and upto and including the Effective Date:

19.4.1 The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;

19.4.2 All profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

19.4.3 All assets and properties acquired by the Demerged Company in relation to the Remaining Business of the Demerged Company on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

20. SAVINGS OF CONCLUDED TRANSACTIONS

20.1 The transfer of properties and liabilities under Clause 8 above and the continuance of the proceedings by or against the Resulting Company under Clause 10 above shall not affect any transaction or proceedings already concluded by the Demerged Company 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 respect thereto as done and executed on behalf of the Resulting Company.

PART III
GENERAL TERMS & CONDITIONS

21. AMENDMEND TO MEMORANDUM AND ARTICLES OF ASSOCIATION

21.1 AMEMDMENT TO AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY

I. For issuance of the equity shares as mentioned in Clasue 11.2 of the Scheme, the Authorized Share Capital of the Resulting Company as mentioned in clause V of the Memorandum of Association of the Resulting Company shall be increased by Rs. 10,00,00,000/- (Rupees Ten Crores Only) and the aggregate authorized share capital of the Resulting Company shall stand increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only).

II. Clause V of the Memorandum of Association of the Resulting Company relating to Authorized Share Capital shall respectively, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 13, 14, 61 and Section 232 of the Act and other applicable provisions of the Act, as the case may be.

Clause V of Memorandum of Association of the Resulting Company

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a) *The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000/- (Rupees One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.*

b) *The minimum Paid-up Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lakhs Only.)*

iii. Upon the Scheme becoming effective, the Resulting Company shall carry out such other formalities as required under the appropriate law, including amendment to the Articles of Association as may be required.

iv. The members' resolution approving the Scheme shall be deemed to be the approval of increase in the Authorized Share Capital of the Resulting Company under Section 61 of the Act and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the Authorized Share Capital of the Resulting Company shall stand increased without any further act, instrument or deed on the part of the Resulting Company subject to payment of stamp duty and payment of fees payable to Registrar of Companies, for the increase in Authorized Share Capital of the Resulting Company.

21.2 CHANGE OF NAME CLAUSE.

i. Upon the Scheme becoming effective, the name of the Resulting Company be changed to "Pioneer Embroideries Limited" which is reflective of the activities of the Resulting Company. As a part of the process, post the Effective Date of the Scheme, the Demerged Company shall surrender its existing name by adopting the new name as may be decided by the Board of Directors of PEL and simultaneously the existing name of the Demerged company be made available to the Resulting Company, for the Resulting Company to be named as "Pioneer Embroideries Limited" In no circumstances, the existing name of the Demerged Company be made available to any other person, entity or company other than the Resulting Company.

ii. The members' resolution approving the Scheme shall be deemed to be the approval of change of name of the Resulting Company as well as the Demerged Company under Section 13 of the Act and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the Demerged Company shall adopt the new name and the Resulting Company shall be named as "Pioneer Embroideries Limited" without any further act, instrument or deed on the part of the Demerged Company and the Resulting Company subject to compliance with the requirements of Registrar of Companies.

21.3 The Resulting Company and the Demerged Company undertakes to comply with filings and relevant applicable provisions of the Act, pursuant to this Scheme becoming effective

22. APPLICATION/PETITION TO THE TRIBUNAL AND APPROVALS

22.1 The Demerged Company and the Resulting Company, with all reasonable dispatch, make necessary applications/petitions to the NCLT under Sections 230 to 232 of the Act and/or other applicable provisions of the Act to the NCLT or such other Appropriate

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Authority, where the registered offices of the Demerged Company and the Resulting Company are situated, for seeking order for dispensing with or convening, holding and conducting of meeting of the respective classes of the shareholders and/or creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT or such other appropriate authority.

22.2 On the Scheme being agreed to by the requisite majorities of the shareholders and / or creditors of the Demerged Company and the Resulting Company or such requirement being dispensed with as directed by NCLT or such other appropriate authority, Demerged Company and Resulting Company shall, with all reasonable dispatch, apply to the NCLT for sanctioning the Scheme under Sections 230 to 232 of the Act, and for such other order or orders, as the said NCLT or such other appropriate authority may deem fit for carrying this Scheme into effect.

22.3 It is hereby clarified that filing of the Scheme to the NCLT and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that the companies have or may have under or pursuant to all applicable laws.

22.4 The Demerged Company and the Resulting Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme

22.5 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

23. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

23.1 The Demerged Company and the Resulting Company, by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Demerged Company and the Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In case, post approval of the Scheme by the NCLT, there is any confusion in interpreting any clause of this Scheme, otherwise, Board of Directors of the Demerged Company and the Resulting Company will have complete power to take the most sensible interpretation so as to render the Scheme operational.

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23.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of Directors of the Demerged Company and the Resulting Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

24. CONDITIONALITY OF THE SCHEME

24.1 The Scheme is and shall be conditional upon and subject to:

24.1.1 Obtaining no-objection /observation letter from the BSE and NSE, where the Equity shares of the Demerged Company are listed. in relation to the Scheme under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015;

24.1.2 Approval of the Scheme by requisite majority of each class of Shareholders and Creditors of the Demerged Company and the Resulting Company and such classes of persons of the said Companies, if any, as applicable or as may be required under the Act and/or as may be directed by the Tribunal;

24.1.3 Compliance with the other provisions of the SEBI Circular, including seeking approval of the Shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of the Demerged Company are more that the votes cast by the public shareholders against it as required by the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts Regulation Rules, 1957;

24.1.4 The Scheme being sanctioned by the NCLT under Sections 230 to 232 of the Act, and

24.1.5 Certified or authenticated copy of the final Order of the NCLT, sanctioning this Scheme under the provisions of Sections 230 to 232 of the Act, being filed with the Registrar of Companies, either by way of filing the required e-forms with Ministry of Corporate Affairs portal or otherwise.

24.2 It is hereby clarified that submission of the Scheme to the Tribunal and to the Appropriate Authorities for their respective approval is without prejudice to all rights, interests, titles or defenses that the Demerged Company and the Resulting Company may have under or pursuant to all Applicable Laws.

24.3 On the approval of this Scheme by the Shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Companies, if any, pursuant to Clause 24.1.2 such Shareholders and classes of Persons shall also deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Demerger and capital reduction set out in this Scheme, related matters and this Scheme itself

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25. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT or such other competent authority and/or Order or Orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person and save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights, liabilities or obligations which have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

26. MISCELLANEOUS:

26.1. In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc

26.2. On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 230 to 232 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.

26.3 The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Resulting Company in respect of the immovable properties vested in it. Any inchoate title or possessory title of the Demerged Company or its predecessor companies shall be deemed to be the title of the Resulting Company.

26.4. It is the intention of the Parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.

26.5 The Demerged Company and the Resulting Company shall be at liberty to withdraw this Scheme through its board of directors in case any conditions or alteration imposed by any of the Tribunal or any other authority is unacceptable to them or.

26.6. Without prejudice to the provisions of forgoing clauses and upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall execute such instruments or documents or do all such acts or deeds as may be required to give full effect for the transfer of the Demerged Undertaking to the Resulting Company

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27. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses including stamp duty and registration fee of any deed, document, instrument and/or Order passed by the NCLT including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company shall be borne by the Demerged Company except for the stamp duty cost which would be borne by the Resulting Company or in the manner as may be mutually agreed to between the Board of Directors or persons authorised by the Board of Directors of the Demerged Company and the Resulting Company

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Director

SCHEME OF ARRANGEMENT

BETWEEN

TATA MOTORS FINANCE LIMITED

AND

TATA MOTORS FINANCE SOLUTIONS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

1. PREAMBLE

This Scheme of Arrangement ("the Scheme") is presented under the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of Companies Act, 2013, as may be applicable, and also read with Section 2(19AA) and other relevant provisions of the IT Act (as defined below), for demerger of Demerged Undertaking (defined hereinafter) of Tata Motors Finance Limited ("TMFL" or "Demerged Company") into Tata Motors Finance Solutions Limited ("TMFSL" or "Resulting Company") and their respective shareholders followed by reorganization and reduction of the share capital of TMFL and various other matters consequential, incidental, supplementary or otherwise integrally connected therewith.

2. BACKGROUND OF THE COMPANIES

i. Tata Motors Finance Limited ("TMFL" or "Demerged Company"), is a public limited company incorporated on the 24th day of January, 1989 under the Companies Act, 1956. The Corporate identification number of TMFL is L65200MH1989PLC050444. It is registered with RBI as a systemically important non-deposit taking non-banking financial company and is categorized as an Investment & Credit Company. TMFL is a subsidiary of TMF Holdings Limited ("TMFHL") which in-turn is a wholly owned subsidiary of Tata Motors Limited ("TML"). The Demerged Company is primarily engaged in the business of granting loans and facilities for, inter-alia, financing the purchase of new vehicles manufactured by TML and other entities within the TML group. TMFL is also engaged in providing commercial vehicles and passenger vehicles on lease. The registered office of TMFL is situated at 14, 4th Floor, Sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai 400001, Maharashtra. Certain non-convertible debentures issued by TMFL are listed on the Stock Exchanges (as defined hereinafter)

ii. Tata Motors Finance Solutions Limited ("TMFSL" or "Resulting Company"), is a public limited company incorporated on the 16th day of June, 1992 under the Companies Act, 1956. The corporate identification number of TMFSL is U65910MH1992PLC187184. It is registered with RBI as a NBFC-ND-SI and is categorized as an Investment & Credit Company. TMFSL is a wholly owned subsidiary of TMFHL which in-turn is a wholly owned subsidiary of TML. TMFSL is engaged in the business of (a) granting loans and facilities for, inter-alia, financing the purchase of pre-owned vehicles including refinancing existing vehicle finance loans and (b) granting loans and advances to dealers and vendors of TML. The registered office of TMFSL is situated at 14, 4th Floor, Sir H.C. Dinshaw Building 16, Horniman Circle, Fort, Mumbai 400001, Maharashtra. Certain non-convertible debentures issued by TMFSL are listed on the Stock Exchanges (as defined hereinafter)

3 RATIONALE FOR THE SCHEME

TMFHL, being a core investment company, currently has 2 subsidiaries viz. TMFL and TMFSL, who are primarily engaged in the business of lending and are registered as a NBFC-ND-SI. While each of the entities cater to distinct segments and offer different products, it is proposed to consolidate the Non-banking finance related businesses at TMFSL level, for creation of a single larger unified entity and reduce the number of non-banking financial companies (NBFCs) within the TMF group to achieve optimal and efficient utilization of capital; enhance operational and management efficiencies and have a simplified organizational structure

Thus, the demerger of the Demerged Undertaking from TMFL to TMFSL pursuant to this Scheme would, inter-alia, have the following benefits:

i. Consolidation of businesses would help in achieving simplified organizational structure, improve operational and management efficiencies, streamline business operations and decision-making processes and enable greater economies of scale.

ii. Need to creation of a single unified entity engaged in Non-banking finance related business with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively

iii. Reduce the number of NBFCs within the group, as well as achieving a reduction in administrative costs, overheads, multiplicity of legal and regulatory compliances and provide a common governance structure

iv. The companies have significant complementarities and synergies and the consolidation of the Non-banking finance related businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value

v. The companies have a proven track record in the respective businesses of credit and consolidating these will lead to pooling of knowledge and expertise and align with the business plans which will enable to meet the long-term objectives of the group.

TMFL has also received an in-principle approval from the RBI vide its letter dated October 28, 2022 for proposed demerger of Demerged Undertaking to TMFSL.

4. TREATMENT OF THE SCHEME FOR THE PURPOSE OF INCOME TAX ACT, 1961

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with the conditions as specified in Section 2(19AA) of the Income-Tax Act, 1961 and such modification would not affect other parts of the Scheme

5. PARTS OF THE SCHEME:

The Scheme is divided into following parts

Part I: Deals with definitions and share capital;

Part II: Deals with the demerger of Demerged Undertaking from Demerged Company to Resulting Company

Part III: Re-organisation and reduction of capital of Demerged Company

Part IV: Deals with the general clauses, terms and conditions

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith

PART I – DEFINITIONS AND SHARE CAPITAL

1 DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1 "Act" or "the Act" means the Companies Act, 2013 and shall include any statutory modification, re-enactment or amendments thereof for the time being in force;

1.2 **"Accounting Standards"** means the Indian Accounting Standards as notified under Section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India;

1.3 **"Applicable Law"** shall mean any applicable law, statute, ordinance, rule, regulation, guideline or policy having the force of law;

1.4 **"Appointed Date"** shall mean opening business hours of 1st of April 2023 or such other date as may be agreed between the parties;

1.5 **"Board of Directors"** in relation to the Demerged Company and the Resulting Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a committee of directors authorized for the matters pertaining to this Scheme or any other matter relating hereto or any person authorized by the Board of directors or such committee of directors;

1.6 **"Book Value(s)"** shall, for the purpose of Part II, mean the value(s) of the assets and liabilities of the Demerged Company, as appearing in its books of accounts, at the close of the business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation;

1.7 **"Competent Authority"** means the National Company Law Tribunal ("NCLT") at Mumbai or 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 the relevant provisions of the Act;

1.8 **"Demerged Company"** or **"TMFL"** shall for the purposes of this Scheme mean Tata Motors Finance Limited;

1.9 **"Demerged Undertaking"** means all the businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and where so ever situated, forming part of the Non-banking finance related business of TMFL, as a going concern and includes:

1.9.1 all assets and properties, including rights and interests of every description, (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situated) of the Demerged Undertaking, wherever situated including, without limitation, all lands (whether leasehold or freehold or leave and licensed or right of way and all documents of title, rights, easements in relation thereto including panchnamas, declarations, receipts) including the land parcels, structures, capital work-in-progress, capital advances, estates, furniture, fixtures, office equipment, computers, appliances, water connections, utilities, all stocks, leasehold improvements, repossessed assets held for sale or otherwise, current assets (including inventories, sundry debtors, bills of exchange, loans and advances, credits), earnest money all cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, contingent rights or benefits, benefits of any deposits, receivables, advances or deposits paid by or deemed to have been paid by the Demerged Undertaking, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending/financial contracts, security documents with respect to lending/financial contracts, insurance contracts and policies, powers of attorney, approvals attached to the security documents, rights and benefits under any agreement, rights, claims, rule, rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves (including securities premium, capital redemption reserve, special reserve, retained earnings, general reserve, capital reserve, and any other reserves), provisions, funds, benefits of assets or properties or all agreements other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature whatsoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Undertaking or in connection with or relating to the Demerged Undertaking and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Undertaking, whether in India or abroad;

1.9.2 in respect of movable assets whether present or future or contingent, tangible or intangible, in possession or reversion and properties other than those referred to in Clause 1.9.1 above, including but not limited to, including inventory, actionable claims, current assets, financial assets, margin money deposits, securitization receivables, capital advances, security deposits, rental deposits, telephone deposits, investments in shares (including investments in subsidiaries, associates, joint ventures, whether in India or abroad), scripts

mutual funds, bonds, security receipts, debentures, debenture stock, units, pass through certificates, other securities (whether in dematerialized form or physical form), prepaid expenses, claims receivables, staff advances, returns, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, investments and tax related assets/credits, including but not limited to service tax input credits, goods and services tax credits or set-offs, advance tax, self-assessment tax, minimum alternate tax credit, unabsorbed tax depreciation, tax losses, deferred tax assets/liabilities, tax deducted/collected at source and tax refunds, contingent rights or benefits, receivables, including dividend declared or interest accrued thereon;

1.9.3 all permits, quotas, rights, entitlements, intellectual property rights and registrations (including without limitation the copyright registered in respect of the computer software work titled 'Lakshmi- The Integrated Collections Management System' bearing registration number SW-14562/2021) development rights (whether vested or potential and whether under agreements or otherwise), approvals, consents, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business therewith), permissions (including not limited to permissions granted in relation to futures and options contracts), allotments, approvals, consents, concessions, clearances, credits, exemptions, subsidies, registrations, no objection certificate, permits, quotas, entitlements, authorization, application made for obtaining all or any of the aforesaid, awards, bid acceptances, tender, certificates, service mark, logos, domain names, sales tax credit, service tax input credit, GST input credit, income tax credit, statutorily as required under Applicable Law, including tenancy rights, incentives, concessions, grants, subsidies, privileges, income tax benefits, deferrals and exemptions, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with, or relating to the Demerged Undertaking;

1.9.4 all contracts, agreements, operation and maintenance contracts, loan agreements, trustee agreements, security documents, title deeds, insurance contracts and policies, term sheets, credit assessment memoranda, KYC documents, memorandum of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, bids, tenders, expressions of interest, letters of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/purchases for right of way, equipment purchase agreements, agreements with customers, purchase and other agreements with suppliers/manufacturers of goods/services providers, other arrangements, undertakings, deeds, bonds, schemes (including but not limited to the ESOP schemes, as applicable), insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder or connection with or relating to the Demerged Undertaking;

1.9.5 all insurance policies in respect of the Demerged Undertaking ("Insurance Policies");

1.9.6 all secured and unsecured debts (including, without limitation debt securities, non-convertible debentures and commercial papers), liabilities (including but not limited to contingent liabilities and provisions) and other obligations, liabilities, duties and sums owing to the extent relatable to Demerged Undertaking;

For the purpose of this Scheme, it is clarified that liabilities pertaining to Demerged Undertaking shall include:

(a) The liabilities, which arise out of the activities or operations of the Demerged Undertaking;

(b) Specific loans and borrowings raised, incurred and utilised solely for the activities or operation of the Demerged Undertaking;

(c) Liabilities other than those referred to in sub-clause (a) and sub-clause (b) above, being the amounts of general or multipurpose borrowings of TMFL, allocated to its Demerged Undertaking in the same proportion (on an overall basis) in which the gross value of the assets transferred under this Scheme bear to the total value of the assets of TMFL immediately before giving effect to this Scheme.

1.9.7 the employees of the Demerged Undertaking on the payroll of TMFL as on the Effective Date;

1.9.8 all Transferring Litigations; and

1.9.9 all books, records, files, papers, engineering and process information, application, software, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawing manuals, data, databases including databases for procurement, commercial or management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, lists of present and former borrowers, lenders and suppliers including service providers, other borrower information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form,

1.10 For the avoidance of any doubt, it is clarified that the NBFC license of the Demerged Company, shall be surrendered after effectuation of the Scheme and shall not be transferred to or vested in the Resulting Company pursuant to the Scheme, in accordance with applicable regulatory requirements of the RBI

1.11 **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Clause 22 occur or have been fulfilled or waived in accordance with this Scheme/Applicable Law. References in this Scheme to 'date of coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date,

1.12 **"Excluded Litigation"** means such litigations that are instituted or pending against the Demerged Company and which under Applicable Law cannot be transferred/ continued against the Resulting Company;

1.13 **"GST"** means goods and services tax and shall include any statutory modifications, re-enactments or amendments thereof and the rules made thereunder, for the time being in force;

1.14 **"Governmental Authority"** means any supra-national, national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, legislative body, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having

the force of law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law on any stock exchange of India or any other country including the Registrar of Companies, Regional Director, Competition Commission of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, National Company Law Tribunal, and such other sectoral regulators or authorities as may be applicable;

1.15 **"IT Act"** shall mean the Income-tax Act, 1961 or any modifications or reenactments or amendments thereof from time to time;

1.16 **"Listed CPs"** shall mean the Commercial Papers issued by Demerged Company which are listed on the Stock Exchanges, the details of which, as on September 30, 2022, are set out in Annexure A to the Scheme;

1.17 **"Listed NCDs"** shall mean the Non-Convertible Debentures issued by Demerged Company and listed on the Stock Exchanges, the details of which, as on September 30, 2022, are set out in Annexure A to the Scheme;

1.18 **"RBI"** shall mean the Reserve Bank of India;

1.19 **"Record Date"** means a mutually agreed date to be fixed by the respective Boards of the Demerged Company and the Resulting Company for the purposes of determining the shareholders of the Demerged Company to whom equity shares / preference shares of Resulting Company would be allotted pursuant to the demerger in accordance with Clause 14 of this Scheme;

1.20 **"Registrar of Companies"** or **"RoC"** means the Registrar of Companies at Mumbai, Maharashtra;

1.21 **"Remaining Business"** shall mean the operating lease business and any other remaining businesses, undertakings, activities, properties, assets and liabilities (including but not limited to, contingent liabilities, guarantees and indemnities), of whatsoever nature and kind and wheresoever situated, pertaining and/or relating to the Demerged Company, upon the completion and taking effect of the demerger of the Demerged Undertaking to the Resulting Company, in terms of this Scheme;

1.22 **"Resulting Company"** or **"TMFSL"** shall for the purposes of this Scheme mean Tata Motors Finance Solutions Limited;

1.23 **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

1.24 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement in its present form as submitted to the Competent Authority or this Scheme with such modification(s), if any made, as per Clause 21 of the Scheme;

1.25 **"Stock Exchanges"** means the BSE Limited and the National Stock Exchange of India Limited individually and collectively;

1.26 **"Taxation"** or **"Tax"** or **"Taxes"** means all forms of taxes (direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction / collection at source, advance tax, minimum Alternate Tax or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company and all penalties, charges, costs and interest relating thereto.

1.27 **"Transferring Litigations"** means all civil, legal or other proceedings (including VAT litigation) in relation to the Demerged Undertaking, except the Excluded Litigations. It is clarified that in respect of VAT liability or recovery of ongoing litigations, even if required by law that the ongoing litigation be the responsibility of the Demerged Company, the primary and financial liability shall be of the Resulting Company and all actions performed in respect of the VAT liability by the Demerged Company shall be for and on behalf of the Resulting Company.

2 INTERPRETATION

2.1 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 Law, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

2.2 References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.

2.3 The headings herein shall not affect the construction of this Scheme.

2.4 Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to (i) any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted; (ii) any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision, (iii) all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated); and (iv) all statutory instruments or orders made pursuant to a statutory provision

2.5 The singular shall include the plural and vice versa, and references to one gender include all genders.

2.6 References to days, months and years are to calendar days, calendar months and calendar years respectively

2.7 Any reference to 'writing' shall include printing, typing, lithography and other means of reproducing words in visible form

2.8 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.9 References to a person include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality)

3 **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Competent Authority or made as per Clause 21 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

4 **SHARE CAPITAL**

4.1 The share capital of TMFL as at 31st March 2022 is as under:

Particulars	Amount in Rupees
Authorised Capital	
12,00,00,000 Equity Shares of Rs. 100/- each	12,00,00,00,000
8,00,00,000 Preference Shares of Rs. 100/- each	8,00,00,00,000
Total	**20,00,00,00,000**
Issued, Subscribed and Paid-up	
6,08,27,689 Equity Shares of Rs. 100/- each	6,08,27,68,900
5,38,50,000 cumulative compulsory convertible preference shares of Rs. 100/- each (Equity portion)	2,86,12,43,743
1,85,00,000 non-cumulative compulsory convertible preference shares of Rs. 100/- each (Equity portion)	1,85,00,00,000
Total	**10,79,39,12,643**

TMFL has converted both cumulative and non-cumulative compulsory convertible preference shares into 2,34,70,906 equity shares of Rs. 100 each fully paid up on 29 June 2022. Further, TMFL has issued equity shares on right issue basis of Rs. 66,74,76,700/- divided into 66,74,767 equity shares with face value of Rs. 100 each fully paid up on 30 August 2022

The revised share capital of TMFL as on the date of board resolution approving the Scheme is as under:

Particulars	Amount in Rupees
Authorised Capital	
12,00,00,000 Equity Shares of Rs. 100/- each	12,00,00,00,000
8,00,00,000 Preference Shares of Rs. 100/- each	8,00,00,00,000
Total	**20,00,00,00,000**
Issued, Subscribed and Paid-up	
9,09,72,962 Equity Shares of Rs. 100/- each	9,09,72,96,200

4.2 The share capital of TMFSL as at 31st March 2022 is as under

Particulars	Amount in Rupees
Authorised Capital	
18,00,00,000 Equity Shares of Rs. 100/- each	18,00,00,00,000
2,00,00,000 Preference Shares of Rs. 100/- each	2,00,00,00,000
Total	**20,00,00,00,000**
Issued, Subscribed and Paid-up	
17,00,49,735 Equity Shares of Rs. 100/- each	17,00,49,73,500

Further, there has been no change in the share capital of TMFSL post 31st March 2022 till the date of board resolution approving the Scheme.

PART II – DEMERGER OF DEMERGED UNDERTAKING OF DEMERGED COMPANY INTO RESULTING COMPANY

5 **TRANSFER OF DEMERGED UNDERTAKING OF TMFL**

With effect from the Appointed Date, the Demerged Undertaking of TMFL (as defined in Clause 1.9) shall stand transferred to and vested in or deemed to be transferred to and vested in TMFSL, as a going concern, in accordance with Section 2(19AA) of the IT Act and in the following manner:

5.1 The Demerged Undertaking of TMFL shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in TMFSL, such that TMFSL becomes entitled to all the rights, title and interest pertaining to the Demerged Undertaking.

5.2 Without prejudice to the generality of the foregoing paragraph, upon the Scheme becoming effective, on and from the Appointed Date

ASSETS & LIABILITIES

5.2.1 In respect of such of the assets of the Demerged Undertaking, as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery, the same shall stand transferred by the Demerged Company to the Resulting Company, upon the coming into effect of this Scheme pursuant to the applicable provisions of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Resulting Company

5.2.2 In respect of assets other than those dealt with above, 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 relevant provisions of the Act to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company. The Resulting Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

5.2.3 All immovable properties of the Demerged Company, pertaining to its Demerged Undertaking [i.e. land together with the buildings and structures standing thereon or under construction, whether freehold, leasehold, leave and licensed or otherwise], including any tenancies in relation to office space, guest houses and residential premises including those provided to/occupied by the employees and all documents of title, rights and easements in relation thereto and all plant and machineries constructed or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties, shall stand transferred to and vested in the Resulting Company, without any further act or deed done/executed or being required to be done/executed by the Resulting Company. The Resulting Company shall be entitled to exercise and enjoy all rights and privileges attached to the immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations and be entitled to all rights in relation to or as applicable to such immovable properties.

5.2.4 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Company in any leasehold/leave and license/right of way properties of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to the relevant provisions of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company on the same terms and conditions.

5.2.5 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses (excluding NBFC license as mentioned earlier), permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of the Demerged Company, and the rights and benefits under the same, in so far as they relate to the Demerged Undertaking and all quality certifications and approvals, trademarks, trade names, service marks, copyright, domain names, designs, research and studies, technical know-how and other intellectual properties and all other interests relating to the goods or services being dealt with by the Demerged Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the Demerged Company in relation to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Resulting Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking of the Demerged Company in the Resulting Company without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against the concerned Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto.

5.2.6 All bank accounts which relate to the Demerged Undertaking (as may be identified by the Board of Directors of the Demerged Company) shall stand transferred to the Resulting Company by virtue of the Scheme and the Resulting Company shall be entitled to continue to operate such bank accounts in the name of the Demerged Company. In addition, the Resulting Company shall be entitled to and the bankers of the Resulting Company shall allow maintaining of bank accounts in the name of the Demerged Company by the Resulting Company for such time as may be determined to be necessary by the Demerged Company and the Resulting Company for presentation and deposition of cheques and other negotiable instruments, payment orders, NACH mandates, ECS debit mandates that have been issued in the name of the Demerged Company in connection with the business of the Demerged Undertaking. All cheques and other negotiable instruments, payment orders, NACH mandates, ECS debit mandates received or presented for encashment which are in the name of the Demerged Company pertaining to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and shall be credited to the bank account(s) vested in the Resulting Company if presented by the Resulting Company. Similarly, it is hereby expressly clarified that any legal proceedings filed by the Demerged Company in relation to cheques and negotiable instruments, payment orders, NACH mandates, ECS debit mandates received or presented for encashment which are in the name of the Demerged Company pertaining to the Demerged Undertaking shall be instituted, or as the case may be, continued by or against the Resulting Company after the coming into effect of the Scheme.

5.2.7 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company upon the coming into effect of this Scheme

5.2.8 Upon coming into effect of this Scheme and with effect from Appointed Date, all debts, duties, obligations and liabilities (including contingent liabilities) of the Demerged Company relating to the Demerged Undertaking shall without any further act, instrument or deed be and stand transferred to the Resulting Company and shall thereupon become the debts, duties, obligations and liabilities of the Resulting Company, which it undertakes to meet, discharge and satisfy to the exclusion of the Demerged Company and to keep the Demerged Company indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, contends and proceedings in respect thereto. 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 debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this clause

5.2.9 In so far as loans and borrowings of the Demerged Company are concerned with respect to the Demerged Undertaking, the loans and borrowings and such amounts pertaining to the Demerged Undertaking and further, the loans and borrowings, if any which are of a general or multipurpose nature, such loans and borrowings, in the same proportion, which the value of the assets pertaining to the Demerged Undertaking bears to the total value of assets of the Demerged Company, if any, which are to be transferred to the Resulting Company in terms of Clause 1.9.1.6, shall, without any further act or deed become loans and borrowings of the Resulting Company (including same rights, interests and benefits), and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans and incurred such borrowings. Subject to the above, from the Effective Date, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities of the Demerged Undertaking as the borrower/issuer thereof and the Demerged Company shall not have any obligations in respect of the said liabilities transferred and vested.

5.2.10 Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of the Scheme and with effect from Appointed Date, all non-convertible debentures ("NCDs") (including Listed NCDs), listed and unlisted perpetual debt instruments ("PDIs"), commercial papers ("CPs") (including Listed CPs), external commercial borrowings, bonds or other debt securities and other instruments of like nature (whether convertible into equity shares or not) ("Debt Securities") taken for the purpose of operations of Demerged Undertaking and further, the Debt Securities, if any which are of a general or multipurpose nature, such Debt Securities, in the same proportion in which the gross value of the assets transferred under this Scheme bear to the total value of the assets of TMFL immediately before giving effect to this Scheme as on the Appointed Date which shall, pursuant to the provisions of Sections 230-232 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the Resulting Company on the same terms and conditions (including same rights, interests and benefits) as applicable to the Demerged Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Resulting Company as if it was the issuer of such Debt Securities, so transferred and vested. Subject to the requirements, if any, imposed or concessions, if any, by the stock exchanges, and other terms and conditions agreed with the stock exchanges, the Listed NCDs (including Listed PDIs) and the CPs shall be vested in the Resulting Company, shall continue to be listed and/or admitted to trading on the relevant Stock Exchanges, where the NCDs, PDIs and CPs are currently listed, subject to applicable regulations and prior approval requirements. The Board of the Companies shall be authorized to take such steps and do all acts, deeds and things in relation to the foregoing. For the sake of completeness, it is clarified that all terms thereof will remain the same for the holders and there will be no transfer, reissue or swap of the security/ instrument from the perspective of the holders thereof.

5.2.11 Subject to the other provisions of this Scheme, in so far as the assets of the Demerged Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Demerged Company shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of the Demerged Company which are not transferred to the Resulting Company.

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

5.2.13 Without prejudice to the provisions of the foregoing clauses, the Demerged Company and the Resulting Company shall enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies, to give formal effect to the provisions of this Clause and foregoing clauses, if required.

5.2.14 The Demerged Company shall transfer all reserves (viz. securities premium, retained earnings, general reserve, capital reserve and any other reserve) of the Demerged Undertaking at their carrying values, in the same proportion in which the net value of the assets transferred under this Scheme bear to the total net value of the assets of TMFL immediately before giving effect to this Scheme as on the Appointed Date. Separately, special reserve and other components of equity like equity instruments through other comprehensive

income, debt instruments through other comprehensive income, cost of hedging reserve and hedging reserve being entirely attributable to the Demerged Undertaking will be transferred at its carrying value as on the Appointed Date.

5.2.15 It is hereby clarified that all assets and liabilities of the Demerged Undertaking, which are set forth in the closing balance sheet of Demerged Company as on the close of business hours on the date immediately preceding the Appointed Date, shall be transferred at values appearing in the books of accounts of Demerged Company as on the Appointed Date.

6 LEGAL PROCEEDINGS

6.1 Upon the Effective Date and with effect from Appointed Date, all Transferring Litigations, pending on the Effective Date, by or against the Demerged Company in relation to the Demerged Undertaking, shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Resulting Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

6.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Demerged Company in relation to the Demerged Undertaking, Resulting Company shall be made party thereto, and any payment and expenses made thereon shall be the liability of Resulting Company. For the avoidance of doubt, it is clarified that all Excluded Litigations shall continue to be prosecuted and enforced by or against the Demerged Company.

6.3 From the Effective Date, the Resulting Company (a) shall be replaced / added (as may be required) as party to Transferring Litigations, and (b) shall, subject to any agreement between the Parties and subject to any liabilities that would remain with the Demerged Company by operation of Applicable Law, prosecute or defend or enforce such proceedings as the case may be to the exclusion of the Demerged Company. Each of the Parties shall be entitled to make relevant applications in that behalf, as may be required.

7 CONTRACTS, DEEDS, ETC.

7.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertaking, arrangements, policies, agreements of whatever nature but not limited to shareholders agreements, share subscription agreements or any right devolving pursuant to such agreements (either entered into or vested in terms of any legal process) whatsoever nature pertaining to the Demerged Undertaking, to which Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of Resulting Company, as the case may be, and may be enforced by or against Resulting Company as fully and effectually as if, instead of Demerged Company, Resulting Company had been a party thereto.

7.2 Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Demerged Company and to implement or carry out all formalities required on the part of the Demerged Undertaking to give effect to the provisions of this Scheme.

7.3 All guarantees provided by any bank, financial institution, or other third party in favour of the Demerged Company including without limitation guarantees in respect of loans disbursed by the Demerged Company in respect of or in relation to the Demerged Undertaking that are outstanding as on the Effective Date, shall vest in the Resulting Company and shall enure to the benefit of the Resulting Company as if the same were issued directly in favour of the Resulting Company. [All guarantees issued by any bank or financial institution in respect of the obligations of the Demerged Company in respect of or in relation to the Demerged Undertaking and outstanding on the Effective Date shall be deemed to have been issued at the request of and to guarantee the obligations of the Resulting Company and continue in favour of the relevant third party till its maturity or earlier termination].

7.4 Without prejudice to the generality of the foregoing,

7.4.1 in respect of guarantee procured by the Demerged Company from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) it is clarified that

i. all outstanding guarantees as on the Effective Date will stand transferred to Resulting Company for the balance period of time which would have been available to Demerged Company;

ii. all claims lodged for which settlement is pending as on the Effective Date, will stand transferred to Resulting Company as if such claim was made by the Resulting Company

In respect of the loans extended under Emergency Credit Line of Guarantees Scheme (ECLGS), launched by Government of India as a Special Scheme in view of COVID-19 crisis, it is clarified that

i. all outstanding guarantees as on the Effective Date together with the underlying loans will stand transferred to Resulting Company for the balance period of time which would have been available to Demerged Company as if such loan was disbursed by and the guarantee was issued in favour of the Resulting Company;

ii. all claims lodged for which settlement is pending as on the Effective Date will stand transferred to Resulting Company as if such claim was made by the Resulting Company.

8 SECURITISATION TRANSACTIONS

8.1 In respect of any direct assignment and/or securitisation transactions entered into by the Demerged Company prior to the Appointed Date it is clarified that:

a. All Minimum Retention Requirement positions (whether in the form of investments in securities or otherwise) shall stand transferred and shall comprise part of the Demerged Undertaking being transferred to the Resulting Company in terms of this Scheme; and

b. All credit enhancement exposures/ obligations of the Demerged Company (including without limitation the related fixed deposits, if any) and/or collection and servicing agent obligations of the Demerged Company shall stand transferred to the Resulting Company in terms of the Scheme

8.2 Pursuant to the Scheme the Demerged Company will transfer inter alia the entire portfolio of loan assets comprised in the Demerged Undertaking pursuant to the Scheme. Accordingly, in the context of fresh direct assignment or securitisation transactions undertaken by the Demerged Company after the Appointed Date and/or by the Resulting Company after the Effective Date, the holding period of such assets on the books of the Demerged and the Resulting Company shall be aggregated for the purposes of the applicable minimum holding period requirements.

9 SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 5 above and the continuance of proceedings by or against Demerged Company under Clause 6 above shall not affect any transaction or proceedings in relation to the Demerged Undertaking already executed by Demerged Company on and after the Appointed Date till the Effective Date, to the end and intent that Resulting Company accepts and adopts all acts, deeds and things done and executed by Demerged Company in respect thereto as done and executed on behalf of Resulting Company

10 EMPLOYEES

10.1 Upon the coming into effect of this Scheme, all the employees relating to the Demerged Undertaking that were employed by the Demerged Company, immediately before the Effective Date, shall become employees of the Resulting Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the Demerged Undertaking of the Demerged Company immediately prior to the demerger of such Demerged Undertaking

10.2 The Resulting Company agrees that the service of all employees pertaining to the Demerged Undertaking with the Demerged Company up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in the Demerged Company up to the Effective Date. The Resulting Company further agrees that for the purpose of payment of any retrenchment compensation, gratuity, employee stock option and pension schemes, or other terminal benefits, such past service with the Demerged Company, shall also be taken into account and agrees and undertakes to pay the same as and when payable

10.3 Upon the coming into effect of this Scheme, the Resulting Company shall make all the necessary contributions for such transferred employees relating to their respective Demerged Undertaking, and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. The Resulting Company will also file relevant intimations in respect of their Demerged Undertaking to the statutory authorities concerned who shall take the same on record and substitute the name of the Resulting Company for the Demerged Company.

10.4 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by the Demerged Company for employees of the Demerged Undertaking are concerned, such proportion of the funds, contributions to the funds or the scheme or the investments made into the funds relatable to the employees pertaining to the Demerged Undertaking as on the Effective Date, who are being transferred along with the Demerged Undertaking in terms of the Scheme, upon the coming into effect of this Scheme, shall be transferred to the necessary funds, schemes or trusts of the Resulting Company and till the time such necessary funds, schemes or trusts are created by the Resulting Company, all contributions shall continue to be made to the existing funds, schemes or trusts of the Demerged Company

11 CONDUCT OF BUSINESS OF THE DEMERGED UNDERTAKING OF DEMERGED COMPANY TILL EFFECTIVE DATE

Clause 11 to be given effect to only in case when Effective Date will be subsequent to Appointed Date.

11.1 With effect from the Appointed Date and up to and including the Effective Date

11.1.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to its Demerged Undertaking for and on account of and in trust for Resulting Company. Demerged Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date

11.1.2 Demerged Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose-off the business or part thereof of the Demerged Undertaking

11.1.3 All the profits or income accruing or arising to the Demerged Undertaking or expenditure or losses arising or incurred or suffered by the Demerged Undertaking shall for all purposes be treated and be deemed to be and accrue to the Income or profits or losses or expenditure as the case may be of Resulting Company

11.1.4 Demerged Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or with the prior consent of Resulting Company or pursuant to any pre-existing obligation undertaken by Demerged Company as the case may be, prior to the Appointed Date.

11.1.5 Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which Resulting Company may require pursuant to this Scheme

12 VALIDITY OF EXISTING RESOLUTIONS

Upon the coming into effect of the Scheme, the resolutions, if any, of the Demerged Company relating to the Demerged Undertaking, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company.

13 TAX

13.1 The Resulting Company will be the successor of the Demerged Company vis-a-vis the Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Demerged Undertaking and the obligations, if any, for payment of taxes on any assets of the Demerged Undertaking, shall be deemed to have been availed by the Resulting Company or as the case may be deemed to be the obligations of the Resulting Company.

13.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess receivable/payable by the Demerged Company relating to the Demerged Undertaking including all or any refunds/credit/claims/tax losses /unabsorbed depreciation relating thereto shall be treated as the asset/liability or refunds/credit/claims/tax losses /unabsorbed depreciation, as the case may be, of the Resulting Company.

13.3 The Demerged Company and the Resulting Company are expressly permitted to revise its tax returns, electronically or physically, after taking credit for taxes paid including tax deducted at source (TDS) / tax collected at source (TCS) certificates/ returns, wealth tax returns, service tax, excise duty, sales tax, value added tax, GST, entry tax, cess, professional tax or any other statutory returns, if required, and shall be entitled to claim credit for advance tax paid, claim for sum(s) prescribed under Section 43B of the IT Act on payment basis, claim for deduction of provisions written back by the Demerged Company pertaining to Demerged Undertaking previously disallowed in the hands of the Demerged Company under the IT Act, MAT credit, credit of foreign tax paid/withheld, if any, pertaining to Demerged Undertaking of the Demerged Company, consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limit for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Demerged Undertaking of the Demerged Company, upon the coming into effect of this Scheme.

14 CONSIDERATION

14.1 Upon this Scheme becoming effective and upon Demerger of the Demerged Undertaking of TMFL into TMFSL in terms of this Scheme, TMFSL shall, without any application or deed, issue and allot its equity shares, credited as fully paid up, to the extent indicated below, to the members of TMFL whose names appear in the register of members of TMFL (except for shares already held by TMFSL) as on record date, or to each of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of TMFSL in the following proportion viz:-

"34 equity shares of face value of Rs. 10/- each of TMFSL shall be issued and allotted as fully paid up for every 10 equity shares of the face value of Rs. 100/- each fully paid up held in TMFL"

14.2 Equity shares shall be issued free from all liens, charges, equitable interest, encumbrances and other third-party rights of any nature whatsoever to each shareholder of TMFL whose name is recorded in the register of members of TMFL as of the Record Date. Equity shares issued shall be subject to the Memorandum and Articles of Association of TMFSL.

14.3 TMFSL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of equity shares to the members of TMFL under the Scheme.

14.4 Under and pursuant to the Scheme, no fractional shares shall be issued by TMFSL in respect of the fractional entitlements, if any, of the shareholders of TMFL and such fractional entitlement, if any, shall be rounded off to next integer.

14.5 Approval of this Scheme by the shareholders of TMFSL shall be deemed to be the due compliance with the provisions of section 42 and 62 of the Act and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by TMFSL, as provided in this Scheme.

15 ACCOUNTING TREATMENT

15.1 Upon the Scheme becoming effective, and with effect from Appointed Date, the Demerged Company shall account for the transfer of the Demerged Undertaking in its books of accounts in accordance with Appendix-C of Ind-AS 103 (Business Combinations of entities under common control) and other Indian Accounting Standards, as applicable, and notified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India

15.2 Upon the Scheme becoming effective, and with effect from Appointed Date, the Resulting Company shall account for the transfer and vesting of the Demerged Undertaking in its books of accounts in accordance with 'Pooling of Interest Method' of accounting as laid down in Appendix-C of Ind-AS 103 (Business Combinations of entities under common control) and other Indian Accounting Standards, as applicable, and notified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India.

16 **REMAINING BUSINESS**

The Remaining Business and all the assets, liabilities, obligations and Excluded Litigation pertaining thereto shall continue to belong to and continue to be vested in and be managed by the Demerged Company.

17 **CHANGE OF NAME OF DEMERGED COMPANY**

Upon the Scheme becoming effective, the name of the Demerged Company shall, without any further act, instrument or deed, stand changed to "TMF Business Services Limited" or any other such name as available with the Registrar of Companies and which the Board of Directors of Demerged Company may deem fit. Such alteration in the name of the Demerged Company shall take place as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this alteration in the name of the Demerged Company. No further resolution(s) under Section 230-232, 4, 13, 114 of the Act or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.

18 **CHANGE OF NAME OF RESULTING COMPANY**

Upon the Scheme becoming effective, the name of the Resulting Company shall, without any further act, instrument or deed, stand changed to "Tata Motors Finance Limited" or any other such name as available with the Registrar of Companies and which the Board of Directors of Resulting Company may deem fit. Such alteration in the name of the Resulting Company shall take place as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this alteration in the name of the Resulting Company. No further resolution(s) under Section 230-232, 4, 13, 114 of the Companies Act, 2013 or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.

PART III – REORGANIZATION AND REDUCTION OF SHARE CAPITAL AND SECURITIES PREMIUM OF THE DEMERGED COMPANY

19 **Reduction of securities premium and share capital of the Demerged Company**

19.1 The securities premium of the Demerged Company to be reduced on account of the transfer of the Demerged Undertaking from Demerged Company to the Resulting Company as per Clause 5.2.14 of Part II above. Further the securities premium, capital reserve, general reserve and capital redemption reserve available with the Demerged Company after giving effect to the demerger to be reduced against negative balance in demerger reserve (arising on demerger) and/ or retained earnings. This consequential capital reduction of the Demerged Company shall be effected as an integral part of this Scheme itself and not under a separate procedure, in terms of Section 52(1) read with Section 66 of the Act, and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act, or any other applicable provisions, confirming the reduction. The consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 52(1) read with Section 66 of the Act as well and no further compliances would be separately required.

19.2 The Scheme further provides for reduction of equity share capital of TMFL by reducing the face value of paid-up equity shares of the TMFL, by upto Rs 99/- (Rupees Ninety-Nine Only) per equity share, thereby reducing the face value from existing Rs. 100/- (Rupees Hundred Only) per equity share to minimum of Re. 1/- (Rupee One Only) per equity share. Accordingly, there may be adjustment of an amount upto Rs. 99/- (Rupees Ninety-Nine Only) per equity share against the balance in negative demerger reserve and / or retained earnings of TMFL after adjustment carried out in Clause 19.1.

The issued, subscribed and paid-up share capital of the TMFL shall stand reduced from the existing Rs. 9,09,72,96,200/- (Rupees Nine hundred nine crore seventy-two lakhs ninety-six thousand two hundred Only) divided into 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty two only) equity shares with face value of Rs. 100/- (Rupees Hundred Only) per equity share to minimum of Rs. 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty-two only) divided into 9,09,72,962 (Nine crore nine lakhs seventy-two thousand nine hundred sixty two only) equity shares with face value of minimum of Re. 1/- (Rupee One Only).

Thus, upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of TMFL could stand reduced upto Rs. 9,00,65,23,238/- (Rupees Nine hundred crore sixty-three lakhs twenty-three thousand two hundred thirty-eight Only).

19.3 As a consequence of the capital reduction indicated in clause 19.2 above, the authorised share capital of TMFL will be modified and appropriate amendment will be carried out in Clause V of the Memorandum of Association.

19.4 For the sake of completeness, it is clarified that the rights/ interests of the shareholders shall remain unaltered.

19.5 The Demerged Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon the reduction of capital under Clause 19 of this Part III above.

19.6 The reduction of capital of the Demerged Company, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment as any other kind.

PART IV – GENERAL TERMS AND CONDITIONS

20 APPLICATION TO COMPETENT AUTHORITY

Resulting Company and Demerged Company shall with all reasonable dispatch make all necessary applications under the Act and other applicable provisions of the Act to the Competent Authority for seeking approval of the Scheme.

21 MODIFICATION OR AMENDMENTS TO THE SCHEME

Resulting Company and Demerged Company by their respective Boards of Directors ("the Board", which term shall include Committee thereof), may assent to / make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the Competent Authority and / or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). Resulting Company and Demerged Company by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

22 CONDITIONALITY OF THE SCHEME

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

22.1.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of Resulting Company and Demerged Company as may be directed by the Competent Authority.

22.1.2 The sanction of the Competent Authority under the provisions of the Act in favour of Resulting Company and Demerged Company under the said provisions and to the necessary Order under the provisions of the Act being obtained.

22.1.3 Certified or authenticated copy of the Order of the Competent Authority sanctioning the Scheme being filed with the Registrar of Companies at Mahashtra by Resulting Company and Demerged Company respectively as may be applicable

22.1.4 The requisite(s), consent(s), approval(s) or permission(s) of statutory or regulatory authority(s) including RBI and Stock Exchanges, which by law may be necessary for the implementation of this Scheme, being obtained in accordance with the Scheme

22.2 If all the conditions specified under Clauses 22.1 above are satisfied or waived prior to 1 April 2023, then the Scheme would be deemed to be given effect to on the Appointed Date i.e., 1 April 2023;

22.3 Without prejudice to Clause 22.1 and 22.2 above, the Scheme shall be made effective in the order as contemplated below

22.3.1 Part II of the Scheme shall be made effective subject to satisfaction or waiver of conditions prescribed in Clause 22.1 and 22.2 by the Boards of the Demerged Company and Resulting Company

22.3.2 Part III of the Scheme shall be made effective immediately after the implementation of Part II of the scheme

23 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 22 not being obtained and/ or the Scheme not being sanctioned by the Competent Authority failing which this Scheme 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 arise in law

24 COSTS, CHARGES & EXPENSES

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

Recommendation of fair equity share entitlement ratio for the proposed demerger of the **Lending Business** (Demerged Undertaking) of **Tata Motors Finance Limited** into **Tata Motors Finance Solutions Limited**

Report Date: 03rd October 2022

Rashmi Shah FCA | Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10240
For R V SHAH & ASSOCIATES
Chartered Accountants
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Mobile: +91 98200 99754
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To,
The Board of Directors
Tata Motors Finance limited
I-Think Lodha Techno Campus, 2nd Floor, Tower A, Off. Pokhran Road No. 2,
Thane West, Mumbai, Maharashtra – 400 601

Sub: Recommendation of fair share equity entitlement ratio for the proposed demerger of the Demerged Undertaking of Tata Motors Finance Limited into Tata Motors Finance Solutions Limited

Dear Sir/Madam

We refer to our engagement whereby we have been requested by the Management of Tata Motors Finance Limited (hereinafter referred to as the 'Management') to issue a report containing the recommendation of fair equity share entitlement ratio for the proposed demerger of the Lending Business ('Demerged Undertaking') of Tata Motors Finance Limited ('TMFL' or 'Client') into Tata Motors Finance Solutions Limited ('TMFSL'). TMFL and TMFSL are hereinafter collectively referred to as the 'Companies.'

We have been given to understand that TMFL is proposing to demerge the Demerged Undertaking into TMFSL as part of internal restructuring.

It is therefore proposed to demerge the Demerged Undertaking of TMFL into TMFSL in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as 'Scheme of Arrangement' or the 'Scheme'). Subject to necessary approvals, the Demerged Undertaking of TMFL will be demerged into TMFSL (hereinafter referred to as 'Proposed Demerger Transaction' or 'Proposed Transaction').

As a consideration for the Proposed Demerger Transaction, TMFSL will issue equity shares to shareholders of TMFL.

In this regard, Rashmi Shah FCA, Registered Valuer with IBBI Registration No. IBBI/RV/06/2018/10240 under the category of Securities or Financial Assets ('RVS' or 'We' or 'Us'), has been requested to issue a report containing the recommendation of fair equity share entitlement ratio for the Proposed Demerger Transaction as on 20th September 2022 ('Analysis Date' or 'Valuation Date').

We understand that the findings of this report will be used for the said Valuation Purpose only. Please find enclosed our valuation report containing value recommendations. We appreciate the support extended to us by the Management and staff of the Companies.

Yours truly,

Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets)
IBBI Registration No.: IBBI/RV/06/2018/10240

For R V Shah & Associates
Chartered Accountants
Membership No.: 123478
FRN: 133958W
Date: 03rd October 2022
ICAI UDIN: 22123478AYBMRM9074

Annexures:

Annexure I – Valuation Workings for Tata Motors Finance Limited

Annexure II – Valuation Workings for Tata Motors Finance Solutions Limited

Annexure III – Valuation Rationale

Contents

Engagement Background 5
Corporate Overview – Tata Motors Finance Limited 6
Corporate Overview – Tata Motors Finance Solutions Limited 6
Valuation Approaches and Methodologies 7
Share Entitlement Ratio Recommendation 9
Procedures adopted for the purpose of valuation 10
Limiting Conditions 11
Sources of Information 13
Annexure I – Valuation Workings for Tata Motors Finance Limited (Lending Business) 14
Annexure II – Valuation Workings for Tata Motors Finance Solutions Limited 15
Annexure III – Valuation Rationale 16

Engagement Background

Pursuant to the Scheme of Arrangement between TMFL and TMFSL and their respective shareholders ('Scheme'), Rashmi Shah FCA, Registered Valuer with IBBI Registration No. IBBI/RV/06/2018/10240 under the category of Securities or Financial Assets ('RVS' or 'We' or 'Us') has undertaken the valuation exercise to determine the fair equity share entitlement ratio for the Proposed Transaction of the Demerged Undertaking of TMFL into TMFSL. As a consideration for the Proposed Transaction, TMFSL will issue equity shares to the shareholders of TMFL. The Appointed Date for the Proposed Demerger Transaction as proposed by the Management of the Companies is 01st April 2023 ('Appointed Date').

Jurisdictional National Company Law Tribunal, Mumbai's ('NCLT') permission has to be obtained for sanction of the Scheme. Consequently, this report is prepared using a fair basis for arriving at the share entitlement ratio for submission to the NCLT and / or regulatory authorities, as the case may be.

The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Corporate Overview – Tata Motors Finance Limited

Tata Motors Finance Limited has CIN U45200MH1989PLC050444 and registered office of the company is situated at 14, 4th Floor, Sir H.C. Dinshaw Building 16, Homiman Circle, Fort Mumbai, Mumbai, Maharashtra – 400001. TMFL is engaged in financing entire range of Tata Motors Commercial and Passenger vehicles. It is a non-deposit taking systemically important (ND-SI) NBFC.

The shareholding pattern of TMFL as of the date of this Report is as below:

Particulars	Number of shares held	% shareholding
Tata Motors Finance Holding Limited	89,150,946	98%
Tata Motors Finance Solutions Limited	1,822,016	2%
Total	**90,972,962**	**100%**

Corporate Overview – Tata Motors Finance Solutions Limited

Tata Motors Finance Solutions Limited has CIN U65910MH1992PLC187184 and registered office of the company is situated at 14, 4th Floor, Sir H.C. Dinshaw Building 16, Homiman Circle, Fort Mumbai, Mumbai, Maharashtra – 400001. TMFSL focuses on Tata Motors' 'Used Vehicles' financing business. The company concentrates on growing the market of Used Tata Motors Vehicles through Quick and easy financing for Used Tata Vehicles. It also supports Tata Motors eco system comprising of Dealers & Vendors by extending corporate loans to them.

TMFSL is a wholly-owned subsidiary of TMF Holdings Limited.

Valuation Approaches and Methodologies

The choice of any particular method is also driven by the purpose for which the valuation is required. TMFSL will issue its shares to the shareholders of TMFL as consideration for the Proposed Demerger Transaction. We have determined the relative values of the Demerged Undertaking and TMFSL to arrive at the fair equity share entitlement ratio. Arriving at the fair share entitlement ratio of equity shares for the Proposed Demerger Transaction would require determining the relative values of the Demerged Undertaking and TMFSL. These values are to be determined on a relative and independent basis without considering the effect of the Proposed Demerger Transaction.

The Institute of Chartered Accountants of India (ICAI) has issued the ICAI Valuation Standards ('IVS') effective for all the valuation reports issued on or after 01st July 2018. The IVS shall be mandatory for the valuations carried out under the Companies Act 2013 and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise. The following approaches are generally used for determining the fair value of equity shares:

- Market Approach;
- Income Approach; and
- Asset Approach

Market Approach

Under the "Market" approach, the equity shares of both the companies can be valued using market price method. The market price of an equity share, as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. If the company is not listed, appropriate multiple of listed comparable companies is adopted and applied to the financial parameters of the subject companies to arrive at the fair value of equity shares. The method is disregarded if directly listed comparable companies are unavailable

Considering availability of listed comparable companies, we have considered the CCM method of valuation to determine the value of shares of Demerged Undertaking and TMFSL. We have considered the Price to Book Value (P/BV) multiple to determine the value of equity shares of the Demerged Undertaking and TMFSL under CCM method.

Income Approach

Under the DCF method the projected free cash flows from subject assets after considering fund requirements for projected capital expenditure are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business. WACC is considered as the most appropriate discount rate in the DCF method, since it reflects both the business and the financial risk of the asset.

Having regard to the economics of financing business in which the companies operate, DCF based valuation does not reflect the fair value of the enterprise and hence such projections have not been made available for the present exercise. In the absence of business plan and projections, we have not considered the Income Approach.

Asset Approach

The asset-based valuation technique is based on the value of the underlying net assets of the company, either on a realizable value basis or replacement cost basis. This method is also known as the Net Asset Valuation ("NAV") methodology. Normally, this method is adopted in the following circumstances:

- When the firm does not meet the "going concern" criteria; or
- When the assets base dominates earnings capability.

The application of any particular method of valuation depends on the circumstances under which valuation is carried out, operations of the company, nature of its business and purpose of the valuation. At any point of time different values may exist for different purposes.

We have not considered Net Asset Value (NAV) method for the said valuation purpose as both TMFL and TMFSL are operating businesses and we understand that historical book value does not reflect intrinsic value of their businesses. The valuation is undertaken with going concern assumption and we do not contemplate an actual sale realization of the individual assets. We have therefore not considered NAV method for the said valuation.

Share Entitlement Ratio Recommendation

We have considered the Price to Book Value multiple under the CCM method. We have considered the valuation multiple of comparable listed companies of TMFL and TMFSL, to the extent appropriate. The valuation multiple is based on the prevalent market price and last published financials of the said comparable companies.

The valuation summary is as below:

Valuation summary

Valuation approach	Tata Motors Finance Solutions Limited (TMFSL)		Lending Business of Tata Motors Finance Limited (TMFL) - Demerged Undertaking	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	108	0%	416	0%
Income approach - DCF method	NA	0%	NA	0%
Market approach - CCM method	179	100%	571	100%
Relative value per share	179		571	
Recommended Peer Equity Share Entitlement Ratio (rounded off):	3.4			
	i.e., 34 equity shares of TMFSL for every 10 equity shares of TMFL			

In the light of the above and on a consideration of all the relevant factors and circumstances, we recommend a fair equity share entitlement ratio of:

"34 (Thirty-Four) Equity Shares of INR 10 each fully paid-up to be issued by TMFSL for every 10 (Ten) equity shares of INR 10 each fully paid to the shareholders of TMFL as on the Effective Date"

Procedures adopted for the purpose of valuation

In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:

- Requested and received all necessary information from the Management including details of shareholding of the Companies
- Discussions with the Management on understanding of the businesses / assets of the Companies and fundamental factors that affect their earning capacity including historical performance, future plans and prospects, etc.
- Obtained and analysed data available in public domain, as considered relevant by us
- Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us
- Determined the Share Entitlement Ratio in discussions with the Management, for issue of shares of TMFSL to the shareholders of TMFL for demerging the Demerged Undertaking of TMFL into TMFSL.

Limiting Conditions

- The report is based on information provided to us by the Management. Analysis and results are specific to the purpose mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose. Also, it may not be valid if done on behalf of any other entity.
- Provision of opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The report was prepared for the purpose of complying with specified provisions and the stated purpose and is for the confidential use of the client only. Its suitability and applicability of any other use has not been checked by us. Neither the report nor its contents may be disclosed to any third party or referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, any public communication, loan agreement or other agreement or document given to third parties without our prior written consent. We retain the right to deny permission for the same.
- In accordance with the customary approach adopted in such exercises, we have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
- We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the subject's activities at the Analysis Date. Therefore, we will accept no responsibility for any error or omission in the Report arising from incorrect or incomplete information provided by the Management. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable. We may however in no way be held responsible for completeness, accuracy, etc. for the data provided to us.
- The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration to the following matters -
  - Matters of a legal nature, including issues of legal title and compliance with local laws, and
  - Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Company.

- The analysis and result are governed by concept of materiality.
- The opinion(s) rendered in the Report only represent the opinion(s) based upon information furnished by you and others on your behalf and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility to only to the directors of the company who have retained us and nobody else.
- We do not accept any liability to any third party in relation to the issue of this report.
- The Report is not for anybody to make any investment into the subject nor meant to assist anybody for any transaction purpose (for which expert opinion needs to be obtained) nor as to how the voting should be conducted in any meeting. The Report is purely for compliance with requirements of the Companies Act, 2013 and the Rules made thereunder. This report has been prepared for a very specific purpose. Thus, this report cannot be used for any other purpose apart from what is mentioned herein.
- We will not be held responsible to anybody in relation to this report. We understand that the contents of the report have been reviewed in detail before we issued the final signed report.
- We are not responsible to update this report subsequent to the date mentioned in this report because of any material event or any event that could have a bearing on our analysis.
- We have not assessed the commercial reasons behind the transaction and have only determined the share entitlement ratio.

Sources of Information

The following sources of information have been utilized in conducting the analysis as provided to us by the Management of the Companies:

- Unaudited financial statements of TMFL and TMFSL for the period ended 30th June 2022
- Book value of Operating Lease Business
- Cash Infusion for Rights issue
- Shareholding pattern of the Companies as of the Analysis Date
- Business and Corporate Profile
- Other background information provided through emails, word documents or during discussions
- Discussions with the Management

In addition to the above, we have also obtained such other information and explanations from the Management as considered relevant. We have obtained a general representation from the Management confirming that they have provided us with all the relevant information, knowledge, supporting documents and confirmations completely and correctly and that no material information has been concealed or withheld or misrepresented to us. During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise. The Management has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

Annexure I – Valuation Workings for Tata Motors Finance Limited (Lending Business)

Value of Equity Shares using Net Asset Value (NAV) method

Particulars	As of 30-Jun-22 INR Mn
Share capital - reported	8,430
Reserves and Surplus	26,962
Less: Book value of Operating Lease Business	-350
Add: Cash Infusion for Rights Issue	3,004
Adjusted net asset value	**38,046**
Number of equity shares	90,972,962
Adjusted net asset value per share (INR)	**418**

Value of Equity Shares using CCM method

Particulars			Value
Equity	INR Mn	a	8,430
Add: Reserves and Surplus	INR Mn	b	26,962
Networth	INR Mn	A = a + b	35,392
Less: Book value of Operating Lease Business *	INR Mn	B	350
Adjusted Net Worth	INR Mn	C=A-B	35,042
Adjusted Price to Book Multiple	x	D	1.40
Equity Value	INR Mn	E=C*D	49,058
Add: Cash infusion for Rights Issue	INR Mn	F	3,004
Adjusted Equity Value	INR Mn	G=E+F	52,063
Number of shares	Number	H	90,972,962
Value per share	INR	I=G*10^6/H	572

* As informed to us by the Management

Determination of Price to Book Value multiple of Comparable Companies

Particulars		Cholamandalam Investment & Finance Company Limited	Mahindra & Mahindra Financial Services Limited	Shriram Transport Finance Company Limited	Sundaram Finance Limited	Median
No. of Shares	Nos	[illegible]	[illegible]	[illegible]	[illegible]	
Average Share Price	INR	727	201	1,311	2,492	
Market Capitalization	INR	[illegible]	[illegible]	[illegible]	[illegible]	
Working Capitalization	INR Mn	585,616	485,377	355,[illegible]	336,[illegible]	
Share Capital as of 31 Mar 2022	INR Mn	1,443	9,066	5,766	191	
Reserves and Surplus as of 31 Mar 2022	INR Mn	114,347	164,857	328,367	36,823	
Networth	INR Mn	[illegible]	[illegible]	[illegible]	[illegible]	
Price to Book Value (PBV) multiple	x	5.1	1.6	1.1	3.6	1.9

Annexure II – Valuation Workings for Tata Motors Finance Solutions Limited

Value of Equity Shares using Net Asset Value (NAV) method

Particulars	As of 30-Jun-22 INR Mn
Share capital	17,005
Reserves and Surplus	1,432
Adjusted net asset value	**18,437**
Number of equity shares	170,049,735
Adjusted net asset value per share (INR)	**108**

Value of Equity Shares using CCM method

Particulars			Value
Equity	INR Mn	a	17,005
Add: Reserves and Surplus	INR Mn	b	1,432
Less: Book value of investment in TMFL		c	1,050
Networth	**INR Mn**	A = a + b - c	**17,387**
Adjusted Price to Book Multiple	x	B	1.60
Equity Value	**INR Mn**	C=A x B	**27,819**
Add: Fair value of investment in TMFL	INR Mn	D	1,050
Equity Value	**INR Mn**	E=C+D	**28,868**
Number of shares	Number	F	170,049,735
Value per share	**INR**	G=E*10^6/F	**170**

Fair value of Investment in TMFL

Particulars	Units		Value
Number of shares held by TMFSL in TMFL	Number	A	1,822,016
Value per share of TMFL	INR	B	572
Value of stake held by TMFSL in TMFL	INR Mn	C=A x B	1,042
% stake held by TMFSL in TMFL	%	D	2%
Operating Lease Business of TMFL	INR Mn	E	350
Stake of TMFSL in Book value of Operating Lease Business	INR Mn	F=D x E	7
Fair Value of stake held by TMFSL in TMFL	**INR Mn**	G=C+F	**1,050**

Determination of Price to Book Value multiple of Comparable Companies

Particulars		Cholamandalam Investment & Finance Company Limited	Mahindra & Mahindra Financial Services Limited	Shriram Transport Finance Company Limited	Sundaram Finance Limited	Median
No. of Shares	Nos	[illegible]	[illegible]	[illegible]	[illegible]	
Average Share Price	INR	[illegible]	201	1,211	3,002	
Market Capitalization	INR	[illegible]	[illegible]	[illegible]	[illegible]	
Market Capitalization	INR Mn	[illegible]	[illegible]	[illegible]	[illegible]	
Share Capital as of 31 Mar 2022	INR Mn	[illegible]	[illegible]	[illegible]	[illegible]	
Reserves and Surplus as of 31 Mar 2022	INR Mn	[illegible]	[illegible]	[illegible]	[illegible]	
Networth	INR Mn	[illegible]	[illegible]	[illegible]	[illegible]	
Price to Book Value (P/BV) multiple	x	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Annexure III – Valuation Rationale

As per our discussion over a period of time, we understand that TMFL and TMFSL are:

- Managed under the same holding company;
- Managed by same group of peoples;
- Both the companies are in the lending business for vehicles (TMFL is into new vehicle finance and TMFSL is into used vehicle finance);
- Operates in similar asset class

The business of TMFL was impacted severely during Covid-19 as the borrower's ability to service loans deteriorated significantly due to economic slowdown and movement restriction. RBI did come up with various relief measures for borrowers during this period to compete with same. However, going forward from FY23 onwards, as the economy is reviving back on track, we expect the CV industry in which TMFL operates to take an uptick and reach pre Covid-19 levels, thereby improving the loan book size and quality of assets of TMFL.

TMFSL on other hand witnessed a surge in the disbursals of ~77% during FY22 i.e.; INR 3,795 crores in FY22 as against INR 2,139 crores in FY21. As the base level and disbursal increases, growth as a percentage for loans will gradually taper down. The company expects disbursal to increase at a CAGR of ~20% - 25% in upcoming 5 years. Further, the Management expects IRRs and NIMs to remain stable with increase of the loan book. As the weighted average seasoning of a growing portfolio increases and reaches a steady state, credit losses as a % is expected to increase, thereby impacting margins to that extent, as the credit losses occur in the later part of a contract's tenure and not in the early part of the tenure.

Basis the above factors listed we understand that both the companies TMFL and TMFSL will be having a similar performance and thus the multiples attributed to both companies would be within a narrow range.

03 October 2022

To
Board of Directors

Tata Motors Finance Solutions Limited
I-Think Lodha Techno Campus
Building A 2nd floor
Off Pokharan Road 2
Thane (West) 400601

Subject: Recommendation of Share Entitlement Ratio for the proposed demerger of Non-banking finance related business ('Lending Business') of Tata Motors Finance Limited ('TMFL') into Tata Motors Finance Solutions Limited ('TMFSL').

Dear Sir/Madam,

We refer to our engagement letter dated 07 September 2022 and addendum thereto dated 03 October 2022 whereby Tata Motors Finance Solutions Limited (hereinafter referred to as 'TMFSL' or 'Company' or 'Client' or 'you') has appointed PwC Business Consulting Services LLP, to recommend the Share Entitlement Ratio for the proposed demerger of Lending Business into TMFSL.

PwC Business Consulting Services LLP has been hereinafter referred to as 'PwC BCS' or the 'Valuer' or 'we' or 'us' in this report ('Valuation Report' or 'Report').

Share Entitlement Ratio is defined as the ratio in which the equity shareholders of TMFL shall be entitled to receive the equity shares in TMFSL

BACKGROUND OF COMPANIES

TMF Holdings Limited ('TMFHL'), a wholly-owned subsidiary of Tata Motors Limited ('TML'), is registered as a Non-Banking Financial (Non-Deposit taking - Systemically Important - Core Investment) Company under section 45-IA of the Reserve Bank of India (RBI), Act 1934. TMFHL is the holding company of TMFL and TMFSL.

TMFL is primarily engaged in the business of vehicle financing and equipment leasing. TMFL is registered as a Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company under section 45-IA of Reserve Bank of India ("RBI"), Act, 1934. As of 31 August 2022, TMFHL and TMFSL own 98.0% and 2.0% equity stake respectively in TMFL.

TMFSL is primarily engaged in the business of financing the used vehicles. It also provides corporate loans to vendors and dealers of TML. TMFSL is registered as a Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company under section 45-IA of Reserve Bank of India ("RBI"), Act, 1934. TMFSL is a wholly owned subsidiary of TMFHL.

SCOPE AND PURPOSE OF THIS REPORT

We understand from the management of TMFSL ('the Management') that the Lending Business of TMFL is proposed to be demerged into TMFSL under a scheme to be approved by the National Company Law Tribunal ('NCLT') (referred to as 'Proposed Transaction'). The Proposed Transaction would be in accordance with the provisions of Sections 230 to 232, and other applicable provisions, of the Companies Act, 2013, including the rules and regulations issued thereunder. The consideration for the Proposed Transaction would be discharged by issue of equity shares of TMFSL to the shareholders of TMFL.

For the aforesaid purpose, the Board of Directors of TMFSL ('BOD') require a Registered Valuer Report under section 232 read along with section 247 of Companies Act, 2013 and has appointed PwC BCS to determine the Share Entitlement Ratio for the proposed demerger of Lending Business of TMFL into TMFSL. This would entail valuation of Lending Business of TMFL and valuation of equity shares of TMFSL (together been referred to as 'Valuation'). As instructed by the Management, we have undertaken Valuation as on 31 August 2022 ('Valuation Date')

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LLPIN: AAC-8088 Registered with limited liability.
Registered Office: 11th Floor, Vishwa Deepak Bhawan, 1st Floor, Vishwa Deepak Marg, New Delhi, 110 002

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory/ authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of TMFSL.

The Report will be used by TMFSL only for the purpose, as indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

The scope of our services is to conduct a relative (and not absolute) valuation of Lending Business of TMFL and equity shares of TMFSL and to recommend a Share Entitlement Ratio in accordance with generally accepted professional standards.

This Report is our deliverable for the above engagement. This Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers 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.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and gathered from public domain;

- audited financial statements for 3 years ended 31 March 2022 and unaudited financial statements for 3 months period ended 30 June 2022 of TMFL and TMFSL;
- details of issue of equity shares on rights basis by TMFL in August 2022;
- net assets of the equipment leasing business of TMFL;
- secondary research and market data on comparable companies, comparable transactions to the extent readily available in public domain;
- discussions and correspondence with the Management;
- the International Valuation standards (effective January 31, 2022) published by the International Valuation Standards Council;
- other information and documents that we considered necessary for the purpose of this engagement.

The Client has been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement Ratio) as part of our standard practice to make sure that factual accuracies/ omissions are avoided in our final report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- considered audited financial statements for the past three years ended 31 March 2022 and unaudited financial statements for 3 months period ended 30 June 2022 of TMFL and TMFSL;
- discussions with the Management to understand macro-economic fundamentals, key value drivers and competitive scenario affecting the industry in general and the business of TMFL and TMFSL in particular;
- discussions with the Management to understand the historical performance, expectation of the future performance of Lending Business of TMFL, equipment leasing business of TMFL and TMFSL;
- selection of well accepted valuation methodology(ies) as considered appropriate by us;
- carried out analysis of valuation multiples of comparable companies/ comparable transactions using information available in public domain (to the extent available) and/ or proprietary databases subscribed by us or our network firms;
- such other analyses, reviews and enquiries, as we considered necessary;
- arriving at relative values of Lending Business of TMFL and equity shares of TMFSL in order to determine the Share Entitlement Ratio.

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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or PwC network firms.

This Report, its contents and the results herein are specific to (i) the purpose of relative valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) and are based on the balance sheets of TMFL and TMFSL as at 30 June 2022 and other information provided by the Management. The Management has represented that the business activities of TMFL and TMFSL have been carried out in the normal and ordinary course between 30 June 2022 and the date hereof and that no material adverse change has occurred in their respective operations and financial position between 30 June 2022 and the Report date. Our analysis was completed on a date subsequent to the Valuation Date and accordingly, we have taken into account such valuation parameters and other information over such period, as we considered appropriate and relevant, up to a date close to the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by/ on behalf of the Client (or its representatives). In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by/ on behalf of the Client (or its representatives). Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not require us to conduct any financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of TMFL (Lending Business and other business) and TMFSL. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

Also, with respect to explanations and information sought from/ on behalf of the Client (or its representatives), we have been given to understand by the Client that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/ on behalf of the Client (or its representatives). The Management of the Client has indicated to us that they have understood that any material omissions, inaccuracies, or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Client (or its representatives) and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base this Report. 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. Also, we assume no responsibility for technical information (if any) furnished by/ on behalf of the Client (or its representatives).

The Report assumes that the TMFL (Lending Business and other business) and TMFSL comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that these companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of TMFL and TMFSL. Our conclusion of value assumes that the assets and liabilities of TMFL and TMFSL, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the claims of TMFL and TMFSL has been made for the purpose of this Report and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Client (or its representatives) in this regard.

This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the Proposed Transaction.

We owe responsibility to only the Boards of Directors of the Client that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Client. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or wilful default on part of the Client, its directors, employees, or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the Proposed Transaction. In addition, this Report does not in any manner address the prices at which TMFL's equity shares will trade following consummation of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders/ creditors of either TMFL or TMFSL should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Proposed Transaction. Our Report and the opinion/ valuation analysis contained herein is not and nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Client and have no current or expected interest in the Client or its assets. The fee for the engagement is not contingent upon the results reported.

This Valuation Report is subject to the laws of India.

Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

SHARE CAPITAL DETAILS OF TMFL and TMFSL

Tata Motors Finance Limited

The issued and subscribed equity share capital of TMFL as at 31 August 2022 is INR 909.7 crore consisting of 90,972,962 equity shares of face value of INR 10/- each. The shareholding pattern of TMFL is as follows:

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Shareholding pattern as on 31 August 2022		
Shareholders	No of Shares	% Share Holding
TMF Holdings Limited	89,150,846	98.0%
Tata Motors Finance Solutions Limited	1,822,016	2.0%
Total	90,972,862	100.0%

Source: Management Information

We understand from the Management that TMFL has effected a rights issue in in August 2022. We understand from the Management that TMFL has not obtained any valuation report for the aforesaid rights issue and that the shares were offered to all the existing shareholders. Therefore the rights issue price has not been considered in our analysis.

The Management has represented that there has not been any change in the share capital/ shareholding pattern between 31 August 2022 and the Report date.

Tata Motors Finance Solutions Limited

The issued and subscribed equity share capital of TMFSL as at 31 August 2022 is INR 1,700.5 crore consisting of 170,049,735 equity shares of face value of INR 10 /- each. The shareholding pattern of TMFSL is as follows.

Shareholding pattern as on 31 August 2022		
Shareholders	No of Shares	% Share Holding
TMF Holdings Limited	170,049,735	100.0%
Total	170,049,735	100.0%

Source: Management Information

The Management has represented that there has not been any change in the share capital and the shareholding pattern between 31 August 2022 and the Report date.

Our Report and recommendation of the Share Entitlement Ratio considers the above shareholding pattern of TMFL and TMFSL.

APPROACH & METHODOLOGY - BASIS OF PROPOSED TRANSACTION

The Scheme under the provisions of Section 230 to 232 of the Companies Act, 2013 to be approved by NCLT, contemplates a demerger of Lending Business of TMFL into TMFSL.

Arriving at the Share Entitlement Ratio for the Proposed Transaction, would require determining the relative valuation of Lending Business of TMFL and value of equity shares of TMFSL, based on valuation approaches explained hereinbelow and various qualitative factors relevant to Lending Business of TMFL and TMFSL.

There are several commonly used and accepted valuation approaches for determining the value of shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value (NAV) Method

2. Income Approach
   - Discounted Cash Flow (DCF) Method

3. Market Approach
   - Market Price Method
   - Comparable Companies Multiples (CCM) Method
   - Comparable Companies' Transaction Multiples (CTM) Method

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Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A demerger of business would normally be proceeded with, on the assumption that the business would continue as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of Proposed Transaction, with the values arrived at on the net asset basis being of limited relevance.

Income Approach - Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies/ business' capital – both creditors and shareholders.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital:
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Market Approach: Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price (MP) Method**

  The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple (CCM) method**

  Under this method, value of a business/ company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as book value, sales, capital employed, earnings, etc is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. 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.

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- **Comparable Companies' Transaction Multiples (CTM) Method**

  Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions 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

It should be understood 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 companies (i.e. TMFL and TMFSL). In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of TMFL and TMFSL, and other factors which generally influence the valuation of the above companies and their assets

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.

Out of the above methods, we have used approaches/ methods, as considered appropriate. The valuation approaches/ methods used and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

BASIS OF SHARE ENTITLEMENT RATIO

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer 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 sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of share entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single share entitlement ratio. The Share Entitlement Ratio rendered in this Report only represent our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Share Entitlement Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of TMFL and TMFSL who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The Share Entitlement Ratio has been arrived at on the basis of a relative valuation, on per share basis, of Lending Business of TMFL and equity of TMFSL based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the Proposed Transaction. It is important to note that we are not attempting to arrive at the absolute value of Lending Business of TMFL and equity of TMFSL but at their relative values to facilitate the determination of the Share Entitlement Ratio for the Proposed Transaction. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology

<u>Lending Business of TMFL</u>

In the current analysis, valuation of Lending Business of TMFL has been carried out on going concern basis. In such a going concern scenario, an actual realization of the operating assets is not contemplated and the relative earning power, as reflected under the Income and Market approaches, is usually of greater importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the value of Lending Business of TMFL under the Asset

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Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Entitlement Ratio.

We have not been provided with the financial projections of TMFL/ Lending Business of TMFL, therefore, we have not used Income Approach/ DCF method to determine the value of Lending Business.

For our analysis under Market Approach, we have considered the CCM Method to arrive at the value of Lending Business of TMFL. Lending Business of TMFL comprises lending to TML's customers to whom new vehicles are sold. Accordingly, we have considered multiples of listed companies operating in the NBFC industry and primarily providing vehicle finance in India. Further, as instructed by the Management, the book value of equipment leasing business has been subtracted from the TMFL book value to arrive at book value of Lending Business. While there have been some reported transactions in similar companies in the recent past, we have not considered the CTM method for the purpose of our analysis, considering lack of financial information of target companies, details regarding pricing, terms of transaction etc. Further, comparable transactions may include acquirer specific considerations, synergy benefits, control premium etc.

TMFSL

In the current analysis, valuation of TMFSL has been carried out on going concern basis. In such a going concern scenario, an actual realization of the operating assets is not contemplated and the relative earning power, as reflected under the Income and Market approaches, is usually of greater importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the value of TMFSL under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Entitlement Ratio.

We have not been provided with the financial projections of TMFSL, therefore, we have not used Income Approach/ DCF method to determine the value of TMFSL.

For our analysis under Market Approach, we have considered the CCM Method to arrive at the value of equity of TMFSL. TMFSL lends to dealers and owners of used vehicles of TML and other companies. Accordingly, we have considered multiples of listed companies operating in the NBFC industry and providing primarily vehicle finance in India. While there have been some reported transactions in similar companies in the recent past, we have not considered the CTM method for the purpose of our analysis, considering lack of financial information of target companies, details regarding pricing, terms of transaction etc. Further, comparable transactions may include acquirer specific considerations, synergy benefits, control premium etc.

For our final analysis and recommendation we have considered the values arrived under Market Approach, to arrive at the relative value of Lending Business of TMFL and value of equity shares of TMSFL for the purpose of the Proposed Transaction.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Entitlement Ratio for the Proposed Transaction whose computation is as under.

The below table summarises workings for the value of the Lending Business of TMFL and equity value of TMFSL, and the Share Entitlement Ratio, as derived by us

Valuation Approach	Lending Business of TMFL (Lending Business)		TMFSL	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach	418.2	0.0%	108.4	0.0%
Income Approach - DCF Method	N/A	0.0%	N/A	0.0%
Market Approach – CCM Method	571.7	100.0%	188.2	100.0%
Relative value per share	571.7		188.2	
Recommended Share Entitlement Ratio (rounded off)	34:10			

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Entitlement Ratio for the proposed demerger of Lending Business of TMFL into TMFSL as under:

- **34 (Thirty Four) equity shares of TMFSL (of INR 10/- each fully paid up) for every 10 equity shares held in TMFL (of INR 10/- each fully paid up).**

Respectfully submitted,

PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj Garg
Partner
IBBI Membership No : IBBI/RV/02/2021/14036

Date: 03 October 2022
Place: Mumbai

RVN - IOV/RVF/PV/C/2022-2023/1134

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA MOTORS FINANCE LIMITED AT ITS MEETING HELD ON OCTOBER 03, 2022, EXPLAINING THE EFFECT OF THE SCHEME OF DEMERGER BETWEEN TATA MOTORS FINANCE LIMITED AND TATA MOTORS FINANCE SOLUTIONS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

A. **Background:**

1. The Board of Tata Motors Finance Limited (**"Company"**) (TMFL) at its meeting held on October 03, 2022, approved the Scheme of Demerger amongst the Company and Tata Motors Finance Solutions Limited (**"Resultant Company"**) (TMFSL) and their respective shareholders (**"Scheme"**), to be implemented under Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder (**"Act"**) and other applicable provisions, if any, of the Act for demerger of the Company's undertaking comprising in the nonbanking finance related business of the Company to Resultant Company.

2. In terms of Section 232(2)(c) of the Act, a report from the Board of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, setting out, among other things, the share exchange ratio, specifying any special valuation difficulties, is required to be adopted by the Board. Such report is then required to be appended with the notice of the meeting of shareholders and creditors if ordered by the jurisdictional National Company Law Tribunal.

3. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Act.

4. While deliberating on the Scheme, the Board, inter-alia, considered and took on record the following documents:

   (a) A draft of the proposed Scheme,

   (b) Draft Auditor's certificate to be issued by M/s Sharp & Tannan Associates, Chartered Accountants and M/s G. M. Kapadia & Co., Chartered Accountants, joint statutory auditors of the Company (**"Accounting Treatment Certificate"**), to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Act;

   (c) Draft Auditor's Certificate to be issued by M/s Sharp & Tannan Associates, Chartered Accountants and M/s G. M. Kapadia & Co., Chartered Accountants, Joint statutory auditors of the Company certifying amount of secured and unsecured creditors as on June 30, 2022 for the purpose of submission to NCLT as part of the Scheme;

   (d) Independent Auditor's Report on Principal Business Criteria in terms of Reserve Bank of India's Press Release bearing no. 1998-99 / 1269 dated April 8, 1999, post proposed demerger of the Demerged undertaking of Tata Motors Finance Limited; and

   (e) Audit Committee's approval dated October 03, 2022 recommending the Scheme from related party perspective.

5. The Scheme, amongst others, contemplates the following arrangements:

(a) A demerger of Demerged Undertaking (as defined in the Scheme) of the Company into the Resultant Company in the manner set out in Part II of the Scheme.

(b) With effect from the Appointed Date, the Demerged Undertaking of the Company shall stand transferred to and vested in or deemed to be transferred or vested in the Resultant Company as a going concern, in the manner provided in the Scheme.

(c) Change in the name of the Company as available with the Registrar of Companies and which the Board of Directors of the Company may deem fit in the manner set out in Clause 17 of Part II of the Scheme.

(d) Reorganization and reduction of the share capital of the Company after the demerger of the Demerged Undertaking in the manner set out in Part III of the Scheme.

B. **Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), and Key Managerial Personnel of Tata Motors Finance Limited.**

1. Effect on each class of shareholders (promoter shareholders and non-promoter shareholders):

Pursuant to the Scheme, the entire Demerged Undertaking (as defined in the Scheme) of the Company shall be transferred to and vested in the Resultant Company.

Upon the Scheme becoming effective and upon demerger of the Demerged Undertaking of the Company into the Resultant Company in terms of this Scheme, the Resultant Company shall issue and allot its equity shares to the members of the Company whose names appear in the register of members of the Company (except for shares already held by the Resultant Company) as on record date in the following proportion viz.-

"34 equity shares of face value of Rs. 100/- each of TMFSL shall be issued and allotted as fully paid up for every 10 equity shares of the face value of Rs. 100/- each fully paid up held in TMFL"

The said share exchange ratio is arrived at after taking into consideration the valuation reports issued by Ms. Rashmi Shah and by M/s PWC Business Consulting Service LLP which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that said share exchange ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Resultant Company and shall rank *pari-passu* in all respects with the equity shares of the Resultant Company as set out in the Scheme.

Further, pursuant to the scheme, the securities premium of the Company will be reduced on account of the transfer of the Demerged Undertaking from the Company to the Resultant Company. Further the securities premium and other reserves available with the Company after giving effect to the demerger to be reduced against negative balance in demerger reserve and/ or retained earnings arising on demerger.

The Scheme also contemplates reduction of equity share capital of the Company by reducing the face value of paid-up equity shares of the Company. The issued, subscribed and paid-up share

capital of the TMFL shall stand reduced from the existing Rs. 9,09,72,96,200/- (Rupees Nine hundred nine crore seventy-two lakhs ninety-six thousand two hundred Only) divided into 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty two only) equity shares with face value of Rs. 100/- (Rupees Hundred Only) per equity share to minimum of Rs. 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty-two only) divided into 9,09,72,962 (Nine crore nine lakhs seventy-two thousand nine hundred sixty two only) equity shares with face value of minimum of Rs. 1/- (Rupee One Only).

Thus, upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of TMFL could stand reduced upto Rs. 9,00,63,23,238/-(Rupees Nine hundred crore sixty-three lakhs twenty-three thousand two hundred thirty-eight Only)

As a consequence of the capital reduction indicated in clause 19.2 of the Scheme, the authorised share capital of TMFL will be modified and appropriate amendment will be carried out to Clause V of the Memorandum of Association

2. Effect on the Key Managerial Personnel: There is no effect on the key managerial personnel of the Company.

3. Effect on the creditors: Under the Scheme, there is no arrangement with the creditors (secured or unsecured) of the Company. No compromise is offered under the Scheme to any of the creditors of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.

4. Effect on staff or employees: Under the Scheme, no rights of the staff and employees of the Company are being affected. The services of the staff and employees of the Company shall continue on the same terms and conditions prior the proposed Scheme in case of transfer of employees as part of the Scheme.

C. Conclusion

While deliberating the Scheme, the Board has considered its impact on each of the shareholders, promoters, non-promoter shareholders, key managerial personnel, creditors and employees. The Scheme is in the best interest of the shareholders, promoters and non-promoter shareholders, key managerial personnel, creditors and employees of the Company and there shall be no prejudice caused to them in any manner by the Scheme

By order of the Board

For **TATA MOTORS FINANCE LIMITED**

S/d
SAMRAT GUPTA
Managing Director & CEO
DIN: 07071479

Date: October 03, 2022

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA MOTORS FINANCE SOLUTIONS LIMITED AT ITS MEETING HELD ON OCTOBER 03, 2022 EXPLAINING THE EFFECT OF THE SCHEME OF DEMERGER BETWEEN TATA MOTORS FINANCE LIMITED AND TATA MOTORS FINANCE SOLUTIONS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

A. **Background:**

1. The Board of Tata Motors Finance Solutions Limited ("**Company**") (TMFSL) at its meeting held on October 03, 2022 approved the Scheme of Demerger amongst the Company, Tata Motors Finance Limited ("**Demerged Company**") (TMFL) and their respective shareholders ("**Scheme**"), to be implemented under Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder ("**Act**") and other applicable provisions, if any, of the Act for demerger of the Demerged Company's undertaking comprising in the non banking finance related business of the Demerged Company to the Company.

2. In terms of Section 232(2)(c) of the Act, a report from the Board of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, setting out, among other things, the share exchange ratio, specifying any special valuation difficulties, is required to be adopted by the Board. Such report is then required to be appended with the notice of the meeting of shareholders and creditors if ordered by the jurisdictional National Company Law Tribunal.

3. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Act

4. While deliberating on the Scheme, the Board, Inter-alia, considered and took on record the following documents:

   (a) A draft of the proposed Scheme;

   (b) Draft Auditor's certificate to be issued by M/s Kalyaniwalla & Mistry LLP, statutory auditors of the Company ("**Accounting Treatment Certificate**"), to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Act;

   (c) Draft Auditor's Certificate to be issued by M/s Kalyaniwalla & Mistry LLP, statutory auditors of the Company certifying amount of secured and unsecured creditors as on June 30, 2022 for the purpose of submission to NCLT as part of the Scheme;

   (d) Draft Auditor's Special Purpose Review Report to be issued by M/s Kalyaniwalla & Mistry LLP, statutory auditors for the unaudited quarterly and year to date financial statements to understand the impact on the financial statements of the proposed amalgamation of the NBFC segment of TMFL as at April 1, 2022 "Assumed Appointed Date" with TMFSL; and

   (e) Audit Committee's approval dated October 03, 2022 recommending the Scheme from related party perspective.

5. The Scheme, amongst others, contemplates the following arrangements:

(a) A demerger of Demerged Undertaking (as defined in the Scheme) of the Demerged Company into the Company in the manner set out in Part II of the Scheme.

(b) With effect from the Appointed Date, the Demerged Undertaking of the Demerged Company shall stand transferred to and vested in or deemed to be transferred or vested in the Company as a going concern, in the manner provided in the Scheme.

(c) Change in the name of the Company as available with the Registrar of Companies and which the Board of Directors of the Company may deem fit in the manner set out in Clause 17 of Part II of the Scheme.

B. **Effect of the Scheme on equity shareholders (promoter shareholders and non-promoter shareholders), and Key Managerial Personnel of Tata Motors Finance Solutions Limited:**

1. Effect on each class of shareholders (promoter shareholders and non-promoter shareholders).

Pursuant to the Scheme, the entire Demerged Undertaking (as defined in the Scheme) of the Demerged Company shall be transferred to and vested in the Company.

Upon the Scheme becoming effective and upon demerger of the Demerged Undertaking of the Demerged Company into the Company in terms of this Scheme, the Company shall issue and allot its equity shares to the members of the Demerged Company whose names appear in the register of members of the Demerged Company (except for shares already held by the Company) as on record date in the following proportion viz -

"34 equity shares of face value of Rs. 100/- each of TMFSL shall be issued and allotted as fully paid up for every 10 equity shares of the face value of Rs. 100/- each fully paid up held in TMFL"

The said share exchange ratio is arrived at after taking into consideration the valuation reports issued by Ms. Rashmi Shah and by M/s PWC Business Consulting Service LLP which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that said share exchange ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank *pari-passu* in all respects with the equity shares of the Company as set out in the Scheme.

Further, pursuant to the scheme, the securities premium of the Demerged Company will be reduced on account of the transfer of the Demerged Undertaking from the Demerged Company to the Company. Further the securities premium available with the Demerged Company after giving effect to the demerger to be reduced against negative balance in demerger reserve and/ or retained earnings arising on demerger

The Scheme also contemplates reduction of equity share capital of the Demerged Company by reducing the face value of paid-up equity shares of the Demerged Company. The issued, subscribed and paid-up share capital of the TMFL shall stand reduced from the existing Rs. 9,09,72,96,200/- (Rupees Nine hundred nine crore seventy-two lakhs ninety-six thousand two hundred Only) divided into 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty two only) equity

shares with face value of Rs. 100/- (Rupees Hundred Only) per equity share to minimum of Rs. 9,09,72,962 (Nine crore nine lakh seventy-two thousand nine hundred sixty-two only) divided into 9,09,72,962 (Nine crore nine lakhs seventy-two thousand nine hundred sixty two only) equity shares with face value of minimum of Re. 1/- (Rupee One Only).

Thus, upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of TMFL could stand reduced upto Rs. 9,00,63,23,238/- (Rupees Nine hundred crore sixty-three lakhs twenty-three thousand two hundred thirty-eight Only).

As a consequence of the capital reduction indicated in clause 19.2 of the Scheme, the authorised share capital of TMFL will be modified and appropriate amendment will be carried out to Clause V of the Memorandum of Association

2. Effect on the Key Managerial Personnel: There is no effect on the key managerial personnel of the Company.

3. Effect on the creditors: Under the Scheme, there is no arrangement with the creditors (secured or unsecured) of the Company. No compromise is offered under the Scheme to any of the creditors of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.

4. Effect on staff or employees: Under the Scheme, no rights of the staff and employees of the Company are being affected. The services of the staff and employees of the Company shall continue on the same terms and conditions prior the proposed Scheme.

C. Conclusion

While deliberating the Scheme, the Board has considered its impact on each of the shareholders, promoters, non promoter shareholders, key managerial personnel, creditors and employees. The Scheme is in the best interest of the shareholders, promoters and non-promoter shareholders, key managerial personnel, creditors and employees of the Company and there shall be no prejudice caused to them in any manner by the Scheme.

By order of the Board

For TATA MOTORS FINANCE SOLUTIONS LIMITED

S/d
ALOK CHADHA
Whole Time Director
DIN: 09537539

Date: October 03, 2022

TATA MOTORS FINANCE LIMITED (CIN - U65300MH1989PLC060444)
Condensed Interim unaudited Balance Sheet as at September 30, 2022

(₹ in lakhs)

Particulars	Notes	As at September 30, 2022	As at March 31, 2022
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	5	3990,11.77	2498,98.81
(b) Bank Balance other than cash and cash equivalents	6	291,82.89	434,22.56
(c) Derivative financial instruments	14	57,33.71	57,64.13
(d) Receivables			
I. Trade receivables	7	25,80.75	30,07.18
II. Other receivables	8	35,36.51	5,26.62
(e) Loans	9	27452,03.69	28232,78.66
(f) Investments	10	1109,74.12	1247,30.21
(g) Other financial assets	11	544,81.53	717,19.58
		33816,75.07	33224,06.86
2 Non-financial assets			
(a) Current tax assets (net)		181,48.41	197,20.72
(b) Deferred tax assets (net)		156,94.23	191,94.57
(c) Property, plant and equipment	12A	203,87.89	208,62.10
(d) Other intangible assets	12B	2,72.01	3,21.62
(e) Other non-financial assets	13	129,17.94	123,59.80
		676,21.07	696,59.11
3 Assets held for sale		294,48.75	428,50.17
Total assets		34886,42.89	34358,45.13
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments	14	14,51.60	19,78.01
(b) Payables	15		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		5,38.71	6,67.28
- total outstanding dues of creditors other than micro enterprises and small enterprises		163,10.00	201,82.42
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		64,52.73	124,32.42
(c) Debt securities	16	8014,94.58	8049,37.43
(d) Borrowings (other than debt securities)	17	19276,17.46	19695,89.37
(e) Subordinated liabilities	18	1338,57.42	1500,56.82
(f) Other financial liabilities	19	567,31.68	778,10.84
		29860,85.48	29978,75.19
2 Non-financial liabilities			
(a) Current tax liabilities (net)		53.21	53.53
(b) Provisions	20	112,39.49	98,87.87
(c) Other non-financial liabilities	21	45,06.81	59,97.05
		158,98.58	158,38.24
3 Equity			
(a) Equity share capital	22A	904,72.56	838,37.69
(b) Instruments entirely equity in nature	22B	1348,00.00	1348,00.00
(c) Other equity		2621,65.47	2843,04.01
		5174,58.03	4759,31.70
Total liabilities and equity		34886,42.89	34358,45.13

See accompanying notes forming part of condensed interim unaudited financial statements (1 to 37)

As per our report of even date attached
For BHARP & TANNAN ASSOCIATES
Chartered Accountants
Firm Registration Number: 109963W

TIRTHARAJ ANNASAHEB KHOT
Digitally signed by Tirtharaj Khot
Date: 2022.10.28 09:42 +05'30'

Tirtharaj Khot
Partner
Membership No. 037457

Place: Mumbai
Date: October 28, 2022

For G. M. Kapadia & Co
Chartered Accountants
Firm Registration Number: 104767W

Abu Shah
Partner
Membership No. 039589

Place: Mumbai
Date: October 28, 2022

For and on behalf of the Board of Directors

Palamadai Sundararajan Jayakumar
Digitally signed by Palamadai Sundararajan Jayakumar
Date: 2022.10.28 21:04:46 +05'30'

P. S. Jayakumar
Director
(DIN - 01173236)

PALACHARIDI BALAJI
Digitally signed by PALACHARIDI BALAJI

P.B. Balaji
Director
(DIN - 02762563)

SAMRAT GUPTA
Digitally signed by SAMRAT GUPTA
Date: 2022.10.28 20:56:47 +05'30'

Samrat Gupta
Managing Director and
Chief Executive Officer
(DIN - 07071679)

RIDHI ZAVERI GANGAR
Digitally signed by RIDHI ZAVERI GANGAR
Date: 2022.10.28 20:56:44 +05'30'

Ridhi Gangar
Chief Financial Officer

VINAY BABURAO LAVANNIS
Digitally signed by VINAY BABURAO LAVANNIS
Date: 2022.10.28 20:56:28 +05'30'

Vinay Lavannis
Company Secretary
Membership No. A7811

Place: Mumbai
Date: October 28, 2022

TATA MOTORS FINANCE LIMITED (CIN - [illegible])
Unaudited Standalone Statement of Profit and Loss for the Period ended September 30, 2022

(Rs. in lakhs)

Particulars	Notes	For the quarter ended September 30, 2022	For the period ended September 30, 2022	For the quarter ended September 30, 2021	For the period ended Sept 30, 2021
Revenue from operations					
(a) Interest income	22	[illegible]	[illegible]	[illegible]	[illegible]
(b) Dividend income		54.83	3,86.37	23.75	3,75.53
(c) Rental income		(4,11.48)	26,75.48	15,00.86	32,22.81
(d) Net gain on fair value changes	24	27,80.04	49,88.86	12,93.29	63,11.96
(e) Net gain on derecognition of financial instruments		56,72.42	80,97.93	37,01.56	103,77.07
(f) Company loan service charges		61,51.98	100,29.08	44,96.04	82,12.35
I Total Revenue from operations		[illegible]	[illegible]	[illegible]	[illegible]
II Other income	25	28,23.38	73,58.84	46,66.06	61,49.82
III Total Income (I + II)		1911,32.69	3573,36.73	3843,32.86	1867,37.39
IV Expenses					
(a) Finance cost	26	530,63.34	1432,38.03	549,06.73	1073,46.57
(b) Impairment of financial assets and other assets	27	364,45.84	737,41.28	(15,53.60)	514,[illegible]
(c) Employee benefits expense	28	68,78.50	144,31.74	85,80.36	192,10.04
(d) Depreciation and amortisation	PPE & 12B	14,78.12	27,32.07	10,90.16	20,46.24
(e) Other expenses	29	167,68.49	312,24.31	112,56.80	209,67.92
Total Expenses		1146,34.29	2654,21.54	836,21.28	1864,34.62
V Profit/(Loss) before exceptional items and tax (III - IV)		(134,91.60)	(116,85.16)	447,11.34	32,48.77
VI Profit/(Loss) before tax (V - VI)		(134,91.60)	(116,85.16)	447,11.34	32,48.77
VII Tax expense / (income)					
Current tax		-	-	-	-
Deferred tax		-	-	18,86.04	(100,11.30)
Total tax expense		-	-	18,86.04	(100,11.30)
IX Profit/(Loss) for the period from continuing operations (VI - VIII)		(134,91.60)	(116,85.16)	430,25.30	132,60.07
X Profit/(Loss) for the period		(134,91.60)	(116,85.16)	430,25.30	132,60.07
XI Other Comprehensive Income					
A. i. Items that will not be reclassified to profit or loss					
a. Remeasurements of the defined benefit plans		-	-	-	-
b. Equity instruments through Other Comprehensive Income		17,28.25	(9,33.40)	(1,87.68)	20,03.85
c. Income tax relating to items that will not be reclassified to profit or loss		(4,34.93)	2,47.28	6,04.42	(13,00.23)
Sub-total (A)		12,93.31	(7,05.55)	3,16.27	7,03.62
B. i. Items that will be reclassified to profit or loss					
a. Net Gains/(Losses) on Cash flow Hedges		45,40.81	52,64.25	(6,61.31)	(31.80)
b. Debt Instruments through Other Comprehensive Income		113,28.84	149,88.86	(33,35.87)	(190,40.44)
c. Income tax relating to items that will be reclassified to profit or loss		28,53.56	(35,47.86)	8,43.54	48,98.16
Sub-total (B)		186,23.33	167,37.29	(31,15.37)	(139,84.70)
Other Comprehensive Income (A + B)		199,16.78	129,32.86	(28,99.44)	(132,81.11)
XII Total comprehensive income for the period		4,27.43	1,31.43	411,42.91	2,27.94
XIII Earnings per share of ₹ 100 each (not annualised except year end)					
Basic (in ₹)		(17.61)	(15.32)	44.20	12.82
Diluted (in ₹)		(17.61)	(15.32)	44.20	12.8[illegible]

See accompanying notes forming part of the unaudited standalone financial statements (1 to 37)

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration Number: 116231W

Tirthankar Khan
Partner
Membership No. 037363

Place: Mumbai
Date: October 28, 2022

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

Atul Hiralal Shah
Partner
Membership No. 039568

Place: Mumbai
Date: October 28, 2022

For and on behalf of the Board of Directors

Palampadai Sundararajan Jayakumar
P. S. Jayakumar
Director
(DIN - 01912204)

P. Balaji
Director
(DIN - 02752483)

Samrat Gupta
Managing Director
and Chief Executive Officer
(DIN - 07071470)

FIDEL ZAVERI GANGAR
Ram Gangar
Chief Financial Officer

VINAY BABURAO LAYAANKS
Company Secretary
Membership No. A37911

Place: Mumbai
Date: October 28, 2022

TATA MOTORS FINANCE LIMITED (CIN - U46200MH1989PLC050437)

Consolidated Interim unaudited Cash Flow Statement for the Period ended September 30, 2022

(₹ in lakhs)

Particulars	For the period ended September 30, 2022	For the period ended September 30, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	[illegible]	[illegible]
Adjustments for:		
Interest income on loans, deposits & investments	(1025,27.66)	(1058,75.24)
Finance costs (other than interest expense on lease liability)	1009,31.59	1071,19.20
Interest expense on lease liability	3,08.22	2,27.97
Dividend income	(5,55.37)	(1,76.04)
Gain on sale of investments	(67,19.66)	(31,40.36)
MTM on investments recorded at fair value through profit or loss	(2,25.36)	(38,97.90)
Allowance for loan losses and write-off loans	518,10.09	419,67.97
Allowance for doubtful trade receivables (other than write off)	(11,85.61)	19,04.64
Depreciation and amortisation	27,82.97	28,96.74
(profit)/Loss on sale of property, plant and equipments	(13,41)	3,85.60
Balances written back	4,13.28	-
Fair value changes on debenture instruments	6,08.23	1,19.52
Discount income on investment in Treasury bills	(11,55.13)	-
Loss on assets held for sale	50,00.07	-
Operating cash flow before working capital changes	(143,89.79)	(142,18.01)
Movements in working capital		
Trade payables	(56,07.15)	(46,00.46)
Other payables	(32,79.69)	(13,60.25)
Other financial liabilities	(129,75.10)	27,45.85
Other non financial liabilities	(20,80.25)	(9,93.41)
Trade receivables	19,02.72	(3,43.95)
Other receivables	(30,09.69)	(1,93.09)
Other financial assets	(226,50.05)	181,56.16
Prepaids	29,67.59	(8,12.51)
Loans	329,77.56	1431,30.32
Other non financial assets	(6,86.22)	9,27.18
Assets held for sale	75,48.95	-
	[209,48.72]	1438,44.83
Finance costs paid	(991,18.00)	(1101,97.78)
Interest income received on loans, investments & deposits	1025,68.60	1078,72.31
Income taxes paid (net)	(24,27.09)	(28,04.54)
Net cash generated from operating activities	636,86.31	1679,74.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets	(14,67.76)	(6,52.43)
Proceeds from sale of property, plant and equipments	8,13.72	19,56.67
Purchase of mutual fund units	-52040,30.80)	-43586,23.97)
Redemption of mutual fund units	52037,58.73	43297,64.32
Investment in Government Securities	(9,44.06)	-
Redemption from Govt securities	10.54	-
Investment in Treasury bills	(673,93.07)	-
Redemption of Treasury bills	725,06.04	-
Dividend income	5,55.37	1,54.41
Deposits/margin held deposits with banks	(231,33.38)	(284,64.18)
Redemption of deposits/ earmarked deposits with banks	274,22.46	120,10.49
Net cash generated/(used in) from investing activities	339,14.35	(114,95.33)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in cash credit (net)	25,44.75	-
Proceeds from debt securities	8999,18.50	2940,70.92
Repayment of debt securities	(4975,03.00)	(3810,58.27)
Repayment of subordinated liabilities	(952,40.00)	(72,30.70)
Proceeds from borrowings (other than debt securities)	3834,56.58	8315,03.80
Repayment of borrowings (other than debt securities)	(8484,12.55)	(7776,46.56)
Interest payment on lease liability	(3,08.22)	(2,27.98)
Principal payment of lease liability	(8,02.10)	(4,64.17)
Proceeds from issue of instruments entirely equity in nature (net of issue expenses)	-	255,09.45
Distributions made to holders of instruments entirely equity in nature	(51,28.28)	(27,79.26)
Premium on issue of equity shares	229,61.82	-
Equity share issue	56,24.77	-
Dividend paid (including Dividend distribution tax)		(55,30.58)
Net cash generated/(used in) from financing activities	825,18.95	(2383,47.33)
Net increase/(decrease) in cash and cash equivalents (a + b + c) (refer note below)	1801,14.96	(1818,68.58)

TATA MOTORS FINANCE LIMITED (CIN - U49200MH1998PLC118444)

Condensed Interim Unaudited Cash Flow Statement for the Period ended September 30, 2022

(₹ in lakhs)

Particulars	For the period ended September 30, 2022	For the period ended September 30, 2021
Cash and cash equivalents at the beginning of the period	3494.95.11	426,610.07
Cash and cash equivalents at the end of the period (Refer note 5)	3896,11.77	266,545.18

See accompanying notes forming part of condensed interim unaudited financial statements (1 to 36)

Note:

1. Finance costs have been considered as arising from operating activities in view of the nature of the Company's business.
2. The Statement of Cash Flows has been prepared using the rules various as per the requirements of Ind AS 7 Statement of Cash Flows.

As per our report of even date attached
Chartered Accountants
Firm Registration Number: 109983W/

Digitally signed by
THITHAPU
ARUNA REDDY
Date: 2022.10.28
22:06:34 +05'30'

Tirthankar Nandi
Partner
Membership No. 057457

Place: Mumbai
Date: October 28, 2022

For and on behalf of the Board of Directors

Chartered Accountants
Firm Registration Number: 104767W

Palamadai Sundararajan Jayakumar

Arun Bhat
Partner
Membership No. 039869

P. S. Jayakumar
Director
(DIN - 01833290)

P.B. Balaji
Director
(DIN - 02782963)

Place: Mumbai
Date: October 28, 2022

Digitally signed by
SAMIR GUPTA
Date: 2022.10.28
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Samir Gupta
Managing Director and
Chief Executive Officer
(DIN - 07571478)

RIDHIZAVERI GANGAR

Digitally signed by VINAY BABURAO LAVANIS
Date: 2022.10.28
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Ridhi Gangar
Chief Financial Officer

Vinay Lavanis
Company Secretary
Membership No. A15911

Place: Mumbai
Date: October 28, 2022

TATA MOTORS FINANCE LIMITED (CIN - U65990MH1994PLC080164)

Condensed Interim Standalone Statement of Changes in Equity for the period ended September 30, 2022

A. Equity share capital

(₹ in Mn)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the period/year	60,827,681	608,27,68	41,027,669	608,27,69
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the period/year	60,827,681	608,27,68	41,027,669	608,27,69
Equity Shares issued on conversion of OCPS during the period/year	21,410,984	214,10,98	-	-
Equity Shares bought back during the period/year	6,674,681	66,74,67	-	-
Shares outstanding at the end of the period/year	75,563,984	755,63,98	41,027,669	410,27,69

B. Instruments entirely equity in nature

(i) Perpetual Debt

(₹ in Mn)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	Rs.	Number	Rs.
Balance as at beginning of the period/year	13,486	1348,60,00	8,650	865,00,00
Issued during the period/year	-	-	5,850	585,00,00
Balance as at end of the period/year	13,486	1348,60,00	13,486	1348,60,00

C. Other equity

(₹ in Mn)

Particulars	Equity component of compound financial instruments (Refer Note 29C)	Reserve and Surplus							Other components of equity				Total other equity
		Special reserve	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
							Undistributable (Ind AS 109)	Distributable					
Balance as at April 1, 2022	41,11,44	238,66,74	0,02	3130,40,38	190,82,16	17,85,51	(7761,09,60)	70,01,82	66,84,15	323,21,10	(427,60)	(3,21,58)	7473,04,04
a) Profit for the period	-	-	-	-	-	-	-	(146,85,18)	-	-	-	-	(146,85,18)
b) Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	(2,38,15)	105,48,95	(406,66)	28,36,91	130,27,05
c) Total comprehensive income for the period	-	-	-	-	-	-	-	(146,85,18)	(2,38,15)	105,48,95	(406,66)	28,36,91	(16,58,13)
d) Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
e) Distribution made to holders of perpetual equity instruments	-	-	-	-	-	-	-	(50,29,25)	-	-	-	-	(50,29,25)
f) Premium on issue of open shares	-	-	-	253,61,66	-	-	-	-	-	-	-	-	253,61,66
g) Conversion of OCPS to equity	(47,11,44)	-	-	954,23,60	-	-	-	-	-	-	-	-	(490,77,84)
Balance as at September 30, 2022	-	238,66,74	0,02	3184,36,64	190,82,16	17,85,51	(7761,09,60)	3,68,13	64,21,68	428,71,05	(834,26)	16,15,33	2928,86,87

TATA MOTORS FINANCE LIMITED (CIN - U65929MH1994PLC080414)

Consolidated Unaudited Statement of changes in equity for the period ended September 30, 2022

(₹ in lakhs)

Particulars	Equity component of compound financial instrument (refer Note 2(b))	Reserve and Surplus							Other components of equity				Total other equity
		Special reserve*	Capital redemption reserve	Securities Premium Account	Capital Reserve	General reserve	Retained earnings		Equity instruments through OCI	Debt instruments through OCI	Cash flow Hedging Reserve	Hedging Reserve	
							Qualified buildings (Ind AS 101)	Distributable					
Balance as at April 1, 2021	479,11.44	218,66.34	0.02	3,186,42.39	199,82.16	17,86.66	(1,161,29.09)	362,46.07	46,70.18	233,77.64	79.41	(51,06.56)	3,118,01.69
a) Profit for the year	-	-	-	-	-	-	-	(99,24.00)	-	-	-	-	(99,24.00)
b) Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	1,86.54	35,84.26	65,45.26	(53.44)	41,84.74	139,75.50
c) Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	(96,37.46)	35,84.26	65,45.26	(53.44)	41,84.74	39,51.50
d) Dividend	-	-	-	-	-	-	-	(55,32.09)	-	-	-	-	(55,32.09)
e) Distribution to equity shareholders and other equity instruments	-	-	-	-	-	-	-	(69,28.50)	-	-	-	-	(69,28.50)
f) Issue expenses on issuance of other equity instruments		-	-				-		-	-	-	-	-
g) Transfer to Statutory Reserve	-	-	-		-	-	-	(7,33.61)	-	-	-	-	(7,33.61)
Balance as at March 31, 2022	479,11.44	218,66.34	0.02	3,186,42.39	199,82.16	17,86.66	(1,161,29.09)	136,34.63	82,54.44	333,22.90	(4,07.03)	(9,37.58)	3,163,24.38

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company proposes to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year as disclosed in the Statement of Profit and Loss and before any Statutory or declared dividend appropriation of any sum from the net profit can be made by the Company, as may be specified by the Reserve Bank of India from time to time. Such appropriation shall be made within twenty one days from the date of the declaration of the Company's net profit and shall be duly ratified at the Annual General Meeting of the Company.

See accompanying notes forming part of consolidated Unaudited Financial statements (1 to 37)

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W

TIRTHARAJ AMINASAHEB KHOT

Tirtharaj Khot
Partner
Membership No. 117451

Place : Mumbai
Date: October 28, 2022

For G.M. Kapadia & Co.
Chartered Accountants
Firm Registration Number: 104767W

Atul Hiralal Shah

Atul Shah
Partner
Membership No. 039559

For and on behalf of the Board of Directors

Palamadai Sundaraguru Jayakumar

P. S. Jayakumar
Director
(DIN - 07112234)

PATILAL NDAS PARLACHARDER KALAL

P. B. Balaji
Director
(DIN - 07262963)

SAMRAT GUPTA

Digitally signed by SAMRAT GUPTA
Date: 2022.10.28
20:56:58 +05'30'

Samrat Gupta
Managing Director and
Chief Executive Officer
(DIN - 07637479)

RIDHI ZAVERI GANGAR

Digitally signed by RIDHI ZAVERI GANGAR
Date: 2022.10.28
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Ridhi Gangar
Chief Financial Officer

VINAY BABURAO LAVANNIS

Vinay Lavannis
Company Secretary
Membership No. A7811

Place : Mumbai
Date: October 28, 2022

Place : Mumbai
Date: October 28, 2022

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - L65923MH1989PLC187849)
Condensed Interim Unaudited Balance Sheet as at September 30, 2022

(₹ In Lakhs)

Particulars	Notes	As at September 30, 2022	As at March 31, 2022
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	5	1927.28 67	1960.52 91
(b) Bank balance other than cash and cash equivalents		-	-
(c) Derivative financial instruments	12	33.50.13	-
(d) Receivables			
i. Trade receivables	6	18.32	13.03
ii. Other receivables	6A	67,06.29	78,04.39
(e) Loans	7	9587.62.71	8085,27.60
(f) Investments	8	519.35 47	452,54.25
(g) Other financial assets	9	154.16.40	57,41.06
		12248,98.59	10684.75.44
2 Non-financial assets			
(a) Current tax assets (net)		44.46.65	17,49.92
(b) Deferred tax assets (net)		-	11,30.75
(c) Property, plant and equipment	10	1,93.41	1,49 15
(d) Goodwill	10A	180,25.25	180,25.25
(e) Other intangible assets	10B	5.42	18 93
(f) Other non-financial assets	11	25,55.63	17,57.07
		251,64.36	229,31.13
3 Assets Held for Sale		26,91.38	23,39.77
Total Assets		12516,54.33	10946,46.33
II LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Derivative financial instruments		-	-
(b) Payables	13		
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		81.08	1,74.61
- total outstanding dues of creditors other than micro enterprises and small enterprises		26,87.51	25,78.20
(ii) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		7,19.22	11,62.70
(c) Debt securities	14	1362,04.34	1895,07 15
(d) Borrowings (other than debt securities)	15	7687,06 15	6698,23 52
(e) Other financial liabilities	16	654,98 82	345,94.50
		10230,97.84	8818,79.58
2 Non-financial liabilities			
(a) Current tax liabilities (net)		1.10.08	115 89
(b) Provisions	17	15 68 31	12,37 68
(c) Deferred tax liabilities (net)		6,57.84	-
(d) Other non-financial liabilities	18	7,09.20	12,94.50
		30,15.43	26,48.07
3 Equity			
(a) Equity share capital	19	1760,49.74	1760,49.74
(b) Instruments entirely equity in nature	18	400,00.00	100,00.00
(c) Other equity		194,81.98	160,68.94
		2356,31.72	2021,18.68
Total Liabilities and equity		12516,54.33	10946,46.33

(See accompanying notes forming part of the condensed interim unaudited financial statements 1 to 34)

As per our report of even date attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration Number: 104607W / W100166

Damarla Sai Venkata Ramana

Sai Venkata Ramana Damarla
Partner
Membership No. 107017

Place - Mumbai
Date: October 23, 2022

For and on behalf of the Board of Directors

VARSHA VASANT PURANDARE
Digitally signed by VARSHA VASANT PURANDARE
Date: 2022.10.24 21:14:22 +05'30'
Varsha Purandare
Director
(DIN - 05288076)

SUBHANANDA CHANDRA SALABANDA MANDAL
Digitally signed by SUBHANANDA CHANDRA SALABANDA MANDAL
Date: 2022.10.24 21:16:31 +05'30'
P. B. Balaji
Director
(DIN - 07702977)

ALOK CHADHA
Digitally signed by ALOK CHADHA
Date: 2022.10.24 21:16:21 +05'30'
Alok Chadha
Executive Director
(DIN - 09517519)

UDAY UCHIL
Digitally signed by UDAY UCHIL
Date: 2022.10.24 21:16:50 +05'30'
Uday Uchil
Chief Financial Officer

HEERAJ KUMAR DWIVEDI
Digitally signed by HEERAJ KUMAR DWIVEDI
Date: 2022.10.24 21:17:10 +05'30'
Heeraj Dwivedi
Company Secretary
(Membership No. A20874)

Place : Mumbai
Date: October 23, 2022

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH2008PLC187340)

Consolidated Unaudited Statement of Profit and Loss for the period ended September 30, 2022

Particulars	Notes	For the year to date ended September 30, 2022	For the period ended September 30, 2022	For the quarter ended September 30, 2022	For the period ended September 30, 2022
Revenue from operations					
(a) Interest income	20	2282.70.04	543.04.90	220.53.49	458.32.74
(b) Dividend income		-	-	5.30.23	138.23
(c) Net gain on fair value changes	21	14.05.19	33.96.91	5.30.78	10.88.71
(d) Net gain on derecognition of financial instruments		36.79.59	98.15.40	32.82.18	5.188.03
(e) Other fees and service charges		10.52.82	34.56.36	5.16.13	12.57.08
I Total revenue from operations		2351.08.43	698.84.16	543.83.90	646.43.17
II Other income	22	1.25.23	5.77.91	84.13	1.45.04
III Total income (I+II)		2352.33.73	696.82.09	284.28.77	698.89.08
IV Expenses					
(a) Finance costs	23	174.57.94	386.29.35	135.36.94	241.55.14
(b) Impairment on financial instruments and loan losses	24	199.20.29	162.89.17	55.18.28	110.85.23
(c) Employee benefits expenses	25	17.74.95	54.73.66	22.66.18	38.11.11
(d) Depreciation, amortisation and impairment	10,108	28.81	46.98	25.16	71.01
(e) Other expenses	26	38.15.87	54.47.70	22.23.29	44.13.77
Total expenses		430.37.48	582.36.76	235.85.14	434.85.17
V Profit/(loss) before exceptional items and tax (III - IV)		(1.49.35)	43.91.86	50.99.43	33.99.83
VI Exceptional items		(1.49.35)	43.91.86	50.99.43	33.99.83
VII Tax expense					
Current tax		33.68.86	38.78.59	29.54.09	38.01.53
Deferred tax		(36.27.46)	(4.27.60)	18.72.19	(19.10.95)
Total tax expense		(2.58.60)	34.51.00	48.26.28	1.90.58
VIII Profit/(loss) for the period (VI - VII)		(4.07.95)	84.59.97	38.33.52	1.87.48
IX Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss		-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
B (i) Items that will be reclassified to profit or loss					-
a. Net fair value/unrealised gain/(loss) changes		3.99.79	1.99.39	33.19	(13.32)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-		
a. Debt instruments through Other Comprehensive Income		72.93.33	61.26.53	-	-
b. Income tax relating to items that will be reclassified to profit or loss		(18.49.14)	(20.95.95)		
Subtotal (B)		53.33.38	41.31.96	33.19	(13.34)
Other Comprehensive Income		57.33.38	41.31.96	33.19	(13.34)
X Total comprehensive income for the period (VIII + IX)		53.25.38	96.72.85	38.36.72	8.38.38
XI Earnings per equity share of ₹ 100 each					
Basic (in ₹) (Not annualised)		(0.80)	2.02	2.29	0.51
Diluted (in ₹) (Not annualised)		(0.26)	2.02	2.14	0.53

See accompanying notes forming part of the consolidated financial results/Consolidated financial results (Pro 34)

As per our report of even date attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration Number: 104607W / W100166
Chandan Singh
Venkata Ramana
Sai Venkata Ramana Damera
Partner
Membership No. 207017

Place : Mumbai
Date : October 25, 2022

For and on behalf of the board of directors

VAISHA VASANT PURANDARE
Vaisha Purandare
Director
DIN : 05188784

PATHAMADAI DAMODHARAN RAM BALAJI
Signed by Pramod Damodhar Ram Balaji
Director
(DIN : 02262980)

JIDAY JCHIL
Uday Uchil
Chief Financial Officer

Alok Chadha
Executive Director
(DIN : 06885586)

NEERAJ KUMAR DWIVEDI
Neeraj Dwivedi
Company Secretary
(Membership No. 42647)

Place : Mumbai
Date : October 25, 2022

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65950MH1992PLC067144)
Condensed interim unaudited Cash flow statement for the period ended September 30, 2022

(₹in Lakhs)

Particulars	For the period ended September 30, 2022	For the period ended September 30, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	47,91.36	11,53.83
Adjustments for:		
Interest income on loans, investments and deposits	(543,54.93)	(415,72.76)
Finance cost	325,20.55	241,55.17
Dividend income	-	(1,10.23)
Gain on sale of current investments	(22,36.91)	(10,68.46)
Allowance for loan losses and loans written off	165,69.72	170,90.05
Allowance for doubtful loans and advances (others)	19.45	5.18
Net loss on fair value changes (unrealised)	-	1.74
Balances written back	(4,44.77)	-
Profit on sale of asset held for sale	(1,49.94)	-
Depreciation and amortisation expenses	48.93	71.01
Fair value gain on derivative instruments	-	(6,78.07)
Operating cash flow before working capital changes	(39,08.96)	(29,54.56)
Movements in working capital		
Trade payables	(4,77.94)	3,45.79
Other payables	(4,48.48)	(80.30)
Other financial liabilities	311,04.32	130,63.93
Other non financial liabilities	(5,85.30)	(2,26.79)
Trade receivables	(1.10)	-
Other receivables	30,98.60	13,45.03
Loans	(1548,99.53)	(284,66.83)
Asset held for sale	3,98.31	-
Other financial assets	(90,14.06)	(6,90.00)
Other non financial assets	2,01.44	1,77.13
Provisions	9,70.01	(36.43)
	(1553,89.24)	(176,24.60)
Finance cost paid	(290,86.06)	(188,17.09)
Interest income received on loans, investments and deposits	522,51.47	406,93.10
Income taxes paid (net)	(43,80.92)	(29,93.38)
Net cash (used in)/generated from operating activities	(1376,68.74)	6,98.08
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets	(97.27)	(39.39)
Proceeds from sale of property, plant and equipments	2.18	0.88
Proceeds from redemption of debentures	34,00.00	-
Purchase of mutual fund units	(20900,00.00)	(14399,28.03)
Redemption of mutual fund units	19923,96.91	14404,68.56
Sale of Government Securities	603,00.00	-
Purchase of Government Securities	(500,94.12)	-
Dividend income received	-	1,10.23
Deposits with banks	-	(25000.00)
Net cash used in investing activities	(41,12.89)	(138,08.49)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Debt securities	492,56.65	479,64.74
Repayment of Debt securities	(600,00.00)	(455,80.83)
Proceeds from issue of perpetual debt (net of issue expenses)	355,41.81	-
Proceeds from borrowings (other than debt securities)	2889,24.60	2234,86.51
Repayment of borrowings (other than debt securities)	(1665,66.67)	(2141,29.60)
Net cash generated from financing activities	1442,97.28	89,38.82
Net increase in/(decrease in) cash and cash equivalents (A + B + C) [Refer Note below]	25,75.76	(41,71.33)

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC197194)

Condensed Interim unaudited Cash flow statement for the period ended September 30, 2022

(₹ in lakhs)

Particulars	For the period ended September 30, 2022	For the period ended September 30, 2021
Cash and cash equivalents at the beginning of the period	1900.52.91	820,29.06
Cash and cash equivalents at the end of the period (Refer Note 5)	1927.28.67	768,57.93
Net Increase in/(decrease in) cash and cash equivalents	26,75.76	(48,71.53)

See accompanying notes forming part of the condensed interim unaudited financial statements (1 to 4)

Note:

1. Finance costs has been considered as arising from operating activities in view of the nature of the Company's business.
2. The Statement of Cash Flows has been prepared using indirect method as per the requirements of Ind AS 7 Statement of Cash Flows.

As per our report of even date attached

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration Number: 104607W / W100166

Damaris Sal

Venkata Ramana

Sai Venkata Ramana Dommeti

Partner

Membership No. 107017

Place : Mumbai

Date : October 28, 2022

For and on behalf of the Board of Directors

VARSHA VASANT PURANDARE — Digitally signed by VARSHA VASANT PURANDARE

Varsha Purandare

Director

(DIN - 09598076)

ALOK CHADHA — Digitally signed by ALOK CHADHA

Alok Chadha

Executive Director

(DIN - 09537539)

PATHAMALLIN THIRUMALA BALACHANDRAN BALAJI

P. B. Balaji

Director

(DIN 02762983)

UDAY UCHIL — Digitally signed by UDAY UCHIL

Uday Uchil

Chief Financial Officer

NEERAJ KUMAR DWIVEDI

Neeraj Dwivedi

Company Secretary

(Membership No. A20874)

Place : Mumbai

Date : October 28, 2022

TATA MOTORS FINANCE SOLUTIONS LIMITED (CIN - U65910MH1992PLC187184)

Condensed Interim Statement of Changes in Equity for the period ended September 30, 2022

A. Equity share capital

(₹ in lakhs)

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number	₹	Number	₹
Shares outstanding at the beginning of the period/year	170,049,735	1700,49.74	170,049,735	1700,49.74
Changes in Equity Share Capital due to prior period/year errors	-	-	-	-
Restated balance at the beginning of the period/year	170,049,735	170,049.74	170,049,735	170,049.74
Changes in equity share capital during the current period/year				
Shares issued during the period/year	-	-	-	-
Shares outstanding at the end of the period/year	170,049,735	1700,49.74	170,049,735	1700,49.74
Shares outstanding at the end of the period/year	**170,049,735**	**1700,49.74**	**170,049,735**	**1700,49.74**

The Authorized equity Share Capital has been increased from existing Rs. 1800,00,00,000/- (Rupees one thousand and eight hundred Crores only) divided into 18,00,00,000 (Eighteen Crores) Equity Shares of Rs. 100/- [Rupees Hundred only) each to Rs. 5300,00,00,000/- (Rupees five thousand and five Hundred crores only) divided into 53,00,00,000 (fifty-three Crore) Equity Shares of Rs. 100/- [Rupees hundred only] each vide Shareholders approval dated October 13, 2022.

B. Other equity

(₹ in lakhs)

Particulars	Reserves & Surplus			Other components of equity			Total equity
	Special reserve*	Retained earnings		Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
		Undistributable (Ind AS 101)	Distributable				
Balance as at April 1, 2022	133,87.07	(66,16.87)	(48,84.45)	81,83.19	-	-	100,68.94
a) Profit for the period	-	-	34,39.97	-	-	-	34,39.97
b) Other comprehensive income for the period	-	-	-	62,30.98	-	2,00.28	64,31.26
Total comprehensive income for the period	-	-	**34,39.97**	**62,30.98**	-	**2,00.28**	**98,71.23**
Issue expenses on instruments entirely equity in nature (net of taxes)	-	-	(4,58.19)	-	-		(4,58.19)
Less: Transfer to Special Reserve	-	-	-	-	-	-	-
Balance as at September 30, 2022	**133,87.07**	**(66,16.87)**	**(19,02.67)**	**144,14.17**	-	**2,00.28**	**194,81.98**

(₹ in lakhs)

Particulars	Reserves & Surplus			Other components of equity			Total equity
	Special reserve*	Retained earnings		Debt instruments through OCI	Cost of Hedging Reserve	Hedging Reserve	
		Undistributable (Ind AS 101)	Distributable				
Balance as at April 1, 2021	95,48.29	(66,16.87)	(201,01.64)	-	14.58	(1.44)	(171,57.08)
a) Profit for the year	-	-	191,93.88		-	-	191,93.88
b) Other comprehensive income / (loss) for the year	-	-	0.78	81,83.19	(14.58)	1.44	81,70.83
Total comprehensive income for the year	-	-	191,94.66	81,83.19	(14.58)	1.44	273,64.71
Issue expenses on instruments entirely equity in nature (net of taxes)	-	-	(1,38.68)	-	-	-	(1,38.68)
Less: Transfer to Special Reserve	38,38.78	-	(38,38.78)	-	-	-	-
Balance as at March 31, 2022	133,87.07	(66,16.87)	(48,84.45)	81,83.19	-	-	100,66.94

*Transfer to special reserve: As per Section 45-IC of Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty-one days from the date of such withdrawal. The Company transfers said amount at the end of the financial year.

See accompanying notes forming part of the condensed interim unaudited financial statements (1 to 34)

As per our report of even date attached
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration Number: 104607W / W100166
Damarla Sai Venkata Ramana

Sai Venkata Ramana Damarla
Partner
Membership No. 107017

Place : Mumbai
Date: October 28,2022

For and on behalf of the Board of Directors

VARSHA VASANT PURANDARE

Varsha Purandare
Director
(DIN - 05288076)

UDAY UCHIL

Uday Uchil
Chief Financial Officer
Place : Mumbai
Date: October 28,2022

ALOK CHADHA
Digitally signed by ALOK CHADHA
Date: 2022.10.28 21:23:03 +05'30'

Alok Chadha
Executive Director
[DIN - 09523753]

PATHAMADAI BALACHANDRA AN BALAJI

P. B. Balaji
Director
(DIN - 02762983)

NEERAJ KUMAR DWIVEDI

Neeraj Dwivedi
Company Secretary
(Membership No. A20874)

भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

DoS.CO.RSG No. S4679 /02.13.001/2022-23 October 28 2022

Speed Post

The Chairman
Tata Motors Finance Ltd.
I-Think Techno campus Building A
2nd floor Off Pokhran Road 2
Thane West-400601

Madam/Dear Sir,

Re: Proposed reorganization of the non-banking financial companies within the Tata Motors Finance Group (TMF Group)

Please refer to your letter dated July 21,2022 and October 17,2022 on captioned subject. In this regard, it is advised that the Bank has No Objection to the proposed scheme.

2. Further, the Certificate of Registration (CoR) issued to Tata Motors Finance Limited is non-transferable and will stand cancelled from the date of scheme getting approval of Hon'ble NCLT. In this regard, you are advised to submit the following documents to the Bank within fifteen days of receipt of NCLT Order:

(i) Original CoR of Tata Motors Finance Ltd. for cancellation upon merger
(ii) Copy of NCLT order approving Scheme of Arrangement
(iii) Amalgamated audited/ provisional financials of resulting company

3. Kindly acknowledge the receipt.

Yours faithfully,

(Awadhesh Kumar Kureel)
General Manager

पर्यवेक्षणविभाग (विनियामकसेवासमूह), 3रीमंजिल, मुम्बईसेंट्रलरेलवेस्टेशनकेसामने, आयखला, मुंबई - 400008
Department of Supervision (Regulatory Services Group), 3rd Floor,Opp. Mumbai Central Railway Station, Byculla, Mumbai 400008
फोन Tel: (91-22) 23094 21 फैक्स Fax (91-22) 23022011 ई-मेल e-mail : rsgdos@rbi.org.in

हिन्दीआसानहै, इसकाप्रयोगबढ़ाइए

Caution: RBI never sends mails, SMS or makes calls asking for personal information like bank account details, passwords etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

Magnum Ventures Limited

FORMAT FOR CHANGE IN HOLDING OF PROMOTER/ PROMOTER GROUP OF THE DEMERGED COMPANY OF LAST TEN YEARS

	Opening Balance as on March 31, 2016						Transaction Details								Closing Balance					
	Equity capital of DC	Name and holding of each entity in promoter group			Cumulative holding of promoter group		*Date	Shares acquired			Shares sold			**Mode of acquisition	Capital of DC	Name and holding of each entity in promoter group			Cumulative holding of promoter group	
	No. of shares	Name	No. of shares	%	No. of shares	%		Name	No. of shares	%	Name	No. of shares	%		No. of shares	Name	No. of shares	%	No. of shares	%
FY 2016-17	37601884	Salek Chand Jain	175740	0.47	19985700	53.15	-	-	-	-	-	-	-	-	37601884	Salek Chand Jain	175740	0.47	19985700	53.15
		Vinod Kumar Jain	456850	1.21												Vinod Kumar Jain	456850	1.21		
		Pramod Kumar Jain	200150	0.53												Pramod Kumar Jain	200150	0.53		
		Pradeep Kumar Jain	200650	0.53												Pradeep Kumar Jain	200650	0.53		
		Parveen Jain	16648510	44.28												Parveen Jain	16648510	44.28		
		Abhay Jain	302600	0.80												Abhay Jain	302600	0.80		
		Veena Jain	385000	1.02												Veena Jain	385000	1.02		
		Rita Jain	178200	0.47												Rita Jain	178200	0.47		
		Monica Jain	256600	0.68												Monica Jain	256600	0.68		
		Asha Jain	176100	0.47												Asha Jain	176100	0.47		
		Vinod Kumar Jain HUF	400100	1.06												Vinod Kumar Jain HUF	400100	1.06		
		Pramod Kumar jain HUF	430100	1.14												Pramod Kumar jain HUF	430100	1.14		
		Pradeep Kumar Jain HUF	150100	0.40												Pradeep Kumar Jain HUF	150100	0.40		
		Aanchal Goel	25000	0.07												Aanchal Goel	25000	0.07		
FY 2017-18	Same																			
FY 2018-19	37601884	Salek Chand Jain	175740	0.47	19985700	53.15	14-09-18	Rishab Jain	1500	0.00	-	-	-	Market purchase	37601884	Salek Chand Jain	175740	0.47	19993051	53.17
		Vinod Kumar Jain	456850	1.21			15-10-18		1851	0.01						Vinod Kumar Jain	456850	1.21		
		Pramod Kumar Jain	200150	0.53			14-11-18		661	0.00						Pramod Kumar Jain	200150	0.53		
		Pradeep Kumar Jain	200650	0.53			15-11-18		1339	0.00						Pradeep Kumar Jain	200650	0.53		
		Parveen Jain	16648510	44.28			04-02-19		2000	0.01						Parveen Jain	16648510	44.28		
		Abhay Jain	302600	0.80												Abhay Jain	302600	0.80		
		Veena Jain	385000	1.02												Veena Jain	385000	1.02		
		Rita Jain	178200	0.47												Rita Jain	178200	0.47		
		Monica Jain	256600	0.68												Monica Jain	256600	0.68		
		Asha Jain	176100	0.47												Asha Jain	176100	0.47		
		Vinod Kumar Jain HUF	400100	1.06												Vinod Kumar Jain HUF	400100	1.06		
		Pramod Kumar jain HUF	430100	1.14												Pramod Kumar jain HUF	430100	1.14		
		Pradeep Kumar Jain HUF	150100	0.40												Pradeep Kumar Jain HUF	150100	0.40		
		Aanchal Goel	25000	0.07												Aanchal Goel	25000	0.07		
																Rishab Jain	7351	0.02		
FY 2019-20	37601884	Salek Chand Jain	175740	0.47	19993051	53.17	18-06-19	Rishab Jain	2649	0.01	-	-	-	Market purchase	37601884	Salek Chand Jain	175740	0.47	19997200	53.18
		Vinod Kumar Jain	456850	1.21			19-06-19		1500	0.00						Vinod Kumar Jain	456850	1.21		
		Pramod Kumar Jain	200150	0.53												Pramod Kumar Jain	200150	0.53		
		Pradeep Kumar Jain	200650	0.53												Pradeep Kumar Jain	200650	0.53		
		Parveen Jain	16648510	44.28												Parveen Jain	16648510	44.28		
		Abhay Jain	302600	0.80												Abhay Jain	302600	0.80		
		Veena Jain	385000	1.02												Veena Jain	385000	1.02		
		Rita Jain	178200	0.47												Rita Jain	178200	0.47		
		Monica Jain	256600	0.68												Monica Jain	256600	0.68		
		Asha Jain	176100	0.47												Asha Jain	176100	0.47		
		Vinod Kumar Jain HUF	400100	1.06												Vinod Kumar Jain HUF	400100	1.06		
		Pramod Kumar jain HUF	430100	1.14												Pramod Kumar jain HUF	430100	1.14		
		Pradeep Kumar Jain HUF	150100	0.40												Pradeep Kumar Jain HUF	150100	0.40		
		Aanchal Goel	25000	0.07												Aanchal Goel	25000	0.07		
		Rishab Jain	7351	0.02												Rishab Jain	11500	0.03		
FY 2020-21	Same																			
FY 2021-22	37601884	Salek Chand Jain	175740	0.47	19997200	53.18	30-09-21	Mehak Jain	12700	0.03	-	-	-	Market	37601884	Salek Chand Jain	175740	0.47	20024200	53.25
		Vinod Kumar Jain	456850	1.21			05-10-21	Mehak Jain	300	0.00						Vinod Kumar Jain	456850	1.21		
		Pramod Kumar Jain	200150	0.53			14-03-22	Mehak Jain	14000	0.04						Pramod Kumar Jain	200150	0.53		
		Pradeep Kumar Jain	200650	0.53												Pradeep Kumar Jain	200650	0.53		
		Parveen Jain	16648510	44.28												Parveen Jain	16648510	44.28		
		Abhay Jain	302600	0.80												Abhay Jain	302600	0.80		
		Veena Jain	385000	1.02												Veena Jain	385000	1.02		
		Rita Jain	178200	0.47												Rita Jain	178200	0.47		
		Monica Jain	256600	0.68												Monica Jain	256600	0.68		
		Asha Jain	176100	0.47												Asha Jain	176100	0.47		
		Vinod Kumar Jain HUF	400100	1.06												Vinod Kumar Jain HUF	400100	1.06		
		Pramod Kumar jain HUF	430100	1.14												Pramod Kumar jain HUF	430100	1.14		
		Pradeep Kumar Jain HUF	150100	0.40												Pradeep Kumar Jain HUF	150100	0.40		
		Aanchal Goel	25000	0.07												Aanchal Goel	25000	0.07		
		Rishab Jain	11500	0.03												Rishab Jain	11500	0.03		
																Mehak Jain	27000	0.07		
	37601884	Salek Chand Jain	175740	0.47	20024200	53.25	10-05-22	-	-		Rishab Jain	6646	-0.02	Market sale	42101884	Salek Chand Jain	175740	0.42	24517554	58.23
		Vinod Kumar Jain	456850	1.21			22-02-23	Pramod Kumar Jain	1125000	2.62	-	-	-	Acquired by way of conversion of warrants into Equity Shares		Vinod Kumar Jain	456850	1.09		
		Pramod Kumar Jain	200150	0.53				Pradeep Kumar Jain	1125000	2.62						Pramod Kumar Jain	1325150	3.15		
		Pradeep Kumar Jain	200650	0.53				Abhay Jain	1125000	2.59						Pradeep Kumar Jain	1325650	3.15		
		Parveen Jain	16648510	44.28				Parv Jain	1125000	2.67						Parveen Jain	16648510	39.54		
		Abhay Jain	302600	0.80												Abhay Jain	1427600	3.39		

FY 2022-23		Veena Jain	385000	1.02												Veena Jain	385000	0.91			
		Rita Jain	178200	0.47												Rita Jain	178200	0.42			
		Monica Jain	256600	0.68												Monica Jain	256600	0.61			
		Asha Jain	176100	0.47												Asha Jain	176100	0.42			
		Vinod Kumar Jain HUF	400100	1.06												Vinod Kumar Jain HUF	400100	0.95			
		Pramod Kumar jain HUF	430100	1.14												Pramod Kumar jain HUF	430100	1.02			
		Pradeep Kumar Jain HUF	150100	0.40												Pradeep Kumar Jain HUF	150100	0.36			
		Aanchal Goel	25000	0.07												Aanchal Goel	25000	0.06			
		Rishab Jain	11500	0.03												Rishab Jain	4854	0.01			
		Mehak Jain	27000	0.07												Parv Jain	1125000	2.67			
																Mehak Jain	27000	0.06			
FY 2023-24	42101884	Salek Chand Jain	175740	0.42	24517554	58.23	10-04-23	Pramod Kumar Jain	1431250	1.53	-	-	-	Acquired by way of conversion of warrants into Equity Shares	58886317	Parv Jain	2556250	4.34	30242554	51.36
		Vinod Kumar Jain	456850	1.09				Pradeep Kumar Jain	1431250	1.53											
		Pramod Kumar Jain	1325150	3.15				Abhay Jain	1431250	1.48											
		Pradeep Kumar Jain	1325650	3.15				Parv Jain	1431250	1.67											
		Parveen Jain	16648510	39.54			20-06-23	-	-	-	Rita Jain	178200	-0.42	Transfer by Gift within the Promoter Group							
		Abhay Jain	1427600	3.39				-	-	-	Monica Jain	256600	-0.61			Mehak Jain	27000	0.05			
		Veena Jain	385000	0.91				-	-	-	Asha Jain	176100	-0.42			Pramod Kumar Jain	2756400	4.68			
		Rita Jain	178200	0.42				Ritesh Jain	178200	0.30	-	-	-			Pradeep Kumar Jain	2756900	4.68			
		Monica Jain	256600	0.61				Shrenik Jain	256600	0.44	-	-	-			Parveen Jain	16648510	28.27			
		Asha Jain	176100	0.42				Ujjwal Jain	176100	0.30	-	-	-			Abhay Jain	3491440	5.93			
		Vinod Kumar Jain HUF	400100	0.95			23-05-23	-	-	-	Vinod Kumar Jain	456850	-0.95	Transmission of Shares due to death of Salek Chand Jain and Vinod Kumar Jain, Promoters		Veena Jain	385000	0.65			
		Pramod Kumar jain HUF	430100	1.02				Abhay Jain	456850	0.77	-	-	-			Ritesh Jain	178200	0.30			
		Pradeep Kumar Jain HUF	150100	0.36			15-09-23	-	-	-	Salek Chand Jain	175740	-0.42			Shrenik Jain	256600	0.44			
		Aanchal Goel	25000	0.06				Abhay Jain	175740	0.29	-	-	-			Ujjwal Jain	176100	0.30			
		Rishab Jain	4854	0.01												Vinod Kumar Jain HUF	400100	0.68			
		Parv Jain	1125000	2.67												Pramod Kumar jain HUF	430100	0.73			
		Mehak Jain	27000	0.06												Pradeep Kumar Jain HUF	150100	0.25			
																Aanchal Goel	25000	0.04			
																Rishab Jain	4854	0.01			
FY 2024-25	58886317	Parv Jain	2556250	4.34	30242554	51.36	05-06-24	Pradeep Kumar Jain	1881250	2.30	-	-	-	Acquired by way of conversion of warrants into Equity Shares	66411317	Parv Jain	12761755	19.22	37767554	56.87
		Mehak Jain	27000	0.05			20-06-24	Parv Jain	1881250	2.35											
		Pramod Kumar Jain	2756400	4.68			04-07-24	Abhay Jain	1881250	2.16											
		Pradeep Kumar Jain	2756900	4.68			12-07-24	Pramod Kumar Jain	1881250	2.30											
		Parveen Jain	16648510	28.27			24-08-24	-	-	-	Parveen Jain	8324255	-15.74	Transfer by Gift within the Promoter Group							
		Abhay Jain	3491440	5.93				Parv Jain	8324255	12.53	-	-	-			Mehak Jain	27000	0.04			
		Veena Jain	385000	0.65			12-03-25	-	-	-	Pramod Kumar jain HUF	430100	-0.73	Tranfer of Shares due to Settlement and dissolution of HUF within the Promoter Group		Pramod Kumar Jain	5067750	7.63			
		Ritesh Jain	178200	0.30				Pramod Kumar Jain	430100	0.65	-	-	-			Pradeep Kumar Jain	4788250	7.21			
		Shrenik Jain	256600	0.44			12-03-25	-	-	-	Pradeep Kumar Jain HUF	150100	-0.25			Parveen Jain	8324255	12.53			
		Ujjwal Jain	176100	0.30				Pradeep Kumar Jain	150100	0.23	-	-	-			Abhay Jain	5772790	8.69			
		Vinod Kumar Jain HUF	400100	0.68			22-03-25	-	-	-	Vinod Kumar Jain HUF	400100	-0.68			Veena Jain	385000	0.58			
		Pramod Kumar jain HUF	430100	0.73				Abhay Jain	400100	0.6	-	-	-			Ritesh Jain	178200	0.27			
		Pradeep Kumar Jain HUF	150100	0.25												Shrenik Jain	256600	0.39			
		Aanchal Goel	25000	0.04												Ujjwal Jain	176100	0.27			
		Rishab Jain	4854	0.01												Aanchal Goel	25000	0.04			
																Rishab Jain	4854	0.01			
FY 2025-26	Same																				
FY 2026-27	68411317	Parv Jain	12761755	18.65	37767554	55.21	25-06-26	-	-	-	Parmod Kumar Jain	5067750	7.41	Transmission of Shares due to death of Parmod Kumar Jain, Promoter	68411317	Parv Jain	12761755	18.65	37767554	55.21
		Mehak Jain	27000	0.04				Veena Jain	5067750	7.41	-	-	-			Mehak Jain	27000	0.04			
		Pradeep Kumar Jain	4788250	7.00												Pradeep Kumar Jain	4788250	7.00			
		Parveen Jain	8324255	12.17												Parveen Jain	8324255	12.17			
		Abhay Jain	5772790	8.44												Abhay Jain	5772790	8.44			
		Veena Jain	385000	0.56												Veena Jain	5452750	7.97			
		Ritesh Jain	178200	0.26												Ritesh Jain	178200	0.26			
		Shrenik Jain	256600	0.38												Shrenik Jain	256600	0.38			
		Ujjwal Jain	176100	0.26												Ujjwal Jain	176100	0.26			
		Aanchal Goel	25000	0.04												Aanchal Goel	25000	0.04			
		Rishab Jain	4854	0.01												Rishab Jain	4854	0.01			
		Pramod Kumar Jain	5067750	7.41																	

Magnum Ventures Limited

CIN: L21093DL1980PLC010492

Registered Office: Room No. 101, 64/6, Site-IV, Sahibabad Industrial Area, Ghaziabad-201010, Uttar Pradesh, Phone: 0120-4180000

E-mail: info@magnumventures.in Website: www.magnumventures.in

To
The General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, P.J.Towers,
Dalal Street, Mumbai – 400 001

Sub: Application under Regulation 37 and 59A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the proposed Scheme of Arrangement among Magnum Ventures Limited ("Demerged Company"), Magnum Paperz Limited ("Resulting Company") and their respective shareholders and creditors ("the Proposed Scheme")

Ref: Status of the SAT appeal and the impact of the same on the Scheme of Arrangement

Dear Sir/ Madam,

This has reference to the captioned matter; we wish to make following with regard to status of the SAT appeal:

- Vide Order No. QJA/SP/CFID/FID-SEC4/26875/2023-24 dated May 31, 2023, the Executive Director of SEBI imposed a penalty of ₹12,00,000 on Magnum Ventures Limited, and a collective penalty of ₹54,00,000 on its Directors and Key Managerial Personnel. The Order also restrained the Company and the concerned individuals from accessing the securities market or dealing in securities for a period of one year. The Company subsequently filed an appeal before the Securities Appellate Tribunal (SAT), Mumbai, which vide order dated July 13, 2023 directed deposit of the penalty amount while granting a stay on the market access restriction. The Company and all Noticees complied with the direction and deposited the penalties. The matter was last listed before SAT on July 7, 2026 and was adjourned to August 11, 2026 for further proceedings.

  As on date, there is no impact on the Scheme, as the penalty amounts have already been deposited and the market access restriction continues to remain stayed.

For Magnum Ventures Limited

Abhay Jain
Managing Director

Date: 10.07.2026
Place: Ghaziabad