

**COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT  
UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND OTHER RELEVANT  
PROVISIONS OF THE COMPANIES ACT, 2013**

**BETWEEN**

**DEN NETWORKS LIMITED** ... Amalgamating Company 1/  
DEN

**AND**

**HATHWAY CABLE AND DATACOM LIMITED** ... Amalgamating Company 2/  
HCDL

**AND**

**TV18 BROADCAST LIMITED** ... Amalgamating Company 3/  
TV18

**AND**

**NETWORK18 MEDIA & INVESTMENTS LIMITED** ... Transferor Company/  
Amalgamated Company/  
Network18

**AND**

**MEDIA18 DISTRIBUTION SERVICES LIMITED** ... Transferee Company 1/  
Cable Co

**AND**

**WEB18 DIGITAL SERVICES LIMITED** ... Transferee Company 2/  
ISP Co

**AND**

**DIGITAL18 MEDIA LIMITED** ... Transferee Company 3/  
Digital Co

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

## **PREAMBLE**

### **A. Brief overview of the companies**

#### **i. Den Networks Limited (“DEN” or “Amalgamating Company 1”)**

- (a) DEN is a public limited company incorporated under the Act with its registered office at 236, Okhla Industrial Estate, Phase-III, New Delhi - 110 020. The CIN of DEN is L92490DL2007PLC165673.
- (b) The Board of DEN has, in its meeting held on February 17, 2020, approved shifting of the registered office of DEN to Mumbai and DEN is in the process of undertaking all necessary actions, as per the Act, to shift the registered office to Mumbai. Filing of the application and the petition pursuant to the Scheme by DEN will be made in the jurisdiction of the NCLT of the new registered office of DEN.
- (c) DEN is engaged in the business of (i) providing cable television services as Multisystem Operators; and (ii) broadband services through wholly owned subsidiary.
- (d) The equity shares of DEN are listed on the Stock Exchanges.

#### **ii. Hathway Cable and Datacom Limited (“HCDL” or “Amalgamating Company 2”)**

- (a) HCDL is a company incorporated under the Act with its registered office at “Rahejas”, 4th Floor, Corner of Main Avenue & V. P. Road, Santacruz (W), Mumbai - 400 054. The CIN of HCDL is L64204MH1959PLC011421.
- (b) HCDL is engaged in the business of (i) wired broadband services; (ii) cable television services through its subsidiaries and joint ventures; and (iii) distribution of over the top services.
- (c) The equity shares of HCDL are listed on the Stock Exchanges.

#### **iii. TV18 Broadcast Limited (“TV18” or “Amalgamating Company 3”)**

- (a) TV18 is a public limited company incorporated under the Act with its registered office at First Floor, Empire Complex 414, Senapati Bapat Marg, Lower Parel Mumbai - 400 013, Maharashtra. The CIN of TV18 is L74300MH2005PLC281753.
- (b) TV18 is engaged in the media business and it broadcasts general news channels in Hindi, English and other regional languages and business news channels in Hindi, English and Gujarati and also broadcasts, through its subsidiaries, general entertainment channels in Hindi, English and other regional languages as well as factual entertainment channels.
- (c) The equity shares of TV18 are listed on the Stock Exchanges.

#### **iv. Network18 Media & Investments Limited (“Network18” or “Transferor Company” or “Amalgamated Company”)**

- (a) Network18 is a public limited company incorporated under the Act with its registered office at First Floor, Empire Complex 414, Senapati Bapat Marg, Lower Parel Mumbai - 400 013, Maharashtra. The CIN of Network18 is L65910MH1996PLC280969.

- (b) Network18 has presence in several media and entertainment businesses directly and through its subsidiaries like general news channels in Hindi, English and other regional languages, business news channels in Hindi, English and Gujarati, general entertainment channels in Hindi, English and other regional languages, factual entertainment channels, business of printing and publishing magazines, digital business, content creation and production business.
  - (c) The equity shares of Network18 are listed on the Stock Exchanges.
- v. **Media18 Distribution Services Limited (“Cable Co” or “Transferee Company 1”)**
- (a) Cable Co is a public limited company incorporated under the Act with its registered office at Vrindavan, Shree Ram Mills Compound, GK Marg, Lower Parel, Mumbai, Maharashtra - 400013. The CIN of the Cable Co is U74999MH2020PLC336917.
  - (b) Cable Co is incorporated to carry on the business of setting up, acquiring, holding/ investing in and/or promoting various ventures *inter alia* relating to cable services encompassing distribution, relaying and transmission of signals.
  - (c) Cable Co is a wholly owned subsidiary of Network18.
- vi. **Web18 Digital Services Limited (“ISP Co” or “Transferee Company 2”)**
- (a) ISP Co is a public limited company incorporated under the Act with its registered office at Vrindavan, Shree Ram Mills Compound, GK Marg, Lower Parel, Mumbai, Maharashtra - 400013. The CIN of the ISP Co is U74999MH2020PLC336907.
  - (b) ISP Co is incorporated to carry on the business of setting up, acquiring, holding/ investing in and promoting various ventures *inter alia* relating to the business of operating internet services, broadband services, ISDN services, leased line services and VSAT services.
  - (c) ISP Co is a wholly owned subsidiary of Network18.
- vii. **Digital18 Media Limited (“Digital Co” or “Transferee Company 3”)**
- (a) Digital Co is a public limited company incorporated under the Act with its registered office at Vrindavan, Shree Ram Mills Compound, GK Marg, Lower Parel, Mumbai, Maharashtra - 400013. The CIN of the Digital Co is U72900MH2020PLC336906.
  - (b) Digital Co is incorporated to carry on the business of setting up, acquiring, holding/ investing in and /or promoting various ventures *inter alia* relating to the business of broadcasting, telecasting, relaying, transmitting or distributing digitally or in any other manner, any audio, video or other programmes or software.
  - (c) Digital Co is a wholly owned subsidiary of Network18.

**B. Overview of the Scheme**

- i. The Scheme provides for the following:
  - (a) the amalgamation of DEN, HCDL and TV18 with Network18 and the consequent issue of equity shares by Network18 to the shareholders of DEN, HCDL and TV18, respectively, with effect from the Appointed Date (“**Amalgamation**”); and

- (b) subsequent to the Amalgamation and with effect from the Appointed Date, transfer of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking from Network18 to the Cable Co, the ISP Co and the Digital Co respectively, each on a “going concern” basis.
- ii. This Scheme is divided into the following parts:
  - (a) **Part I** contains the definitions used in the Scheme, principles of interpretation pertaining to this Scheme and the capital structure of the Scheme Entities;
  - (b) **Part II** deals with the amalgamation of DEN, HCDL and TV18 into Network18;
  - (c) **Part III** deals with the transfer of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking from Network18 to the Cable Co, the ISP Co and the Digital Co respectively, and matters incidental thereto; and
  - (d) **Part IV** deals with the general terms and conditions applicable to this Scheme.

### C. Rationale for the Scheme

- i. Network18 and TV18 are under the sole control of Independent Media Trust, whose sole beneficiary is Reliance Industries Limited (“**Reliance**”). Den and HCDL are under the sole control of Digital Media Distribution Trust, whose sole beneficiary is a wholly owned subsidiary of Reliance. The Amalgamating Companies and Network18 are engaged in complementary businesses.
- ii. The Scheme seeks to restructure the broadcasting, digitalmedia, broadband and cable distribution businesses of the Scheme Entities and achieve consolidation under a single publicly listed company. This restructuring will enable the shareholders of the Amalgamating Companies and Network18 to diversify into broadcasting, digital, media, broadband and cable distribution business.
- iii. This Scheme will result in *inter alia* the following benefits:
  - (a) The restructuring shall create value-chain integration and render substantial economies of scale while also simplifying the corporate structure of the group by reducing the number of listed entities.
  - (b) The aggregation of a content powerhouse across news and entertainment (both linear and digital) and the country’s largest cable distribution network under the same umbrella shall boost efficiency and exploit synergies, creating value for all stakeholders.
  - (c) An integrated media play shall further increase the breadth as well as depth of the group’s consumer touch points and benefit from capturing entire subscription revenues within Network18 which was hitherto spread between broadcasting and distribution entities.
  - (d) The reorganization furthers the group strategy of building a media powerhouse that is agnostic across pipes, platforms and screens.

- (e) Further, each of the cable, broadband and digital businesses would operate under separate wholly owned subsidiaries thereby creating focused management and ring-fencing of risks.

## PART I

### DEFINITIONS, INTERPRETATION AND CAPITAL STRUCTURE

#### 1. Definitions

In this Scheme, unless the context or meaning otherwise requires (a) the terms defined in the introductory paragraphs and recitals shall have the same meanings throughout this Scheme and (b) the following words and expressions, wherever used (including in the recitals and the introductory paragraphs above), shall have the meanings set forth below:

- 1.1. “**Act**” means the Companies Act 2013, as amended from time to time, including the rules thereunder, and the Companies Act 1956 (only to the extent applicable);
- 1.2. “**Amalgamating Companies**” means DEN, HCDL and TV18, collectively;
- 1.3. “**Applicable Law**” or “**Law**” means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval from the concerned authority, directive, guideline, press note, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority in effect in the Republic of India, as amended from time to time;
- 1.4. “**Appointed Date**” means February 1, 2020;
- 1.5. “**Assets**” shall have the meaning set out in Clause 18;
- 1.6. “**Board of Directors**” or “**Board**” in relation to each Scheme Entity, means the board of directors of such Scheme Entity, and shall include a committee of directors or any other person, authorised by such board of directors or such committee of directors duly constituted and authorised for the matters pertaining to this Scheme and/or any other matter relating thereto;
- 1.7. “**BSE**” means the BSE Limited;
- 1.8. “**Business Transfer Consideration**” shall have the meaning set out in Clause 23;
- 1.9. “**Cable Business**” means the cable television business of receiving, distributing, transmitting, and relaying to subscribers (primary point business) or to local cable operators (secondary point business), audio visual signals, including but not limited to signals received from satellite, terrestrial signals and operator generated signals;
- 1.10. “**Cable Co**” or “**Transferee Company 1**” shall have the meaning set out in paragraph A(v) of the Preamble;
- 1.11. “**Cable Business Undertaking**” means the business undertaking pertaining to the Cable Business of the Amalgamated Company, which shall be inclusive of but not limited to:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future

or contingent of whatsoever nature), whether situated in India or abroad, including, without limitation, all land, buildings, fixtures and structures thereon, all moveable property contained therein, stocks, current assets, investments of all kinds through any instrument, all investments in subsidiaries, joint ventures and other body corporates primarily engaged in the Cable Business, any cash or deposits, and bank accounts (including bank balances), contingent rights or benefits, receivables, advances or share application money or paid by or deemed to have been paid by or received by the Amalgamated Company, rights and benefits under any agreement, any benefits or rights available to or due to the Amalgamated Company, any reserves or funds, other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and all other interests of whatsoever nature, and wheresoever situated, 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 Amalgamated Company, 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 Amalgamated Company, whether in India or abroad;

- (b) all permits, quotas, rights, privileges, entitlements, benefits or exemptions of any kind, industrial and other licences, whether from a governmental authority or third party, including from the Ministry of Information & Broadcasting, any bids, tenders, letters of intent, expressions of interest, consents, subsidies, privileges, income tax benefits 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, and all other interests in connection with or pertaining to the Cable Business;
- (c) all employees of the Amalgamated Company primarily engaged in the Cable Business;
- (d) all debts, obligations, duties and liabilities, both present and future (including contingent liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, pertaining to the Cable Business;
- (e) all intellectual property and intellectual property rights (including any applications for the same) of any nature whatsoever, books, records, files, papers, product specifications, and process-related information, lists of present and former customers and suppliers, and any other customer or supplier related information, whether in physical or electronic form, pertaining to the Cable Business activities and operations of the Amalgamated Company; and
- (f) any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Cable Business shall be decided by the Board of the Amalgamated Company;

1.12. “**CIN**” means Corporate Identity Number;

1.13. “**DEN**” or “**Amalgamating Company 1**” shall have the meaning assigned to it in paragraph A(i) of the Preamble;

1.14. “**DEN ESOP Schemes**” shall have the meaning assigned to it in Clause 8(a);

- 1.15. **“Digital Business”** means the digital properties operated by Network18 – firstpost.com and news18.com, along with investments in e-Eighteen.com Limited and Big Tree Entertainment Private Limited;
- 1.16. **“Digital Co”** or **“Transferee Company 3”** shall have the meaning assigned to it in paragraph A(vii) of the Preamble;
- 1.17. **“Digital Business Undertaking”** means the business undertaking pertaining to the Digital Business of Network18, which shall be inclusive of but not limited to:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature), whether situated in India or abroad, including, without limitation, all land, buildings, fixtures and structures thereon, all moveable property contained therein, stocks, current assets, investments of all kinds through any instrument, all investments in subsidiaries, joint ventures and other body corporates primarily engaged in the Digital Business, any cash or deposits, and bank accounts (including bank balances), contingent rights or benefits, receivables, advances or share application money or paid by or deemed to have been paid by or received by Network18, rights and benefits under any agreement, any benefits or rights available to or due to Network18, any reserves or funds, other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and all other interests of whatsoever nature, and wheresoever situated, 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 Network18, 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 Network18, whether in India or abroad;
  - (b) all permits, quotas, rights, privileges, entitlements, benefits or exemptions of any kind, industrial and other licences, whether from a governmental authority or third party, any bids, tenders, letters of intent, expressions of interest,, consents, subsidies, privileges, income tax benefits 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, and all other interests in connection with or pertaining to the Digital Business;
  - (c) all employees of Network18 primarily engaged in the Digital Business;
  - (d) all debts, obligations, duties and liabilities, both present and future (including contingent liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, pertaining to the Digital Business;
  - (e) all intellectual property and intellectual property rights (including any applications for the same) of any nature whatsoever, books, records, files, papers, product specifications, and process-related information, lists of present and former customers and suppliers, and any other customer or supplier related information, whether in physical or electronic form, pertaining to Digital Business activities and operations of Network18; and
  - (f) any question that may arise as to whether a specified asset or liability pertains or

does not pertain to the Digital Business shall be decided by the Board of Network18;

- 1.18. “**Effective Date**” means the date on which the Scheme becomes effective in accordance with its terms, being the date which is later of (a) filing of the certified copies of the NCLT order approving the Scheme with the Registrar of Companies by the Scheme Entities; and (b) the receipt of approval from the Department of Telecommunications for the Scheme. References in this Scheme to date of ‘coming into effect of this Scheme’ or ‘effectiveness of this Scheme’ or ‘Scheme coming into effect’ shall mean the Effective Date;
- 1.19. “**Eligible Shareholder**” shall have the meaning assigned to it in Clause 7;
- 1.20. “**Employee Benefit Funds**” shall have the meaning assigned to it in Clause 22(b);
- 1.21. “**Encumbrance**” means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same and the term “**Encumbered**” shall be construed accordingly;
- 1.22. “**Governmental Authority**” means (a) a national or state government, political subdivision thereof; (b) an instrumentality, board, commission, court, or agency, whether civilian or military, of any of the above, however constituted; and (c) a government-owned/ government-controlled association, organization in the Republic of India;
- 1.23. “**HCDL**” or “**Amalgamating Company 2**” shall have the meaning assigned to it in paragraph A(ii) of the Preamble;
- 1.24. “**Ind AS 103 Business Combinations**” shall have the meaning assigned to it in Clause 14(a);
- 1.25. “**INR**” or “**Rupees**” means the lawful currency of Republic of India;
- 1.26. “**ISP Business**” means the business of provision of broadband internet services and providing wired broadband services to end subscriber;
- 1.27. “**ISP Co**” or “**Transferee Company 2**” shall have the meaning assigned to it in paragraph A(vi) of the Preamble.
- 1.28. “**ISP Business Undertaking**” means the business undertaking pertaining to the ISP Business of the Amalgamated Company, which shall be inclusive of but not limited to:
  - (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature), whether situated in India or abroad, including, without limitation, all land, buildings, fixtures and structures thereon, all moveable property contained therein, stocks, current assets, investments of all kinds through any instrument, all investments in subsidiaries, joint ventures and other body corporates primarily engaged in the ISP Business, any cash or deposits, and bank accounts (including bank balances), contingent rights or benefits, receivables,



advances or share application money or paid by or deemed to have been paid by or received by the Amalgamated Company, rights and benefits under any agreement, any benefits or rights available to or due to the Amalgamated Company, any reserves or funds, other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and all other interests of whatsoever nature, and wheresoever situated, 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 Amalgamated Company, 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 Amalgamated Company, whether in India or abroad;

- (b) all permits, quotas, rights, privileges, entitlements, benefits or exemptions of any kind, industrial and other licences, whether from a governmental authority or third party, including from the Department of Telecommunications, any bids, tenders, letters of intent, expressions of interest, consents, subsidies, privileges, income tax benefits 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, and all other interests in connection with or pertaining to the ISP Business;
  - (c) all employees of the Amalgamated Company primarily engaged in the ISP Business;
  - (d) all debts, obligations, duties and liabilities, both present and future (including contingent liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, pertaining to the ISP Business;
  - (e) all intellectual property and intellectual property rights (including any applications for the same) of any nature whatsoever, books, records, files, papers, product specifications, and process-related information, lists of present and former customers and suppliers, and any other customer or supplier related information, whether in physical or electronic form, pertaining to ISP Business activities and operations of the Amalgamated Company; and
  - (f) any question that may arise as to whether a specified asset or liability pertains or does not pertain to the ISP Business shall be decided by the Board of the Amalgamated Company;
- 1.29. “**IT Act**” means the Income Tax Act, 1961 as amended from time to time, including the rules thereunder;
- 1.30. “**Net Proceeds**” shall have the meaning assigned to it in Clause 10(c);
- 1.31. “**Network18**” or “**Amalgamated Company**” or “**Transferor Company**” shall have the meaning assigned to it in paragraph A(iv) of the Preamble;
- 1.32. “**NCLT**” means the National Company Law Tribunal, Mumbai Bench;
- 1.33. “**NSE**” means the National Stock Exchange of India Limited;
- 1.34. “**Person**” means any individual (including in his capacity as trustee), entity, joint venture,

company, corporation, partnership (whether limited or unlimited), proprietorship or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors, successors-in-interest, and permitted assigns, and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;

- 1.35. “**Record Date**” means the date to be fixed by the Board of Network18 for the purpose of determining the equity shareholders of each of the Amalgamating Companies, to whom equity shares of Network18 will be allotted pursuant to this Scheme;
- 1.36. “**Registrar of Companies**” means the Registrar of Companies, Maharashtra at Mumbai having jurisdiction over the Scheme Entities;
- 1.37. “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Composite Scheme of Amalgamation and Arrangement in its present form or as amended or modified in accordance with the provisions hereof;
- 1.38. “**Scheme Entities**” means DEN, HCDL, TV18, Network18, Cable Co, ISP Co and Digital Co collectively;
- 1.39. “**SEBI**” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.40. “**SEBI Circular**” means the circular issued by the SEBI, being circular ref. no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and any amendments thereof or modifications issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.41. “**Stock Exchanges**” mean the BSE and the NSE collectively;
- 1.42. “**Transferee Companies**” mean the Cable Co, the ISP Co and the Digital Co collectively;
- 1.43. “**Transferred Business Undertakings**” means the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking as the case may be;
- 1.44. “**Trustee**” shall have the meaning assigned to it in Clause 10(b); and
- 1.45. “**TV18**” or “**Amalgamating Company 3**” shall have the meaning assigned to it in paragraph A(iii) of the Preamble.

## **2. Interpretation**

- 2.1 All terms used but not defined in this Scheme shall, unless contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act or any statutory modification or re-enactment thereof for the time being in force or any legislation which replaces the Act.
- 2.2 References to clauses and recitals, unless otherwise provided, are to clauses and recitals 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:

- (a) the words “including”, “include” or “includes” shall be interpreted in a manner as though the words “without limitation” immediately followed the same;
- (b) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated, or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- (c) the words “other”, “or otherwise” and “whatsoever” shall not be construed ejusdem generis or be construed as any limitation upon the generality of the preceding words or matters specifically referred to;
- (d) the singular shall include the plural and vice versa, and references to one gender include all genders;
- (e) references to any Scheme Entity shall, unless repugnant to the meaning thereof, include its successors-in-interest and permitted assigns;
- (f) in addition to the terms defined under Clause 1, certain terms are defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning assigned to them; and
- (g) references to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether having separate legal personality or not).

### 3. Share Capital

3.1 The share capital structure of DEN as on December 31, 2019 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
50,00,00,000 equity shares of Rs. 10 each	500,00,00,000
<b>Total</b>	<b>500,00,00,000</b>

<b>B. Issued and Subscribed Share Capital*</b>	<b>Amount in INR</b>
47,72,23,845 equity shares of Rs. 10 each	477,22,38,450
<b>Total</b>	<b>477,22,38,450</b>

*\*includes 4,57,931 equity shares issued to DNL Employees Welfare Trust of INR 10 each*

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
47,72,23,845 equity shares of Rs. 10 each	477,22,38,450
<b>Total</b>	<b>477,22,38,450</b>

The equity shares of DEN are listed on the Stock Exchanges. There has been no change in the issued, subscribed and paid-up share capital of DEN subsequent to December 31, 2019.

3.2 The share capital structure of HCDL as on December 31, 2019 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
199,90,00,000 equity shares of INR 2 each	399,80,00,000
2,00,000 preference shares of INR 10 each	20,00,000
<b>Total</b>	<b>400,00,00,000</b>

<b>B. Issued and Subscribed Share Capital</b>	<b>Amount in INR</b>
177,01,04,500 equity shares of INR 2 each	354,02,09,000
<b>Total</b>	<b>354,02,09,000</b>

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
1,77,01,04,500 equity shares of INR 2 each	354,02,09,000
<b>Total</b>	<b>354,02,09,000</b>

The equity shares of HCDL are listed on the Stock Exchanges. There has been no change in the issued, subscribed and paid-up share capital of HCDL subsequent to December 31, 2019.

3.3 The share capital structure of TV18 as on December 31, 2019 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
6,76,05,00,000 equity shares of INR 2 each	13,52,10,00,000
<b>Total</b>	<b>13,52,10,00,000</b>

<b>B. Issued Share Capital</b>	<b>Amount in INR</b>
1,71,44,09,196 equity shares of INR 2 each	342,88,18,392
<b>Total</b>	<b>342,88,18,392</b>

<b>C. Subscribed and Paid-up Share Capital</b>	<b>Amount in INR</b>
171,43,60,160 Equity Shares of Rs. 2/- each	342,87,20,320
Add: 49,036 Forfeited Equity Shares	24,518
<b>Total</b>	<b>342,87,44,838</b>

The equity shares of TV18 are listed on the Stock Exchanges. There has been no change in the issued, subscribed and paid-up share capital of TV18 subsequent to December 31, 2019.

3.4 The share capital structure of Network18 as on December 31, 2019 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
5,16,98,40,000 equity shares of INR 5 each	25,84,92,00,000
1,55,00,000 preference shares of INR 10 each	15,50,00,000
11,00,000 preference shares of INR 100 each	11,00,00,000
1,05,00,000 preference shares of INR 200 each	210,00,00,000
<b>Total</b>	<b>28,21,42,00,000</b>

<b>B. Issued and Subscribed Share Capital</b>	<b>Amount in INR</b>
1,04,69,48,519 equity shares of INR 5 each	523,47,42,595
<b>Total</b>	

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
1,04,69,48,519 equity shares of INR 5 each	523,47,42,595
<b>Total</b>	<b>523,47,42,595</b>

The equity shares of Network18 are listed on the Stock Exchanges. There has been no change in the issued, subscribed and paid-up share capital of Network18 subsequent to December 31, 2019.

3.5 The share capital structure of the Cable Co as on January 31, 2020 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
1,00,000 equity shares of INR 10 each	10,00,000
<b>Total</b>	10,00,000

<b>B. Issued and Subscribed Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

The equity shares of the Cable Co are not listed on any stock exchange.

3.6 The share capital structure of the ISP Co as on January 31, 2020 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
1,00,000 equity shares of INR 10 each	10,00,000
<b>Total</b>	10,00,000

<b>B. Issued and Subscribed Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

The equity shares of the ISP Co are not listed on any stock exchange.

3.7 The share capital structure of the Digital Co as on January 31, 2020 is as under:

<b>A. Authorised Share Capital</b>	<b>Amount in INR</b>
1,00,000 equity shares of INR 10 each	10,00,000
<b>Total</b>	10,00,000

<b>B. Issued and Subscribed Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

<b>C. Paid-up Share Capital</b>	<b>Amount in INR</b>
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	1,00,000

The equity shares of the Digital Co are not listed on any stock exchange.

#### **4. Date of Taking Effect**

The Scheme as set out herein in its present form or with any modifications, as may be approved or imposed or directed by the NCLT or any other statutory authority, or modified as per Clause 33, shall become effective from the Appointed Date as specified herein, and shall become operative from the Effective Date.

## PART II

### AMALGAMATION OF DEN, HCDL AND TV18 INTO NETWORK18

#### Section 1 - Transfer

5. Upon the coming into effect of this Scheme with effect from the Appointed Date, the Amalgamating Companies shall stand amalgamated into Network18. Accordingly, all the assets, investments, properties, approvals, licenses, consents, registrations, rights, powers, debts, liabilities, duties and obligations of the Amalgamating Companies shall be transferred to, and stand vested in or be deemed to have been vested in, Network18, on a going concern basis, without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the assets, investments, properties, rights, powers, debts, liabilities, duties and obligations of Network18 by virtue of and in the manner provided in this Scheme.

#### Section 2 Issue of shares of Network18

6. The provisions of this Section 2 of this Part II of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.

7. Record Date

The Board of Directors of Network18 shall determine the Record Date for determining the shareholders of each of the Amalgamating Companies who are eligible to receive equity shares of Network18 in terms of this Scheme. On determination of the Record Date, the Amalgamating Companies shall provide to Network18, a list of their respective shareholders (including his / her / its legal heirs, executors or successors as the case may be) as on such Record Date (“**Eligible Shareholders**”).

8. Reduction of share-capital of DEN pursuant to cancellation of the shares held by the employee trust of DEN

- (a) DEN had adopted an employee stock option scheme in 2010 and another employee stock option scheme – plan B in 2014 (“**DEN ESOP Schemes**”). The Board of DEN has discontinued the DEN ESOP Schemes as (i) there are no outstanding options (whether vested or unvested) under the DEN ESOP Schemes; and (ii) the Board does not propose to grant any new stock options to its employees. Accordingly, the equity shares of DEN held by the DNL Employee Welfare Trust shall, without any further application, act, instrument or deed, be automatically cancelled as part of the Scheme. Further, the DNL Employee Welfare Trust shall, without any further application, act, instrument or deed, stand dissolved automatically and all its assets and liabilities shall vest in DEN, as the settlor of the DNL Employee Welfare Trust, or its successors. Without prejudice to the above, DEN and/or Network18 shall, wherever necessary, enter into and/or execute dissolution deed or any other document as it may deem necessary for dissolution of the DNL Employee Welfare Trust.
- (a) Upon the Scheme becoming effective, the paid-up equity share capital of DEN shall stand reduced from INR 477,22,38,450/- (INR Four Hundred Seventy Seven Crores Twenty Two Lakhs Thirty Eight Thousand Four Hundred and Fifty only) divided into 47,72,23,845 (Forty Seven Crores Seventy Two Lakhs Twenty Three Thousand Eight Hundred and Forty Five only) equity shares of face value of Rs.

10/- each to INR 476,76,59,140/- (INR Four Hundred Seventy Six Crores Seventy Six Lakhs Fifty Nine Thousand One Hundred and Forty only) divided into 47,67,65,914 (Forty Seven Crores Sixty Seven Lakhs Sixty Five Thousand Nine Hundred and Fourteen only) equity shares of face value of INR 10/- each. The aforesaid reduction of capital shall be effected by selective cancellation and extinguishment of 4,57,931 (Four Lakhs Fifty Seven Thousand Nine Hundred and Thirty one) fully paid-up equity shares of face value of INR 10/- each held in trust by DNL Employee Welfare Trust, without any pay out. Such reduction of capital of DEN shall take effect prior to the Record Date and prior to the issue of equity shares by Network18 in accordance with Clause 9(a) below.

**9. Issue of new equity shares**

Upon coming into effect of the Scheme and in consideration of the Amalgamation, Network18 shall without any further application, act, instrument or deed:

- (a) issue and allot 191 (one hundred and ninety-one) fully paid-up equity shares, free from all Encumbrances, of face value of INR 5 each in Network18 for every 100 (one hundred) fully paid-up equity shares of face value of INR 10 each held by the Eligible Shareholder of DEN;
- (b) issue and allot 78 (seventy-eight) fully paid-up equity shares, free from all Encumbrances, of face value of INR 5 each in Network18 for every 100 (one hundred) fully paid-up equity shares of face value of INR 2 each held by the Eligible Shareholder of HCDL; and
- (c) issue and allot 92 (ninety-two) fully paid-up equity shares, free from all Encumbrances, of face value of INR 5 each in Network18 for every 100 (one hundred) fully paid-up equity shares of face value of INR 2 each held by the Eligible Shareholder of TV18.

**10. Issue mechanics and other relevant provisions**

- (a) Subject to Applicable Laws, the equity shares of Network18 that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by Network18 and, or, other relevant records, whether in physical or electronic form, maintained by Network18, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of Network18) be updated to reflect the issue of equity shares in terms of this Scheme. The shareholders of the Amalgamating Companies shall provide such confirmation, information and details as may be required by Network18 to enable it to issue the aforementioned equity shares.
- (b) For the purpose of the allotment of equity Shares of Network18 pursuant to this Scheme, in the event any Eligible Shareholder holds equity shares of any Amalgamating Company in physical form, Network18 shall issue the corresponding equity shares in dematerialised form to a trustee nominated by the Board of Network18 (“**Trustee**”) who shall hold these equity shares in trust for the benefit of such Eligible Shareholder. The equity shares of Network18 held by the Trustee for the benefit of the Eligible Shareholder shall be transferred to the respective Eligible Shareholder once such Eligible Shareholder provides details of his/her/its demat account to the Trustee, along with such other documents as may be required by the Trustee. The respective Eligible Shareholders shall have all the rights of shareholders of Network18, including the right to receive dividend, voting

rights and other corporate benefits, pending the transfer of equity shares from the Trustee. All costs and expenses incurred in this respect shall be borne by Network18.

- (c) For the purpose of the allotment of equity shares of Network18 pursuant to this Scheme, in case any Eligible Shareholder's holding in the respective Amalgamating Company is such that the Eligible Shareholder becomes entitled to a fraction of an equity share of Network18, Network18 shall not issue fractional shares to such Eligible Shareholder but shall consolidate all such fractions and issue consolidated equity shares to the Trustee, who shall hold such equity shares, with all additions or accretions thereto, in trust for the benefit of the Eligible Shareholders to whom they belong for the specific purpose of selling such equity shares in the market at such price or prices and at such time or times 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) ("**Net Proceeds**") to the Eligible Shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from the 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 equity shares of Network18 pertaining to the fractional entitlements.
- (d) The equity shares to be issued by Network18 in respect of any equity share of any Amalgamating Company which are held in abeyance under the provisions of the Act or otherwise shall, pending settlement of dispute by order of a court of law or otherwise, be held in abeyance by Network18.
- (e) The equity shares of Network18 issued in terms of this Scheme will be listed and admitted to trading on the Stock Exchanges. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing / trading are given by the Stock Exchanges.

**11. Cancellation of the shares held by Network18 in DEN and TV18**

Simultaneous with the issuance of the equity shares of Network18, in accordance with this Scheme, the existing issued and paid up equity share capital of DEN and TV18, as held by Network18, shall, without any further application, act, instrument or deed, be automatically cancelled.

**12. Savings of concluded transactions**

The transfer of assets, liabilities and business to, and the continuance of proceedings by or against Network18 as envisaged in this Part II shall not affect any transaction or proceedings already concluded by any Amalgamating Company or Network18 on or before the Appointed Date and after the Appointed Date till the Effective Date. To that end and intent Network18 accepts and adopts all acts, deeds and things done and executed by any Amalgamating Company in respect thereto as done and executed on behalf of itself.

**13. Inter-se Transactions**

Notwithstanding anything contained herein, with effect from the Appointed Date, all inter-se transactions between Network18 and Amalgamating Companies (excluding Transferred Business Undertakings) and within Amalgamating Companies (excluding Transferred Business Undertakings) shall be considered as intra-party transactions and on the coming into effect of this Scheme, the same shall stand cancelled without any further act, instrument or deed.



14. Accounting Treatment in the books of Network18

- (a) Upon the effectiveness of this Scheme and with effect from the Appointed Date, Network18 shall account for the amalgamation in its books as per the applicable accounting principles prescribed under Appendix C to Indian Accounting Standard (Ind AS) 103 “Business Combinations” prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (“**Ind AS 103 Business Combinations**”);
- (b) Network18 shall upon the Scheme coming into effect and with effect from the Appointed Date, record the assets, liabilities and reserves, if any, of (i) TV18 vested in it pursuant to this Scheme, at the respective book values thereof and in the same form as appearing in the consolidated financial statements of Network18; and (ii) DEN and HCDL vested in it pursuant to this Scheme, at their respective carrying values thereof and in the same form as appearing in the financial statements of DEN and HCDL;
- (c) The identity of the reserves of the Amalgamating Companies shall be preserved and Network18 shall record the reserves of the Amalgamating Companies in the same form and at the same values as they appear in the consolidated financial statements of Network18/ financial statements of DEN and HCDL as applicable;
- (d) Pursuant to the Amalgamation, the inter-company transactions and balances between Network18 and Amalgamating Companies (excluding Transferred Business Undertakings) and within Amalgamating Companies (excluding Transferred Business Undertakings) shall stand cancelled and there shall be no further obligation in that behalf;
- (e) No adjustments are being made to reflect fair values, or recognize any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies;
- (f) The value of investments held by Network18 in DEN and TV18 shall stand cancelled pursuant to the Amalgamation;
- (g) The issue and allotment of equity shares in Network18 to the Eligible Shareholders shall be recorded at nominal value;
- (h) The difference between (i) the face value of the new shares issued and allotted pursuant to Clause 9; (ii) the carrying amount of the investments cancelled pursuant to Clause 14(f) on the one hand; and the net of assets, liabilities and reserves of the Amalgamating Companies acquired and recorded by Network18 in terms of Clause 14(b) shall be adjusted in Capital Reserve;
- (i) While recording the assets of the Amalgamating Companies, Network18 would record in its books, the amount of Goodwill as reflecting in its consolidated financial statements to the extent to which it pertains to the investment held in the Amalgamating Companies, if any;
- (j) In case of any difference in accounting policy between the Amalgamating Companies and Network18, the accounting policies followed by Network18 will prevail and the difference shall be adjusted in the Revenue Reserves of Network18; and

- (k) In addition, Network18 shall pass such accounting entries, as may be necessary, in connection with the Scheme, to comply with any of the applicable accounting standards and generally accepted accounting principles adopted in India.

**15. Tax Treatment**

- (a) Part II of this Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the IT Act and other relevant provisions of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the IT Act, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act and other relevant provisions of the IT Act.
- (b) On or after the Effective Date, Network18 is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for the purpose of re-computing minimum alternative tax, and claiming other tax benefits), goods and services tax laws and other tax laws, and to claim refunds and/or credits for taxes paid (including tax on book profits, minimum alternative tax credit and foreign tax credit), and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme notwithstanding that the period of filing/revising such returns/forms may have lapsed and period to claim refund/credit also elapsed upon this Scheme becoming effective.
- (c) All tax assessment proceedings/appeals (including application and proceedings in relation to advance ruling) of whatsoever nature by or against the Amalgamating Companies pending and/or arising on or after the Appointed Date shall be continued and/or enforced until the Effective Date as desired by Network18. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against Network18 in the same manner and to the same extent as it would or might have been continued and enforced by or against the Amalgamating Companies. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the Amalgamation or anything contained in the Scheme.
- (d) Any tax liabilities including but not limited to liabilities under the IT Act, foreign tax credit, tax treaties, Customs Act 1962, goods and services tax laws or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Amalgamating Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Network18. Any surplus in the provision for taxation/duties/levies account including advance tax and tax deducted at source as on the date immediately preceding the Appointed Date will also be transferred to the account of Network18.
- (e) Any refund including but not limited to refund under the IT Act, foreign taxes, Customs Act 1962, goods and services tax laws or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Amalgamating Companies due to the Amalgamating Companies consequent to the assessment made on the Amalgamating Companies and for which no credit is

taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by Network18.

- (f) All taxes including income-tax, minimum alternate tax, foreign taxes, custom duty, goods and service tax, etc. paid or payable by the Amalgamating Companies in respect of their operations and/or the profits of the business before the Appointed Date, shall be on account of the Amalgamating Companies and, in so far as it relates to the tax payment (including, without limitation, income-tax, minimum alternate tax, custom duty, goods and service tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Amalgamating Companies in respect of their profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by Network18 and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source by the Amalgamating Companies/Network18 on payables to Network18/Amalgamating Companies on account of inter-se transactions which has been deemed not to be accrued, shall be deemed to be advance taxes paid by Network18 and shall, in all proceedings, be dealt with accordingly.
- (g) Obligation for deduction of tax at source on any payment made by or to be made by the Amalgamating Companies including but not limited to obligation under the IT Act, Wealth-tax Act, 1957, customs law, goods and service tax law or other applicable laws/regulations dealing with taxes/duties/levies shall be made or deemed to have been made and duly complied with by Network18.
- (h) Without prejudice to the generality of the above, all benefits, incentives, losses, credit for tax including on book profits, accumulated losses, credits (including, without limitation income tax, minimum alternate tax credit, goods and service tax credit, etc.) to which the Amalgamating Companies are entitled to in terms of Applicable Laws, shall be available to and vest in Network18 on and after the Appointed Date, even if such credits have not been availed off in the books as on the date of transfer. Also, Network18 will be entitled to avail goods and service tax credit after the Appointed Date in respect of all duties/taxes where the documents are in the name of the Amalgamating Companies. Further, licenses issued to the Amalgamating Companies by any regulatory authorities including DGFT license, if any, and all benefits and tax credits, if any, associated with it shall stand transferred to Network18 upon the Scheme becoming effective.
- (i) Network18 shall be entitled to claim deduction under section 43B of the IT Act in respect of unpaid liabilities of each of the Amalgamating Companies transferred to Network18 pursuant to this Scheme to the extent not claimed by the Amalgamating Companies, as and when the same are paid subsequent to the Appointed Date.

**16. Dissolution of the Amalgamating Companies**

Upon the coming into effect of this Scheme and with effect from Appointed Date, each Amalgamating Company shall stand dissolved without winding-up and without any further act or deed.

**PART III**

**TRANSFER OF THE CABLE BUSINESS UNDERTAKING, THE ISP BUSINESS UNDERTAKING AND THE DIGITAL BUSINESS UNDERTAKING FROM THE AMALGAMATED COMPANY TO THE CABLE CO, THE ISP CO AND THE DIGITAL CO**

## Section 1 - Business transfer

### 17. Business transfer

Upon the Scheme becoming effective, with effect from the Appointed Date:

- (a) the Cable Business Undertaking in its entirety shall, without any further act, instrument, deed or thing, be transferred from the Amalgamated Company and stand vested in the Cable Co, on a going concern basis;
- (b) the ISP Business Undertaking in its entirety, shall, without any further act, instrument, deed or thing, be transferred from the Amalgamated Company and stand vested in the ISP Co, on a going concern basis; and
- (c) the Digital Business Undertaking in its entirety shall, without any further act, instrument, deed or thing, be transferred from the Amalgamated Company and shall stand vested in the Digital Co, on a going concern basis.

### 18. Transfer of Assets

Without prejudice to the generality of Clause 17 above, upon the Scheme coming into effect and at all times with effect from the Appointed Date, the assets, estate, properties, rights, approvals, licenses, consents, registrations, claims, title, interest and authorities including accretions and appurtenances of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking (“**Assets**”) shall stand transferred to and vested in the Cable Co, the ISP Co and the Digital Co, respectively, in the following manner, unless specifically otherwise provided under the Scheme:

- (a) all Assets, which are movable or immovable in nature, whether freehold or leasehold and all documents/ instruments of title, rights and easements, or contracts or arrangements in relation thereto, the same may, upon coming into effect of this Scheme, be so transferred or deemed to be so transferred to the respective Transferee Companies and shall become the assets of the respective Transferee Companies, along with any Encumbrances thereto, and the title to the assets will be deemed to have been vested accordingly without requiring any deed or instrument of conveyance pursuant to the provisions of Sections 230 to 232 and/or other applicable provisions of the Act and shall upon such transfer become the property of, and an integral part of, such Transferee Companies. Each Transferee Company may, 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 assets stand transferred to and vested in such Transferee Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;
- (b) without prejudice to what is stated in Clause 18(a) above, all approvals, permissions, registrations, rights, privileges, entitlements, benefits or exemptions of any kind, whether from a governmental authority or third party, in relation to the Cable Business, the ISP Business and the Digital Business shall, upon the coming into effect of the Scheme, be transferred or deemed to be so transferred to the respective Transferee Companies without requiring any deed, matter or thing pursuant to the provisions of Sections 230 to 232 and/or other applicable provisions of the Act; and

- (c) without prejudice to what is stated in Clause 18(a) above, the Amalgamated Company, the Amalgamating Companies (as applicable) and the Transferee Companies shall execute such documents/ instruments or do all such acts and deeds, including filing of necessary particulars and/or modification of charge with the Registrar of Companies to give formal effect to the above Clauses, if required.

**19.** Transfer of Contracts, Deeds, etc.

- (a) Without prejudice to the generality of Clause 18 above, the contracts forming part of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking shall stand transferred to and vested in the Cable Co, the ISP Co and the Digital Co, respectively. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence.
- (b) Without prejudice to what is stated in Clause 19(a) above, the respective Transferee Companies shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

**20.** Transfer of Liabilities

Without prejudice to the generality of Clause 18 above, all the liabilities of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking shall stand transferred to and vested in the Cable Co, the ISP Co and the Digital Co, respectively, in the following manner:

- (a) all the liabilities pertaining to the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking shall, to the extent they are outstanding on the Effective Date, without any further act or deed become liabilities of the Cable Co, the ISP Co and the Digital Co respectively and all rights, powers, duties and obligations in relation thereto shall stand transferred to, vested in, and shall be exercised by or against the Cable Co, the ISP Co or the Digital Co, as the case may be, as if they have incurred such liabilities;
- (b) the liabilities not related to the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking shall remain liabilities of Network18;
- (c) without prejudice to the provisions of the foregoing Clauses, all such other deeds, instruments, documents and/or writings shall be executed/entered into and/or all such acts and deeds shall be undertaken as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the applicable registrar of companies to give formal effect to the provisions of this Clause, if required;
- (d) it is expressly clarified that, save as mentioned in this Scheme, no other terms or conditions of the liabilities of the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking are modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication; and
- (e) subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or

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

**21.** Transfer of litigations etc.

- (a) All suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) in relation to the Transferred Business Undertakings, pending on the Effective Date, shall be continued and/or enforced by or against the respective Transferee Companies as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Transferee Companies respectively.
- (b) All litigations not related to the Cable Business Undertaking, the ISP Business Undertaking and the Digital Business Undertaking shall continue with Network18.
- (c) Upon the Scheme becoming effective, all such documents shall be executed/entered into, as may be necessary to give formal effect to the provisions of this Clause.

**22.** Transfer of Employees

- (a) Upon the coming into effect of this Scheme, all employees engaged primarily in the Transferred Business Undertakings shall, become employees of the respective Transferee Companies, on terms and conditions not less favourable than those on which they are engaged in the Transferred Business Undertakings and without any interruption of or break in service. For the purpose of payment of any compensation, gratuity and other terminal benefits to such employees, the past services of such employees and such benefits to which the employees are entitled shall also be taken into account, and paid (as and when payable), by the Transferee Companies.
- (b) Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created, funded or contributed for the employees of the Transferred Business Undertakings are concerned (collectively referred to as the “**Employee Benefit Funds**”), the Employee Benefit Funds (including the aggregate of all the contributions made to such Employee Benefit Funds for the benefit of the employees, accretions thereto and the investments made by the Employee Benefit Funds in relation to the employees) shall be transferred to the respective Transferee Companies and shall be held for the benefit of the concerned employees.
- (c) In relation to those employees of the Transferred Business Undertakings in respect of which contributions have been made to the government provident fund or other employee benefit fund, the respective Transferee Companies shall stand substituted for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such funds, by laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations in relation to such funds shall become those of the respective Transferee Companies.

**Section 2 - Consideration and Other Matters**

**23.** Consideration

The Transferor Company shall transfer the Transferred Business Undertakings to the respective Transferee Companies for a lump sum consideration equal to the net worth of the respective Transferred Business Undertakings, as computed under Section 50B of the IT Act (“**Business Transfer Consideration**”). The Business Transfer Consideration shall be discharged by the Transferee Companies to the Transferor Company by issue of securities to the Transferor Company. The Board of the Transferee Companies and Network18 shall mutually determine the terms and conditions of the securities to be issued.

**24. Accounting Treatment**

**(a) *Treatment in the books of Network18***

Upon Part III of this Scheme becoming effective, with effect from the Appointed Date, Network18 shall account for the transfer of the respective Transferred Business Undertakings in its books in accordance with the following principles:

- i. Network18 shall derecognize the carrying values of the tangible assets, intangible, investments, financial liabilities, other assets and liabilities pertaining to the respective Transferred Business Undertakings in accordance with the applicable accounting standards;
- ii. Network18 shall recognize the consideration received from the respective Transferee Companies;
- iii. The difference between consideration received and carrying value of the net assets transferred shall be adjusted in Capital Reserve of Network18; and
- iv. In addition, Network18 shall pass such accounting entries, as may be necessary, in connection with the Scheme, to comply with any of the applicable accounting standards and generally accepted accounting principles adopted in India.

**(b) *Treatment in the books of the Transferee Companies***

Upon Part III of this Scheme becoming effective, the Transferee Companies shall account for the acquisition of the respective Transferred Business Undertaking in their books of accounts with effect from the Appointed Date in accordance with Ind AS 103 Business Combinations:

- i. The assets (including investments), liabilities and reserves of the respective Transferred Business Undertakings transferred to and vested in the Transferee Companies pursuant to this Scheme shall be recorded at the respective carrying values thereof and in the same form as appearing in the books of Network18;
- ii. All inter-corporate deposits / loans and advances / balances pertaining to the Transferred Business Undertakings, will stand cancelled in the respective Transferee Companies;
- iii. no adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies;
- iv. The difference between the consideration discharged by the Transferee

Companies and the value of the net assets of the respective Transferred Business Undertakings shall be adjusted in the capital reserve of the respective Transferee Companies; and

- v. In addition, the Transferee Companies shall pass such accounting entries, as may be necessary, in connection with the Scheme, to comply with any of the applicable accounting standards and generally accepted accounting principles adopted in India.

## 25. Tax Treatment

- (a) Upon Part III of the Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable by Network18 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, states sales tax laws, Central Sales Tax Act, 1956, VAT/service tax, goods and services tax laws and all other applicable laws), accruing and relating to the Transferred Business Undertakings, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims, which may arise after the Appointed Date and which relate to a period on or after Appointed Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the respective Transferee Companies. However, it is clarified that, all taxes and duties payable by Network18 (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, states sales tax laws, Central Sales Tax Act, 1956, value added taxes/service tax, goods and services tax laws and all other applicable laws), accruing and relating to the Transferred Business Undertakings, including but not limited to advance tax payments, tax deducted at source, minimum alternate tax, any refund and claims existing on the Appointed Date and which may arise after the Appointed Date but which relate to a period before the Appointed Date shall, for all purposes, be treated as advance tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of Network18.
- (b) Upon Part III of the Scheme becoming effective, all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax, etc. relating to the Transferred Business Undertakings to which Network18 is entitled to, which may arise on or after the Appointed Date and which relate to a period on or after the Appointed Date, shall be available to and vest in the respective Transferee Companies, without any further act or deed. However, it is clarified that all unutilized credits and exemptions and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax, etc. relating to the Transferred Business Undertakings to which Network18 is entitled to, existing on the Appointed Date and which may arise after the Appointed Date but which relate to a before the Appointed Date shall be available to and remain with Network18.
- (c) Upon Part III of the Scheme being effective, Network18 and the Transferee Companies are expressly permitted to revise their financial statements and returns, along with prescribed forms, filings and annexures under the IT Act (including for the purpose of re-computing minimum alternative tax, and claiming other tax benefits), goods and services tax laws and other tax laws, and to claim refunds and



/ or credits for taxes paid (including tax on book profits, minimum alternative tax credit and foreign tax credit), and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme notwithstanding that the period of filing / revising such returns / forms may have lapsed and period to claim refund / credit also elapsed upon this Scheme becoming effective.

- (d) The Board of Directors of Network18 and the Transferee Companies shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Transferred Business Undertakings and whether the same would be transferred to the respective Transferee Companies.
- (e) Any refund under the tax laws due to Network18 pertaining to the Transferred Business Undertakings consequent to the assessments made on Network18 and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by Network18.
- (f) Network18 may be entitled to various incentive schemes and pursuant to the Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Transferred Business Undertakings shall stand transferred to and vested in the respective Transferee Companies and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Transferred Business Undertakings, to the extent statutorily available, shall be claimed by the respective Transferee Companies.
- (g) The Transferee Companies shall be entitled to claim deduction under section 43B of the IT Act in respect of unpaid liabilities transferred to it as part of the Transferred Business Undertakings to the extent not claimed by Network18, as and when the same are paid subsequent to the Appointed Date.

**26. Saving of Concluded Transactions:**

Nothing in the Scheme shall affect any transaction or proceeding already concluded by Network18 in respect of the Transferred Business Undertakings. To that end and intent, the respective Transferee Companies shall accept and adopt all acts, deeds and things done and executed by Network18 in regard to the Transferred Business Undertakings as if it is done and executed by the respective Transferee Companies themselves.

**PART IV**

**GENERAL TERMS AND CONDITIONS**

**27. Amendment to the Memorandum of Association of Network18 and increase in Share Capital of Cable Co, ISP Co, the Digital Co and Network18**

- (a) Upon the Scheme becoming effective, without any further act, instrument or deed or payment of stamp duty and fees to Registrar of Companies, the authorized share capital of Network18 shall automatically stand increased by the aggregate authorized share capital of each of the Amalgamating Companies.
- (b) Upon the Scheme becoming effective, 2,00,000 (two lakh) preference shares of INR 10 (Rupees ten) each of HCDL, 1,55,00,000 (one crore fifty five lakhs) preference

shares of INR 10 each of Network18, 11,00,000 (eleven lakh) preference shares of INR 100 each of Network18 and 1,05,00,000 (one crore five lakhs) preference shares of INR 200 each of Network18 shall be reclassified into equity shares of face value of INR 5 each of Network18 and the existing capital clause of Network18 shall stand replaced as under:

*“The Authorised Share Capital of the Company is Rs. 5073,52,00,000/-/- (Rupees five thousand seventy-three crore fifty-two lakh only) divided into 1014,70,40,000 (one thousand fourteen crore seventy lakh forty thousand only) equity shares of face value of Rs. 5/- each”*

- (c) The stamp duties and fees (including registration fee) paid on the authorized share capital of the Amalgamating Companies shall be utilized and applied to the increased authorized share capital of Network18 and there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by Network18 for increase in the authorized share capital to that extent.
- (d) The consent of the shareholders of Network18 to this Scheme shall also be deemed to be the consent of such shareholders for the purposes of increasing the authorised share capital of Network18 and re-classifying the preference share capital into equity share capital and no further resolution under Section 13, Section 14, Section 61 and Section 64 or any other applicable provisions of the Act, would be required to be separately passed.
- (e) The issued, subscribed and paid-up share capital of the Cable Co, the ISP Co, the Digital Co and Network18 shall stand suitably increased consequent upon the issuance of shares, if any, for discharge of the Business Transfer Consideration in accordance with this Scheme. It is clarified that no special resolution under Section 42, Section 55, and Section 62 of the Act shall be required to be passed by Cable Co, the ISP Co, the Digital Co and Network18 separately in a general meeting for issue of shares under this Scheme.

**28. Conduct of business**

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

- (a) each of the Amalgamating Companies 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 and investments for and on account of, and in trust for, Network18;
- (b) all profits and income accruing or arising to the Amalgamating Companies, and losses and expenditure arising or incurred by them (including taxes, if any, accruing or paid in relation to any profits or income), 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, of Network18;
- (c) any of the rights, powers, authorities or privileges exercised by the Amalgamating Companies, shall be deemed to have been exercised for and on behalf of, and in trust for and as an agent of Network18. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Companies, shall be deemed to have been undertaken for and on behalf of and as an agent for Network18; and

- (d) all taxes (including, without limitation, income tax, sales tax, service tax, value added taxes, goods and service taxes, etc.) paid or payable by the Amalgamating Companies, shall be on account of Network18 and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, service tax, value added taxes, goods and service taxes, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Amalgamating Companies, the same shall be deemed to be the corresponding item paid by Network18, and, shall, in all proceedings, be dealt with accordingly.

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

- (a) Network18 shall with respect to the Transferred Business Undertakings, 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 and investments for and on account of, and in trust for, the respective Transferee Companies;
- (b) all profits and income accruing or arising to Network18, and losses and expenditure arising or incurred by them (including taxes, if any, accruing or paid in relation to any profits or income) with respect to the Transferred Business Undertakings, 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, of the respective Transferee Companies;
- (c) any of the rights, powers, authorities or privileges exercised by Network18 with respect to the Transferred Business Undertakings, shall be deemed to have been exercised for and on behalf of, and in trust for and as an agent of the respective Transferee Companies. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Network18 with respect to the Transferred Business Undertakings, shall be deemed to have been undertaken for and on behalf of and as an agent for the respective Transferee Companies; and
- (d) all taxes (including, without limitation, income tax, sales tax, service tax, value added taxes, goods and service taxes, etc.) paid or payable by Network18 with respect to the Transferred Business Undertaking, shall be on account of the respective Transferee Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, service tax, value added taxes, goods and service taxes, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by Network18 with respect to the Transferred Business Undertaking, the same shall be deemed to be the corresponding item paid by the respective Transferee Companies, and, shall, in all proceedings, be dealt with accordingly.

**29.** Scheme Conditional on Approvals / Sanctions

- (a) The effectiveness of the Scheme is conditional upon and subject to:
  - (i) the Amalgamating Companies and Network18 having received a 'no objection' and / or 'observation' letter from the Stock Exchanges in terms of the SEBI Circular;
  - (ii) approval of the shareholders of Amalgamating Companies and Network18 through e-voting and/or any other mode as may be required under any Applicable Law and the SEBI Circular. The Scheme is conditional upon Scheme being approved by the public shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI Circular No.

CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it;

- (iii) this Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors (where applicable) of each Scheme Entity as required under the Act and the requisite orders of the NCLT being obtained;
  - (iv) the sanction of this Scheme by the NCLT under Sections 230 to 232 and Section 66 of the Act, and other applicable provisions, if any of the Act;
  - (v) approval of this Scheme by the concerned regulatory and governmental authorities, including the Department of Telecommunications; and
  - (vi) such other approvals and sanctions as may be required by Applicable Law in respect of this Scheme being obtained.
- (b) On the approval of this Scheme by the respective requisite majorities of the shareholders of each Scheme Entity as required under Applicable Law, such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the amalgamation set out in this Scheme, related matters and this Scheme itself.

**30.** Withdrawal of Scheme

- (a) The Boards of the Scheme Entities shall be entitled to withdraw this Scheme prior to the Effective Date.
- (b) The Boards of the Scheme Entities shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme could have adverse implications on the combined entity post-merger by absorption.

**31.** Applications

Each Scheme Entity shall with all reasonable dispatch make application(s) under Sections 230 to 232 and other applicable provisions of the Act to the NCLT for sanctioning this Scheme and for dissolution of the Amalgamating Companies without winding up, as applicable.

**32.** Resolutions

- (a) Upon the coming into effect of this Scheme, the resolutions, if any, of the Amalgamating Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of Network18 and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by Network18 and shall constitute the aggregate of the said limits in Network18.
- (b) Upon the coming into effect of this Scheme, the limits of Network18 in terms of Section 180(1)(c) and Section 186(2) of the Act shall be deemed, without any

further act or deed, to have been enhanced by the aggregate limits of the Amalgamating Companies pursuant to the Scheme, such limits being incremental to the existing limits of Network18, with effect from the Appointed Date.

**33. Modifications to the Scheme**

- (a) On behalf of each Scheme Entity, the Board of the respective Scheme Entities may, acting jointly, make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate or which may be necessary to solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect. The Board of the respective Scheme Entities may, acting jointly, consent to any conditions or limitations that the NCLT or any other Governmental Authority may deem fit to direct or impose.
- (b) For the purposes of giving effect to this Scheme or to any modification thereof, the Boards of the Scheme Entities may, acting jointly, give such directions including directions for settling any question of doubt or difficulty that may arise and such directions shall be binding on all Scheme Entities, in the same manner as if the same were specifically incorporated in this Scheme.

**34. Provisions related to the Transferred Business Undertakings**

- (a) In the event any part of the Transferred Business Undertakings intended to be transferred does not get transferred to the respective Transferee Company(ies), Network18 and the Transferee Company(ies) undertake to take all necessary steps, and execute all necessary documents, to ensure the transfer of such part of the Transferred Business Undertakings thereof to the applicable Transferee Company forthwith without any further consideration. Network18 and the Transferee Company agree that, pending such transfer, Network18 shall hold such part of the Transferred Business Undertakings in trust for the respective Transferee Company, and shall put in place necessary arrangements to allow such Transferee Company to enjoy the benefit of the same without incurring monetary obligations for such actions.
- (b) Network18 and the Transferee Companies may in any manner at any time, determine jointly whether any asset, liability, employee, legal or other proceedings pertains to the Transferred Business Undertakings or not, on the basis of any evidence that they may deem relevant for this purpose.

**35. Facilitation Provision**

- (a) Each Scheme Entity may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent security holders of the respective companies), or to review the position relating to the satisfaction of various conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law).
- (b) Upon the Scheme becoming effective, the Board of Network18 may decide to transfer the securities held by Network18, whether received under this Scheme or otherwise, to reorganize the corporate structure under Network18. Network18 and

the Transferee Companies and may also, with effect from Appointed Date, identify any expense or provision or impairment or goodwill arising pursuant to amalgamation/restructuring/arrangement or reversal of provision for the preparation of standalone or consolidated financial statements of Network18 and the Transferee Companies on or at any time after Appointed Date and adjust the net debit or credit upon such transfer or adjustment in the capital reserve.

**36.** Government dues, Tax demands, and refunds for the Transferred Business Undertakings

Network18 undertakes that all refunds of payments made to government authorities, tax and levies relating to the Transferred Business Undertakings that relate to the period after the Appointed Date and have been received by Network18 after the Appointed Date shall always belong to the applicable Transferee Company and Network18 shall immediately notify the applicable Transferee Company of such refund and reimburse the amount so received (net of reasonable costs of recovery, if any).

Similarly, each of the Transferee Companies undertakes that all government dues, taxes, demands, levies and other liabilities paid or payable by Network18 in relation to the Transferred Business Undertakings that relate to the period prior to the Appointed Date shall be on account of the applicable Transferee Company and (i) in the event Network18 has made such payment, the applicable Transferee Company shall reimburse the amount so paid to Network18; and (ii) in the event Network18 has not made such payment, the applicable Transferee Company shall pay, contest, settle, etc. such demand to the tax authorities or other government authorities, directly without any liability or recourse to Network18.

**37.** Costs

All costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) of in relation to or in connection with the Scheme and incidental to the completion of transactions contemplated under this Scheme shall be borne and paid by each Scheme Entity in such proportion as may be mutually agreed between them.