

IN THE HIGH COURT OF JUDICATURE AT MADRAS

(Original Jurisdiction)

Thursday, the Twenty Ninth day of November, 2007

THE HON'BLE MR.JUSTICE S.RAJESWARAN

Comp.Appln.Nos.2975 to 2979  
2007

in

Comp.Petn.Nos.167 to 171 of 2004

In the matter of the Companies Act, 1956

And

In the matter of Composite Scheme of Amalgamation,  
Arrangement and Compromise between

Pentamedia Graphics Limited,

Media Dreams limited,

Kris Srikanth Sports Entertainment Limited,

Intelivision Limited and

Mayajaal Entertainment Limited

And

Their respective Creditors and Shareholders.

C.P.No.167 of 2004 and C.A.No.2975 of 2007.

Pentamedia Graphics Limited,  
A Company incorporated under the  
Companies Act, 1956 and having its  
Registered Office at "Softowers"  
No.1, First Main Road,  
United India Colony  
Kodambakkam, Chennai-600 024  
Rep. by Dr.V.Chandrasekaran  
Chairman & CEO

... Petitioner/Applicant/  
Transferor Company (1)

C.A.No.2975 of 2007.

This Company Application praying this Court that the Composite Scheme of Amalgamation, Arrangement and Compromise between Pantamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intelivision Limited and Mayajaal Entertainment Limited, sanctioned by this Court on 12.10.2004/8.11.2004 in C.P.Nos.167 to 171 of 2004, now modified and filed ~~xx~~ in compliance with the No Objection letter dated 31.10.2007 of the Bombay Stock Exchange Limited, be sanctioned by the High Court with effect from 1st January 2004 so as to be binding on all the shareholders and creditors of the Applicant Company namely, Pentamedia Graphics Limited and on the said Applicant Company.

C.P.No.168 of 2004 and C.A.No.2976 of 2007.

Media Dreams Limited,  
A company incorporated under the  
Companies Act, 1956, and having its  
Registered Office at "Taurus"  
No.25, First Main Road,  
United India Colony, Kodambakkam,  
Chennai-600 024.

Rep. by K.Maniprasad, Director ... Petitioner/Applicant/  
Transferor Company(2)

C.A.No.2976 of 2007.

This Company Application praying this Court that the Composite Scheme of Amalgamation, Arrangement and Compromise between Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports

Entertainment Limited, Intellevision Limited and Mayajaal Entertainment Limited, sanctioned by this Court on 12.10.2004/8.11.2004 in C.P.Nos.167 to 171 of 2004, now modified and filed in compliance with the No Objection letter dated 31.10.2007 of the Bombay Stock Exchange Limited, be sanctioned by the High Court with effect from 1st January 2004 so as to be binding on all the shareholders and creditors of the Applicant Company namely, Media Dreams Limited and on the said Applicant Company.

C.P.No.169 of 2004 and C.A.No.2977 of 2007.

Kris Srikanth Sports Entertainment Limited,  
A Company incorporated under the  
Companies Act, 1956, and having its  
Registered Office at "Aryaa"  
378, Kapaleeshwarar Nagar, Neelangarai,  
Chennai-600 041, Rep. by R.Kalyanaraman  
Director ... Petitioner/Applicant/Transferor Company(3)

C.A.No.2977 of 2007.

This Company Application praying this Court that the Composite Scheme of Amalgamation, Arrangement and Compromise between Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intellevision Limited and Mayajaal Entertainment Limited, sanctioned by this Court on 12.10.2004/8.11.2004 in C.P.Nos.167 to 171 of 2004, now modified and filed in compliance with the No Objection letter dated 31.10.2007 of the Bombay Stock Exchange Limited, be sanctioned by the High Court with effect from 1st January 2004 so as

to be binding on all the shareholders and creditors of the Applicant Company namely, Kris Srikanth Sports Entertainment Limited and on the said Applicant Company.

C.P.No.170 of 2004 and C.A.No.2978 of 2007.

Intelivision Limited,  
a Company incorporated under the  
Companies Act, 1956 and having its  
Registered Office at "Taurus"  
No.25, First Main Road,  
United India Colony, Kodambakkam,  
Chennai-600 024, Rep. by  
R.Kalyanaraman, Director ... Petitioner/Applicant/  
Transferor Company (4)

C.A.No.2978 of 2007.

This Company Application praying this Court that the Composite Scheme of Amalgamation, Arrangement and Compromise between Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intelivision Limited and Mayajaal Entertainment Limited, sanctioned by this Court on 12.10.2004/8.11.2004 in C.P.Nos.167 to 171 of 2004, now modified and filed in compliance with the No Objection letter dated 31.10.2007 of the Bombay Stock Exchange Limited, be sanctioned by the High Court with effect from 1st January 2004 so as to be binding on all the shareholders and creditors of the Applicant Company namely, Intelivision Limited and on the said Applicant Company.

C.P.No.171 of 2004.

Mayajaal Entertainment Limited,  
a Company incorporated under the  
Companies Act, 1956 and having its  
Regd. office at 34/1, East Coast Road,  
Kanathur, Chengleput Taluk,  
Kancheepuram District, Tamilnadu-603 112  
Rep. by Mrs.Viji Kannan, Director ... Petitioner/  
Transferee Company.

C.A.No.2979 of 2007.

Mayajaal Entertainment Limited,  
a Company incorporated under the  
Companies Act, 1956 and having its  
Regd. office at 34/1, East Coast Road,  
Kanathur, Chengleput Taluk,  
Kancheepuram District, Tamilnadu-603 112  
Rep. by its Director, Mr.Bogallu Udeep ... Applicant/  
Transferee Company.

This Company Application praying this Court  
that the Composite Scheme of Amalgamation, Arrangement  
and Compromise between Pentamedia Graphics Limited,  
Media Dreams Limited, Kris Srikanth Sports Entertainment  
Limited, Intelivision Limited and Mayajaal Entertainment  
Limited, sanctioned by this Court on 12.10.2004/8.11.2004  
in C.P.Nos.167 to 171 of 2004, now modified and filed  
in compliance with the No Objection letter dated  
31.10.2007 of the Bombay Stock Exchange Limited, be  
sanctioned by the High Court with effect from 1st January  
2004 so as to be binding on all the shareholders and  
creditors of the Applicant & Company namely, Mayajaal  
Entertainment Limited and on the said Applicant Company.

These Company Applications coming on this day  
before this Court for hearing in the presence of

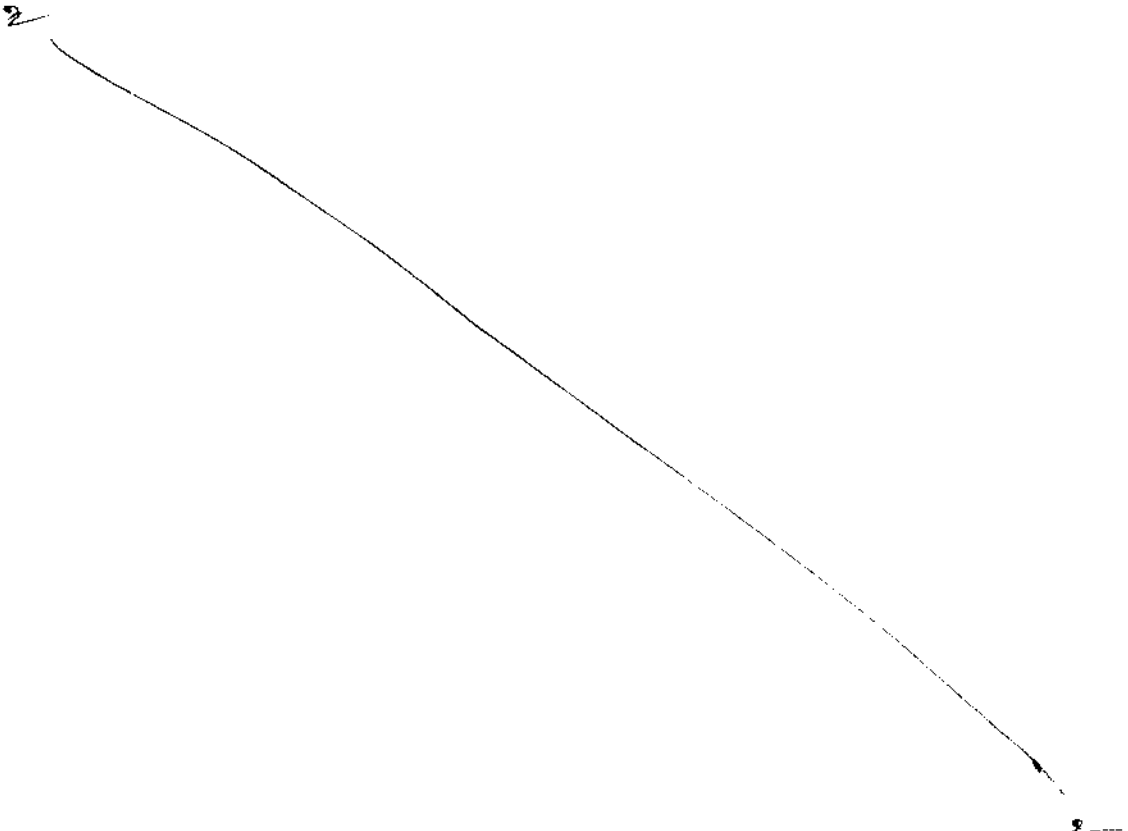
Mr.P.H.Arvinth Pandian, Advocate for the applicant in all the applications, and upon reading the Judges Summons, and the affidavit of Dr.V.Chandrasekaran filed in C.A.No.2975 of 2007, and the Judges Summons, and the affidavit of K.Maniprasad filed in C.A.No. 2976 of 2007, and the Judges Summons, and the affidavit of R.Kalyanaraman filed in C.A.No.2977 of 2007, and the Judges Summons, and the affidavit of R.Kalyanaraman filed in C.A.No.2978 of 2007, and the Judges Summons, and the affidavit of Bogallu Udeep filed in C.A.No.2979 of 2007, and the order of this Court dated 12/10/2004 and 08/11/2004 and made in C.P.Nos.167 to 171 of 2004, and the order of this Court dated 30/10/2006 and made in C.A.Nos.1077 to 1081 of 2006, and this Court is of the considered view that the modification Scheme can also be sanctioned as it has been done after taking into account the no objection issued by the Bombay Stock Exchange, and It is ordered as follows:-

(1) That the Composite Scheme of Amalgamation, Arrangement and Compromise between Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intelivision Limited and

Mayajaal Entertainment Limited sanctioned by this Court on 12/10/2004 and 08/11/2004 in C.P.Nos.167 to 171 of 2004, now modified and morefully setout the Annexure herewith in compliance with the No Objection letter dated 31/10/2007 of the Bombay Stock Exchange Limited be and is hereby sanctioned with effect from 1st January 2004 as to be binding on all the shareholders and creditors of the applicant companies herein, Viz., Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intelivision Limited and Mayajaal Entertainment Limited.

(2) That there be no order as to costs.

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"Annexure"

ANNEXURE "5"

**MODIFIED**

**COMPOSITE SCHEME OF AMALGAMATION,  
ARRANGEMENT AND COMPROMISE  
BETWEEN  
PENTAMEDIA GRAPHICS LIMITED,  
MEDIA DREAMS LIMITED,  
KRIS SRIKKANTH SPORTS ENTERTAINMENT  
LIMITED, INTELIVISION LIMITED AND MAYAJAAL  
ENTERTAINMENT LIMITED AND THEIR RESPECTIVE  
CREDITORS AND SHAREHOLDERS**

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**PREAMBLE**

- A. Pentamedia Graphics Limited** (hereinafter referred to as PMGL), a listed company, is a global entertainment graphics major engaged in the business of animation and special effects for cinema, home videos, television, personal computers.
- B. Media Dreams Limited** (hereinafter referred to as MDL), a wholly owned subsidiary of PMGL, is engaged in the business of producing live action films for domestic market and also distribution of audio and video for both domestic and international markets.
- C. Kris Srikanth Sports Entertainment Limited** (hereinafter referred to as KSSEL), a wholly owned subsidiary of PMGL, is engaged in the business of producing television software for cricket and other areas and also deals with sports goods, magazines and other sports items.
- D. Intelivision Limited** (hereinafter referred to as INTELIVISION), a wholly owned subsidiary of PMGL, is engaged in the business of producing and telecasting entertainment and education programmes for children and running a children's entertainment television channel named "Splash".
- E. Mayajaal Entertainment Limited** (hereinafter referred to as MAYAJAAL), a wholly owned subsidiary of PMGL, is engaged in the business of running a complete entertainment and sports centre.



- F. With a view to rationalize, consolidate and reorganise the various activities and the capital structure of PMGL and its wholly owned subsidiaries, the boards of directors of the aforesaid companies are of the view that the proposed restructuring under this Scheme would result in greater synergies of operations and better management of the companies concerned.
- G. This Composite scheme of amalgamation, arrangement and compromise is between PMGL and its wholly owned subsidiaries namely, MDL, KSSEL, INTELIVISION and MAYAJAAL and their respective shareholders and creditors.
- H. This Composite scheme of amalgamation, arrangement and compromise provides for:
- (a) Amalgamation of MDL, KSSEL and INTELIVISION with MAYAJAAL;
  - (b) Demerger and vesting of Animation and NUM TV Divisions of PMGL into MAYAJAAL;
  - (c) Reorganisation of Capital of PMGL;
  - (d) Compromise between MAYAJAAL and holders of advances against equity of MAYAJAAL;
  - (e) Compromise between PMGL and its secured creditors.
- I. The amalgamation of MDL, KSSEL and INTELIVISION with MAYAJAAL and the demerger and vesting of Animation and NUM TV Divisions of PMGL into MAYAJAAL would result in MAYAJAAL becoming an entertainment conglomerate.
- J. The proposed restructuring is expected to release significant value to the shareholders of PMGL.
- K. The Scheme is divided into the following parts:
- (a) Part I, which deals with definitions;
  - (b) Part II, which deals with amalgamation of MDL, KSSEL and INTELIVISION with MAYAJAAL;
  - (c) Part III, which deals with demerger and vesting of Animation and NUM TV Divisions of PMGL into MAYAJAAL;
  - (d) Part IV, which deals with reorganization of capital of PMGL;
  - (e) Part V, which deals with the compromise between MAYAJAAL and holders of advances against equity of MAYAJAAL;
  - (f) Part VI, which deals with compromise between PMGL and its secured creditors;
  - (g) Part VII, which deals with the general terms and conditions applicable to the entire Scheme.

PART I

A. DEFINITIONS

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

1.1 "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

1.2 "Appointed Date" means the 1<sup>st</sup> day of January 2004 or such other date as may be approved by the Hon'ble High Court of Judicature at Madras or if the Boards of Directors of the Transferor Companies and the Transferee Company require any other date subsequent to 1<sup>st</sup> January 2004 and/or the High Court of Judicature at Madras modifies the Appointed Date to such other date, then the same shall be the Appointed Date.

1.3 "Animation Division" means all assets, liabilities, duties, rights and obligations of every description of the Animation Division of Transferor Company (1) and shall mean and include :

(i) all movable properties and assets, as on the Appointed Date including plant, machinery and equipment, whether leased or otherwise, furniture and fixtures, motor vehicles and all current assets stores and spares as appearing in the books of account of PMGL as on the Appointed Date and appertaining to the Animation Division and all other interests or rights in or arising out of or relating to the Animation Division together with all respective rights, title, powers and interests, appertaining to the Animation Division and/or to which PMGL is entitled to in respect of its Animation Division together with the benefit of all respective contracts and engagements;

(ii) any and all permits, quotas, rights, entitlements, licences, privileges and benefits of all contracts, agreements and all other rights including lease rights, registrations, licences, powers and facilities relating to the Animation Division;

(iii) all current liabilities and obligations of PMGL pertaining to and/or arising in connection with the Animation Division as on the Appointed Date; and

- (iv) all permanent employees of PMGL engaged in or in relation to the Animation Division in the various offices of PMGL in India on the Appointed Date as identified by the Board of Directors of PMGL.
- 1.4 "Court" means the Hon'ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- 1.5 "Demerged Company", for the purpose of Part III of the Scheme, means PMGL.
- 1.6 "Effective Date" means the last of the dates on which the sanctions, approvals or orders specified in Clause 7.6 of this Scheme are obtained/ passed/ filed or completed.
- 1.7 "Num TV Division" means all assets, liabilities, duties, rights and obligations of every description of the Num TV Division of Transferor Company (1) and shall mean and include :
- (i) all movable properties and assets, as on the Appointed Date including plant, machinery and equipment, whether leased or otherwise, furniture and fixtures, motor vehicles and all current assets stores and spares as appearing in the books of account of PMGL as on the Appointed Date and appertaining to the Num TV Division and all other interests or rights in or arising out of or relating to the Num TV Division together with all respective rights, title, powers and interests, appertaining to the Num TV Division and/or to which PMGL is entitled to in respect of its Num TV Division together with the benefit of all respective contracts and engagements;
  - (ii) any and all permits, quotas, rights, entitlements, licences, privileges and benefits of all contracts, agreements and all other rights including lease rights, registrations, licences, powers and facilities relating to the Num TV Division;
  - (iii) all current liabilities and obligations of PMGL pertaining to and/or arising in connection with the Num TV Division as on the Appointed Date; and

- (iv) all permanent employees of PMGL engaged in or in relation to the Num TV Division in the various offices of PMGL in India on the Appointed Date as identified by the Board of Directors of PMGL.
- 1.8 "Record Date" shall be the date or dates to be fixed by the Board of Directors of MAYAJAAL and PMGL for the purpose of issue of shares of the respective companies pursuant to this Scheme and more specifically set out in Clause 7.1.
- 1.9 "Remaining Business" means all the business and divisions of PMGL other than those transferred to and vested in MAYAJAAL pursuant to Part III of this Scheme.
- 1.10 "Resulting Company", for the purpose of Part III of the Scheme, means MAYAJAAL.
- 1.11 "Shareholders" means respectively the persons registered as holders of Equity Shares of the Companies concerned.
- 1.12 "This Scheme" or "the Scheme" means this Composite Scheme of Amalgamation, Arrangement and Compromise in its present form or with any modification(s) approved or imposed or directed by the Hon'ble High Court of Judicature at Madras.
- 1.13 "Transferee Company" or "MAYAJAAL" means Mayajaal Entertainment Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 34/1, East Coast Road, Kanathur, Chengalpattu Taluk, Kancheepuram District, Tamil Nadu - 603 112.
- 1.14 "Transferor Company (1)" or "PMGL" means Pentamedia Graphics Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at "Softowers", No. 1, First Main Road, United India Colony, Kodambakkam, Chennai - 600 024.
- 1.15 "Transferor Company (2)" or "MDL" means Media Dreams Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at "Taurus", No. 1, First Main Road, United India Colony, Kodambakkam, Chennai - 600 024.
- 1.16 "Transferor Company (3)" or "KSSEL" means Kris Srikanth Sports Entertainment Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at "Aryaa", 378, Kapaleeshwarar Nagar, Neelangarai, Chennai - 600 0

- 1.17 "Transferor Company (4)" or "INTELIVISION" means Intelivision Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at "Taurus", No.25, United India Colony, Kodambakkam, Chennai - 600 024.
- 1.18 "Undertaking" shall mean and include the whole of the undertaking(s) of MDL, KSSEL and INTELIVISION, as a going concern, including all secured and unsecured debts, liabilities including deferred tax liabilities (if any), duties and obligations and all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to Land and Building, all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, deferred tax assets (if any), investments, reserves, provisions, funds, quota rights, import quotas, import licenses, other licenses, Intellectual Property Rights, registrations, copyrights, patents, trade names, trade marks, industrial designs, and other industrial rights and licenses in respect thereof, applications for registration of Intellectual Property Rights, copyrights, patents, trade names and trade marks, containers, packaging materials, leases, licenses, including software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, consents, privileges, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by MDL, KSSEL and INTELIVISION, as on the Appointed Date and all earnest money and/ or deposits including security deposits paid by MDL, KSSEL and INTELIVISION as on the Appointed Date.
- (ii) Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

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

## B. SHARE CAPITAL

- 1.19 The present Share Capital of Pentamedia Graphics Limited, Media Dreams Limited, Kris Srikanth Sports Entertainment Limited, Intelivision Limited and Mayajaal Entertainment Limited as at 31<sup>st</sup> December 2003 is as under:

	Amount (Rs.)
<b>A. <u>Pentamedia Graphics Limited (PMGL)</u></b>	
<b>Authorised Share Capital</b>	
245,000,000 Equity Shares of Rs.10 each	2,450,000,000
5,000,000 6% Non-cumulative optionally convertible redeemable Preference Shares of Rs.10 each	50,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
2,44,754,125 Equity Shares of Rs.10 each	2,447,541,250
5,000,000 6% Non-cumulative optionally convertible redeemable Preference Shares of Rs.10 each	50,000,000
<b>B. <u>Media Dreams Limited (MDL)</u></b>	
<b>Authorised Share Capital</b>	
100,000,000 Equity Shares of Rs.2 each	200,000,000
50,00,000 Preference Shares of Rs.10 each	50,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
3,62,31,500 Equity Shares of Rs.2 each	72,463,000
<b>C. <u>Kris Srikanth Sports Entertainment Limited (KSSEL)</u></b>	
<b>Authorised Share Capital</b>	
100,000,000 Equity Shares of Re.1 each	100,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
50,000,000 Equity Shares of Re.1 each	50,000,000

**D. Intelivision Limited (INTELIVISION)****Authorised Share Capital**

10,000,000 Equity Shares of Rs.10 each	100,000,000
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**Issued, Subscribed and Paid up Share Capital**

88,00,100 Equity Shares of Rs.10 each	88,001,000
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**E. Mayajaal Entertainment Limited (MAYAJAAL)****Authorised Share Capital**

200,000,000 Equity Shares of Re.1 each	200,000,000
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**Issued, Subscribed and Paid up Share Capital**

92,495,000 Equity Shares of Re.1 each	92,495,000
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**PART II****2. AMALGAMATION OF MDL AND KSSEL AND INTELIVISION WITH MAYAJAAL**

In this Part, the expression "Transferor Companies" shall collectively mean Transferor Company (2) namely, Media Dreams Limited, Transferor Company (3) namely, Kris Srikanth Sports Entertainment Limited and Transferor Company (4) namely, Intelivision Limited and the expression "Transferor Company" shall mean the aforesaid three companies individually.

**A. TRANSFER OF UNDERTAKING**

2.1 The respective Undertaking of the Transferor Companies shall be transferred to and vested in or be deemed to be transferred to and vested in MAYAJAAL in the following manner:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the Undertaking of the Transferor Companies comprising all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to, and vested in, and/or be deemed to be transferred to, and vested in, MAYAJAAL as a going concern so as to become as and from the Appointed Date the assets and liabilities of MAYAJAAL and there shall be vested in MAYAJAAL all the rights, title, interest or obligations of the Transferor Company therein and shall be free from all encumbrances (but subject to the

subsisting charges as mentioned hereinafter). As regards transfer of specified assets, clauses (b) and (c) below provide for the physical mode of effecting transfer.

- (b) With effect from the Appointed Date and upon the Scheme becoming effective, the land together with the buildings standing thereon held by any of the Transferor Companies, and any documents of title / rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been transferred to and vested in MAYAJAAL and shall belong to MAYAJAAL. With effect from the Effective Date, MAYAJAAL shall in relation to such properties, be liable for ground rent and municipal taxes. The mutation of title to the immovable properties shall, if necessary, 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 herein in favour of MAYAJAAL.
- (c) All the movable assets including cash in hand, if any, of the Transferor Companies, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to MAYAJAAL.
- (d) Movables other than those specified in sub-clause (c) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Quasi-Government, local and other authorities and bodies, customers and other persons, shall also stand transferred under clause (a) above. The following modus operandi for intimating to third parties shall, to the extent considered necessary, be followed:
- (i) MAYAJAAL shall give notice in such form as it may deem fit and proper, to each person, debtor or depositor as the case may be, that pursuant to the High Court of Judicature at Madras having sanctioned the Scheme between the Transferor Companies, MAYAJAAL and their respective members and creditors under Section 391 read with Section 394 of the Act, the said debt, loan, advance or deposit be paid or made good or held on account of MAYAJAAL as the person entitled thereto and all rights vested in the said Transferor Company against relevant parties shall automatically vest in MAYAJAAL;



- (ii) The respective Transferor Companies shall also give notice in such form as they may deem fit and proper to each person, debtor or depositee that pursuant to sanction of the High Court of Judicature at Madras to the Scheme between the Transferor Companies, MAYAJAAL, and their respective members and creditors under Section 391 read with Section 394 of the Act, the said debt, loan, advance or deposit be paid or made good or held on account of MAYAJAAL and all rights vested in the said Transferor Company against relevant parties shall automatically vest in MAYAJAAL.
- (e) With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Companies shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to MAYAJAAL so as to become as and from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of MAYAJAAL 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 debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- Provided however that MAYAJAAL may, at any time after the coming into effect of this Scheme and in accordance with the provisions hereof, if so required under any law or otherwise, execute Deeds of Confirmation in favour of the secured creditors of the Transferor Companies, or in favour of any other party to any contract or arrangement to which the Transferor Companies are a party or any other writings as may be necessary to be executed in order to give formal effect to the above provisions. MAYAJAAL shall, under the provisions of this Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to implement or to carry out all such formalities or compliance referred to above on the part of the Transferor Companies to be carried out or performed.
- (f) Notwithstanding anything contained in sub-clause (e) above, a sum of Rs.2.99 Crores relating to the secured loan of MDL due and payable to UTI Bank Limited, shall stand converted into Equity Shares of Re.1 each of MAYAJAAL consequent to the amalgamation of MDL with MAYAJAAL pursuant to this Scheme and upon issue and allotment of such Equity Shares the said amount of

Rs.3 Crores shall stand discharged. The consideration for the said conversion shall be discharged by MAYAJAAL in accordance with Clause 2.14 herein.

Provided however that in the event of UTI Bank Limited not agreeing to the conversion of the aforesaid loan amount of Rs.3 Crores into Equity Shares of MAYAJAAL, then the said loan amount of Rs.3 Crores shall, consequent to the amalgamation of MDL with MAYAJAAL, stand transferred to MAYAJAAL with effect from the Appointed Date in accordance with sub-clause (e) above.

- (g) The transfer and vesting of the respective undertakings of the Transferor Companies as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of the Transferor Companies.

Provided however, any reference in any security documents or arrangements (to which any Transferor Company is a party) to the assets of the Transferor Company offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the respective undertaking of the Transferor Company as are vested in MAYAJAAL by virtue of the aforesaid Clauses, to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of MAYAJAAL.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of MAYAJAAL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Companies vested in MAYAJAAL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by any Transferor Company which shall vest in MAYAJAAL by virtue of the amalgamation of the said Transferor Company with MAYAJAAL and MAYAJAAL shall not be obliged to create any further or additional security therefor after the amalgamation has become operative.

- (h) Loans or other obligations, if any, due between any Transferor Company and MAYAJAAL, shall stand discharged and there shall be no liability, relating either to principal or to interest after the Appointed Date, in respect of such loans and other obligations.

- 2.2 With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licences, registrations including those relating to tenancies, trademarks, patents, copy rights, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature enjoyed by any such Transferor Company or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against MAYAJAAL, as the case may be, and may be enforced fully and effectually as if, instead of such Transferor Company, MAYAJAAL had been a beneficiary or obligee thereto.
- 2.3 With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which any Transferor 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 MAYAJAAL, as the case may be, and may be enforced by or against MAYAJAAL as fully and effectually as if, instead of such Transferor Company, MAYAJAAL had been a party thereto. It is clarified that any contracts between any Transferor Company and MAYAJAAL as on the Effective Date shall stand terminated.
- 2.4 All legal proceedings of whatsoever nature by or against any Transferor Company pending and/or arising at the Appointed Date and relating to the said Transferor Company or its properties, assets, debts, liabilities, duties and obligations referred to above, shall be continued and/or enforced until the Effective Date as desired by MAYAJAAL and as and from the Effective Date shall be continued and enforced by or against MAYAJAAL in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, MAYAJAAL shall and may, if required, initiate any legal proceedings in its name in relation to any Transferor Company in the same manner and to the same extent as would or might have been initiated by such Transferor Company.
- 2.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licences, permissions or approvals or consents required to carry on the operations of any Transferor Company shall stand vested in or transferred to MAYAJAAL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of MAYAJAAL. The

benefit of all such statutory and regulatory permissions, licences, approvals and consents including statutory licences, approvals, permissions or approvals or consents required to carry on the operations of any Transferor Company shall vest in and become available to MAYAJAAL pursuant to the Scheme.

- 2.6 MAYAJAAL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which any Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.
- 2.7 Upon the Scheme becoming effective, all the staff, workmen and other employees in the service of the Transferor Companies immediately before the transfer of the Undertaking under the Scheme shall become the staff, workmen and employees of MAYAJAAL on the basis that:
- (a) their service shall have been continuous and shall not have been interrupted by reason of the transfer of the Undertaking;
  - (b) the terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer; and
  - (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Super Annuation Fund or any other Special Fund created or existing or the benefit of the staff, workmen and the employees of the Transferor Companies are concerned, upon the Scheme becoming effective, MAYAJAAL shall stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with provision of such Funds as per the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such funds shall become those of MAYAJAAL and all the rights, duties and benefits of the employees employed in different units of the Transferor Companies under such Funds and Trusts shall be protected. It is clarified that the services of the employees of the Transferor Companies will also be treated as having been continuous for the purpose of the aforesaid Funds or Provisions.
- 2.8 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations of the

Transferor Companies, shall stand transferred by the order of the Hon'ble Court in MAYAJAAL, MAYAJAAL shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court.

- 2.9 For the purpose of giving effect to the vesting order passed under Section 391 and 394 of the Act in respect of this Scheme, MAYAJAAL shall at any time pursuant to the orders of this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Transferor Companies in accordance with the provisions of Sections 391 and 394 of the Act.
- 2.10 As and from the Appointed Date upto and including the Effective Date:
- (a) The Transferor Companies shall carry on and be deemed to have carried on their business and activities and shall stand possessed of all their assets and properties referred to above, in trust for MAYAJAAL and shall account for the same to MAYAJAAL. The Transferor Companies shall hold the said assets with utmost prudence until the Effective Date.
  - (b) Any income or profit accruing or arising to the Transferor Companies and all costs, charges, expenses and losses or taxes (including deferred tax balances, if any) incurred by the Transferor Companies shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes (including deferred tax balances, if any), as the case may be, of MAYAJAAL and shall be available to MAYAJAAL for being disposed off in any manner as it thinks fit.
  - (c) The Transferor Companies shall not declare any dividend for the period commencing from and after the Appointed Date without the prior written consent of MAYAJAAL.
  - (d) The Transferor Companies shall carry on their business activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries, or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking, save and except, in each, in the following circumstances:

- (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court of Judicature at Madras; or
  - (ii) if the same is required for this Scheme; or
  - (iii) if the same is expressly permitted by this Scheme; or
  - (iv) if written consent of MAYAJAAL has been obtained.
- (e) Pending sanction of the Scheme, the Transferor Companies shall not make any change in their respective capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided for in Clauses 2.11, 2.12, 2.13 & 2.14), except by mutual consent of the respective Boards of Directors of the Transferor and Transferee Companies or as may be expressly permitted under this Scheme.

#### B. CONSIDERATION

- 2.11 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of the Undertaking of MDL in MAYAJAAL in terms of the Scheme, each of the shareholders of MDL as on the Record Date, shall be allotted 30 Equity Shares of Re.1/- each credited as fully paid up of MAYAJAAL in respect of every 25 Equity Shares of Rs.2/- each fully paid up held by them in MDL.
- 2.12 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of the Undertaking of KSEL in MAYAJAAL in terms of the Scheme, each of the shareholders of KSEL as on the Record Date, shall be allotted 3 Equity Shares of Re.1/- each credited as fully paid up of MAYAJAAL in respect of every 5 Equity Shares of Re.1/- each fully paid up held by them in KSEL.
- 2.13 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of the Undertaking of INTELIVISION in MAYAJAAL in terms of the Scheme, each of the shareholders of INTELIVISION as on the Record Date, shall be allotted 30 Equity Shares of Re.1/- each credited as fully paid up of MAYAJAAL in respect of every 22 Equity Shares of Rs.10/- each fully paid up held by them in INTELIVISION.
- 2.14 Upon the Scheme becoming fully effective, in discharge of the secured loan of Rs.3 Crores of MDI, from UTI Bank Limited in accordance with Clause 2.1 (f)

above, MAYAJAAL shall, without any further act or deed, allot 20,00,000 Equity Shares of Re. 1 each credited as fully paid up to UTI Bank Limited.

- 2.15 All Equity Shares to be issued and allotted by MAYAJAAL in terms hereof shall rank pari passu in all respects including dividend from the date of their allotment in terms of the Scheme with the existing Equity Shares of MAYAJAAL. The holders of new Equity Shares issued pursuant to the Scheme by MAYAJAAL will not be entitled to receive the benefit of any dividends declared/paid by MAYAJAAL between the Appointed Date and the date of allotment.

C. **DISSOLUTION OF TRANSFEROR COMPANIES**

- 2.16 Subject to an order being made by the Hon'ble High Court of Judicature at Madras under Section 394 of the Act, the Transferor Companies shall be dissolved without the process of winding up, upon the Scheme becoming effective in accordance with the provisions of the Act and rules made thereunder.

D. **GENERAL TERMS AND CONDITIONS**

- 2.17 Upon the Scheme becoming effective:

- (a) the resolutions, if any, of MDL or KSSEL or INTELIVISION, which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of MAYAJAAL and if any such resolutions have upper monetary limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in MAYAJAAL.
- (b) the borrowing limits of MAYAJAAL in terms of Section 293(1)(d) of the Act shall, without any further act, instrument or deed, stand enhanced by an amount equivalent to the aggregate value of the paid share capital and free reserves of MDL, KSSEL and INTELIVISION (apart from temporary loans obtained from the bankers in the ordinary course of business) over and above the value of the paid up share capital and free reserves of MAYAJAAL.
- (c) the limits, for contribution to charitable and other funds, of MAYAJAAL in terms of Section 293(1)(e) of the Act shall, without any further act, instrument or deed, stand enhanced by an amount equivalent to the permitted limits of MDL, KSSEL and INTELIVISION over and above the permitted limits of MAYAJAAL.
- (d) the limits of MAYAJAAL as prescribed for under Section 372A(1) of the Act for the making of any loan to any other body corporate, for giving of any guarantee, or provision of security, in connection with a loan made by any other person to

or to any other person, by any body corporate, and acquiring by way of subscription, purchase or otherwise the securities of any other body corporate, shall, without any further act, instrument or deed, stand enhanced to an amount equivalent to the combined limits of MDL, KSEEL, INTELIVISION and MAYAJAAL.

- (e) to the extent that there are inter-corporate loans or any balances between MDL, KSEEL, INTELIVISION and MAYAJAAL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of MAYAJAAL.

#### E. ACCOUNTING TREATMENT

- 2.18 MAYAJAAL shall, upon the Scheme coming into effect, record the assets and liabilities of MDL, KSEEL and INTELIVISION vested in it pursuant to this Scheme, at their respective book values at the close of business of the day immediately preceding the Appointed Date.
- 2.19 The excess, if any, of the book value of the assets over the value of the liabilities of the Transferor Companies vested in MAYAJAAL pursuant to this Scheme as recorded in the books of account of MAYAJAAL shall be credited to a "General Reserve Account" in the books of MAYAJAAL.
- 2.20 The shortfall, if any, of the book value of the assets over the value of the liabilities of the Transferor Companies vested in MAYAJAAL pursuant to this Scheme as recorded in the books of account of MAYAJAAL shall be transferred to a "Goodwill Account".

### PART III

#### 3. DEMERGER OF ANIMATION AND NUM TV DIVISIONS OF PMGL TO MAYAJAAL

##### A. TRANSFER AND VESTING OF ANIMATION AND NUM TV DIVISIONS

- 3.1. With effect from the Appointed Date and upon the Scheme becoming effective, the Animation and NUM TV Divisions of PMGL comprising all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to, and vested in, and/or be deemed to be transferred to, and vested in, MAYAJAAL as a going concern so as to become as and from the Appointed Date the assets and



liabilities of MAYAJAAL and there shall be vested in MAYAJAAL all the rights, title, interest or obligations of the said Divisions therein and shall be free from all encumbrances (but subject to the subsisting charges as mentioned hereinafter).

- 3.2. With effect from the Appointed Date and upon the Scheme becoming effective, the land together with the buildings standing thereon relating to the Animation and NUM TV Divisions of PMGL, and any documents of title / rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been transferred to and vested in MAYAJAAL and shall belong to MAYAJAAL. With effect from the Effective Date, MAYAJAAL shall in relation to such properties, be liable for ground rent and municipal taxes. The mutation of 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 herein in favour of MAYAJAAL.
- 3.3. With effect from the Appointed Date and upon the Scheme becoming effective, all the assets relating to the Animation and NUM TV Divisions of PMGL as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred, delivered or endorsed and delivered, as the case may be, by PMGL, and shall upon transfer become the property and an integral part of MAYAJAAL. In respect of such of the said assets other than those referred to hereinabove, the same shall, without any further act, instrument or deed, be transferred and vested in and/or be deemed to be transferred to and vested in MAYAJAAL.
- 3.4. (a) With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description attributable to the Animation and NUM TV Divisions of PMGL shall, without any further act or deed, be transferred to or be deemed to be transferred to MAYAJAAL so as to become as and from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of MAYAJAAL and MAYAJAAL undertakes to meet, discharge and satisfy the same. It is hereby clarified that 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, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

Provided that the deferred tax liability/asset, if any, available in the books of PMGL shall continue to remain in the books of PMGL.

- (b) Where any of the liabilities and obligations attributed to the Animation and NUM TV Divisions of PMGL on the Appointed Date has been discharged by PMGL on behalf of the Animation and NUM TV Divisions after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of MAYAJAAL.
- 3.5. All loans raised and used, and liabilities incurred, by PMGL after the Appointed Date but prior to the Effective Date for the operations of the Animation and NUM TV Divisions shall be discharged by MAYAJAAL.
- 3.6. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature in relation to the Animation and NUM TV Divisions of PMGL, or to the benefit of which the Animation and NUM TV Divisions of PMGL may be eligible, and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of MAYAJAAL, as the case may be, and may be enforced by or against MAYAJAAL as fully and effectually as if, instead of PMGL, MAYAJAAL had been a party thereto.
- 3.7. With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licences, registrations including those relating to tenancies, trademarks, patents, copy rights, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Animation and NUM TV Divisions of PMGL, or to the benefit of which the Animation and NUM TV Divisions of PMGL may be eligible, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against MAYAJAAL, as the case may be, and may be enforced fully and effectually as if, instead of PMGL, MAYAJAAL had been a beneficiary or obligee thereto.
- 3.8. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licences, permissions or approvals or consents required to carry on the operations of the Animation and NUM TV Divisions of PMGL shall stand vested in or transferred to MAYAJAAL, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour

of MAYAJAAL. The benefit of all such statutory and regulatory permissions, licences, approvals and consents including statutory licences, approvals, permissions or approvals or consents required to carry on the operations of the Animation and NUM TV Divisions of PMGL shall vest in and become available to the Transferee Company pursuant to the Scheme.

- 3.9. MAYAJAAL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Animation and NUM TV Divisions of PMGL will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.
- 3.10. With effect from the Appointed Date and upon the Scheme becoming effective, MAYAJAAL undertakes to have such legal or other proceedings initiated by or against PMGL in respect of the Animation and NUM TV Divisions, transferred in its name and to have the same continued, prosecuted and enforced by or against MAYAJAAL to the exclusion of PMGL. MAYAJAAL also undertakes to deal with all legal or other proceedings which may be initiated by or against PMGL or MAYAJAAL after the Effective Date relating to the Animation and NUM TV Divisions in respect of the period upto the Effective Date, in its own name and account and to the exclusion of PMGL, and further undertakes to pay all amounts including interest, penalties, damages, etc., which PMGL may be called upon to pay or secure in respect of any liability or obligation relating to the Animation and NUM TV Divisions for the period upto the Effective Date, and any reasonable costs incurred by PMGL in respect of such proceedings started by or against it relating to the period upto the Effective Date upon submission of necessary evidence by PMGL to MAYAJAAL for making such payment.
- 3.11. Upon the Scheme becoming effective, all the staff, workmen and other employees engaged in the Animation and NUM TV Divisions of PMGL immediately before Effective Date shall become the staff, workmen and employees of MAYAJAAL on the basis that:
- (a) their service shall have been continuous and shall not have been interrupted by reason of the demerger;
  - (b) the terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer; and

- (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Super Annuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and the employees of the Animation and NUM TV Divisions of PMGL are concerned, upon the Scheme becoming effective, MAYAJAAL shall stand substituted for PMGL for all purposes whatsoever related to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with provision of such Funds as per the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of PMGL in relation to such funds shall become those of MAYAJAAL and all the rights, duties and benefits of the employees employed in the Animation and NUM TV Divisions of PMGL under such Funds and Trusts shall be protected. It is clarified that the services of the employees of the Animation and NUM TV Divisions of PMGL will also be treated as having been continuous for the purpose of the aforesaid Funds or Provisions.
- 3.12. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations in relation to the Animation and NUM TV Divisions of PMGL, shall stand transferred by the order of the Hon'ble Court to MAYAJAAL. MAYAJAAL shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court.
- 3.13. For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, MAYAJAAL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Animation and NUM TV Divisions of PMGL in MAYAJAAL in accordance with the provisions of Sections 391 and 394 of the Act. Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Hon'ble Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of MAYAJAAL in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of PMGL in accordance with Section 138 of the Act, if there are any existing charges attaching to the Animation and NUM TV Divisions.
- 3.14. With effect from the Appointed Date and upto and including the Effective Date:

- (a) PMGL shall carry on and be deemed to have carried on its business and activities relating to the Animation and NUM TV Divisions and shall stand possessed of all its assets and properties referred to above, in trust for MAYAJAAL and shall account for the same to MAYAJAAL. PMGL shall hold the said assets with utmost prudence until the Effective Date.
- (b) Any income or profit accruing or arising to PMGL and all costs, charges, expenses and losses or taxes incurred by PMGL relating to the Animation and NUM TV Divisions shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of MAYAJAAL and shall be available to MAYAJAAL for being disposed off in any manner as it thinks fit.
- (c) PMGL shall carry on its business activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries, or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking, save and except, in each, in the following circumstances:
- (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court of Judicature at Madras; or
  - (ii) if the same is required for this Scheme; or
  - (iii) if the same is expressly permitted by this Scheme; or
  - (iv) if written consent of MAYAJAAL has been obtained.
- (d) Pending sanction of the Scheme, PMGL shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided for in Clause 3.16), except by mutual consent of the respective Boards of Directors of the PMGL and MAYAJAAL or as may be expressly permitted under this Scheme or as may be required to give effect to the Scheme.

3.15. Since MAYAJAAL is a wholly owned subsidiary of PMGL, the vesting of properties from PMGL to MAYAJAAL under this Scheme is exempt from payment of stamp duty under Finance Department, Central Board of Revenue Notification

No. 1 dated 16-01-1937 remitting stamp duty payable for vesting of property between a parent company and a subsidiary company one of which is the beneficial owner of not less than 90% of the issued share capital of the other

B. CONSIDERATION

- 3.16 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of all assets and liabilities, duties, rights and obligations relating to the Animation and NUM TV Divisions of PMGL in MAYAJAAL in terms of Part III of the Scheme, MAYAJAAL shall without any further act or deed, issue and allot 14,68,52,475 fully paid up equity shares of Rs.10 paid up to PMGL and further allot
- (a) 6 Equity Shares of Rs.1/- each credited as fully paid up of MAYAJAAL to each of the Preference Shareholders of PMGL as on the Record Date in respect of every 10 nos. of 6% Non-Cumulative optionally convertible redeemable Preference Shares of Rs.10/- fully paid up held by them in PMGL;
- (b) Provided that where the shares are less than in multiples of Rs.10 each, the allotment shall be made pro rata and if the residue of fractions remains outstanding for the purpose of allotment as per the exchange ratio above, then the same shall be treated as fractional entitlement as explained in Clause 3.17
- 3.17 No shares shall be issued in respect of fractional entitlements, if any, by MAYAJAAL, to which the members of PMGL may be entitled on issue and allotment of Equity Shares of MAYAJAAL. The Board of Directors of MAYAJAAL shall, instead consolidate all such fractional entitlements and thereupon issue and allot Equity Shares in lieu thereof to a director or officer of MAYAJAAL or such other person as the Board of Directors of MAYAJAAL shall appoint in this behalf who shall hold the Equity Shares in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director, officer or person shall sell the same in the market at such time or price or prices in the market or to such person or persons, as he may deem fit, and pay to MAYAJAAL, the net sale proceeds thereof, whereupon MAYAJAAL shall distribute such net sales proceeds to the members of PMGL in proportion to their respective fractional entitlements.

- 3.18 All Equity Shares to be issued and allotted by MAYAJAAL in terms hereof shall rank *pari passu* in all respects including dividend from the date of their allotment in terms of the Scheme with the existing Equity Shares of MAYAJAAL. The new Equity Shares issued pursuant to the Scheme by MAYAJAAL will not be entitled to the benefit of any dividends declared/paid by MAYAJAAL between the Appointed Date and the date of allotment.
- 3.19 Upon the Scheme becoming effective and subject to the above provisions, the preference shareholders of PMGL as on the Record Date, shall receive new share certificates.
- 3.20 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of all assets and liabilities, duties, rights and obligations relating to the Animation and NUM TV Divisions of PMGL in MAYAJAAL in terms of Part III of the Scheme, the employees of PMGL holding options under the Employees Stock Option Scheme ("ESOS Scheme") shall be granted options in MAYAJAAL in the same ratio as mentioned in Clause 3.16 (a) above. The Options so granted in MAYAJAAL shall have the same terms and conditions as in ESOS Scheme of PMGL and may be exercised within a period of three months from the Effective Date. In the case of the Options granted under the ESOS Scheme of PMGL, the exercise period shall automatically stand extended for a period of three months from the Effective Date.

### C. ACCOUNTING TREATMENT

- 3.21 MAYAJAAL shall upon the Scheme becoming effective, record the assets and liabilities of the Animation and NUM TV Divisions of PMGL transferred to and vested in it pursuant to this Scheme at their book values as appearing in the books of PMGL as at the close of business of a day immediately preceding the Appointed Date.
- 3.22 The excess, if any, of the book value of the assets over the value of the liabilities of the Animation and NUM TV Divisions of PMGL are transferred and vested by way of demerger in MAYAJAAL pursuant to this Scheme as recorded in the books of account of MAYAJAAL shall be credited to a "General Reserve Account" in the books of MAYAJAAL.
- 3.23 The shortfall, if any, of the book value of the assets over the value of the liabilities of the Animation and NUM TV Divisions of PMGL transferred and vested in MAYAJAAL pursuant to this Scheme as recorded in the books of account of MAYAJAAL shall be transferred to a "Goodwill Account".

### 3.24 REMAINING BUSINESS

PMGL shall be entitled to and continue to carry on its Remaining Business other than the businesses of the Animation and NUM TV Divisions transferred to and vested in MAYAJAAL pursuant to this Scheme.

## PART IV

### 4. REORGANISATION OF CAPITAL OF PMGL

- 4.1. Pursuant to the transfer and vesting of the Animation and NUM TV Divisions of PMGL in MAYAJAAL, the paid up equity share capital of PMGL shall, without any further act or deed and notwithstanding anything contained in the Act, stand reduced and shall be reorganized. The par value (Rs.10) of the paid up Equity Shares of PMGL as are issued and outstanding, on the Record Date shall be reorganized. The face value of Rs.9 per Equity Share of Rs.10 each of PMGL shall be treated as cancelled and unrepresented by the assets of PMGL. The face value of the Equity Shares of PMGL shall, without any further act or deed, be reduced from Rs.10 per Equity Share to Re.1 per Equity Share. The provisions of this Part relating to reduction of capital shall mutatis mutandis apply to the Options granted by PMGL under its ESOS Scheme.
- 4.2. In the event the reduction results in any fractional balances in the holding of any member of PMGL, the Board of Directors of PMGL shall be empowered to consolidate all such fractional balances into full shares and the resultant share(s) shall be issued and allotted to a director or officer of PMGL to be held in trust on behalf of all such members who held such fractional balances. Such director or officer of PMGL, who is allotted such consolidated shares, shall be bound by the express understanding to cause the sale of such shares by a Committee of Directors, acting in trust on behalf of the members entitled to the fractional balances. Such sale of shares in the market shall be by the Committee of Directors at such time(s), at such price(s) and to such person or persons, as the Committee of Directors may deem fit and the net sale proceeds deposited with PMGL shall be distributed by PMGL to the members (as on the Record Date) in proportion to their respective fractional balances, after deduction therefrom the expenses incurred in connection with the sale.



- 4.3. PMGL, acting through the Committee of Directors shall be empowered to advise the depository participants of the equity shareholders in dematerialized form, on the Record Date, the information of shareholding arising out of reorganization of capital pursuant to this Scheme; for substitution thereof in lieu of or in the place and stead of the certificates of the Equity Shares held by them before such reorganization of capital.
- 4.4. Those Equity shareholders of PMGL who continue to hold their Equity Shares in physical form as on the Record Date shall be issued fresh share certificates consequent upon the reorganization, consolidation and sub-division. Their original share certificates shall be deemed to be cancelled and non-est and not tradable on any stock exchange or otherwise from and after the Record Date. The new Share Certificates of PMGL issued pursuant to Part IV of this Scheme shall be delivered to such equity shareholders who hold their Equity Shares in physical form by Registered Post, irrespective of whether such equity shareholders surrender their old share certificates or not. The Stock Exchanges shall also be intimated, on the Record Date of the non-tradability of the original share certificates so that they can intimate PMGL members by public notice displayed on the Notice Board and through electronic means.
- 4.5. Pursuant to the transfer and vesting of the Animation and NUM TV Divisions of PMGL in MAYAJAAL, the paid up Preference share capital of PMGL shall, without any further act or deed and notwithstanding anything contained in the Act, stand reduced and shall be reorganized. The face value of Rs.9 per Preference Share of Rs.10 each of PMGL shall be treated as cancelled and unrepresented by the assets of PMGL. The face value of the Preference Shares of PMGL shall, without any further act or deed, be reduced from Rs.10 per Preference Share to Re.1 per Preference Share.
- 4.6. Upon such reduction of the Preference Share Capital of PMGL as mentioned in Clause 4.5 above, 50,00,000 6% Non-cumulative optionally convertible redeemable Preference Shares of the reduced face value of Re.1 each shall be consolidated into 5,00,000 6% Non-cumulative optionally convertible redeemable Preference Shares of Rs.10 each fully paid up.
- 4.7. Pursuant to the transfer and vesting of the Animation and NUM TV Divisions of PMGL in MAYAJAAL, 2,00,00,000 convertible warrants of Rs.10 each issued and allotted by PMGL shall be converted into Equity Shares of Re.1 each of PMGL based on the book value of the remaining business of PMGL. PMGL shall issue and

allot 15 Equity Shares of Re.1 each to its warrant holders for every 100 convertible warrants of Rs.10 each held by them in PMGL.

- 4.8. Notwithstanding anything contained in the Act, an amount not exceeding Rs.690.07 Crores out of the balance standing in the Securities Premium Account of PMGL as on 31<sup>st</sup> March 2003 shall be utilized for adjustment of the estimated future diminution other than temporary in value of certain fixed assets, capital work-in-progress and inventories and investments from the balance as at 31<sup>st</sup> March 2003 and variations thereon, if any, during the period 1<sup>st</sup> April 2003 to 31<sup>st</sup> December 2003 not exceeding Rs.690.07 Crores.

#### PART V

#### 5. COMPROMISE BETWEEN MAYAJAAL AND HOLDERS OF ADVANCES AGAINST EQUITY OF MAYAJAAL

- 5.1. With effect from the Appointed Date, the revised amount in respect of the advances against equity of MAYAJAAL shall be the aggregate of the amount outstanding as on 31<sup>st</sup> December 2003 as set out herein below and shall be payable as provided in this Scheme.

Pentamedia Graphics Limited - Rs.10 crores

Anchor Constructions Pvt. Ltd. - Rs. 3 crores

- 5.2. With effect from the Appointed Date, the revised amount of Rs. 13 Crores relating to the advances against equity of MAYAJAAL shall stand converted into 8,666,670 Equity Shares of Re.1 each of MAYAJAAL and upon issue and allotment of such Equity Shares the said amount of Rs. 13 Crores shall stand adjusted.
- 5.3. All Equity Shares to be issued and allotted by MAYAJAAL in terms hereof shall rank pari passu in all respects including dividend from the date of their allotment in terms of the Scheme with the existing Equity Shares of MAYAJAAL. The holders of new Equity Shares issued pursuant to the Scheme by MAYAJAAL will not be entitled to receive the benefit of any dividends declared/paid by MAYAJAAL between the Appointed Date and the date of allotment.
- 5.4. With effect from the Appointed Date and upon the Scheme becoming effective and upon issue and allotment of shares by MAYAJAAL under this Part, the amounts specified in Clause 5.1 above shall stand discharged and there shall be no liability, relating either to principal or to interest after the Appointed Date, in respect of such amounts.

## PART VI

## 6. COMPROMISE BETWEEN PMGL AND ITS SECURED CREDITORS

- 6.1. With effect from the Appointed Date, the revised principal amount in respect of certain amounts due to secured creditors from PMGL shall be the aggregate of the principal amount, simple interest, compound interest, penal interest and liquidated damages at the agreed rates outstanding as on 31<sup>st</sup> December 2003 as set out herein below and shall be payable as provided in this Scheme.

Global Trust Bank Limited -- Rs.30 crores  
 UTI Bank -- Rs.20 crores

After conversion, as per the Scheme aforesaid, the balance amount payable to Global Trust Bank Limited and UTI Bank will be settled separately by PMGL, as per MOUs arrived at / to be arrived at separately.

- 6.2. With effect from the Appointed Date, the revised principal amount in respect of a sum of Rs.50 Crores relating to the secured creditors of PMGL, being part hereof, included in the revised principal amount, shall, without any further act or deed, stand converted into 65,716,880 Equity Shares of Re.1 each of PMGL and upon issue and allotment of such Equity Shares, the said amount of Rs.50 Crores shall stand discharged.

Provided however that in the event of above mentioned creditors not agreeing to the conversion of the aforesaid loan amounts of Rs.50 Crores into Equity Shares of PMGL, then the said loan amount of Rs. 50 Crores shall continue as secured creditors in the books of PMGL and no allotment of Equity Shares shall be made by PMGL consequently.

- 6.3. All Equity Shares to be issued and allotted by PMGL in terms hereof shall rank pari passu in all respects including dividend from the date of their allotment in terms of the Scheme with the existing Equity Shares of PMGL except that they shall not rank for any dividends declared/paid by PMGL between the Appointed Date and the date of allotment. Equity shares issued by PMGL in terms hereof shall be listed by the Stock Exchanges at Madras Stock Exchange Limited, Chennai, National Stock Exchange of India Limited, Mumbai and the Stock Exchange, Mumbai.
- 6.4. With effect from the Appointed Date and upon the Scheme becoming effective and upon issue and allotment of shares by PMGL under this Part, the outstanding

amounts specified in Clause 6.1 above shall stand discharged and there shall be no liability, relating either to principal or to interest after the Appointed Date, in respect of such amounts. Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Hon'ble Court sanctioning this Scheme shall constitute a satisfaction of charge in respect of PMGL in accordance with Section 138 of the Act, in respect of any existing charges relating to the said amounts.

**PART VII**

**7. GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME**

7.1. (a) The Board of PMGL or a Committee of Directors of PMGL thereof shall determine the Record Date(s) which shall be later than the Effective Date. Separate or common Record Dates may be fixed for:

- (i) issue and allotment of fully paid up Equity Shares by PMGL for reorganization of capital of PMGL.
- (ii) issue and allotment of fully paid up Equity Shares by PMGL to its creditors under Part VI of the Scheme.

(b) The Board of MAYAJAAL or a Committee of Directors of MAYAJAAL thereof shall determine the Record Date(s) which shall be later than the Effective Date. Separate or common Record Dates may be fixed for:

- (i) issue and allotment of fully paid up Equity Shares by MAYAJAAL to shareholders of MDL, KSSEL and INTELIVISION;
- (ii) issue and allotment of fully paid up Equity Shares by MAYAJAAL to UTI Bank Limited in terms of Clause 2.14 under Part II of this Scheme;
- (iii) issue and allotment of fully paid up Equity Shares by MAYAJAAL to PMGL;
- (iv) issue and allotment of fully paid up Equity Shares by MAYAJAAL under Part V of this Scheme.

(v) All the shares issued and allotted as above in Mayajaal shall be deemed to be as post scheme capital upon due implementation of the scheme.

(c) Upon determination of the Record Date(s) as aforesaid -

- (i) PMGL shall provide to MAYAJAAL, the list of preference shareholders of PMGL as on the Record Date(s) who are entitled to the issue and allotment of the fully paid Equity Shares in terms of the Scheme. To enable

MAYAJAAL to issue and allot fully paid Equity Shares in terms of this Scheme.

- ii) MAYAJAAL shall issue and allot its fully paid Equity Shares to the members of MDL, KSSEL and INTELIVISION as on the Record Date so determined in terms of this Scheme.

- 7.2. MAYAJAAL and PMGL are expressly permitted to revise their Income Tax returns and related TDS certificates and the right to claim refund, advance tax credits etc., upon this Scheme becoming effective and have expressly reserved the right to make such revisions in the Income Tax returns and related TDS certificates and the right to claim refund, advance tax credits etc., pursuant to the sanction of this Scheme.
- 7.3. PMGL, MDL, KSSEL, INTELIVISION and MAYAJAAL shall, with all reasonable despatch, make applications to the Hon'ble High Court of Judicature at Madras, under Section 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/or creditors of each of the Transferor Companies and the Transferee Company as may be directed by the High Court.
- 7.4. On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors of each of the Transferor Companies and the Transferee Company, if and as directed by the High Court of Judicature at Madras, as appropriate, the Transferee Company and the Transferor Companies shall, with all reasonable despatch, apply to the High Court of Judicature at Madras, for sanctioning the Scheme under Sections 391 and 394 of the Act, and for such other order or orders, as the said High Court may deem fit for carrying this Scheme into effect and for dissolution of MDL, KSSEL and INTELIVISION without winding up.
- 7.5. PMGL, MDL, KSSEL, INTELIVISION and MAYAJAAL each, through its directors or authorised persons, may in their full and absolute discretion, assent to any alteration or modification to which the Court and/or any other Authority may deem fit to approve or impose and may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith. PMGL, MDL, KSSEL, INTELIVISION and MAYAJAAL each, through its directors or authorised persons, may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage of the proceedings.

- 7.6. The Scheme is conditional upon and subject to its being sanctioned by the Hon'ble High Court of Judicature at Madras and certified copies of the orders sanctioning the Scheme being filed with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme shall become operative on the date or the last of the dates on which the certified copies of the orders of the Hon'ble Court sanctioning the Scheme are filed by PMGL, MDL, KSEEL, INTELIVISION and MAYAJAAL with the Registrar of Companies, Tamil Nadu, Chennai. Such date shall be known as the Effective Date.
- 7.7. If any Part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part.
- 7.8. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.
- 7.9. On the sanction of the Scheme and upon the Scheme becoming effective, with effect from the Appointed Date the following shall be deemed to have occurred and become effective and operative only in the sequence and in the order mentioned hereunder:
- (a) Amalgamation of MDL, KSEEL and INTELIVISION with MAYAJAAL;
  - (b) Demerger and vesting of Animation and NUM TV Divisions of PMGL in MAYAJAAL;
  - (c) Reorganisation of Capital of PMGL;
  - (d) Compromise between MAYAJAAL and holders of advances against equity of MAYAJAAL;
  - (e) Compromise between PMGL and its secured creditors (namely, Global Trust Bank Limited and UTI Bank);
- 7.10. In the event any of the Scheme failing to take effect before December 31, 2004 or such later date as may be agreed to by the respective Boards of Directors of PMGL,

MIL, KSEL, INTELVISION and MAYAJAAL this Scheme shall become null and void and in that case, 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 event each party shall bear their respective costs, charges and expenses in connection with the Scheme.

WITNESS, The Hon'ble Thiru AJIT PRAKASH SHAH,  
The Chief Justice of Madras High Court, aforesaid  
this the 29th day of November, 2007.

*V. S. S. S. S.*  
DEPUTY REGISTRAR (O.S.)

*K.K.*  
*12/12/07*

VJR/12-12-07.

... to be a true copy  
this ... day  
D.F. ... 2007  
*K. Kannan*  
Court Officer (O.S.)  
*12/12/07*