Annexure VII

SCHEME OF ARRANGEMENT

JAIN STUDIOS LIMITED

AND

THEIR SHAREHOLDERS

Parts of the Scheme:

1. **Part I-** This part of Scheme describes the Preamble behind the proposed Re-organisation of Capital of Jain Studios Limited

2. **Part II –** This part of Scheme contains general provisions applicable as used in this Scheme including Definitions and Capital Structure of Company.

3. **Part III** – This part of Scheme contains the provisions relating to Re-organisation & Reduction of Capital of Jain Studios Limited pursuant to the scheme.

4. **Part IV -** This part of Scheme contains miscellaneous provisions i.e. application/petition to Hon'ble High Court and conditionality of Scheme.

SCHEMEOFARRANGEMENT

UNDER SECTIONS 391 READ WITH SECTION 100 to 104 OF THE COMPANIES ACT, 1956

OF

JAIN STUDIOS LIMITED

AND

THEIR SHAREHOLDERS

Part I- PREAMBLE

A. BACKGROUND AND DESCRIPTION OF COMPANY

1) **JAIN STUDIOS LIMITED** (herein after referred to as **'JSL'** or " Company"), bearing CIN L92199DL1991PLC042611, was originally incorporated on 3rd January 1991 under the provisions of Companies Act, 1956 as "Jain Studios Limited" and registered with Registrar of Companies. NCT of Delhi and Haryana. The Registered Office is situated at Scindia Villa, Sarojini Nagar. Ring Road. New Delhi-110023.

   The business of the Company is of Broadcasting, Third Party Video Productions and other related activities. The Company currently operates a 24-hour News and Current Affairs channel under the name "JAIN Television".

The shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), Delhi Stock Exchange (DSE), Madras Stock Exchange (MSE), Calcutta Stock Exchange (CSE), Vadodara Stock Exchange (VSE) and Ahmedabad Stock Exchange (ASE).

B. PROPOSED REORGANISATION

The Scheme broadly constitutes of Internal Reorganization of Capital of JSL (Company). The Reorganization of Capital will allow JSL to restructure its capital by extinguishing 53,00,000 (Fifty Three Lac) Equity Shares of the Face Value of Rs 101- each fully paid up out of its total paid up Equity capital of 2,85,94,682 Equity Shares of Rs 101- each by paying off/

returning the entire paid up share capital on the unlisted 53,00.000 (Fifty Three Lac) Equity Shares of Rs. 101- each fully paid up, to the allottees, who had subscribed to the said preferential allotment of 53,00,000 equity shares made by the Company and in respect of the Share Premium @ Rs. 91- each paid by those allottees, 4,77,000 (Four Lac Seventy Seven Thousand) Redeemable Preference Shares of Rs.1001- each fully paid up will be issued.

C. BACKGROUND FOR PROPOSED **REORGANISATION**

The background of the proposed Re-organisation & Reduction of Issued and Paid up share capital and the objects sought to be achieved through the same are set out below:

3.1. That the Board of Directors of the Company vide Board Resolution dated 29.04.2004 considered the allotment of 53,00,000 Warrants at an Issue Price of Rs 191- each on preferential basis to persons belonging to Promoter Group with the option to convert the said warrants into equivalent number of equity shares of the face value of Rs 10/- each, at a premium of Rs 91- each pursuant to the provisions of Section 81 (1A) of Companies Act, 1956, at a later date and subject to due compliance of the SEBI Guidelines & other applicable laws & provisions.

3.2. The shareholders of the Company approved the aforesaid preferential allotment of warrants by passing special resolution in the Extra-ordinary general meeting held on 28.05.2004. Pursuant to the Shareholders' Approval, the Company, at its Board Meeting held on 26.08.2004, made the preferential allotment of 53,00,000 warrants convertible into equivalent number of equity shares of Rs 10/- each at a premium of Rs. 91- each to persons belonging to the promoter group.

3.3. At the Board Meeting held on 25.08.2005, out of the said 53,00,000 warrants, 38,00,000 Warrants were converted into equivalent number of Equity Shares i.e. 38,00,000 Equity Shares of Rs. 10 (Ten) each fully paid up, at 'a premium of Rs 9/- each.

3.4. Thereafter, at the Board Meeting held on 25.02.2006, the balance 15,00,000 (Fifteen Lac) Warrants were converted into equivalent number of Equity Shares i.e. 15,00,000 Equity Shares of Rs. 101- Each fully paid up, at a premium of Rs 91- each

3.5. However, while making the above said allotments of Warrants1 Equity Shares. there were certain inadvertent lapses of the provisions of Listing Agreement and erstwhile SEBI (Disclosure of Investor Protection) Guidelines, 2000

3.6 The Company applied to BSE and NSE for the In-Principal/ Listing Approvals of the aforesaid 53,00,000 (Fifty Three Lac) equity shares.

3.7. BSE vide its letter no DCS/PREF/ST/FIP/539/08-09 dated 26.05 2008 granted the Listing approval of the shares subject to the condition that the trading permission will be granted on submission of the In Principle approval of National Stock Exchange (NSE).

3.8. National Stock Exchange (NSE) vide its letter no. NSE/LIST/ 84256-9 dated 12.09.2008, informed the Company that on account of non compliance of Clause 13.3.1(g) of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and of Clause 24 (a) of the Listing Agreement, the said 53,00,000 Equity shares could not be listed thereat.

3.9. For the reason of non listing of said 53,00,000 equity shares by NSE, even BSE did not grant its Trading permission for the said shares. Consequently, even as on date, the said shares continue to remain unlisted at the Exchanges, leading to a mismatch between the 'Paid-up Equity Share Capital' and 'Listed Equity Share Capital' of the Company.

3.10. In the meantime, in March 2011, with the intent to revive the existing business and to make the Company debt free, the Company entered into a One Time Settlement (OTS) of loans with Stressed Assets Stabilization Fund (SASF), pursuant to which, SASF was to be allotted 50,00,000/- (Fifty Lac) equity shares at the rate of Rs. 10/- each. within a period of 3 months from the date of signing of Letter of Approval (LOA) and in addition to the same, a sum of Rs. 11,00,00,000/- (Rupees Eleven Crores) was required to be paid, in addition to the shares to be allotted.

3 11. However, the financial position of the Company was not such that it could have paid such a huge amount to SASF, to meet the commitment made to SASF. Further, all the channels of raising capital were already dried-up for the Company and at that financial juncture, no investors were willing to invest into the Company. So, to meet the financial obligations under the OTS, the Promoters of the Company decided to infuse the requisite funds into the Company, to enable it pay off the agreed OTS amount to SASF and other statutory dues, in consideration whereof, it was proposed to allot equity shares/ Convertible warrants to the Promoter of the Company.

3 12 Under the circumstances, the allotment of 50.00 000 (Fifty Lac) Equity Shares of Rs. 10/- each and payment of Rs 11 Cr to SASF were of utmost importance to the Company

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3.13 In the absence of Infusion of these funds and mandated allotment to SASF, the OTS approved by SASF would have become infructuous and futile and all the hopes for the revival of the Company would have gone down the drains.

3.14 However, as per the applicable norms of the Exchanges, no further issue of equity capital are allowed, unless the listed capital matches with the Paid up capital of the Company. In the case of the Company, the then proposed allotment under the OTS would not have been possible unless previous 53,00,000 equity shares were listed at the Stock Exchanges. As the listing of the said 53,00,000 equity shares was apparently impossible unless the mismatch between the listed capital and the paid up capital was rectified, the management of the company decided to adopt the process of reduction of capital by cancelling the unlisted equity shares.

3.15 Even BSE and NSE, vide their letters dated 04.04.2012 and 06.03.2012 respectively granted their NOCs for the Reduction petition. BSE and NSE, vide their letters dated 13.04.2012 and 30.03.2012 respectively, also granted the In-principle approvals for the allotment of 50.00.000 Equity Shares to SASF and Equity Shares/ Warrants to the Promoters.

3.16 However, due to some legal issues with SASF, at that point of time, the Company could not file the Scheme with the Hon'ble High Court. As of now, through the funds infused **by** the Promoters, the Company has succeeded in paying off SASF in full and is now a debt free Company. **In fact, only because the said financial restructuring, the Company's OTS with SASF is a success today.**

3.17 In the meantime, Securities and Exchange Board of India (SEBI) came out with its Circulars dated February 4, 2013 and May 21, 2013, mandating that even in cases wherein the Companies have received the NOCs from the Stock Exchanges but the Scheme has not been filed with the High Courts, even for such Schemes, the Companies will have to obtain a NOC from SEBI. Accordingly, the Company again approached BSE/ NSE and SEBI for their NOCs.

D. RATIONALE FOR THE SCHEME OF ARRANGEMENT

(i) The Capital Reduction will remove the mismatch between the paid up and the listed capital of the Company Furthermore, it will pave the way for the Company to be able to Increase its share capital and /or raise funds by way of borrowings to meet the Cpmpany's growth plans and also steer its path for further corporate restructuring for future growth of the Company as a whole

(ii) Only once the Reduction1 reorganization is allowed, the Exchanges would be granting the Trading approvals for the equity shares allotted to SASF and the Promoters, thus, abiding by all the stipulations of SASF.

(iii) The proposed reduction of capital is only on the Promoters' shares and public is not being affected due to the same. Thus, keeping the public shareholders harmless and their value/ investments being maintained at the same numbers as well as face value.

PART-II

GENERAL PROVISIONS

1. Definitions:

In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the meanings as set out herein below:

1.1. **"Act":** means the Companies Act, 1956, and will include any statutory modifications, re-enactments or amendments thereof

1.2. **"Appointed Date":** means 1 April 2011 being the date with effect from which the Scheme shall be applicable or such other date as may be approved by the Hon'ble High Court.

1.3. **"Board" or "Board of Directors":** shall have the same meaning as under the Act.

1.4. **"Effective Date":** means the date on which certified copy of the order of the Hon'ble High Court under Sections 391 of the Act sanctioning the Scheme is filed with the Registrar of Companies after obtaining the sanctions, orders or approvals.

References in this Scheme to the date of "Upon the Scheme becoming effective" or -effectiveness of this Scheme" shall mean the Effective Date.

1.5 **"High Court":** means the Hon'ble High Court of Delhi and shall include National Company Law Tribunal ("NCLT"), or any other appropriate forum or authority empowered to approve the Scheme as per the law for the time being in force,

1 6 **"Public"** means persons other than –

(i) the promoter and promoter group;
(ii) subsidiaries and associates of the company

1 7. **"Scheme":** means this Scheme of Arrangement for Reorganizing the Capital of JSL (Company) and their respective Shareholders as approved by the Board of Directors of the Company, in its present form and with any modifications as may be approved by the Hon'ble High Court.

1.8. **"Registrar of Companies" or "RoC":** means the Registrar of Companies, NCT of Delhi & Haryana

2. DATE OF EFFECT AND OPERATIVE DATE:

The Scheme setout herein in its present torm or with any modification(s), if any shall be effective from the Appointed Date but shall be operative from the Effective Date

3. CAPITAL STRUCTURE:

The present Capital Structure of the Company is:

Particulars	Amount (Rs.)
Authorized Share Capital	
3,05,00,000 Equity Share of Rs 101-each	30,50,00,000.00
5,00.000 Preference Shares of Rs 1001- each	5,00,00,000.00
Total	35,50,00,000.00
Issued, Subscribed and Paid up Share Capital	
2,85,94,682 Equity Share of Rs. 101-each	28,594682000

PART III

REORGANISATION & REDUCTION OF CAPITAL

1. Jain Studios Limited (Company) was incorporated to carry on the business of Broadcasting, Third Party Video Productions and other related activities The Company currently operates a 24-hour News and Current Affairs channel under the name "JAIN Television". The Capital Structure of the Company before the proposed reduction is:

Particulars	Amount (Rs.)
Authorized Share Capital	
3,05,00,000 Equity Share of Rs. 101-each	30,50,00,000.00
5,00,000 Preference Shares of Rs.1001- each	5,00,00,000 00
Total	35,50,00,000.00
Issued, Subscribed and Paid up Share Capital	
2.85.94682 Equity Share of Rs. 101-each	28.59.46.820.00

It is provided that in case the Company increases its share capital till the Scheme becomes effective, it shall intimate about this change and impact to the High Court and other Regulatory Bodies, as applicable.

2 The shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), Delhi Stock Exchange (DSE), Madras Stock Exchange (MSE), Calcutta Stock Exchange (CSE), Vadodara Stock Exchange (VSE) and Ahmedabad Stock Exchange (ASE).

Article 50 of the Memorandum and Articles of Association of the Company provides that subject to the provisions of Section 100 to 104 of the Act, the Company may, reduce its capital on such terms and conditions as shall be agreed

3. The unlisted allotment of 53,00,000 Equity Shares of Rs. 10/- each is acting as a bottleneck to meet the Company's growth plans, therefore, the management is of the view that the reduction of the equity share capital in accordance with Section 100 of the Companies Act, 1956 (the "Act") is the only practical and economically efficient legal option available to the Company

4. Accordingly, in the benefit of the Company and the shareholders! the Board of Directors of the Company have decided to reorganize the equity share capital of the Company in the following manner:

(i) That upon this Scheme coming into effect it will be deemed that with effect from the Appointed Date, the existing Equity Share Capital of the Company shall stand reduced by 53,00,000 Equity Shares of the Face Value of Rs. 10/- each fully paid up, out of its total paid up Equity capital of 2,85,94,682 Equity Shares of Rs 10/- each by paying off/ returning the entire paid up share capital on the unlisted 53,00,000 Equity Shares of Rs. 10/- each fully paid up, to the allottees, who had subscribed to the said preferential allotment of 53,00,000 equity shares made by the Company and in respect of the Share Premium @ Rs. 91- each paid by those allottees, 4,77,000 (Four Lac Seventy Seven Thousand) Redeemable Preference Shares of Rs.100/- each fully paid up be issued to them subject to following terms and conditions:

(a) After the Hon'ble High Court confirms the reduction, the Company shall pay the shareholders referred above within 90 days from the date of confirmation of reduction of capital by the Hon'ble High Court, or transfer the amount to unsecured loan until the sum is paid to the shareholders referred above.

(b) Upon payment of the consideration to the shareholders, the Company shall extinguish such paid up equity share capital.

(c) The Company shall issue 4,77,000 (Four Lac Seventy Seven Thousand) Redeemable Preference Shares of Rs.100/- each, fully paid up, to the allottees who had subscribed to the said preferential allotment of 53,00,000 equity shares made by the Company, in proportion to their subscription money or to their nominees in accordance with the provisions contained in Section 80 of the Companies Act, 1956 and the same shall be redeemable within a period of ten years from the date of allotment.

(d) On extinguishment of the paid-up share capital as provided in (b) above and on issue of Redeemable Preference Shares as mentioned in (c) above, the Issued, subscribed and paid-up equity share capital shall stand reduced to Rs. 23,29,46,820 /- and the Share Premium shall stand reduced to Rs. 31,51,84,560/- and the Issued, subscribed and paid-up Preference Share capital shall be increased to Rs 4,77,00,000/-

5 Approval of the Scheme under Section 391 of the Act shall also be deemed to be the approval under Section 100 to 104 of the Act for reduction and cancellation of Equity Shares.

6 **ACCOUNTING TREATMENT1 IMPACT IN BOOKS OF ACCOUNTS:**

(i) Upon reduction of unlisted paid up share capital of Rs. 5,30,00,000/- constituting 53,00,000 Equity Shares of the Face Value of Rs. 101- each fully paid up, the Issued, subscribed and paid-up equity share capital shall stand reduced from Rs. 28,59,46,820/- constituting 2,85,94,682 Equity Shares of Rs 10/- each to Rs. 23,29,46,820/- constituting 2,32,94,682 Equity Shares of the Face Value of Rs. 101- each fully paid up.

(ii) The said amount of Rs. 5,30,00,000/- either will be paid back to the respective allottees within 90 days from the date of confirmation of reduction of capital by the Hon'ble High Court or be transferred to Unsecured loan until the sum is paid to the shareholders referred above. By this transaction either there will be outflow of cash/bank of Rs. 5,30,00,000/-, which will reduce bank balance on the asset side of the balance sheet or the said amount of Rs. 5,30,00,000/- will be shown under the head "unsecured loan" on the liability side of the balance sheet until the said sum is being paid to the shareholders referred above.

(iii) In respect of Share Premium @ Rs. 91- each paid by those allottees on 53,00,000 equity shares amounting to Rs. 4,77,00,000/- referred above, the Company will issue 4.77.000 (Four Lac Seventy Seven Thousand) Redeemable Preference Shares of Rs.1001- each fully paid up. Accordingly, the share premium account of the Company shall stand reduced from Rs. 36,28,84,560/- to Rs. 31,51,84,560/- and the Issued, subscribed and paid-up Preference Share capital shall be increased to Rs. 4,77,00,000/-.

PART - IV

OTHER PROVISIONS

1. Approval of Members as per **SEBI** Circular **dated** May **21, 2013:**

The approval of the members to the proposed Scheme of Re-organization shall be sought in accordance with the relevant provisions of the Companies Act, 1956 (including any amendment or re-enactment thereof) and as per the directions of the Hon'ble High Court of Delhi.

Additionally, as required under the SEBI Circular dated May 21, 2013, the approval of the public shareholders shall also be sought through postal ballot and e-voting.

The explanatory statement to the notice sent to the members for convening such meeting shall provide all requisite details as may be material for the members to consider whilst voting on the Scheme and shall enclose the fairness opinion obtained from an Independent Merchant Banker.

2. Application/Petition to High Court:

2.1. JSL shall. with all reasonable dispatch, make application/petition to the Hon'ble High Court, under Section 391 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning the Scheme with such modifications as may be approved by the Hon'ble High Court.

2.2. On the Scheme being agreed to by the requisite majorities of all the classes of the members and/or creditors of JSL shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanctioning the Scheme under Sections 391, 101-104 and other applicable provisions of the Act, and for such other orders, as the said High Court may deem fit for carrying this Scheme into effect

3. Conditionality of Scheme:

The Scheme is conditional upon and subject to:

3 1 The Scheme being agreed to by the respective requisite majority of members and creditors of JSL,

Provided the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

3.2. The Scheme being approved by the Hon'ble High Court;

3.3. All certified copies of the order(s) of the High Court sanctioning this Scheme being filed with the Registrar of Companies of relevant jurisdiction.

3.4. This Scheme although to come into operation from the Appointed Date shall not become effective until the necessary certified copies of the order(s) under Sections 391 of the Act shall be duly filed with the Registrar of Companies of relevant jurisdiction

4. Modification or Amendment

4.1. JSL (acting through its Board of Directors) may assent to any modifications or amendments to this Scheme which the High Court(s) and/or other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for any question or doubt or difficulty that may arise for implementing and/or carrying out the scheme or which is generally in the benefit or interest of the shareholders and/or creditors. JSL (acting through its Board of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any order(s) of'the High Court(s) or of any directive or order(s) of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

4.2. JSL shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Hon'ble High Court or any other authority including the Stock Exchanges is not acceptable to them.

4.3. In the event of this Scheme failing to take effect finally this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own costs or as may be mutually agreed

5. General Terms and Conditions

All costs, charges, fees, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and matters incidental thereto shall be borne and paid by JSL. All such costs, charges, fees, taxes, stamp duty including duties (excluding the stamp duty, if any, paid on this scheme and all other expenses, shall be debited to the Profit and Loss Account.