

**NOTICE OF MEETING OF THE UNSECURED CREDITORS
OF
M/S. INCNUT DIGITAL PRIVATE LIMITED.**

**(Convened pursuant to the order dated 26th April 2021 passed by National Company Law
Tribunal, Bench at Hyderabad)**

MEETING:

Date:	5 th June 2021
Day:	Wednesday
Time:	10:00 am
Venue:	G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH

CA (CAA) No. 13/230/HDB/2021

In the matter of Sections 230 read with section 232, section 66 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder;

And

In the matter of:
The Companies (Compromise, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of:
M/s. Incnut Digital Private Limited, a company incorporated under the Companies Act, 1956 on July 04, 2011 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084
.....Applicant No.1 /Demerged Company

And

M/s. IncNut Stylecraze Private Limited, a company incorporated under the Companies Act, 2013 on July 02, 2020 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
..... Applicant No.2/Resulting Company 1

And

M/s. Momjunction Private Limited, a company incorporated under the provisions of the Companies Act, 2013 on July 05, 2020, having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
..... Applicant No.3/Resulting Company 2

In the matter of:

1. M/s. Incnut Digital Private Limited.
 2. M/s. Incnut Stylecraze Private Limited.
 3. M/s. Momjunction Private Limited.
- Applicant Companies

**NOTICE AND ADVERTISEMENT OF NOTICE OF THE MEETING
OF THE UNSECURED CREDITORS**

Notice is hereby given that by an Order dated 26th April 2021 the Hyderabad Bench of Hon'ble National Company Law Tribunal has directed a meeting to be held of the Unsecured Creditors of M/s. Incnut Digital Private Limited (the "Applicant Company"), for the purpose of considering, and if thought fit, approving with or without modification the Scheme of Arrangement between M/S. Incnut Digital Private Limited (the 'Demerged Company'), M/s. Incnut Stylecraze Private Limited ("the Resulting Company 1"), M/s. Momjunction Private Limited ("the Resulting Company 2") and their respective shareholders ("Scheme").

In pursuance of the said Order and as directed therein FURTHER NOTICE is hereby given that meeting of Unsecured Creditors of the Applicant Company will be held at 10:00 AM, on 5th June 2021 at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084, at which time and place the Unsecured Creditors of the Applicant Company are requested to attend.

A copy of the said Scheme and of the Statement under Section 230 read with Section 102 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge at the registered office of the Applicant Company at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 or at the office of its Advocate, Mr. P. Anil Mukherjee, at 103, 2nd Floor, 16-2-703/1/1, M.S.Arcade, Adjacent to Chermas, Malakpet, Hyderabad – 500036, Contact no. 9885314234, E-mail address – anil@pamadvocates.com, from between 10.00 a.m. and 5.00 p.m. on all working days (except Saturday and Sunday).

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Applicant Company at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 not later than 48 hours before the meeting. The form of proxy can be obtained free of charge from the registered office of the Applicant Company or at the office of its Advocate, Mr. P. Anil Mukherjee, at 103, 2nd Floor, 16-2-703/1/1, M.S.Arcade, Adjacent to Chermas, Malakpet, Hyderabad – 500036, Contact no. 9885314234, E-mail address – anil@pamadvocates.com.

The Hon'ble Tribunal has appointed Smt. Satyasiri Atluri, Advocate, as Chairperson of the said meeting. The abovementioned Scheme, if approved by the meeting, will be subject to the subsequent approval of the Tribunal.

Place: Hyderabad
Date: May 1, 2021

Sd/-
Satyasiri Atluri
Chairman appointed for the meeting

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH

CA (CAA) No. 13/230/HDB/2021

In the matter of Sections 230 read with section 232, section 66 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder;

And

In the matter of:
The Companies (Compromise, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of:
M/s. Incnut Digital Private Limited, a company incorporated under the Companies Act, 1956 on July 04, 2011 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084
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M/s. IncNut Stylecraze Private Limited, a company incorporated under the Companies Act, 2013 on July 02, 2020 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
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M/s. Momjunction Private Limited, a company incorporated under the provisions of the Companies Act, 2013 on July 05, 2020, having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
..... Applicant No.3/Resulting Company 2

In the matter of:

1. M/s. Incnut Digital Private Limited.
 2. M/s. Incnut Stylecraze Private Limited.
 3. M/s. Momjunction Private Limited.
- Applicant Companies.

Statement under Section 230(3) of The Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

Pursuant to the order dated the 26th April 2021 passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench, the accompanying notice has been sent for convening the meeting of the Unsecured Creditors of M/S. Incnut Digital Private Limited being the applicant no. 1 abovenamed at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 at 10:00 AM.

A copy of the Notice of the meeting containing the Explanatory Statement under Section 230-232 read with Section 102 of the Act and rules made thereunder, Proxy Forms, Attendance Slips and all other annexures including the Scheme can be obtained free of charge at the registered office of the company at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.

The authorized representative of a Body Corporate, which is a Unsecured Creditor of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of such Body Corporate authorizing such representative to attend and vote at the meeting is deposited at the registered office of the company at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 not later than 48 hours before the time fixed for the said meeting.

The Applicant Company shall provide the facility of voting through ballot/polling paper at the venue of the meeting so as to enable the Unsecured Creditors, to consider and approve the resolution prepared in the Notice of the Meeting.

The cut off date for determining the total Unsecured Creditors of the Applicant Company is 31st October, 2020.

M/S. Incnut Digital Private Limited (“Applicant no. 1”) is engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.

I. DETAILS OF APPLICANT COMPANIES INVOLVED IN THE SCHEME OF ARRANGEMENT

A. M/S INCNUT DIGITAL PRIVATE LIMITED

- (i) **CIN No.:** U24232TG2011PTC075351
- (ii) **PAN No.:** AAQCS0107D
- (iii) **Date of Incorporation:** July 04, 2011.
- (iv) **Type of Company:** Private Limited Company
- (v) **Registered office and e-mail address:** G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.; E-mail: accounts@incnut.com
- (vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by Incnut Digital Private Limited**

“To create, own, manage, run, buy, sale, exchange, trade and otherwise

deal with e-commerce web portals, Web sites, Web links etc. using digital technology, whether presently available or to be developed in future, to carry on the business of digital publicizing, marketing, advertising, writing blogs etc. and to develop source codes, product codes, procure, advice, sale and deal with electronic data, process, information, contents, articles, books, newsletters, bulletin, audio and video contents related to various segments including but not limited to beauty, fashion, grooming, lifestyle, baby care, parenting, home décor, health care, event management, infotainment etc. whether in India or outside India.”

The Company is engaged in the business of operating a digital content platform and is a media and e-commerce company into beauty and wellness.

- (vii) **Details of change of name, registered office and objects during the last five years:**
The registered office of the company has shifted from Plot No. 12, 2nd Floor, Raj Cyber Vihar, Huda Techno Layout, Sector - II, Hi-Tech, Hyderabad, Telangana 500 081 India to G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 with effect from August 16, 2018. There has been no change in the name and objects of the Company in the last five years.

- (viii) **Details of the capital structure:**

Particulars	Amount (INR)
Authorized Capital	
3,00,000 Equity shares of INR 10 each	30,00,000
23,000 Preference shares of INR 100 each	23,00,000
Total	53,00,000
Issued, Subscribed and Paid-up	
2,39,224 Equity shares of INR 10 each	23,92,240
22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each	22,27,100
Total	46,19,340

- (ix) **Names of the promoters and directors along with their addresses:**

S. No	Names of the Promoters	Address
1.	Chaitanya Chakravarthy Nallan	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032

2.	Mr. Datla Sangram Simha	Flat No. 103, Aspire Apartments, Hitech City Road, Kavuri Hills, Jubilee Hills, Hyderabad 500-081
3.	Veerendra Shivhare	F # 805, Purva Fountain Square, Varthur Main Road, Near Marathahalli Bridge, Marathahalli Colony, Bangalore, Karnataka-566 037

S. No	Names of the Directors	Address
1.	Veerendra Shivhare DIN: 00371693	F # 805, Purva Fountain Square, Varthur Main Road, Near Marathahalli Bridge, Marathahalli Colony, Bangalore, Karnataka-566 037
2.	Chaitanya Chakravarthy Nallan DIN: 01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
3.	Sangram Simha Datla DIN: 03546653	Flat No. 103, Aspire Apartments, Hitech City Road, Kavuri Hills, Jubilee Hills, Hyderabad 500-081
4.	Abhishek Goenka DIN: 06747730	C182, The Icon, DLF City, Phase 5, Sector 43 Gurgaon, Haryana, India 122009

B. INCNU T STYLECRAZE PRIVATE LIMITED

- (i) **CIN No.:** U74999TG2020PTC141322
- (ii) **PAN No.:** AAFCI6840Q
- (iii) **Date of Incorporation:** July 2, 2020
- (iv) **Type of Company:** Private Limited Company
- (v) **Registered office and e-mail address:** : G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.; E-mail: accounts@incnut.com
- (vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by Incnut Stylecraze Private Limited:**

“1. To carry on the business of digital publication of data, digital media, create content, market, advertise, write blogs, instruct, advice, facilitate consulting , process information, articles, books, newsletters, bulletin, audio and video contents, sale, deal with on-line electronic publications through social media, websites, web portals, web links, chatrooms, blogs, articles, electronic bulletin boards etc. using digital technology presently available or to be developed in future related to various segments including but not limited in the fields of women beauty, care, health, hygiene, sanitation, grooming, upliftment, empowerment, lifestyle, wellness, makeup, hair care, skin care, hairstyles and women centric news.

2. To providing online forums, chatrooms and electronic bulletin boards for users to post, search, watch, share, critique, rate, and comment on subjects of interest; providing access to computer, electronic and online databases;

audio, text, video and multimedia broadcasting services over computer and electronic communications networks, namely uploading, posting, displaying, tagging and electronically, transmitting data, audio, and video; providing access to computer databases in the fields of Beauty care and health; providing online communications links which transfer users to other websites; communications services, namely, transmitting streamed sound and audio-visual recordings via the internet or interactive multimedia networks; audio and video broadcasting services over the Internet; electronic transmission of entertainment media content; podcasting services; webcasting services, hosting of digital content online; hosting computer software applications of others; hosting virtual communities for registered users to participate in discussions, aggregate information and resources in the field of Beauty, health and lifestyle wellness and engage in social and community networking; hosting an interactive website and online non-downloadable webpages for showing, displaying, tagging, sharing and transmitting messages, comments, multimedia content, videos, movies, films, photos, audio content, animation, pictures, images, text, information, and other user-generated content; providing a website featuring non-downloadable software in the fields of Beauty care and lifestyle wellness; providing non-downloadable software enabling users to search, locate and communicate, for conducting polls and surveys, computer services in the nature of customized web pages featuring user-defined information, personal profiles, audio and images; computer services, namely, on-line personalized information services; providing the use of software; creation or maintenance of websites; providing computer programs for websites, etc.”.

The Company proposes to engage in the business of operating a digital content platform and media business with focus on beauty and wellness.

(vii) **Details of change of name, registered office and objects during the last five years:**
There has been no change in the name, registered office and objects of the company since incorporation.

(viii) **Details of the capital structure:**

Particulars	Amount (INR)
Authorized Capital	
1,50,000 Equity shares of INR 10 each	15,00,000
Total	15,00,000
Issued, Subscribed and Paid-up	
10,000 Equity shares of INR 10 each	1,00,000
Total	1,00,000

(ix) **Names of the promoters and directors along with their addresses:**

S. No	Names of the Promoters	Address
1.	Incnut Digital Private Limited	G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084

S. No	Name of the Directors	Address
1.	Chaitanya Chakravarthy Nallan DIN: 01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
2.	Sangram Simha Datla DIN: 03546653	Flat No. 103, Aspire Apartments, Hitech City Road, Kavuri Hills, Jubilee Hills, Hyderabad 500-081

C. MOMJUNCTION PRIVATE LIMITED

- (i) **CIN No.:** U74999TG2020PTC141410
- (ii) **PAN No.:** AANCM5417F
- (iii) **Date of Incorporation:** July 5, 2020
- (iv) **Type of Company:** Private Company
- (v) **Registered office and e-mail address:** G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.; E-mail: saradhi@incnut.com
- (vi) **Summary of Main Object as per the Memorandum of Association and the main business carried on by Momjunction Private Limited:**

“To carry on the business of digital publication of data, market, advertise, write blogs, instruct, advice, consult, process information, contents, articles, books, newsletters, bulletin, audio and video contents, sale, deal with electronic data etc. through social media, websites, web portals, web links, blogs, articles, chatrooms, electronic bulletin boards etc. using digital technology, whether presently available or to be developed in future related to various topics and fields for women and mothers including but not limited on pregnancy, infertility, body care, post pregnancy, childbirth, beauty, baby care, toddler care, teen care, breastfeeding, hygiene, sanitation, parenting skills, relationship, health advice, collaborations for mothers, dietary and nutritional guidance and advisory and consultancy services, whether medical or non-medical, in all areas and topics as mentioned above for mothers and babies.”

The Company is engaged inter alia, in the business of operating a digital content platform and is a media and commerce company into beauty and wellness of Mothers.

- (vii) **Details of change of name, registered office and objects during the last five years:**
There has been no change in the name, registered office and objects of the company since

incorporation

(viii) **Details of the capital structure:**

Particulars	Amount (INR)
Authorized Capital	
1,50,000 Equity shares of INR 10 each	15,00,000
Total	15,00,000
Issued, Subscribed and Paid-up	
10,000 Equity shares of INR 10 each	1,00,000
Total	1,00,000

(ix) **Names of the promoters and directors along with their addresses:**

S. No	Names of the Promoters	Address
1.	Incnut Digital Private Limited	G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084

S. No	Name of the Directors	Address
1.	Chaitanya Chakravarthy Nallan DIN: 01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
2.	Sangram Simha Datla DIN: 03546653	Flat No. 103, Aspire Apartments, Hitech City Road, Kavuri Hills, Jubilee Hills, Hyderabad 500-081

II. SALIENT FEATURES OF THE SCHEME

The salient features of the Scheme are summarized for your convenience as follows:-

- A. **“Appointed Date”** means August 1, 2020
- B. **“Effective Date”** means the date on which the authenticated copies or certified copies of the Order of NCLT under Section 230 read with Section 232 of the Act sanctioning the Scheme is filed with Registrar of Companies by the Demerged Company, Resulting Company 1 and Resulting Company 2. Whereas, for the purpose of the Scheme being effective, the Appointed Date shall be the relevant date in compliance with Section 232(6) of the Act; and this Appointed Date shall be the date relevant for giving effect to the vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 and Remaining Undertaking of the Demerged Company, employee contracts, business contracts and other aspects of the demerger, which in general parlance cannot be given retro-actively without the NCLT’s Order to this effect. It is further clarified that the

demerger shall be effective only from the Appointed Date.

- C. The Scheme though effective from the Appointed Date will be operative only on and from the Effective Date.
- D. The Scheme was approved at the Board Meetings of the Applicant Companies held on 23rd October, 2020. All the Directors of the Applicant Companies approved the Scheme and the same was duly passed through unanimous consent of the Board. All the Directors voted and participated for approving the Scheme at the said Board Meetings. None voted against.
- E. Stylecraze will issue 1 (One) equity share of Stylecraze of face value INR 10 each fully paid up for every 1 (One) equity share of INR 10 each fully paid up held in Digital; and 1 (One) CCPS of Stylecraze with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital; and
- F. Momjunction will issue 1 (One) equity share of Momjunction of face value INR 10 each fully paid up for every 1 (One) equity share of INR 10 each fully paid up held in Digital; and 1 (One) CCPS of Momjunction with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital
- G. Upon this Scheme becoming effective and after the allotment of the new shares by the Resulting Companies and reduction of Equity Shares of the Resulting Companies held by IncNut Digital Private Limited, the issued, subscribed and paid—up capital of Resulting Company 1 shall be Rs. 46,19,340 (Rupees Forty Six Lakh Nineteen Thousand Three Hundred and Forty Only) consisting of 2,39,224 Equity Shares of INR 10 each and 22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each and the issued, subscribed and paid—up capital of Resulting Company 2 shall be Rs. 46,19,340 (Rupees Forty Six Lakh Nineteen Thousand Three Hundred and Forty Only) consisting of 2,39,224 Equity Shares of INR 10 each and 22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each.
- H. The intended rationale for, and benefits of, the present Scheme of Arrangement:
 - i) IncNut Digital Private Limited operates websites based on women’s lifestyle focusing on beauty and wellness, parenting and weddings. Each category of business i.e Parenting and beauty and wellness is capable of attracting individual investments and caters to a different set of customers. Since each of these businesses have different profile of risk and rewards it is proposed to segregate these businesses under different legal entities and ownership structures.
 - ii) Digital also holds 100% shares of IncNut Lifestyle Retail Private Limited which operates an inventory led e-commerce business which supplies cosmetic products under two brand names. In light of the above while the businesses of Digital have opportunities for individual investment, IncNut Lifestyle Retail Private Limited is also capable of strategic partnerships resulting into better fund raising and growth opportunities.
 - iii) Segregation of businesses will enable investors to separately hold investment which best suit their investment strategies and risk profile.
 - iv) It is believed that the proposed scheme will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the companies involved.

- v) It will also lead to more focused management and greater visibility on the performance of individual businesses.
- vi) Enables the management to independently review performance of the Demerged undertakings.
- vii) As an overall objective, the scheme will lead to formation of dedicated/focused legal entities, i.e., Resulting Company 1 and Resulting Company 2, having greater ability to monetize their businesses and help in conducting its operations more effectively and efficiently.

The Scheme is proposed accordingly and will have beneficial results for the Parties, their shareholders, employees, stakeholders and all concerned and the same shall not in any manner be prejudicial to the interests of concerned shareholders, creditors and/ or general public at large

- i) The outstanding liability of the Applicant Companies towards unsecured creditors as on October 31, 2020 is as follows:

S.No	Entity Name	Number of Unsecured creditors	Amount
1	M/S. Incnut Digital Private Limited.	24	5,86,19,202
2	M/S. Incnut Stylecraze Private Limited.	1	27,026
3	M/S. Momjunction Private Limited.	1	27,026

III. DISCLOSURE ABOUT THE EFFECT OF THE SCHEME ON NON-PROMOTERS, KEY MANAGERIAL PERSONNEL, DIRECTORS, ETC.

A. Disclosure about the effect of the Scheme of Arrangement on:

- (i) Equity Shareholders and Creditors: The Scheme would not be prejudicial to the interests of the shareholders and/ or creditors of the Demerged Company and the Resulting Companies. There is no likelihood that any secured or unsecured creditor would lose or be prejudiced as a result of the Scheme being passed nor are their rights sought to be modified in any manner. Hence, the Scheme will not cast any additional burden on the shareholders and/ or creditors of the Demerged Company and the Resulting Companies, nor will it affect the interest of any of the shareholders and/ or creditors post the Arrangement.
- (ii) Key managerial personnel and Employees: On the Scheme becoming operative, all staff and employees and KMP of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 in service on the Effective Date shall be deemed to have become the staff and employees of the Resulting Company 1 and Resulting Company 2, respectively, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the

Resulting Company 1 and Resulting Company 2, respectively, shall not be less favorable than those applicable to them with reference to their employment in the Demerged Company.

- (iii) Directors: The implementation of the proposed Scheme shall not adversely affect the Directors of the Demerged Company and the Resulting Companies.
- (iv) Promoters: The implementation of the proposed Scheme shall not adversely affect the Promoters of the Demerged Company and the Resulting Companies.
- (v) Non-promoter members: The implementation of the proposed Scheme shall not adversely affect the non-promoter members of the Demerged Company and the Resulting Companies.
- (vi) Depositors: Not applicable as there are no depositors in the Demerged Company and the Resulting Companies.
- (vii) Debenture holders: Not applicable as there are no debenture holders in the Demerged Company and the Resulting Companies.
- (viii) Deposit trustee and debenture trustee: Not applicable as there are no deposit trustees or debenture trustees in the Demerged Company and the Resulting Companies.

B. Disclosure about the effect of the Scheme of Arrangement on material interests of:

- (i) Key managerial personnel: None of the Key Managerial Personnel (“KMPs”) of the Demerged Company and the Resulting Companies have any material interest in the said Scheme except as employees in general.
- (ii) Directors: None of the Directors of the Demerged Company and the Resulting Companies have any material interest in the said Scheme except as shareholders in general, the extent of which will appear from the Register of the Directors’ Shareholding maintained by the Demerged Company and the Resulting Companies.
- (iii) Debenture Trustee: Not applicable as there are no secured debentures in the Transferor Companies and the Transferee Company.

IV. Pre and post Demerger shareholding pattern:

The Shareholding pattern of IncNut Digital Private Limited as on the appointed date and the date of filing company application to the NCLT (February, 17, 2021) was as below:

M/S. INCNUT DIGITAL PRIVATE LIMITED (Shareholding Pattern as the appointed date and date of filing company application)				
Names of the Share Holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Datla Sangram Simha	Equity	70,913	10	7,09,130
Chaitanya Chakravarty Nallan	Equity	73,531	10	7,35,310
Veerendra Shivhare	Equity	55,556	10	5,55,560

Istyle Global (Singapore) Pte. Ltd	Equity	39,224	10	3,92,240
Total No. of Equity Shares		2,39,224	10	23,92,240
RP-SG Ventures Investment Trust (on behalf of RPSG Ventures Fund 1)	0.001% Compulsory Convertible Preference Shares	16,461	100	16,46,100
CESC Ventures Limited	0.001% Compulsory Convertible Preference Shares	5,810	100	5,81,000
Total No. of Compulsory Convertible Preference Shares		22,271	100	22,27,100

The Shareholding pattern of IncNut Digital Private Limited as on the date of this notice is as below:

M/S. INCNUT DIGITAL PRIVATE LIMITED (Shareholding Pattern as the date of notice- Pre demerger shareholding pattern)				
Names of the Share Holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Datla Sangram Simha	Equity	69,217	10	6,92,170
Chaitanya Chakravarty Nallan	Equity	71,774	10	7,17,740
Veerendra Shivhare	Equity	54,227	10	5,42,270
Istyle Global (Singapore) Pte. Ltd	Equity	39,224	10	3,92,240
Arun Vijayakumar Gupta	Equity	3,922	10	39,220
Datti Sankara Rao	Equity	500	10	5,000
Sameer Mehta	Equity	160	10	1,600
Dhiraj Kumar Sinha	Equity	200	10	2,000
Total No. of Equity Shares		2,39,224	10	23,92,240
RP-SG Ventures Investment Trust (on behalf of RPSG Ventures Fund 1)	0.001% Compulsory Convertible Preference Shares	16,461	100	16,46,100
CESC Ventures Limited	0.001% Compulsory Convertible Preference Shares	5,810	100	5,81,000

Total No. of Compulsory Convertible Preference Shares		22,271	100	22,27,100
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M/S. INCNUT DIGITAL PRIVATE LIMITED (Post Demerger Shareholding Pattern)				
Names of the Share Holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Datla Sangram Simha	Equity	69,217	10	6,92,170
Chaitanya Chakravarty Nallan	Equity	71,774	10	7,17,740
Veerendra Shivhare	Equity	54,227	10	5,42,270
Istyle Global (Singapore) Pte. Ltd	Equity	39,224	10	3,92,240
Arun Vijayakumar Gupta	Equity	3,922	10	39,220
Datti Sankara Rao	Equity	500	10	5,000
Sameer Mehta	Equity	160	10	1,600
Dhiraj Kumar Sinha	Equity	200	10	2,000
Total No. of Equity Shares		2,39,224	10	23,92,240
RP-SG Ventures Investment Trust (on behalf of RPSG Ventures Fund 1)	0.001% Compulsory Convertible Preference Shares	16,461	100	16,46,100
CESC Ventures Limited	0.001% Compulsory Convertible Preference Shares	5,810	100	5,81,000
Total No. of Compulsory Convertible Preference Shares		22,271	100	22,27,100

M/S. INCNUT STYLECRAZE PRIVATE LIMITED (Pre Demerger Shareholding Pattern)				
Names of the Share holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Incnut Digital Private Limited (Incnut Digital)	Equity Shares	9,999	10	99,990
Chaitanya Chakravarthy Nallan (Nominee of Incnut Digital)	Equity Shares	1	10	10
Total		10,000	10	1,00,000

M/S. INCNUT STYLECRAZE PRIVATE LIMITED (Post Demerger Shareholding Pattern)				
Names of the Share holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Datla Sangram Simha	Equity	69,217	10	6,92,170
Chaitanya Chakravarty Nallan	Equity	71,774	10	7,17,740
Veerendra Shivhare	Equity	54,227	10	5,42,270
Istyle Global (Singapore) Pte. Ltd	Equity	39,224	10	3,92,240
Arun Vijayakumar Gupta	Equity	3,922	10	39,220
Datti Sankara Rao	Equity	500	10	5,000
Sameer Mehta	Equity	160	10	1,600
Dhiraj Kumar Sinha	Equity	200	10	2,000
Total No. of Equity Shares		2,39,224	10	23,92,240
RP-SG Ventures Investment Trust (on behalf of RPSG Ventures Fund 1)	0.001% Compulsory Convertible Preference Shares	16,461	100	16,46,100
CESC Ventures Limited	0.001% Compulsory Convertible Preference Shares	5,810	100	5,81,000
Total No. of Compulsory Convertible Preference Shares		22,271	100	22,27,100

M/S. MOMJUNCTION PRIVATE LIMITED (Pre Demerger Shareholding Pattern)				
Names of the Share holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Incnut Digital Private Limited	Equity Shares	9,999	10	99,990

(Incnut Digital)				
Chaitanya Chakravarthy Nallan (Nominee of Incnut Digital)	Equity Shares	1	10	10
Total		10,000	10	1,00,000

M/S. MOMJUNCTION PRIVATE LIMITED (Post Demerger Shareholding Pattern)				
Names of the Share holders	Type of shares	No. of shares	Amount per share (INR)	Amount (INR)
Datla Sangram Simha	Equity	69,217	10	6,92,170
Chaitanya Chakravarty Nallan	Equity	71,774	10	7,17,740
Veerendra Shivhare	Equity	54,227	10	5,42,270
Istyle Global (Singapore) Pte. Ltd	Equity	39,224	10	3,92,240
Arun Vijayakumar Gupta	Equity	3,922	10	39,220
Datti Sankara Rao	Equity	500	10	5,000
Sameer Mehta	Equity	160	10	1,600
Dhiraj Kumar Sinha	Equity	200	10	2,000
Total No. of Equity Shares		2,39,224	10	23,92,240
RP-SG Ventures Investment Trust (on behalf of RPSG Ventures Fund 1)	0.001% Compulsory Convertible Preference Shares	16,461	100	16,46,100
CESC Ventures Limited	0.001% Compulsory Convertible Preference Shares	5,810	100	5,81,000
Total No. of Compulsory Convertible Preference Shares		22,271	100	22,27,100

- V. The shares held by the Directors of the Demerged and Resulting Companies, as on 31st October, 2020 are set out below:-

S. No.	Name of the Director	Incnut Digital Private Ltd	Incnut Stylecraze Private Ltd	Momjunction Private Limited
1	Veerendra Shivhare	55,556	-	-
2	Chaitanya	73,531	1 (As nominee shareholder)	1 (As nominee shareholder)

	Chakravarthy Nallan			
3	Sangram Simha Datla	70,913	-	-

- VI. There are no proceedings/ investigation pending against the Demerged Company and the Resulting Companies under Sections 210 to 217, 219, 220, 223, 224, 225, 226 & 227 of the Act.
- VIII. The Notice of the proposed meetings along with the Scheme and other related documents shall be filed with the Registrar of Companies, Regional Director, and the Income Tax Authorities and the representation, if any, to the Scheme shall be made within thirty days of date of NCLT order. It may be noted that there are no sectoral regulators which needs to be informed in the present case.
- IX. A copy of the Scheme setting out the terms and conditions of the proposed Demerger as approved by the Board of Directors of the respective Applicant Companies in their respective Board Meetings is enclosed herewith.
- X. A copy of the Swap report recommending the swap ratio for the proposed Demerger is enclosed herewith.
- XI. Copies of the following documents of all the Applicant Companies are open for inspection and/or for obtaining extract or copies of the same at the respective Registered offices of the Applicant Companies between 10.00 A.M. and 5.00 P.M. on any working day -
- a) Memorandum and Articles of Association;
 - b) Latest Audited Annual Accounts;
 - c) Copy of Scheme of Arrangement;
 - d) Copy of board resolution approving the Scheme;
 - e) Swap Report in respect of proposed Scheme;
 - f) Copy of certificate from the Company's Auditors under Section 133 of the Companies Act, 2013;
 - g) Copy of the order dated 26th April 2021 passed by the Tribunal;
 - h) Copy of the contracts or arrangements material to the Scheme; and
 - i) Register of Directors, shareholdings of Directors and members.

Dated: May 1, 2021
Hyderabad

SCHEME OF ARRANGEMENT

AMONG

INCNUT DIGITAL PRIVATE LIMITED

(Demerged Company)

AND

INCNUT STYLECRAZE PRIVATE LIMITED

(Resulting Company 1)

AND

MOMJUNCTION PRIVATE LIMITED

(Resulting Company 2)

AND

THEIR RESPECTIVE SHAREHOLDERS

**(Under section 230 read with section 232 and Section 66 of the Companies Act, 2013 and the
rules framed thereunder)**

PREAMBLE

This Scheme of Arrangement (“**Scheme**”) is presented pursuant to the provisions of Section 230 read with Section 232, Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, and Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961, as applicable for the:

- (i) Demerger of Demerged Undertaking 1 (defined hereafter) and Demerged Undertaking 2 (defined hereafter) of IncNut Digital Private Limited (“**Digital or “Demerged Company**”) into IncNut Stylecraze Private Limited (“**Resulting Company 1**”) and Momjunction Private Limited (“**Resulting Company 2**”) respectively.
- (ii) Cancellation of the equity share capital of IncNut Stylecraze Private Limited and Momjunction Private Limited each having 10,000 Equity Shares each of Rs. 10 each fully paid up issued and allotted, in terms of Part II of the Scheme, resulting in reduction of equity share capital of IncNut Stylecraze Private Limited and Momjunction Private Limited (referred to as “**Reduction in Equity Share Capital of Resulting Company 1 and Resulting Company 2**”)

(A) DESCRIPTION OF THE COMPANIES

1. Digital is a private limited company, having CIN: U24232TG2011PTC075351 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. Digital is currently engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.
2. IncNut Stylecraze Private Limited is a private limited company, having CIN: U74999TG2020PTC141322 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. IncNut Stylecraze Private Limited is engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.
3. Momjunction Private Limited is a private limited company, having CIN: U74999TG2020PTC141410 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. Momjunction Private Limited is currently engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness of Mothers.

(B) RATIONALE AND PURPOSE OF THE SCHEME

It is expected that the Scheme would, *inter-alia* provide the following benefits:

1. IncNut Digital Private Limited operates websites based on women's lifestyle focusing on beauty and wellness, parenting and weddings. Each category of business i.e Parenting and beauty and wellness is capable of attracting individual investments and caters to a different set of customers. Since each of these businesses have different profile of risk and rewards it is proposed to segregate these businesses under different legal entities and ownership structures.
2. Digital also holds 100% shares of IncNut Lifestyle Retail Private Limited which operates an inventory led e-commerce business which supplies cosmetic products under two brand names. In light of the above while the businesses of Digital have opportunities for individual investment, IncNut Lifestyle Retail Private Limited is also capable of strategic partnerships resulting into better fund raising and growth opportunities.
3. Segregation of businesses will enable investors to separately hold investment which best suit their investment strategies and risk profile.
4. It is believed that the proposed scheme will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the companies involved.
5. It will also lead to more focused management and greater visibility on the performance of individual businesses.
6. Enables the management to independently review performance of the Demerged undertakings.
7. As an overall objective, the scheme will lead to formation of dedicated/focused legal entities, i.e., Resulting Company 1 and Resulting Company 2, having greater ability to monetize their businesses and help in conducting its operations more effectively and efficiently.

The Scheme is proposed accordingly and will have beneficial results for the Parties, their shareholders, employees, stakeholders and all concerned and the same shall not in any manner be prejudicial to the interests of concerned shareholders, creditors and/ or general public at large.

(C) PARTS OF THE SCHEME OF ARRANGEMENT

This Scheme of Arrangement is divided into the following parts: -

Part I: Definitions of the terms used in this Scheme;

Part II: Demerger of Undertaking 1 and Undertaking 2 from IncNut Digital Private Limited into IncNut Stylecraze Private Limited (Resulting Company 1) and Momjunction Private Limited (Resulting Company 2) and Reduction of Equity Share Capital of Resulting Company 1 and Resulting Company 2.

Part III: General Terms and Conditions.

PART I: DEFINITIONS OF THE TERMS USED IN THIS SCHEME

1. DEFINITIONS OF THE TERMS USED IN THIS SCHEME

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable rules and regulations, for the time being in force, if any, including any statutory modifications or re-enactment thereof. References in this Scheme to particular provisions of the Act shall be deemed to mean and include references to particular provisions of the Companies Act, 2013 unless stated otherwise.
- 1.2 **“Applicable Law”** includes all statutes, enactments, acts of legislature or parliament, ordinances, rules, bye-laws, Governmental Approvals, regulations thereof, notifications, guidelines required to be followed, directions, directives and orders of any Governmental Authority as may be applicable to the relevant Party.
- 1.3 **“Appointed Date”** for the purposes of Part II of this Scheme and for the Income-Tax Act, 1961, means 1st of August, 2020 , or such other date as may be approved by the National Company Law Tribunal, Hyderabad Bench, Hyderabad.
- 1.4 **“Board of Directors” or “Board”** means the board of directors of Demerged Company and Resulting Company 1 and Resulting Company 2, as the context may require, and shall include a duly constituted committee or any person authorized by the Board of Directors or such committee thereof.

- 1.5 **“Consent”** means any notice, approval, authorization, waiver, permit, permission, clearance, license, exemption, no objection certificate, registration, with, of, from or to any person.
- 1.6 **“Demerged Company”** means IncNut Digital Private Limited, a private limited company, having CIN: U24232TG2011PTC075351 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana, PIN – 500084, India.
- 1.7 **“Demerger”** means the transfer by way of demerger in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 of the Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2 respectively and consequent issue of shares as consideration by the Resulting Company 1 and Resulting Company 2 to the shareholders of the Demerged Company as set out in Part II of this Scheme.
- 1.8 **“Demerger Record Date”** means any date after due sanction of this Scheme by the Hon’ble NCLT in accordance with the Act, as shall be mutually fixed by the Board of Directors of Digital, IncNut Stylecraze Private Limited and Momjunction Private Limited, for the purpose of determining the security holders of Digital who shall be eligible for issue of securities in accordance with Clause 12.1 pursuant to and as contemplated under Part II of this Scheme.
- 1.9 **“Demerged Undertaking 1”** means the entire media business which focuses on health and wellness, skin care, hair make up, make up and hairstyles and fashion which operates under the name of Stylecraze as identified by the management of the Demerged Company inclusive but not limited to all assets (movable or immovable, tangible or intangible) and all the businesses, undertakings, activities, properties, investments and liabilities, of whatsoever nature and kind and wheresoever situated shall include the following:
- a) all immovable properties, if any, i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) currently being used for the purpose of and in relation to the business of the Demerged Undertaking 1 and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
 - b) all assets, as are movable in nature pertaining to and in relation to the Demerged Undertaking 1, whether present or future or contingent, tangible or intangible (including electrical fittings, furniture, fixtures, appliances, accessories, office equipment’s, communication facilities, installations and inventory), actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds,

cash and bank balances and deposits including accrued interest thereto with Governmental Authority, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to goods and service tax input credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, tax deducted at source, tax refunds and minimum alternate tax credit;

- c) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto pertaining to the Demerged Undertaking 1;
- d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier /manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Demerged Undertaking 1;
- e) all applications, including hardware, software, licenses, source codes (including any copies thereof), scripts, registrations, goodwill, licenses, trademarks, trade names, service marks, copyrights, patents, patent rights, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and rights of any description and nature whatsoever used in the business of the Demerged Undertaking 1;
- f) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Undertaking 2 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in

favour of or held for the benefit of or enjoyed by the Demerged Undertaking 1;

- g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Demerged Undertaking 1;
- h) investments in shares, debentures and other securities held by the Demerged Undertaking 1;
- i) all debts, liabilities including contingent liabilities, duties, Taxes and obligations of the Demerged Undertaking 1;
- j) all employees of the Demerged Undertaking 1 employed/ engaged in and relating to the business as on the Effective Date; and
- k) all legal or other proceedings of whatsoever nature that pertain to the Demerged Undertaking 1

Explanation: In case of any question that may arise as to whether any particular asset or liability and/ or employee pertains or does not pertain to the Demerged Undertaking 1 or whether it arises out of the activities or operations of the Demerged Undertaking 1, the same shall be decided by mutual agreement between Board of Directors of Digital and IncNut Stylecraze Private Limited

1.10 **“Demerged Undertaking 2”** means the business on women’s lifestyle focusing on motherhood under the brand name Mom Junction as identified by the management of the Demerged Company inclusive but not limited to all assets (movable or immovable, tangible or intangible) and all the businesses, undertakings, activities, properties, investments and liabilities, of whatsoever nature and kind and wheresoever situated shall include the following:

- a) all immovable properties, if any, i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) currently being used for the purpose of and in relation to the business of the Demerged Undertaking 2 and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

- b) all assets, as are movable in nature pertaining to and in relation to the Demerged Undertaking 2, whether present or future or contingent, tangible or intangible (including electrical fittings, furniture, fixtures, appliances, accessories, office equipment's, communication facilities, installations and inventory), actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Governmental Authority, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to goods and service tax input credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, tax deducted at source, tax refunds and minimum alternate tax credit;
- c) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto pertaining to the Demerged Undertaking 2;
- d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier /manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Demerged Undertaking 2;
- e) all applications, including hardware, software, licenses, source codes (including any copies thereof), scripts, registrations, goodwill, licenses, trademarks, trade names, service marks, copyrights, patents, patent rights, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and rights of any description and nature whatsoever used in the business of the Demerged Undertaking 2;
- f) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions,

funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Undertaking 1 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Undertaking 2;

- g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Demerged Undertaking 2;
- h) investments in shares, debentures and other securities held by the Demerged Undertaking 2;
- i) all debts, liabilities including contingent liabilities, duties, Taxes and obligations of the Demerged Undertaking 2;
- j) all employees of the Demerged Undertaking 2 employed/ engaged in and relating to the business as on the Effective Date; and
- k) all legal or other proceedings of whatsoever nature that pertain to the Demerged Undertaking 2

Explanation: In case of any question that may arise as to whether any particular asset or liability and/ or employee pertains or does not pertain to the Demerged Undertaking 2 or whether it arises out of the activities or operations of the Demerged Undertaking 2, the same shall be decided by mutual agreement between Board of Directors of Digital and Momjunction Private Limited.

1.11 **“Employees”** mean all the employees who are employed and engaged in respect of Demerged Undertaking 1 or Demerged Undertaking 2 or Remaining Undertaking (as may be applicable in terms of the context herein), on the payroll of the Demerged Company and as identified by the Board of Directors of the Demerged Company.

1.12 **“Effective Date”** means the date on which the authenticated copies or certified copies of the

Order of NCLT under Section 230 read with Section 232 of the Act sanctioning the Scheme is filed with Registrar of Companies by the Demerged Company, Resulting Company 1 and Resulting Company 2. Whereas, for the purpose of the Scheme being effective, the Appointed Date shall be the relevant date in compliance with Section 232(6) of the Act; and this Appointed Date shall be the date relevant for giving effect to the vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 and Remaining Undertaking of the Demerged Company, employee contracts, business contracts and other aspects of the demerger, which in general parlance cannot be given retro-actively without the NCLT's Order to this effect. It is further clarified that the demerger shall be effective only from the Appointed Date;

- 1.13 **“Government” or “Government Authority”** means the Central Government, any applicable State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.14 **“NCLT”** means the National Company Law Tribunal, Hyderabad Bench having jurisdiction over the Demerged Company, Resulting Company 1 and Resulting Company 2.
- 1.15 **“Remaining Undertaking”** means the entire business of the Demerged Company excluding the business of Demerged Undertaking 1 and Demerged Undertaking 2 as identified by the management of the Demerged Company inclusive but not limited to all assets (movable or immovable, tangible or intangible) and all the businesses, undertakings, activities, properties, investments and liabilities, of whatsoever nature and kind and wheresoever situated shall include the following:
- a) all immovable properties, if any, i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) currently being used for the purpose of and in relation to the business of the Remaining Undertaking and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
 - b) all assets, as are movable in nature pertaining to and in relation to the Remaining Undertaking, whether present or future or contingent, tangible or intangible (including electrical fittings, furniture, fixtures, appliances, accessories, office equipment's, communication facilities, installations and inventory), actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds,

cash and bank balances and deposits including accrued interest thereto with Governmental Authority, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to goods and service tax input credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, tax deducted at source, tax refunds and minimum alternate tax credit;

- c) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto pertaining to the Remaining Undertaking;
- d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier /manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Remaining Undertaking;
- e) all applications, including hardware, software, licenses, source codes (including any copies thereof), scripts, registrations, goodwill, licenses, trademarks, trade names, service marks, copyrights, patents, patent rights, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and rights of any description and nature whatsoever used in the business of the Remaining Undertaking;
- f) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Remaining Undertaking and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Remaining Undertaking;

- g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Remaining Undertaking;
- h) investments in shares, debentures and other securities held by the Remaining Undertaking;
- i) all debts, liabilities including contingent liabilities, duties, Taxes and obligations of the Remaining Undertaking;
- j) all employees of the Remaining Undertaking employed/ engaged in and relatable to the business as on the Effective Date; and
- k) all legal or other proceedings of whatsoever nature that pertain to the Remaining Undertaking

Explanation: In case of any question that may arise as to whether any particular asset or liability and/ or employee pertains or does not pertain to the Remaining Undertaking or whether it arises out of the activities or operations of the Remaining Undertaking, the same shall be decided by the Board of Directors of Digital.

- 1.16 **“Resulting Company 1”** means IncNut Stylecraze Private Limited, a private limited company, having CIN: U74999TG2020PTC141322 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India.
- 1.17 **“Resulting Company 2”** means Momjunction Private Limited, a private limited company, having CIN: U74999TG2020PTC141410 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India.
- 1.18 **“Resulting Companies”** means IncNut Stylecraze Private Limited and Momjunction Private Limited read together in the context thereof.
- 1.19 **“RoC”** means the Registrar of Companies at Hyderabad having jurisdiction over the Demerged Company, Resulting Company 1 and Resulting Company 2.

- 1.20 **“Scheme of Arrangement”** or **“this Scheme”** or **“the Scheme”** means this Scheme of Arrangement presented under Sections 230 to 232 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 in its present form or with any modification(s) made under clause **Error! Reference source not found.** of this Scheme or any modifications approved or directed by the NCLT.
- 1.21 **“Shareholders”** means the persons registered as holders of shares of Companies concerned.
- 1.22 **“Transition Period”** means the period starting from the date immediately after the Appointed Date till the last of the dates on which all the conditions stipulated in Clause **Error! Reference source not found.** of this Scheme are fulfilled.

All terms and words 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 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

3. **SHARE CAPITAL**

- 3.1 The Share Capital of the Demerged Company as on the Appointed Date is as follows:

Particulars	Amount (INR)
Authorized Capital	
3,00,000 Equity shares of INR 10 each	30,00,000
23,000 Preference shares of INR 100 each	23,00,000
Total	53,00,000
Issued, Subscribed and Paid-up	
2,39,224 Equity shares of INR 10 each	23,92,240
22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each	22,27,100
Total	46,19,340

3.2 The Share Capital of Resulting Company 1 as on the Appointed Date is as follows:

Particulars	Amount (INR in Lacs)
Authorized Capital	
1,50,000 Equity shares of INR 10 each	15,00,000
Total	15,00,000
Issued, Subscribed and Paid-up	
10,000 Equity shares of INR 10 each	1,00,000
Total	1,00,000

3.3 The Share Capital of Resulting Company 2 as on the Appointed Date is as follows:

Particulars	Amount (INR in Lacs)
Authorized Capital	
1,50,000 Equity shares of INR 10 each	15,00,000
Total	15,00,000
Issued, Subscribed and Paid-up	
10,000 Equity shares of INR 10 each	1,00,000
Total	1,00,000

3.4 Preliminary

The Demerged Company has three directors as on July 31, 2020. The names and other details of such directors are as follows:

S. No.	Name of the Directors	DIN	Address
1	VEERENDRA SHIVHARE	00371693	F # 805, Purva Fountain Square, Varthur Main Road, Near Marathahalli Bridge, Marathahalli Colony, Bangalore, Karnataka-566 037
2	CHAITANYA CHAKRAVARTHY NALLAN	01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
3	SANGRAM SIMHA DATLA	03546653	HA - 404, NCC Nagarjuna Residency, Opposite Nasr school, Gachibowli – 500081

The Resulting Company 1 has 2 directors as on July 31, 2020. The names and other details of such directors are as follows:

S. No.	Name of the Directors	DIN	Address
1	CHAITANYA CHAKRAVARTHY NALLAN	01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
2	SANGRAM SIMHA DATLA	03546653	HA - 404, NCC Nagarjuna Residency, Opposite Nasr school, Gachibowli – 500081

The Resulting Company 2 has 2 directors as on July 31, 2020. The names and other details of such directors are as follows:

S. No.	Name of the Directors	DIN	Address
1	CHAITANYA CHAKRAVARTHY NALLAN	01319347	Flat no.705,7th Floor, Block No. 18, Tower No. 9, My Home Vihanga, Sy. No.37/2, Gopanapalli Village, Gachibowli Hyderabad 500032
2	SANGRAM SIMHA DATLA	03546653	HA - 404, NCC Nagarjuna Residency, Opposite Nasr school, Gachibowli – 500081

**PART II: DEMERGER OF DEMERGED UNDERTAKING 1 AND DEMERGED
UNDERTAKING 2 FROM DEMERGED COMPANY INTO INCNUT
STYLECRAZE PRIVATE LIMITED AND MOMJUNCTION PRIVATE LIMITED
RESPECTIVELY AND REDUCTION OF EQUITY SHARE CAPITAL OF
RESULTING COMPANY 1 AND RESULTING COMPANY 2**

4. TRANSFER AND VESTING OF DEMERGED UNDERTAKING 1 AND DEMERGED UNDERTAKING 2:

Subject to the provisions of the Scheme as specified herein and with effect from the Appointed Date, the Demerged Undertaking 1 and Demerged Undertaking 2 shall stand transferred to and vested in and/ or deemed to be transferred to and vested in the Resulting Company 1 and the Resulting Company 2, respectively, as the case may be, as a going concern, in the following manner:

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, subject to the provisions of this Scheme, the Demerged Undertaking 1 and Demerged Undertaking 2 shall, under the provisions of Section 230 read with Section 232 and Section 66 of the Act and also in accordance with Section 2(19AA) of the Income-Tax Act, 1961 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred on a going concern basis to and vested in and / or deemed to be transferred to and vested in the Resulting Company 1 and Resulting Company 2, respectively, so as to vest in the Resulting Company 1 and Resulting Company 2 all the rights, title and interest pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2, respectively.
- 4.2 In respect of such of the assets of the Demerged Undertaking 1 and Demerged Undertaking 2 as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery of possession and/or by endorsement and delivery, the same shall be so transferred by the Demerged Company to the Resulting Company 1 and Resulting Company 2, respectively, upon the coming into effect of this Scheme, without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, absolutely and forever.
- 4.3 In respect of the movable assets other than those dealt with in Clause 4.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Governmental Authority and any other authorities and bodies

and/or customers, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. of the Demerged Undertaking 1 and Demerged Undertaking 2, the same shall stand transferred to and vested in the Resulting Company 1 and Resulting Company 2, respectively, without any notice or other intimation to any Person so that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company 1 and Resulting Company 2, respectively, as the case may be. The Resulting Company 1 and Resulting Company 2, respectively shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

4.4 All profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon), attributable to the Demerged Undertaking 1 and Demerged Undertaking 2 shall respectively, for all purposes, be treated as the profits and cash, taxes or losses of the Resulting Company 1 and Resulting Company 2 respectively.

4.5 All immovable properties of the Demerged Undertaking 1 and Demerged Undertaking 2 including land together with the buildings and structures standing thereon, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand vested in and/or be deemed to have been vested in the Resulting Company 1 and Resulting Company 2, respectively, by operation of law pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. Such assets shall stand vested in the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, and shall be deemed to be and become the property as an integral part of the Resulting Company 1 and Resulting Company 2 by operation of law. The Resulting Company 1 and Resulting Company 2 shall upon the NCLT Orders sanctioning the Scheme and upon this Scheme becoming effective, be always entitled to all the rights and privileges attached in relation to such immovable properties and shall be liable to pay appropriate rent, rates and taxes and fulfill all obligations in relation thereto or as applicable to such immovable properties. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, and the mere filing thereof with the appropriate registrar or sub-registrar or with the relevant Government Authority shall suffice as record of continuing titles with the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, and shall be constituted as a deemed mutation and substitution thereof. The Resulting Company 1 and Resulting Company 2 shall subsequent to Scheme becoming effective be entitled to the

delivery and possession of all documents of title to such immovable property in this regard. It is hereby clarified that all the rights, title and interest of the Demerged Undertaking 1 and Demerged Undertaking 2 in any leasehold properties shall without any further act, instrument or deed, be vested in or be deemed to have been vested in the Resulting Company 1 and Resulting Company 2, respectively.

- 4.6 All the other assets, rights, title, interests and investments of the Demerged Company in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 shall also without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company 1 and Resulting Company 2, respectively, upon the coming into effect of this Scheme.
- 4.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses, permissions, right of way, Governmental Approvals, clearances, Consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2, shall be transferred to and vested in the Resulting Company 1 and Resulting Company 2, respectively.
- 4.8 In so far as various incentives, subsidies, exemptions, special status, service tax benefits, income tax holiday/benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by the Demerged Company are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking 1 and Demerged Undertaking 2, vest with and be available to the Resulting Company 1 and Resulting Company 2, respectively, on the same terms and conditions, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company 1 and Resulting Company 2, respectively.
- 4.9 Any third party or Governmental Authority required to give effect to any provisions of this Scheme, shall take on record the NCLT Orders sanctioning the Scheme on its file and duly record the necessary substitution or endorsement in the name of the Resulting Company 1 and Resulting Company 2, respectively as the successor in interest with respect to the Demerged Undertaking 1 and Demerged Undertaking 2, respectively, pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective. For this purpose, the Resulting Company 1 and Resulting Company 2, respectively, shall file certified copies of such NCLT Order(s) and if required file appropriate applications or forms with the relevant

authorities concerned for statistical and information purposes only and there shall be no break in the validity and enforceability of Governmental Approvals, Consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licences (including the licences granted by any Governmental Authorities for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature with respect to the Demerged Undertaking 1 and Demerged Undertaking 2, respectively.

- 4.10 Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 shall without any further act, instrument or deed be and stand transferred to the Resulting Company 1 and Resulting Company 2, respectively, and shall thereupon become the debts, duties, obligations and liabilities of the Resulting Company 1 and Resulting Company 2, respectively, 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, obligations, duties and liabilities have arisen in order to give effect to the provisions of this Clause.
- 4.11 The transfer and vesting of the Demerged Undertaking 1 and Demerged Undertaking 2, as aforesaid, shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over in respect of the property and assets or any part thereof relating to the Demerged Undertaking 1 and Demerged Undertaking 2.
- 4.12 In so far as assets of the Demerged Undertaking 1 and Demerged Undertaking 2 are concerned, the encumbrances, if any, over such assets, shall without any further act or deed, be released and discharged from the same and shall no longer be available as encumbrances in relation to those liabilities of the Demerged Company which are not vesting with the respective Resulting Companies.
- 4.13 The Resulting Company 1 and Resulting Company 2 shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 in relation to which the Demerged Company has been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions.

4.14 If any terms or provisions of this Part of the Scheme is found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961 at a later date resulting from an amendment of law (for the respective year) or for any other reason whatsoever, the provisions of the said section of the income tax laws shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with such conditions of the income tax laws. Such modification will however not affect other parts of the Scheme.

5. VESTING AT BOOK VALUES

All the assets, properties and liabilities of the Demerged Undertaking 1 and Demerged Undertaking 2 shall be vested in the Resulting Company 1 and Resulting Company 2 respectively at the value appearing in the books of the Demerged Company on the close of business on the day immediately preceding the Appointed Date.

6. CONDUCT OF THE DEMERGED BUSINESS OF DEMERGED COMPANY TILL THE EFFECTIVE DATE / TRANSITION PERIOD

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

6.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 1 and Demerged Undertaking 2 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 for and on account of and in trust for the Resulting Company 1 and Resulting Company 2, respectively. The Demerged Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

6.2 The Demerged Company shall carry on its business and activities relating to the Demerged Undertaking 1 and Demerged Undertaking 2 with reasonable diligence, business prudence in the ordinary course of business.

6.3 The Demerged Company shall not without the prior written consent of the Resulting Company 1 and Resulting Company 2, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Demerged Undertaking 1 and Demerged Undertaking 2 or part thereof.

6.4 All the profits or income accruing or arising to Demerged Company or expenditure or losses arising or incurred or suffered by Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company 1 and Resulting Company 2, respectively.

6.5 The Resulting Company 1 and Resulting Company 2 shall be entitled, pending the sanction of the Scheme, to apply to the Central/ State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Resulting Company 1 and Resulting Company 2 may require pursuant to this Scheme.

7. EMPLOYEES

7.1 On the Scheme becoming operative, all staff and employees as identified by the Board of Directors of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 in service on the Effective Date shall be deemed to have become the staff and employees of the Resulting Company 1 and Resulting Company 2, respectively, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company 1 and Resulting Company 2, respectively, shall not be less favorable than those applicable to them with reference to their employment in the Demerged Company.

7.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 or all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, shall stand transferred to the Resulting Company 1 and Resulting Company 2, respectively, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 in relation to such fund or funds shall become those of the Resulting Company 1 and Resulting Company 2, respectively, or the funds or trusts created by the Resulting Company 1 and Resulting Company 2, respectively, in this regard. It is clarified that the services of the staff and employees of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 will be treated as having been continuous for the purpose of the said fund or funds.

7.3 The Resulting Company 1 and Resulting Company 2 shall not vary the terms and conditions of employment of any of the employees of the Resulting Company 1 and Resulting Company 2, respectively, pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2, except in the ordinary course of business.

8. LEGAL PROCEEDINGS

8.1 If any suit, appeal or other proceeding of whatever nature by or against the Demerged Company in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company 1 and Resulting Company 2, respectively, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 as if this Scheme had not been made.

8.2 In case of any litigation, suits, or recovery proceedings which are to be initiated or may be initiated against the Demerged Company in relation to the Demerged Undertaking 1 and Demerged Undertaking 2, the Resulting Company 1 and Resulting Company 2, respectively, shall be made party thereto and any payment and expenses made thereto shall be the liability of the Resulting Company 1 and Resulting Company 2, respectively.

9. CONTRACTS, DEEDS ETC.

9.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 to which the Demerged Company is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of and may be enforced by or against the Resulting Company 1 and Resulting Company 2, respectively, as fully and effectually as if, instead of the Demerged Company, the Resulting Company 1 and Resulting Company 2, respectively, had been a party thereto.

9.2 The Resulting Company 1 and Resulting Company 2 shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation, to which the Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. The Resulting Company 1 and Resulting Company 2, respectively, shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company for the Demerged Undertaking 1 and Demerged Undertaking 2 and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

10. TAXATION MATTERS

- 10.1 Upon the Scheme becoming operative, all taxes paid/ payable in relation to the Demerged Undertaking 1 and Demerged Undertaking 2 by the Demerged Company under the Income Tax Act, 1961, the Customs Act, 1962, the Central Excise Act, 1944, the Central Sales Tax Act, 1956 , any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Service Tax, stamp laws, registration fees or any other applicable laws/ regulations (hereinafter in this Clause referred to as "**Tax Laws**") shall be to the account of the respective Resulting Companies; and similarly, all credits for tax deduction at source on income of the Demerged Undertaking 1 and Demerged Undertaking 2 shall be deemed to have been made or deemed to have been made and duly complied with by the respective Resulting Companies, if so made by the Demerged Company. Further, any refunds or claims, including refunds or claims pending with the revenue authorities and the right of carry forward of accumulated losses or unabsorbed depreciation as per the provisions of the Income Tax Act, 1961 and the right to claim minimum alternate tax credit, if any, of the Demerged Company pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2, shall, for all the purposes, be treated as the refunds, claims, accumulated losses or unabsorbed depreciation and tax credit of the applicable Resulting Companies. Similarly, any advance tax payment required to be made by the specified due dates in the Tax Laws shall also be deemed to have been made by the respective Resulting Companies, if so made by the Demerged Company.
- 10.2 All taxes of any nature, duties, cesses or any other like payments or deductions made by the Demerged Company or any of its agents relating to the operations, transactions and / or profit of the Demerged Undertaking 1 and Demerged Undertaking 2, to any Government Authorities such as income tax, sales tax, service tax and goods and service tax, or any tax deduction / collection at source, tax credits under Tax Laws, relating to the period after the Appointed Date and during the Transition Period shall have been deemed to have been on account of or paid by the respective Resulting Companies, and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the respective Resulting Companies after the Transition Period and upon relevant proof and documents being provided to the said authorities.
- 10.3 Upon completion of the conditions specified under Clause **Error! Reference source not found.** of this Scheme, the Demerged Company and the Resulting Companies are expressly permitted to revise their respective tax returns and related withholding tax certificates, including withholding tax certificates relating to transactions between the Demerged Company and the respective Resulting Companies, to the extent required and to claim refunds, advance tax and withholding tax credits, or any other tax related compliances or filing of forms.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 of the Demerged Company into the Resulting Company 1 and Resulting Company 2, respectively, under Clause 4 above and the continuance of proceedings by or against the Resulting Company 1 and Resulting Company 2 under Clause 8 above shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking 1 and Demerged Undertaking 2 on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company 1 and Resulting Company 2 accept and adopts all acts, deeds and things done and executed by the Demerged Company for the Demerged Undertaking 1 and Demerged Undertaking 2 in respect thereto as done and executed on behalf of the Resulting Company 1 and Resulting Company 2, respectively.

12. CONSIDERATION

12.1 The Consideration for the Demerger of the Demerged Undertaking 1 and Demerged Undertaking 2 shall be furthered by the Resulting Company 1 and Resulting Company 2, respectively, as follows:

12.1.1. Share Exchange Ratio:

Demerged Undertaking 1 –

Upon the Scheme becoming operative and in consideration of the transfer and vesting of the Demerged Undertaking 1, the Resulting Company 1 shall, without any further application or deed, issue and allot shares credited as fully paid up to the extent indicated below, to all the classes of the shareholders of the Demerged Company as on the Demerger Record Date holding fully paid up shares and whose names appear in the register of members or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as may be recognized by the Board of Directors of the Demerged Company:

i) Demerger of “Demerged Undertaking 1” of Digital into Stylecraze

“1 (One) equity share of Stylecraze of face value INR 10 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in Digital”; and

“1 (One) CCPS of Stylecraze with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital”

Demerged Undertaking 2 –

Upon the Scheme becoming operative and in consideration of the transfer and vesting of the Demerged Undertaking 2, the Resulting Company 2 shall, without any further application or deed, issue and allot shares credited as fully paid up to the extent indicated below, to all the classes of the shareholders of the Demerged Company as on the Demerger Record Date holding fully paid up shares and whose names appear in the register of members or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as may be recognized by the Board of Directors of the Demerged Company:

ii) Demerger of “Demerged Undertaking 2” of Digital into Momjunction

“1 (One) equity share of Momjunction of face value INR 10 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in Digital”; and

“1 (One) CCPS of Momjunction with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital”

- 12.2 The issue and allotment of shares by the Resulting Company 1 and Resulting Company 2 as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act by the Demerged Company, the Resulting Company 1 and Resulting Company 2 or any other person as if the procedure laid down under Section 55 and Section 62(1)(c) of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable, were duly complied with.
- 12.3 The shares to be issued to the members of the Demerged Company pursuant to Clause 12.1.1 above shall be in multiples of 1 (One). Any fractional shares shall be rounded off to the next higher multiple of 1 (One).
- 12.4 The approval of this Scheme by the shareholders of Resulting Company 1 and Resulting Company 2 shall be deemed to be due compliance of the provisions of section 62 of the Act and other relevant and applicable provisions of the Act for the issue and allotment of new shares by Resulting Company 1 and Resulting Company 2 to the shareholders of Demerged Company, as provided in this Scheme.
- 13. REDUCTION OF EXISTING EQUITY SHARE CAPITAL OF THE RESULTING COMPANY 1 AND RESULTING COMPANY 2**
- 13.1 Upon allotment of the New Shares by the Resulting Company 1 and Resulting Company 2 in terms of Clause 12 above, the pre-demerger shareholding in the Resulting Company 1 and

Resulting Company 2 held by IncNut Digital Private Limited (i.e. 10,000 equity shares in each company of Rs. 10 each), shall be cancelled as an integral part of the Scheme in order to present a true and fair picture of the capital structure, business, assets and financials of the Resulting Company 1 and Resulting Company 2. The cancellation of the share capital shall result in a mirror image of the shareholding pattern in the Resulting Company 1 and Resulting Company 2 as it stands for the Demerged Company as of the Record Date. The reduction does not involve any diminution of liability in respect of share capital not paid-up or payment of paid-up share capital of Resulting Company 1 and Resulting Company 2 to any person.

- 13.2 No prejudice shall be caused to shareholders and/or creditors of the Resulting Company 1 and Resulting Company 2 by the aforesaid reduction in share capital. The creditors of the Resulting Company 1 and Resulting Company 2 will not be adversely affected by the proposed reduction in share capital as there will be no reduction in the amounts payable to any of them, and no payment involved to any shareholder as well.
- 13.3 The consent of the shareholders and creditors of the Resulting Company 1 and Resulting Company 2 to this Scheme shall be deemed to be their consent under the provisions of Section 66 of the 2013 Act as well. The Resulting Companies shall not be required to (i) convene separate meeting to seek approval for cancellation of shares; or (ii) add “And Reduced” as suffix to its name, or (iii) otherwise separately comply with the procedure specified in Section 66 of the Companies Act, 2013, and its compliance with applicable provisions of Sections 230-232 of the Companies Act, 2013 shall be deemed as adequate compliance with the procedure specified in Section 66 of the 2013 Act. The Tribunal(s)’ sanction for this Scheme shall be deemed to be the Tribunal’s approval under Section 66 of the 2013 Act, for reduction and reorganisation of capital by Resulting Companies, as contemplated as an integral part of this Scheme.
- 13.4 Upon this Scheme becoming effective and after the allotment of the new shares by the Resulting Companies in terms of Clause 12.2, and reduction of Equity Shares of the Resulting Companies held by IncNut Digital Private Limited in terms of this Clause 14.2 and 14.3, the issued, subscribed and paid—up capital of Resulting Company 1 shall be Rs. 46,19,340 (Forty Six Lakh Nineteen Thousand Three Hundred and Forty Only) consisting of 2,39,224 Equity Shares of INR 10 each and 22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each and the issued, subscribed and paid—up capital of Resulting Company 2 shall be Rs. 46,19,340 (Forty Six Lakh Nineteen Thousand Three Hundred and Forty Only) consisting of 2,39,224 Equity Shares of INR 10 each and 22,271 0.001% Cumulative Convertible Preference Shares of INR 100 each.

14. ACCOUNTING TREATMENT

14.1 In the books of the Demerged Company

- i. The value of all the assets and liabilities pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 which are being transferred to the Resulting Company 1 and Resulting Company 2, respectively, which cease to be the assets of the Demerged Company shall be reduced by the Demerged Company at their carrying values; and
- ii. Pursuant to reduction of equity share capital of the Resulting Companies, the investment amount of INR 1,00,000 (One lakh only) each in Resulting Company 1 and Resulting Company 2 appearing in the books of IncNut Digital Private Limited under the head “Investments”, being shares held in the Resulting Companies, shall stand cancelled; and
- iii. The difference, i.e. the excess or shortfall, as the case may be, of the value of the transferred assets over the transferred liabilities pertaining to the Demerged Undertaking 1 and Demerged Undertaking 2 and cancellation of investment held by way of equity shares in the Resulting Companies shall be adjusted to the Capital Reserve of the Demerged Company.
- iv. Notwithstanding the above, the Board of Directors of the Demerged Company is authorized to modify such accounting treatment so as to comply with applicable accounting standards and the clarifications/ guidance provided by the Institute of Chartered Accountants of India as at the Effective Date.

14.2 In the books of Resulting Company 1

- i. The Resulting Company 1 shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertaking 1 of the Demerged Company vested in it pursuant to this Scheme, at the respective book values, as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date.
- ii. The Resulting Company 1 shall credit its Share Capital Account in its books of accounts with the aggregate face value of the new shares issued to the shareholders of Demerged Company pursuant to Clause 12.1 of this Scheme and reduce its Share Capital Account to the extent of the face value of the shares held by the Demerged Company pursuant to Clause 13 of this Scheme.
- iii. The difference between the amount of the net assets/ (liabilities) of the Demerged Undertaking 1 transferred and vested in the Resulting Company 1 (being the difference between the value of assets and value of liabilities of the Demerged Undertaking 1, as recorded in the books of the Resulting Company 1 as per Clause i above), the value of shares

issued pursuant to Clause ii , and the face value of the existing equity shares (of the Resulting Company 1 held by IncNut Digital Private Limited) pursuant to reduction of equity share capital as per Clause ii would be recorded as Capital Reserve/ Goodwill as the case may be.

- iv. Notwithstanding the above, the Board of Directors of the Resulting Company 1 is authorized to modify such accounting treatment so as to comply with applicable accounting standards and the clarifications/ guidance provided by the Institute of Chartered Accountants of India as at the Effective Date.

14.3 **In the books of Resulting Company 2**

- i. The Resulting Company 2 shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertaking 2 of the Demerged Company vested in it pursuant to this Scheme, at the respective book values, as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date.
- ii. The Resulting Company 2 shall credit its Share Capital Account in its books of accounts with the aggregate face value of the new shares issued to the shareholders of Demerged Company pursuant to Clause 12.1 of this Scheme and reduce its Share Capital Account to the extent of the face value of the shares held by the Demerged Company pursuant to Clause 13 of this Scheme
- iii. Pursuant to the reduction of equity share capital of the Resulting Company 2, an amount equivalent to the face value of the existing equity shares (of the Resulting Company 1 held by IncNut Digital Private Limited) shall be treated in accordance with Clause iv below.
- iv. The difference between the amount of the net assets/ (liabilities) of the Demerged Undertaking 2 transferred and vested in the Resulting Company 2 (being the difference between the value of assets and value of liabilities of the Demerged Undertaking 2, as recorded in the books of the Resulting Company 2 as per Clause i above) , the value of shares issued pursuant to Clause ii, and the face value of the existing equity shares (of the Resulting Company 2 held by IncNut Digital Private Limited) pursuant to reduction of equity share capital as per Clause ii would be recorded as Capital Reserve/ Goodwill as the case may be.
- v. Notwithstanding the above, the Board of Directors of the Resulting Company 2 is authorized to modify such accounting treatment so as to comply with applicable accounting standards and the clarifications/ guidance provided by the Institute of Chartered Accountants of India as at the Effective Date.

PART IV: GENERAL TERMS AND CONDITIONS

15. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 15.1 The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of this Scheme;
- 15.2 Sanction of this Scheme in entirety by the jurisdictional NCLT;
- 15.3 The certified / authenticated copies of the order of the NCLT sanctioning the Scheme being filed with the jurisdictional RoCs by the Demerged Company, Resulting Company 1, and Resulting Company 2;
- 15.4 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

16. APPLICATION TO THE NCLT

- 16.1 The Demerged Company, Resulting Company 1 and Resulting Company 2 shall, with all reasonable dispatch, make necessary applications to the NCLT where the respective registered offices of the Demerged Company, Resulting Company 1, Resulting Company 2 are situated, for convening and/or seeking exemption to convene meetings of shareholders/ creditors and for sanctioning this Scheme under Sections 230 – 232 read with Section 66 of the Act, for an order thereof, for carrying this Scheme into effect.
- 16.2 The Demerged Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required under any law for such Governmental approvals which the Demerged Company may require to own the Remaining Undertaking and to carry on the business of the Remaining Undertaking

17. MODIFICATIONS / AMENDMENTS TO THE SCHEME

The Demerged Company, Resulting Company 1 and Resulting Company 2 by their respective Board of Directors may assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the NCLT and/or any other authority, as may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). The Demerged Company, Resulting Company 1 and Resulting

Company 2 by their respective Board of Directors be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

18. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause **Error! Reference source not found.** not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

19. COSTS, CHARGES AND EXPENSES

19.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Demerged Company, Resulting Company 1 and Resulting Company 2 arising out of or incurred in carrying out and implementing Part II of this Scheme and matters incidental thereto shall be borne by the Demerged Company.

20. NO CAUSE OF ACTION

No third party claiming to have acted or changed his position in anticipation of this Scheme taking effect, shall get any cause of action against the Demerged Company, Resulting Company 1 and Resulting Company 2 or their directors or officers, if this Scheme does not take effect or is withdrawn, amended, modified for any reason whatsoever.

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VALUATION REPORT

Date: 21 October 2020

To,
The Board of Directors,
IncNut Digital Private Limited
G-3, Ground Floor,
Modern Profound Tech Park,
Kondapur, Hyderabad,
Telangana - 500084

To,
The Board of Directors,
IncNut Stylecraze Private Limited
G-3, Ground Floor,
Modern Profound Tech Park,
Kondapur, Hyderabad,
Telangana - 500084

To,
The Board of Directors,
Momjunction Private Limited
G-3, Ground Floor,
Modern Profound Tech Park,
Kondapur, Hyderabad,
Telangana - 500084

Subject: Recommendation of fair share entitlement ratio for the proposed demerger of “Media Business” and “Motherhood Business” of IncNut Digital Private Limited into IncNut Stylecraze Private Limited and Momjunction Private Limited respectively.

Dear Sir,

We refer to the engagement letter and discussions held with the Management of IncNut Digital Private Limited (hereinafter referred to as ‘Digital’ or ‘the demerged company’), IncNut Stylecraze Private Limited (hereinafter referred to as ‘Stylecraze’ or ‘resulting company-1’) and Momjunction Private Limited (hereinafter referred to as ‘Momjunction’ or ‘resulting company-2’) wherein the Management of Digital, Stylecraze and Momjunction has requested Niranjana Kumar, Registered Valuer-Securities and Financial Assets (‘NK’, ‘we’ or ‘us’) to recommend a fair share entitlement ratio for:

- i) Proposed demerger of entire media business which focuses on health and wellness, skin care, hair make up, make up and hairstyles and fashion Business (‘Media Business’) of Digital (‘demerged company’) into Stylecraze (‘resulting company-1’); and
- ii) Proposed demerger of women’s lifestyle focusing on motherhood business (‘Motherhood Business’) of Digital (‘demerged company’) into Momjunction (‘resulting company-2’);

Hereinafter the aforesaid transaction shall be referred to as the ‘proposed demerger’; Stylecraze and Momjunction shall be together referred to as ‘resulting companies’ and the Management and the Board of Directors of Digital, Stylecraze and Momjunction, together, shall be referred to as ‘the Management’ and ‘the Board of Directors’ respectively.

Please find enclosed the report (comprising 13 pages) detailing our recommendation of fair share entitlement ratio for the proposed demerger and assumptions used in our analysis.

This report sets out our scope of work, background, procedures performed by us, source of information and our recommendation on the fair share entitlement ratio.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

IncNut Digital Private Limited (‘Digital’ or the ‘demerged company’)

Digital is a private limited company, having CIN: U24232TG2011PTC075351 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. Digital is currently engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.

Digital holds 100% equity stake in IncNut Stylecraze Private Limited and Momjunction Private Limited.

IncNut Stylecraze Private Limited ('Stylecraze' or the 'resulting company-1')

IncNut Stylecraze Private Limited is a private limited company, having CIN: U74999TG2020PTC141322 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. IncNut Stylecraze Private Limited is engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.

Stylecraze is a wholly owned subsidiary of Digital.

Momjunction Private Limited ('Momjunction' or the 'resulting company-2')

Momjunction Private Limited is a private limited company, having CIN: U74999TG2020PTC141410 and its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi Telangana, PIN – 500084, India. Momjunction Private Limited is currently engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness of mothers.

Momjunction is a wholly owned subsidiary of Digital.

The Management of demerged company and resulting companies are contemplating a restructuring proposal, wherein they intend to demerge "Media Business" and "Motherhood Business" of Digital ('demerged company') into Stylecraze and Momjunction ('resulting companies') respectively ('proposed demerger'), pursuant to the Scheme of Arrangement (hereinafter referred to as 'the Scheme') under section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ('the Act') read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the Rules'), as amended from time to time and Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961, as applicable.

As per the Scheme, as a consideration for the proposed demerger, the equity shareholders and preference shareholders of Digital shall receive the equity shares and preference shares of Stylecraze and Momjunction respectively in the share entitlement ratio as determined by the Board of Directors on the basis of share entitlement ratio report prepared by the Registered Valuer as required under the applicable provisions of the Companies Act, 2013.

Further, we understand that as a part of the Scheme, the existing issued and paid up equity share capital of the resulting companies ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.

In connection with the above-mentioned proposed demerger, the Management has appointed Niranjana Kumar, Registered Valuer- Securities and Financial Assets ('NK') to submit a report recommending a fair share entitlement ratio for issue of shares of Stylecraze and Momjunction to the shareholders of Digital for the proposed demerger.

We understand that the proposed appointed date for the demerger is 01 August 2020 or such other date as the competent authority may direct or approve. We have determined the fair share entitlement ratio for the proposed demerger as at the report date ('Valuation Date').

The scope of our service is to determine the share entitlement ratio as at the Valuation Date after considering the facts of the case and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI).

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

FINANCIAL BACKGROUND

1. IncNut Digital Private Limited ('Digital' or 'the demerged company')

Digital is currently engaged in the business of operating a digital content platform and is a media and commerce company into beauty and wellness.

Digital has issued a mix of equity and 0.001% of cumulative convertible preference shares ('CCPS') and its current share capital and shareholding pattern as at the report date is set out below:

a) Equity Share Capital

The equity shareholding pattern of Digital as at the report date is set out below:

Name of Shareholder	Number of shares (Face Value INR 10 each)	Percentage %
Sangram Simha Datla	70,913	29.6%
Chaitanya Nallan	73,531	30.7%
Veerendra Shivare	55,556	23.2%
I Style Global Singapore Pte Ltd	39,224	16.4%
Total	2,39,224	100.0%

b) Preference Share Capital

In addition to the equity shares, Digital has also issued the following 0.001% Cumulative Convertible Preference Shares ('CCPS') having face value of INR 100 each fully paid up.

The preference shareholding pattern of Digital as at the report date is set out below

Name of Shareholder	Number of shares (Face Value INR 10 each)	Percentage %
RP-SG Ventures Fund I	16,461	73.9%
CESC Ventures Limited	5,810	26.1%
Total	22,271	100.0%

Key terms of the above mentioned outstanding CCPS is set out below:

Preference Shares are of face value of Rs. 100 each and carry a minimum preferential dividend of 0.001%. Each of these Preferential Shares are compulsorily convertible into 1 Equity Shares of the Company within 20 years from their date of allotment and entitled to liquidation preference rights as prescribed in the Articles of Association

The snapshot of the business segment wise balance sheet as at 31 July 2020 is set out below:

Particulars	Media business	Motherhood business	Remaining business	Total
Equity and liabilities				
Equity				
Equity share capital	-	-	46,19,340	46,19,340
Reserves and surplus	-	-	30,80,15,427	30,80,15,427
Networth				
Non-current liabilities				
Long-term borrowings	-	-	11,64,266	11,64,266
Current liabilities				
Short-term borrowings	56,378	2,03,328	18,84,680	21,44,386
Trade payables	22,65,981	21,57,022	65,04,385	1,09,27,388
Other current liabilities	-	95,493	-	95,493
Short-term provisions	83,00,163	68,22,965	6,45,53,502	7,96,76,630
Total equity and liabilities	1,06,22,522	92,78,808	38,67,41,600	40,66,42,929
Assets				
Non-current assets				
Fixed assets				
(i)Tangible assets	13,37,973	15,07,806	16,93,179	45,38,958
(ii)Intangible assets	3,42,967	3,45,535	18,830	7,07,332
Non-current investments	-	-	3,00,000	3,00,000
Deferred tax assets (net)	95,722	1,05,540	97,492	2,98,754
Current assets				
Trade receivables	1,42,70,498	1,22,68,501	4,29,25,046	6,94,64,044
Cash and cash equivalents	91,34,199	1,08,51,862	21,62,07,090	23,61,93,152
Short-term loans and advances	-	-	7,67,40,056	7,67,40,056
Other current assets	31,12,250	24,86,282	1,28,02,101	1,84,00,633
Total assets	2,82,93,609	2,75,65,526	35,07,83,794	40,66,42,929
Excess of assets over liabilities	1,76,71,088	1,82,86,719	-3,59,57,806	0

2. Stylecraze Private Limited ('Stylecraze' or 'the resulting company 1')

Stylecraze is Digital's flagship media property. Stylecraze primarily focuses on health & wellness, skin care, hair care, makeup, hairstyles, and fashion.

The equity shareholding pattern of Stylecraze as at the report date is set out below:

Name of Shareholder	Number of shares (Face Value INR 10 each)	Percentage %
Incut Digital Private Limited	10,000	100.0%
Total	10,000	100.0%

Further, we understand that as a part of the scheme, all the above existing equity shares of Stylecraze would get cancelled upon the Scheme being effective.

3. Momjunction Private Limited ('Momjunction' or 'the resulting company 2')

Momjunction is a parenting website. Over the years, Momjunction is a guide for young mothers at every stage of parenthood, from pre-natal to post-delivery care, relationship advice and more.

The equity shareholding pattern of Momjunction as at the report date is set out below:

Name of Shareholder	Number of shares (Face Value INR 10 each)	Percentage %
Incnut Digital Private Limited	10,000	100.0%
Total	10,000	100.0%

Further, we understand that as a part of the scheme, all the above existing equity shares of Momjunction would get cancelled upon the Scheme being effective.

SOURCES OF INFORMATION

In connection with preparation of this report, we have used and relied on the following sources of information:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements of Digital for the year ended 31st March, 2020;
- Business segment wise financial statements of Digital for the four months period ended 31st July, 2020;
- Terms of issue/ offer of CCPS issued by Digital and outstanding as at report date including nature of instrument, dividend rate, duration, conversion terms etc.;
- Terms of issue/ offer of CCPS proposed to be issued by resulting companies including nature of instrument, dividend rate, duration, conversion terms etc.;
- Latest shareholding pattern of Digital, Stylecraze and Momjunction as at report date;
- Discussion with the Management to understand the rationale and basis for arriving at the recommended share entitlement ratio;
- Copy of the draft scheme of arrangement; and
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects of the demerged company and the resulting companies etc.;

B. Industry and economy information:

- Such other information and documents as provided by the Management for the purpose of this engagement.

Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management.

PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Reviewed the draft scheme of arrangement;
- Reviewed the business segment wise financial statements of Digital for the four months period ended 31st July, 2020;
- Reviewed the terms of issue/ offer of CCPS proposed to be issued by resulting companies including nature of instrument, dividend rate, duration, conversion terms etc.;
- Reviewed the latest shareholding pattern of Digital, Stylecraze and Momjunction as at the report date;
- Confirmation regarding no change is being proposed in the shareholding pattern between the report date and scheme implementation date of the demerged company and the resulting companies;
- Determined the fair share entitlement ratio in discussions with the Management, for issue of equity shares and preference shares of Stylecraze and Momjunction respectively to the shareholders of Digital as consideration for the proposed demerger after taking into consideration the effect of the capital reduction in the resulting companies which is part of the scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Analysis of other facts and data as considered necessary; and
- Arrived at the final share entitlement ratio for the proposed demerger after considering the effect of capital reduction scheme.

RATIONALE FOR SHARE ENTITLEMENT RATIO

As mentioned earlier, as a part of the scheme, “Media Business” and “Motherhood Business” of Digital is proposed to be demerged into Stylecraze and Momjunction respectively. Digital has identified all the assets and liabilities of the respective demerged business mentioned above which are to be taken over by and transferred to Stylecraze and Momjunction. Further, also as a part of the Scheme, the existing issued and paid up equity share capital of resulting companies (‘Pre Demerger Equity Share Capital’) would be cancelled by way of capital reduction.

We understand that, upon the scheme being effective, all the equity and preference shareholders of Digital would also become the equity and preference shareholders of Stylecraze and Momjunction respectively and with the existing issued and paid up equity share capital of resulting companies getting cancelled by way of capital reduction which would be part of the same scheme, their shareholding in resulting companies would mirror their existing shareholding in Digital prior to the demerger.

Taking into account the above facts and circumstances, any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the proportionate shareholding of any shareholder pre-demerger and post-demerger would remain same and not vary and we have therefore not carried out any independent valuation of the subject business. The Management has proposed a share entitlement ratio of:

iii) Demerger of “Media Business” of Digital into Stylecraze

“For every 1 (One) equity share of INR 10 each fully paid up held in Digital, every equity shareholder of Digital shall be entitled to receive 1 (One) equity share of Stylecraze of INR 10 each fully paid up; and

“For every 1 (One) cumulative convertible preference share (“CCPS”) of INR 100 each fully paid up held in Digital, every preference shareholder of Digital shall be entitled to receive 1 (One) CCPS of Stylecraze of INR 100 each fully paid up (on the same terms and conditions in all respect as is existing in the Demerged Company);

iv) Demerger of “Motherhood Business” of Digital into Momjunction

“For every 1 (One) equity share of INR 10 each fully paid up held in Digital, every equity shareholder of Digital shall be entitled to receive 1 (One) equity share of Momjunction of INR 10 each fully paid up; and

“For every 1 (One) cumulative convertible preference share (“CCPS”) of INR 100 each fully paid up held in Digital, every preference shareholder of Digital shall be entitled to receive 1 (One) CCPS of Momjunction of INR 100 each fully paid up (on the same terms and conditions in all respect as is existing in the Demerged

Company);

The Share Entitlement Ratio has been recommended keeping in mind the current business activities of the resulting companies, shareholders of the demerged company and resulting companies and their economic interest in the demerged company.

Currently, the demerged company has issued 0.001% cumulative convertible preference shares (CCPS) in addition to equity shares. As a part of the Scheme, the Management proposes to issue CCPS of the resulting company to the preference shareholders of demerged company on the same terms and conditions in all respect as is existing in the demerged company. Therefore, the share entitlement ratio for these CCPS shall be similar to the share entitlement ratio for the equity shareholders.

The effect of demerger is that each shareholder of Digital becomes the owner of shares in three companies instead of one. No shareholder is, under the scheme, required to dispose off any part of his shareholding either to any of the other shareholders or in the market or otherwise. The scheme does not envisage the dilution of the holding of any one or more shareholders as a result of the operation of the scheme. Post demerger, the percentage holding of a shareholder in Digital and resulting companies would remain same and not vary.

Upon issuance of equity and preference shares, basis the Share entitlement Ratio, and after the cancellation of Pre- Demerger Equity Share Capital of resulting companies, the equity and preference shareholders of Digital and resulting companies would be same.

Therefore, in our view, the above Share Entitlement Ratio is fair and equitable, considering that all the shareholders of Digital, will, upon the proposed demerger, have their inter-se economic interests, rights, obligations in Stylecraze and Momjunction post-demerger in the same proportion as their existing economic interests, rights and obligations in Digital pre-demerger.

CONCLUSION

In the light of the above and on a consideration of all the relevant factors and circumstances, and subject to the scope and limitations as listed in our report, we recommend the share entitlement ratio of:

i) For demerger of “Media Business” of Digital into Stylecraze

“1 (One) equity share of Stylecraze of face value INR 10 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in Digital”; and

“1 (One) CCPS of Stylecraze with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital”

ii) For demerger of “Motherhood Business” of Digital into Momjunction

“1 (One) equity share of Momjunction of face value INR 10 each fully paid up shall be issued for every 1 (One) equity share of INR 10 each fully paid up held in Digital”; and

“1 (One) CCPS of Momjunction with same economic rights including conversion terms as that of the existing CCPS issued by Digital of face value INR 100 each fully paid up shall be issued for every 1 (One) CCPS of INR 100 each fully paid up held in Digital”

Respectfully submitted,
Niranjan Kumar
Registered Valuer- Securities and Financial Assets
IBBI Registration Number: IBBI/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN:20121635AAAAEQ9565

Date: 21 October 2020
Place: Pune

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;
- no significant change in terms of the CCPS of demerged company till such time the scheme becomes effective;
- the terms of CCPS in the resulting company being the same (including with respect to conversion terms) as that of the existing CCPS of demerged company;
- shareholding pattern of Digital, Stylecraze and Momjunction as at the report date and no change in the same prior to the implementation of the proposed arrangement;
- proposed share entitlement ratio recommended by the Management;
- proposed capital reduction of all the existing equity shares of Stylecraze and Momjunction;
- draft scheme of arrangement; and
- data detailed in the section – Sources of information

A value analysis of this nature is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Management till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

In the course of our analysis, we were provided with both written and verbal information, by the Management as detailed in the section- Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

- the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
- the accuracy of information that was publicly available;

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed demerger. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Management. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report does not look into the business/ commercial reasons behind the proposed demerger nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not

such alternatives could be achieved or are available. We must emphasize that since the proportionate shareholding would be maintained before and after the proposed demerger (i.e. there would be no change in the shareholding pattern), we have not carried out any independent valuation of the demerged company, the resulting company or the demerged business as a part of this engagement. This report is restricted to recommendation of share entitlement ratio for the proposed demerger only.

We would like to emphasize that as a part of the proposed demerger, the entire existing share capital of Stylecraze and Momjunction (i.e. resulting companies) would be cancelled and therefore all the shareholders of Digital (i.e. demerged company) would become shareholders in the resulting companies in the same proportion as their current holding in the demerged company pursuant to the scheme being effective. Therefore, any share entitlement ratio recommended to all the shareholders consistently shall achieve the desired objective.

Moreover, currently the demerged company has issued 0.001% cumulative convertible preference shares (CCPS) in addition to equity shares. As a part of the Scheme, the Management proposes to issue CCPS of the resulting company to the preference shareholders of demerged company on the same terms and conditions in all respect as is existing in the demerged company. Therefore, the share entitlement ratio for these CCPS shall be similar to the share entitlement ratio for the equity shareholders.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Management, who have appointed us, and nobody else.

We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability of NK exceed the amount as agreed in our Engagement Letter.

This value analysis report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with relevant filings with the statutory authorities with respect to the proposed demerger, without our prior written consent.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH

CA (CAA) No. 13/230/HDB/2021

In the matter of Sections 230 read with section 232, section 66 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder;

And

In the matter of:
The Companies (Compromise, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of:
M/s. Incnut Digital Private Limited, a company incorporated under the Companies Act, 1956 on July 04, 2011 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084
.....Applicant No.1 /Demerged Company

And

M/s. IncNut Stylecraze Private Limited, a company incorporated under the Companies Act, 2013 on July 02, 2020 and having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
..... Applicant No.2/Resulting Company 1

And

M/s. Momjunction Private Limited, a company incorporated under the provisions of the Companies Act, 2013 on July 05, 2020, having its registered office at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.
..... Applicant No.3/Resulting Company 2

In the matter of:

1. M/s. Incnut Digital Private Limited.
 2. M/s. Incnut Stylecraze Private Limited.
 3. M/s. Momjunction Private Limited.
- Applicant companies

PROXY

I/We the undersigned Unsecured Creditor of M/S. Incnut Digital Private Limited, being the Applicant No.1 respectively above named, do hereby nominate and appoint Shri/Smt. _____ of _____ and failing him/her Shri/Smt. _____ of _____ as my/our PROXY to act for me/us at the meeting of the Unsecured Creditors of the Applicant No.1 to be held at 10:00 AM, on 5th June 2021 at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 for the purpose of considering and, if thought fit, approving with or without modification, the proposed Scheme of Arrangement of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2 respectively and consequent issue of shares as consideration by the Resulting Company 1 and Resulting Company 2 to the shareholders of the Demerged Company and at such meeting or any adjournment thereof to vote* _____ the Scheme for me/us and in my/our name.

Dated this ____ day of _____.

(Strike out whatever not applicable)

Signature: (Revenue Stamp)

Name:

Address:

Claim:

- NOTE:
1. Please affix appropriate Revenue Stamp before putting signature.
 2. The Proxy must be deposited at the Registered Office of the respective applicant at least 48 hours before the time of holding the meeting.

* (If you want to vote in favour of the Scheme with or without modification put 'FOR' and in case you intend to vote against put 'AGAINST').

ATTENDANCE SLIP

Incnut Digital Private Limited

G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084.

Name and address of the Unsecured Creditor: _____

Amount due: _____

I/We the undersigned Unsecured Creditor/proxy for Unsecured Creditor of M/S. INCNUT DIGITAL PRIVATE LIMITED, being the Applicant no. 1 abovenamed, do hereby record my/our presence at the meeting of the Unsecured Creditors of M/S. INCNUT DIGITAL PRIVATE LIMITED held at 10:00 AM on 5th June, 2021 at G-3, Ground Floor, Modern Profound Tech Park, Kondapur, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 084 for the purpose of considering and, if thought fit, approving with or without modification, the proposed Scheme of Arrangement of the of Demerged Undertaking 1 and Demerged Undertaking 2 into Resulting Company 1 and Resulting Company 2 respectively and consequent issue of shares as consideration by the Resulting Company 1 and Resulting Company 2 to the shareholders of the Demerged Company

Dated this ____ day of _____

(Strike out whatever not applicable)

Name

(in block letters)

Address:

Claim:

Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.

In case of Proprietorship/ Partnership/ Individuals - Please carry your identity proof at the meeting venue.

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