

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH

COMPANY SCHEME PETITION NO 261 OF 2017

Zee Media Corporation Limited

.....Petitioner/Demerged Company or Transferee Company 2

AND

COMPANY SCHEME PETITION NO 262 OF 2017

Pri-Media Services Private Limited

.....Petitioner/Transferor Company 2

AND

COMPANY SCHEME PETITION NO 263 OF 2017

Mediavest India Private Limited

.....Petitioner/ Transferor Company 1

AND

COMPANY SCHEME PETITION NO 264 OF 2017

Maurya TV Private Limited

.....Petitioner/ Transferor Company 3

AND

COMPANY SCHEME PETITION NO 265 OF 2017

Diligent Media Corporation Limited

.....Petitioner/ Resulting Company

In the matter of Section 230 to Section 232 read with Section 52 and other applicable provisions of Companies Act, 2013;

AND

In the matter of Scheme of Arrangement and Amalgamation between Zee Media Corporation Limited ("Zee Media" or "Demerged Company" or "Transferee Company 2"); and Diligent Media Corporation Limited ("DMCL" or "Resulting Company" or "Transferee Company 1"); and Mediavest India Private Limited ("Mediavest", or "Transferor Company 1"); and Pri-Media Services Private Limited ("Pri-Media", or "Transferor Company 2"); and Maurya TV Private Limited ("Maurya", or "Transferor Company 3") and their respective Shareholders and Creditors ("Scheme")

Called for Hearing

Mr. Hemant Sethi i/b Hemant Sethi & Co., Advocates for the Petitioner Companies.

Mr. Ramesh Golap, Assistant Director in the office of Regional Director

Coram: B.S.V. Prakash Kumar, Member (Judicial)

V. Nallasenapathy, Member (Technical)

Date: 8th June 2017

MINUTES OF ORDER

1. Heard the learned counsel for the Petitioner Companies. No objector has come before the Tribunal to oppose the Petitions and nor any party has controverted any averments made in the Petitions.
2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, to the Composite Scheme of Arrangement and Amalgamation between Zee Media Corporation Limited and Diligent Media Corporation Limited and Mediavest India Private Limited and Pri-Media Services Private Limited and Maurya TV Private Limited and their respective Shareholders and Creditors.
3. Zee Media Corporation Limited is one of the foremost and most credible news networks in India is engaged in the business of broadcasting of Eleven National and Regional News & Current Affairs television channels including Two Regional News and Current Affairs Channels either directly or through its subsidiaries apart from being engaged in the Newspaper business through its subsidiaries. Diligent Media Corporation Limited is engaged in the business of publishing and distribution of an English Daily newspaper 'DNA'. Mediavest India Private Limited is engaged in the Media business. Pri-Media Services Private Limited is in business of printing of newspapers, periodicals, financial statements etc. Maurya TV Private Limited engaged in the business of broadcasting of regional news and current affairs channel 'Zee Purvaiya'.

4. The Counsel for the Petitioner Companies submit that the rationale for the scheme are as under –

Rationale for Demerger of “Print Media Undertaking”

- a) Both Television media and Print media business carried on by Petitioner Company have significant potential for growth. The nature of risk and returns involved in both the businesses are distinct from each other and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed.
- b) Further, both the businesses have a different set of regulations to comply with, which include restrictions on the extent of foreign investment depending on the business activity carried on by it. As per the current FDI Policy Guidelines, Foreign Direct Investment (FDI) is allowed up to 49% under approval route in companies engaged in the business of broadcasting of news and current affairs channels, whereas, FDI upto only 26% is permitted under approval route in companies engaged in business of publishing of newspapers.
- c) To enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operations of both the diverse businesses, it is proposed to segregate and demerge the Print Media Undertaking of Demerged Company into the Resulting Company.
- d) The proposed demerger once completed would achieve the following benefits:
- i. Simplified and efficient business structure;
 - ii. Attribution of appropriate risk and valuation to different businesses based on their respective risk-return profile and cash flows;
 - iii. More focused management and greater visibility on the performance of individual businesses.

Rationale for Amalgamation of Subsidiaries

The amalgamation of Transferor Company 1 and Transferor Company 2 with Transferee Company 1 would achieve consolidation of print media business under Transferee Company 1. The merger of Transferor Company 3 with Petitioner Company would consolidate "Zee Purvaiya" channel owned by Transferor Company 3 with Petitioner Company

5. The Counsel for the Petitioner Companies submit that the Petitioners in their respective Board meetings have approved the said Scheme of Arrangement and Amalgamation which are annexed to the respective Company Scheme Petitions.
6. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petition has been filed in consonance with the orders passed in Company Summons for Direction.
7. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all requirements as per directions of the Court / Tribunal and they have filed necessary affidavits of compliance in the Court / Tribunal. Moreover, the Petitioner Companies through their Counsel undertakes to comply with all statutory requirements if any, as required under the Companies Act, 1956 / 2013 and the Rules made there under whichever is applicable. The said undertakings given by the Petitioner Companies are accepted.
8. The Official Liquidator has filed his report on 26th April, 2017 stating therein that the affairs of the Transferor Companies have been conducted in a proper manner and the Transferor Companies may be ordered to be dissolved.
9. The Regional Director has filed an Report dated 23rd May, 2017 stating therein, save and except as stated in paragraph IV(1) to (5), it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV, of the said Report it is stated that:

- 1) *The tax implication if any arising out of this scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the petitioner company.*
- 2) *It is submitted that the petitioner companies have not submitted the proof of serving notice upon the Income Tax Authorities for comments.
In this regard petitioner has to submit the proof of serving the notice to Income Tax Authorities as per the provisions of the Section 230 (5) of the Act, 2013*
- 3) *Petitioner has not mentioned Accounting Standard that would be adopted for the accounting treatment proposed for demerger and the amalgamation.
In this regard petitioner companies undertake to comply with all applicable Accounting standards prescribed under the Companies Act, 2013.*
- 4) *Petitioner has not furnished minutes of order against summons for directions regarding meeting of the shareholders, secured and unsecured creditors.
In this regard petitioner companies undertake to provide the same for record of the Regional Director.*
- 5) *Petitioner Companies has provided letter of BSE and NSE vide letter dated 16.01.2017 (Exhibit E1 and E2) addressed to ZMCL inter alia mentioned that they have no observation, as the company has commenced in the draft scheme that the company shall duly comply with the various provisions of the circulars. Further stated that upon the sanction of the scheme the listed company to submit to the stock exchange the documents mentioned therein.
In this regard petitioner companies to undertake to comply with the conditions mentioned in the letter of BSE and NSE.*

10. In so far as observations made in paragraph IV(1) of the Report of Regional Director are concerned, the Petitioner Companies through its Counsel submits that the Petitioner Companies undertakes to comply with all applicable provisions of the Income Tax Act, 1961 and all tax issues arising out of the Scheme will be met and answered in accordance with law.

11. In so far as observations made in paragraph IV(2) of the Report of Regional Director are concerned, the counsel for the Petitioners submit that the proof of service of notice upon the Income Tax Authorities has already been filed with the office of Regional Director vide letter dated 5th June, 2017.

12. In so far as observations made in paragraph IV(3) of the Report of Regional Director are concerned, the Petitioner Companies through its Counsel undertakes that all applicable Accounting standards prescribed under the Companies Act, 2013 would be complied and necessary accounting entries in connection with the scheme would also be passed in adherence to the said applicable Accounting standards.
13. In so far as observations made in paragraph IV(4) of the Report of Regional Director are concerned, the Counsel for the Petitioners submit that the copy of minutes of order dated 3rd February 2107 passed in the respective Company Scheme Applications has been filed with the office of Regional Director on 5th June 2017.
14. In so far as observations made in paragraph IV(5) of the Report of Regional Director are concerned, the Petitioner Companies through its Counsel undertakes to comply with the conditions mentioned in the letter of BSE and NSE .
15. The observations made by the Regional Director have been explained by the Petitioners in paragraphs 10 to 13 above. The clarifications and undertakings given by the Petitioner Companies are hereby accepted.
16. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
17. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 261 to 265 of 2017 has been made absolute in terms of prayer of the petitions mentioned therein.
18. Petitioner Company is directed to file a copy of this order along with a copy of the Scheme of Arrangement and Amalgamation with the concerned Registrar of Companies, electronically, along with E-Form INC-28, in addition to the physical copy within 30 days from the date of issuance of the order by the Registry.
19. The Petitioner Company to lodge a copy of this order and the Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of

adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the order.

20. The Petitioner Companies to pay costs of Rs. 25,000/- each to the Regional Director, Western Region, Mumbai and the Transferor Companies to pay cost of Rs. 25,000/- to the Official Liquidator, High Court Bombay.
21. Costs to be paid within four weeks from the date of receipt of the order.
22. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.
23. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

Sd/-

V. Nallasenapathy, Member(T)

Sd/-

B.S.V. Prakash Kumar, Member (J)