

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH**

COMPANY SCHEME PETITION NO. 332 OF 2017
CONNECTED WITH
COMPANY SCHEME APPLICATION NO. 194 OF 2017

Innovative Insurance Services Limited
.....Petitioner / Transferor Company 1

COMPANY SCHEME PETITION NO. 331 OF 2017
CONNECTED WITH
COMPANY SCHEME APPLICATION NO. 195 OF 2017

Cinestar Advertising Private Limited
.....Petitioner / Transferor Company 2

COMPANY SCHEME PETITION NO. 329 OF 2017
CONNECTED WITH
COMPANY SCHEME APPLICATION NO. 196 OF 2017

Wavelength Television Private Limited
.....Petitioner / Transferor Company 3

COMPANY SCHEME PETITION NO. 330 OF 2017
CONNECTED WITH
COMPANY SCHEME APPLICATION NO. 197 OF 2017

Vrushvik Broadcast Network Private Limited
.....Petitioner / Transferee Company

In the matter of the Companies Act, 2013 (18 of
2013);

AND

In the matter of Sections 230 to 232 and other
applicable provisions of the Companies Act, 2013
and Rules framed thereunder as in force from time
to time;

AND
In the matter of Scheme of Amalgamation of
Innovative Insurance Services Limited, (“IISL” or
“the Transferor Company 1”)

AND
Cinestar Advertising Private Limited, (“CAPL” or
“the Transferor Company 2”)

AND
Wavelength Television Private Limited, (“WTPL”
or “the Transferor Company 3”)

WITH
Vrushvik Broadcast Network Private Limited,
 (“VBNPL” or “the Transferee Company”)

AND
Their respective shareholders

Called for hearing

Mr. Rajesh Shah with Mr. Ahmed M Chunawala i/b M/s. Rajesh Shah &
Co., Advocate for the Petitioner.

**Coram: SH. B.S.V. Prakash Kumar Hon'ble Member (Judicial) and
SH. V. Nallasenapathy Member (Technical)**

Date: 5th July, 2017

MINUTES OF THE ORDER

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petitions to the Scheme of Amalgamation of Innovative Insurance Services Limited, the Transferor Company 1 and Cinestar Advertising Private Limited, the Transferor Company 2 and Wavelength Television Private Limited, the Transferor Company 3

with Vrushvik Broadcast Network Private Limited, the Transferee Company.

2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 to the Scheme of Amalgamation of Innovative Insurance Services Limited and Cinestar Advertising Private Limited and Wavelength Television Private Limited with Vrushvik Broadcast Network Private Limited and their respective shareholders.
3. The Counsel for the Petitioner Companies submit that the Petitioner Companies have approved the Scheme of Amalgamation by passing the Board Resolutions which are annexed to the respective Company Scheme Petitions.
4. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all the directions passed in Company Scheme Applications and that the Company Scheme Petitions have been filed in consonance with the orders passed in Company Scheme Applications.
5. The Counsel appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per direction of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies through their Counsel undertake to comply with all the statutory requirements if any, as required under the Companies Act,

2013 and the Rules made there under whichever is applicable. The said undertaking is accepted.

6. The Learned Counsel for the Petitioners states that the Transferor Company 1 is presently engaged in the business of stock broker and investment broker, the Transferor Company 2 is engaged in the business of providing support services in the field of media and entertainment and is also engaged into commodity trading, the Transferor Company 3 is engaged in the business of providing management services for distribution of television channels and undertaking research and analysis of the media industry and the Transferee Company proposes to enter into Telecommunication business. The rationale of the Scheme is to reduce overheads, operational, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, optimal utilization of various resources and lead to maximization of synergies; reduce managerial overlaps, which are necessarily involved in running multiple entities; and reduce administrative expenditure and compliance cost.
7. The Official Liquidator has filed his report dated 22nd March, 2017 in the Company Scheme Petition Nos. 329 of 2017, 331 of 2017 and 332 of 2017 inter alia, stating therein that the affairs of the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3 (collectively referred as “the Transferor Companies”) have been conducted in a proper manner.

8. The Regional Director has filed a Report dated 1st June, 2017 (“**Report**”) stating therein, save and except as stated in paragraph IV, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the Report, the Regional Director has stated that:-

“1. The tax implication if any arising out of the 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*
- In this regard petitioner has to submit the proof of serving the notice to Income Tax Authorities as per provision of Section 230(5) of the Act, 2013.*

3. *Petitioner has not submitted proof of sending notice to IRDA u/s 230(5)*

In this regard, petitioner to undertake submit proof of sending notice to IRDA.

4. *Petitioner Companies not submitted Minutes of order of the Hon'ble NCLT*

In this regard, petitioner to undertake submit minutes of order for the record of Regional Director

5. *Petitioner in clause 2.3 of the scheme has inter alia mentioned about accounting of the transfer of companies. Whereas the clause does not mention the standard to be adopted for accounting the transfer.*

In this regard petitioner companies to undertake to comply with the Accounting standards as prescribed u/s 133 of the Companies Act, 2013.”

9. In response to above observations of the Regional Director, the Transferor Company 1 has filed its further affidavit dated 28th June, 2017 and the Transferor Company 2, the Transferor Company 3 and the Transferee Company have filed their respective further affidavits dated 30th June, 2017 on 3rd July, 2017 dealing with the observations made by the Regional Director.
10. In so far as observations made in para IV(1) of the Report of the Regional Director are concerned, the Petitioner Companies through their Counsel submit that the Petitioner Companies undertake to comply with all applicable provisions of Income Tax Act and all income tax issues arising out of the Scheme will be met and answered in accordance with law.
11. In so far as observations made in para IV(2) of the Report of the Regional Director are concerned, the Petitioner Companies have submitted that in terms of provisions of Section 230(5) of the Companies Act, 2013, a notice were served by the Petitioner Companies upon Income Tax Authorities on 3rd March, 2017. Proof of service of notice to the Income Tax Authorities has been

submitted to the office of the Regional Director vide letter dated 23rd March, 2017.

12. In so far as observations made in para IV(3) of the Report of the Regional Director are concerned, the Petitioner Companies have submitted that they are not registered with the Insurance Regulatory and Development Authority of India (“IRDA”). Accordingly, service of notice to IRDA in terms of Section 230(5) is not required.
13. In so far as observations made in para IV.4 of the Report of the Regional Director are concerned, the Petitioner Companies have submitted the orders of this Hon’ble Tribunal dated 1st March, 2017 admitting the Company Scheme Application Nos 194 of 2017 to 197 of 2017 and orders dated 8th June, 2017 admitting the Company Scheme Petition Nos 329 of 2017 to 332 of 2017 along with their respective further affidavits.
14. In so far as observations made in para IV(5) of the Report of the Regional Director are concerned, the Petitioner Companies have submitted that Clause 2.3 of the Scheme provides for accounting treatment in the books of the Transferee Company. Further, the Petitioner Companies through their Counsel undertake to comply with the applicable accounting standards as per provisions of Section 133 of the Companies Act, 2013.
15. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 10 to 14 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 Nos. 329 of 2017, 331 of 2017 and 332 of 2017 are made absolute in terms of prayer clauses (a), (b) and (c) and Company Scheme Petition No. 330 of 2017 is made absolute in terms of prayer clauses (a) and (c).
18. The Petitioner Companies are directed to lodge a copy of this order along with a copy of the Scheme of Amalgamation with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy, as per the relevant provisions of the Companies Act, 2013.
19. The Petitioner Companies to lodge a copy of this order and the Scheme duly certified by the Deputy Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, 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 costs of Rs.25,000/- to the Official Liquidator, High Court, Bombay. Cost to be paid within four weeks from the date of receipt of the Order.

21. All concerned regulatory authorities to act on a copy of this order along with Scheme duly authenticated by the Deputy Registrar, National Company Law Tribunal, Mumbai.

Sd/-
V. Nallasenapathy Member (T)

Sd/-
B.S.V. Prakash Kumar Member (J)