

IN THE HIGH COURT OF DELHI
COMPANY PETITION NO. 361/2016

Reserved on 13th July, 2016
Date of pronouncement: 29th August, 2016

In the matter of

The Companies Act, 1956 & the Companies Act, 2013 (to the extent applicable):

And

**Petition under Sections 391 to 394 of the
Companies Act, 1956**

Scheme of Arrangement between:

HT Media Limited

Petitioner/Demerged Company

AND

HT Digital Streams Limited

Non-Petitioner/Resulting Company

**Through Mr. Anirudh Das and
Mr. Kamaljeet Singh, Advocates for the
petitioners
Ms. Aparna Mudiam, Asstt. Registrar
of Companies for the Regional Director**

SUDERSHAN KUMAR MISRA, J.

1. This petition has been filed under Sections 391 to 394 of the Companies Act, 1956 by the petitioner/demerged company seeking sanction of the Scheme of Arrangement between HT Media Limited (hereinafter referred to as the petitioner/demerged company) with HT Digital Streams Limited (hereinafter referred to as the resulting company).

2. The registered office of the petitioner/demerged company is situated at New Delhi, within the jurisdiction of this court. However, the

registered office of the resulting company is situated at Patna, outside the jurisdiction of this Court. Learned counsel for the petitioner has submitted that the a separate petition has been filed by the resulting company in the court of competent jurisdiction seeking sanction to the Scheme of Arrangement, which is pending adjudication.

3. The petitioner/demerged company was incorporated under the Companies Act, 1956 on 3rd December, 2002 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

4. The present authorized share capital of the petitioner/demerged company is Rs.72,50,00,000/- divided into 36,25,00,000 equity shares of Rs.2/- each. The issued, subscribed and paid-up share capital of the company is Rs.46,54,96,628/- divided into 23,27,48,314 equity shares of Rs.2/- each.

5. Copies of the Memorandum and Articles of Association of the demerged and resulting companies have been filed on record. The audited balance sheet, as on 31st March, 2015, of the demerged company, along with the report of the auditors, has also been filed.

6. A copy of the Scheme of Arrangement has been placed on record and the salient features of the Scheme have been incorporated and

detailed in the petition and the accompanying affidavit. It is submitted by the petitioner that the Scheme, *inter alia*, provides for transfer of the Multimedia Content Management Undertaking of the demerged company into the resulting company. It is claimed that the proposed demerger will facilitate creation of a separate entity to take advantage of future emerging opportunities in the digital media segment and would cater to independent growth plans of the Multimedia Content Management Undertaking.

7. So far as the slump exchange ratio is concerned, the Scheme provides that, upon coming into effect of this Scheme, the resulting company shall issue and allot equity shares to the shareholders of the demerged company in the following ratio:

“1,14,12,104 fully paid up equity shares of Rs.10/- each to the demerged company in exchange of the transfer and vesting of the Multimedia Content Management Undertaking.”

8. It has been submitted by the petitioners that no proceedings under Sections 235 to 250A of the Companies Act, 1956 are pending against the demerged and resulting companies.

9. The Board of Directors of the demerged and resulting companies in their separate meetings held on 19th November, 2015 have unanimously approved the proposed Scheme of Arrangement. Copies of

the Resolutions passed at the meetings of the Board of Directors of the demerged and resulting companies have been placed on record.

10. The petitioner/demerged company had earlier filed CA (M) No. 25/2016 seeking directions of this court to convene the meetings of their equity shareholders, secured and unsecured creditors, which are statutorily required for sanction of the Scheme of Arrangement. Vide order dated 12th February, 2016, this court allowed the application and directed convening of separate meetings of the equity shareholders, secured and unsecured creditors of the petitioner/demerged company, to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Arrangement.

11. The Chairpersons of the ordered meetings of the equity shareholders, secured and unsecured creditors of the petitioner/demerged company have filed their reports stating that the meetings were duly held on 26th March, 2016, as directed, and that the Scheme of Arrangement has been approved unanimously by the equity shareholders, secured and unsecured creditors of the petitioner/demerged company, present and voting, in the meetings.

12. The petitioner/demerged company has thereafter filed the present petition seeking sanction of the Scheme of Arrangement. Vide order

dated 2nd May, 2016, notice in the petition was directed to be issued to the Regional Director, Northern Region. Citations were also directed to be published in 'Hindustan Times' (English) and 'Hindustan' (Hindi) editions. Affidavit of service has been filed by the petitioners showing compliance regarding service on the Regional Director, Northern Region and also regarding publication of citations in the aforesaid newspapers on 21st June, 2016. Copies of the newspaper clippings containing the publications have been filed along with the said affidavit.

13. In response to the notices issued in the petition, Mr. Narender Kumar Bhola, Regional Director, Northern Region, Ministry of Corporate Affairs has filed his report dated 8th July, 2016 not raising any objection to the proposed Scheme. However, the Regional Director in para 9 of his report has prayed that the resulting company may be directed to comply with the applicable provisions of the Companies Act, 2013 with regard to increase in its authorized share capital. Further, in para 10 of his report, the Regional Director has submitted that the necessary compliance, if any, of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and other applicable Regulations should be made by the petitioner/demerged company.

14. In response to the aforesaid observations, learned counsel for the petitioner has submitted that since the resulting company is a wholly

owned subsidiary of the petitioner company, therefore, it shall call upon the resulting company to take all steps as per law in this behalf. Further, the petitioner company in the affidavit dated 11th July, 2016 of Mr. Dinesh Mittal, authorized signatory of the petitioner company, has submitted that the petitioner company shall undertake compliance by the resulting company of the applicable provisions of the Companies Act, 2013 for increase in the authorized share capital of the resulting company. So far as the second observation of the Regional Director is concerned, it has been submitted by the petitioner that the petitioner/demerged company is in compliance with and undertakes to continue compliance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In view of the aforesaid, the observations made by the Regional Director stand satisfied.

15. No objection has been received to the Scheme of Arrangement from any other party. The petitioner companies, affidavit dated 11th July, 2016 of Mr. Dinesh Mittal, authorized signatory of the petitioner company, have submitted that neither the petitioner company nor their counsel have received any objection pursuant to the citations published in the newspapers on 21st June, 2016.

16. Considering the approval accorded by the equity shareholders and creditors of the petitioner companies to the proposed Scheme of

Arrangement and the affidavit filed by the Regional Director, Northern Region not raising any objection to the proposed Scheme of Arrangement, there appears to be no impediment to the grant of sanction to the Scheme of Arrangement. Consequently, subject to sanction of the Scheme from the court of competent jurisdiction in respect of the resulting company, sanction is hereby granted to the Scheme of Arrangement under Sections 391 and 394 of the Companies Act, 1956. The petitioner company will comply with the statutory requirements in accordance with law. Certified copy of this order be filed with the Registrar of Companies within 30 days. It is also clarified that this order will not be construed as an order granting exemption from payment of stamp duty as payable in accordance with law. Upon the sanction becoming effective from the appointed date of Arrangement, i.e. 31st March, 2016, the Multimedia Content Management Undertaking of the demerged company shall stand merged in the resulting company.

17. Learned counsel for the Official Liquidator prays that costs of at least Rs.1,00,000/- should be paid by the petitioners keeping in view the fact that the matter has involved examination of extensive records and also prioritized hearings. Learned counsel for the petitioner company states that the same is acceptable to him. As already directed vide order dated 13.07.2016, the petitioners shall deposit a sum of Rs.1,00,000/- by

way of costs with the Delhi High Court Bar Association Lawyers Social Security and Welfare Fund, New Delhi.

18. The petition is allowed in the above terms.

Dasti.

SUDERSHAN KUMAR MISRA, J.

August 29, 2016