

## **SCHEME OF AMALGAMATION**

**OF**

**ESSEL PUBLISHERS PRIVATE LIMITED                      ... THE TRANSFEROR COMPANY**

**WITH**

**ZEE MEDIA CORPORATION LIMITED                      ... THE TRANSFEREE COMPANY**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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### **(A) PREAMBLE**

This Scheme of Amalgamation ('Scheme') is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for amalgamation of Essel Publishers Private Limited ('Essel Publishers') with Zee Media Corporation Limited ('Zee Media'). This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

### **(B) RATIONALE FOR THE SCHEME**

1. Zee Media Corporation Limited (formerly known as Zee News Limited) is one of the foremost and most credible news networks in India and has eight exclusive news & current affairs television channels including regional news channels.
2. Essel Publishers Private Limited (formerly known as Agamesh Properties Private Limited) is an Essel Group company and is the ultimate holding company of Diligent Media Corporation Limited ('DMCL') through its wholly-owned subsidiary Mediavest India Private Limited. DMCL publishes, distributes and operates the leading newspaper Daily News & Analysis – "DNA" and in addition is vested with a broadcasting license for a non news and current affairs channel. DNA is a general interest English newspaper targeted at the young, cosmopolitan, educated Indians. With the first edition launched

in July 2005 in Mumbai, DNA has established itself as the No. 2 newspaper in Mumbai and is in wide circulation in Mumbai, Pune and Bangalore. Essel Publishers also owns 100% equity stake in Pre-Media Services Private Limited.

3. Having already built a nationwide largest television news network with its varied news channels, with an object of creating a news powerhouse in the country, Zee Media aspires to expand its product offering across multiple platforms and regions and languages.
4. DMCL has over the past few years of its operations expanded its reporters and photographer's strength, depth and variety of genre of news content and overall media presence through its increasing clientele. The combination of news publication business of DMCL with the news broadcasting business of Zee Media would impart host of synergies and opportunity for business expansion. As a consequence of such combination, Zee Media will be in a position to leverage the combined network of resources, working in an integrated newsroom through multiple platforms as well as providing a bouquet of services to advertisers which would strengthen its market reach.
5. Zee Media is proposing to venture into print news media segment through amalgamation of Essel Publishers with itself. Further, Essel Publishers and Zee Media are part of the Essel Group ('the Group').

#### **(C) PARTS OF THE SCHEME:**

This Scheme of Amalgamation is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with amalgamation of Essel Publishers with Zee Media ;
- (iii) **PART III** deals with general clauses applicable to this Scheme;
- (iv) **PART IV** deals with other terms and conditions applicable to this Scheme.

## PART I

### DEFINITIONS AND SHARE CAPITAL

#### 1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act” or “The Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.2 **“Appointed Date”** means the Effective Date or such other date as may be fixed or approved by the High Court of Judicature at Bombay.
- 1.3 **“Court” or “High Court”** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.4 **“Effective Date”** means the later of the dates on which the certified copy of the Order sanctioning the Scheme, passed by the High Court of Judicature at Bombay or such other competent authority, as may be applicable, is filed by Essel Publishers and Zee Media with the Registrar of Companies, Mumbai, Maharashtra.
- 1.5 **“Essel Publishers” or “the Transferor Company”** means Essel Publishers Private Limited (formerly known as Agamesh Properties Private Limited), a Company incorporated under the Companies Act, 1956, and having its Registered Office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
- 1.6 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation in its present form as submitted to the Honorable High Court of Judicature at Bombay or this Scheme with such modification(s), if any made, as per Clause 15 of the Scheme;
- 1.7 **“Zee Media” or “the Transferee Company”** means Zee Media Corporation Limited (formerly known as Zee News Limited), a Company incorporated under the Companies Act, 1956, and having its Registered Office at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
- 1.8 **“The Board”** means the Board of Directors of Essel Publishers or Zee Media as the case may be and shall include a duly constituted committee thereof.

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, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification 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 modifications(s) shall be effective from the Appointed Date.

## 3. SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid-up share capital of Essel Publishers as on July 30, 2013 is as follows:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<u>Authorized Share Capital</u>	
70,00,00,000 Equity shares of Re. 1 each	70,00,00,000
<b>TOTAL</b>	<b>70,00,00,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
67,31,00,000 Equity shares of Re. 1 each, fully paid up	67,31,00,000
<b>TOTAL</b>	<b>67,31,00,000</b>

On July 18, 2013, Essel Publishers had increased and reclassified its then existing Authorised Share Capital from Rs. 1,00,000 (Rupees One Lac only) comprising of 10,000 (Ten Thousand) Equity Shares of Rs. 10 (Rupees Ten only) each to Rs. 70,00,00,000 (Rupees Seventy Crores only) comprising of 70,00,00,000 (Seventy Crores) Equity shares of Re. 1 (Rupee one only) each.

Subsequently, the Paid-up Share Capital of Rs. 1,00,000 (Rupees One Lac) comprising of 1,00,000 (One Lac) Equity Shares of Re. 1 (Rupee One only) each, stood increased to Rs. 67,31,00,000 (Rupees Sixty Seven Crores Thirty One Lacs only) comprising of 67,31,00,000 (Sixty Seven Crores Thirty One Lacs) Equity Shares of Re. 1 (Rupee One only) each, by issuance and allotment of 67,30,00,000 (Sixty Seven Crores Thirty Lacs only) Equity Shares of Re. 1 (Rupee One only) each on July 22, 2013.'

3.2 The authorized, issued, subscribed and paid-up share capital of Zee Media as on July 30, 2013 is as under:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<u>Authorized Share Capital</u>	
1,000,000,000 Equity Shares of Re. 1 each	100,00,00,000
<b>Total</b>	<b>100,00,00,000</b>
<u>Issued, Subscribed and Paid-up Share Capital</u>	
239,763,956 Equity Shares of Re. 1 each fully paid-up	23,97,63,956
<b>Total</b>	<b>23,97,63,956</b>

Zee Media has instituted an Employee Stock Option Plan for issuance of stock options convertible into maximum of 11,988,000 equity shares of Re. 1 each (equivalent to 5% of paid-up capital). Till date, however, Zee Media has not granted any option(s) under this Plan.

## PART II

### AMALGAMATION OF ESSEL PUBLISHERS PRIVATE LIMITED WITH ZEE MEDIA CORPORATION LIMITED

#### 4. TRANSFER AND VESTING OF UNDERTAKING

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date the entire business and whole of the undertaking of Essel Publishers as a going concern including all assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) and liabilities of Essel Publishers shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in Zee Media so as to vest in Zee Media all rights, title and interest pertaining to Essel Publishers.
- 4.2 With effect from the Appointed Date, all debts, duties and obligations of every kind, nature and description of Essel Publishers shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be vested with / transferred to or be deemed to be transferred to Zee Media, so as to become from the Appointed Date the debts, duties and obligations of Zee Media 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, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.3 All the securities, mortgages, charges, encumbrances or liens, if any created by Essel Publishers as on the Effective Date , over its assets transferred to Zee Media shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of Zee Media.
- 4.4 Any existing encumbrances over the assets and properties of Zee Media or any part thereof which relate to the liabilities and obligations of Zee Media prior to the Effective Date shall continue to relate only to such assets and properties of Zee Media and shall not extend or attach to any of the assets and properties of Essel Publishers transferred to and vested in Zee Media by virtue of this Scheme.

## **5. ISSUE AND ALLOTMENT OF SHARES BY ZEE MEDIA**

5.1 Upon coming into effect of the Scheme, Zee Media shall without any further application or deed, issue and allot its Equity Shares, credited as fully paid-up, to the extent indicated below, to every shareholder of Essel Publishers or his / her heirs, executors, administrators or the successors-in-title, as the case may be, holding fully paid up equity shares of Essel Publishers and whose names appear in the Register of Members of Essel Publishers as on the Effective Date in the following proportion viz.:

*“2 (Two) fully paid Equity Share of Re. 1 (Rupee One) each of Zee Media shall be issued and allotted for every 11 (Eleven) Equity Shares of Re. 1 (Rupees One) each held in Essel Publishers”.*

5.2 No coupons shall be issued in respect of fractional entitlements, if any, by Zee Media, to the members of Essel Publishers at the time of issue and allotment of equity shares under Clause 5.1. In case any equity shareholder's holding in Essel Publishers is such that the shareholder becomes entitled, pursuant to clauses 5.1 above, to a fraction of equity share of Zee Media, Zee Media shall round off the said entitlement to the nearest integer and allot equity shares accordingly.

5.3 The equity shares to be issued to the members of Essel Publishers as above shall be subject to the Memorandum and Articles of Association of Zee Media and shall rank *pari passu* with the existing equity shares of Zee Media in all respects including dividends.

5.4 The equity shares shall be issued in dematerialized form to the shareholders of Essel Publishers.

5.5 The Board of Directors of Zee Media shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity shares to the members of Essel Publishers pursuant to clause 5.1 of the Scheme.

5.6 Approval of this Scheme by the shareholders of Zee Media shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act and/or applicable provisions of any other law for the time being in force, for the issue and allotment of equity shares by Zee Media to the shareholders of Essel Publishers, as provided in this Scheme.

5.7 The new equity shares of Zee Media, issued pursuant to this Scheme shall be listed and/or admitted to trading on the BSE Limited and National Stock Exchange

of India Limited where the equity shares of Zee Media are listed and/ or admitted to trading.

- 5.8 The approval of this Scheme by the shareholders of both the companies shall be deemed to be approval under Sections 391 to 394 and other applicable provisions of the Act and any other consents and approvals required in this regard.

## **6. ACCOUNTING TREATMENT IN THE BOOKS OF ZEE MEDIA**

- 6.1 On the Scheme becoming effective, Zee Media shall account for the amalgamation in its books as under:

6.1.1 All the assets and liabilities as on the Appointed Date, recorded in the books of Essel Publishers shall stand transferred to and vested in Zee Media pursuant to the Scheme and shall be recorded by Zee Media at their respective fair values;

6.1.2 Zee Media shall credit in its books of account, face value of the equity shares issued to the members of Essel Publishers pursuant to the Scheme, to the Share Capital Account;

6.1.3 Inter-company balances and obligations, if any, on the Appointed Date will stand cancelled;

6.1.4 The excess of the net assets of Essel Publishers acquired and recorded by Zee Media in terms of sub-clause 6.1.1 above over the amount credited as share capital and after making the adjustment as mentioned in sub-clauses 6.1.3 above, would be credited to Capital Reserve Account. In case of there being a deficit, the same shall be transferred by Zee Media to its Goodwill Account.

6.1.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between Essel Publishers and Zee Media, Zee Media may make suitable adjustments and reflect the effect thereof in the General Reserve of Zee Media.

## **7. WINDING UP**

On the Scheme becoming effective, Essel Publishers shall stand dissolved without being wound up.

## **8. COMBINATION OF AUTHORISED SHARE CAPITAL**

- 8.1 Upon sanction of this Scheme, the authorised share capital of Zee Media shall automatically stand increased without any further act, instrument or deed on the part of Zee Media including payment of stamp duty and fees payable to Registrar



of Companies, by the authorised share capital of Essel Publishers as on the Effective Date.

8.2 The Memorandum of Association of Zee Media (clause relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 391 to 394, 16, 94 and other applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of Essel Publishers shall be utilized and applied to the increased authorized share capital of Zee Media and no payment of any extra stamp duty and/or fee shall be payable by Zee Media for increase in the authorised share capital to that extent.

8.3 Accordingly, upon sanction of this Scheme, the Authorised Share Capital of the Transferee Company Zee Media shall stand increased to Rs. 170,00,00,000/- (Rupees One Hundred & Seventy Crores only) divided in to 170,00,00,000 (One Hundred and Seventy Crores) Equity Shares of Re. 1 each and Clause V (Capital Clause) of the Memorandum of Association of Zee Media shall stand altered as under:

‘The Authorised Capital of the Company is Rs. 1,70,00,00,000 (Rupees One Hundred & Seventy Crores Only) divided into 1,70,00,00,000 (One Hundred & Seventy Crores) equity shares of Re. 1/- each with the power to increase or decrease, consolidate or sub-divide the shares under the powers of the Companies Act, 1956.’

8.4 It is clarified that the approval of the members of Zee Media to this Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of Zee Media as may be required under the Act.

## **PART III**

### **GENERAL CLAUSES**

#### **9. BUSINESS AND PROPERTY IN TRUST FOR ZEE MEDIA**

9.1 During the period between the date of acceptance of this Scheme by the Board of Directors of Essel Publishers and Zee Media and till the Effective Date,

9.1.1 Essel Publishers and its subsidiaries shall carry on their business and activities with reasonable diligence and business prudence and shall not alter or diversify their respective businesses nor venture into any new businesses, nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of Zee Media or pursuant to any pre-existing obligation undertaken and disclosed to the Board of Zee Media prior to the date of acceptance of the Scheme by the respective Boards of Directors of Essel Publishers and its subsidiaries and Zee Media.

9.1.2 Essel Publishers and its subsidiaries shall not, without the prior written consent of Zee Media, make any capital reorganization, including issuance or allotment of any further securities, either by way of rights or bonus shares or otherwise; and

9.1.3 Zee Media shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which Zee Media may require to carry on the business of Essel Publishers and its subsidiaries.

9.2 In the event that Zee Media restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio (as provided in the Clause 5.1) shall be adjusted accordingly to take into account the effect of any such corporate actions.

#### **10. STAFF, WORKMEN AND EMPLOYEES**

10.1 On the Scheme becoming effective, all staff and employees of Essel Publishers in service on the Effective Date, shall be deemed to have become staff and employees of Zee Media on such date without any break or interruption in their

service and on the terms and conditions of their employment not less favorable than those subsisting with reference to Essel Publishers as on the said date.

- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Pension Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of Essel Publishers, if any shall become trusts / funds of Zee Media for 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, to the end and intent that all rights, duties, powers and obligations of Essel Publishers in relation to such Fund or Funds shall become those of Zee Media. It is clarified that the services of the staff and employees of Essel Publishers will be treated as having been continuous for the purpose of the said Fund or Funds.

## **11. LEGAL PROCEEDINGS**

- 11.1 If any suit, appeal or other proceeding of whatever nature by or against the Essel Publishers is pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Zee Media in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Essel Publishers as if this Scheme had not been made.

## **12. CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 12.1 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements and other instruments of whatsoever nature to which Essel Publishers is a party, or the benefit to which Essel Publishers may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favor of Zee Media as the case may be and may be enforced as fully and effectively as if instead of Essel Publishers, Zee Media had been a party or beneficiary thereto.
- 12.2 Zee Media shall, if so required or becomes necessary, enter into and / or issue and / or execute deeds, writings or confirmation in order to give formal effect to the provisions of this Scheme. Further, Zee Media shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of

Essel Publishers and to implement or carry out all formalities required on the part of Essel Publishers to give effect to the provisions of this Scheme.

**13. SAVING OF CONCLUDED TRANSACTIONS**

Subject to Clause 9.1, the transfer and vesting of the entire business and the undertaking of Essel Publishers to, or with, Zee Media shall not affect any transactions or proceedings already concluded by Essel Publishers on or before the Effective Date, to the end and intent that Zee Media accepts and adopts all acts, deeds, matters and things done and/or executed by Essel Publishers in regard thereto as having been done or executed on behalf of Zee Media.

## **PART IV**

### **OTHER TERMS AND CONDITIONS**

#### **14. APPLICATION TO THE HIGH COURT**

Essel Publishers and Zee Media shall, with all reasonable dispatch, make applications to the High Court of Judicature at Bombay or any competent authority, as may be applicable under whose jurisdiction the registered offices of Essel Publishers and Zee Media, respectively, are situated, for sanctioning this Scheme under sections 391 to 394 of the Act and for dissolution of Essel Publishers without being wound up.

#### **15. MODIFICATION / AMENDMENTS TO THE SCHEME AND GENERAL POWER TO THE BOARD**

- 15.1 Essel Publishers and Zee Media with approval of their respective Boards of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that the Hon'ble Court or any other authorities under law may deem fit to approve of, to direct and /or impose. The aforesaid powers of Essel Publishers and Zee Media to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards of Directors subject to approval of the Hon'ble Court or any other authorities under applicable law.

#### **16. CONDITIONALITY OF THE SCHEME**

The Scheme is conditional upon and subject to:

- 16.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority including stock exchanges and/or Securities and Exchange Board of India, which by law or otherwise may be necessary for the implementation of this Scheme.

- 16.2 The approval by the requisite majority of the members / creditors of Essel Publishers and Zee Media as may be directed by the High Court or any other competent authority, as may be applicable.
- 16.3 The approval by the requisite majority of the such members as required under the listing agreements entered in to by Zee Media with the Stock Exchanges;
- 16.4 The sanction of the Hon'ble High Court of Judicature at Bombay being obtained under Sections 391 to 394 and other applicable provisions of the Act, on behalf of Essel Publishers and Zee Media.
- 16.5 The certified or authenticated copies of the Order of the High Court under Section 391 to 394 of the Companies Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra, Mumbai.

**17. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

- 17.1 In the event of any of the said sanctions and approvals referred to in Clause 16 not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before March 31, 2014 or such other date as the Board of Directors of Zee Media may determine, the Scheme shall become null and void, 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 right, liability or obligations which have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as specifically provided in the Scheme or as may otherwise arise in law and Essel Publishers and Zee Media shall bear the respective costs, charges and expenses in connection with the Scheme unless otherwise mutually agreed.
- 17.2 In the event of this scheme failing to take effect or it becomes null and void no rights and liabilities of whatsoever nature shall accrue to or be incurred *inter-se* to or by the parties to the Scheme or any of them.

**18. COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by Zee Media.