

Rationale and Salient Features of the Scheme of Arrangement and Amalgamation

I. Background & Description of the Scheme:

The Scheme of Arrangement and Amalgamation between Zee Media Corporation Limited ("the Company" or "Demerged Company" or "Transferee Company 2" or "ZMCL") and Diligent Media Corporation Limited ("Resulting Company" or "DMCL" or "Transferee Company 1") and Mediavest India Private Limited ("Mediavest" or "Transferor Company 1") and Pri-Media Services Private Limited ("Transferor Company 2" or "Pri-Media") and Maurya TV Private Limited ("Transferor Company 3" or "Maurya") and their respective Shareholders and Creditors ("Scheme") *inter alia* provides for:

- (a) Demerger of Print Media Undertaking of ZMCL into DMCL;
- (b) Consolidation of Print Media business under DMCL by way of Merger of Mediavest and Pri-Media with DMCL; and
- (c) Merger of Maurya with ZMCL

with effect from the Appointed date of April 1, 2017, pursuant to the provisions of Sections 230 to 232 and other applicable of Companies Act, 2013 and rules thereunder.

II. Rationale of the Scheme:

Rationale for Demerger of "Print Media Undertaking"

- (a) Both Television media and Print media business carried on by ZMCL 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 into DMCL.



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- (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 Mediavest and Pri Media with DMCL would achieve consolidation of print media business under DMCL. The merger of Maurya with ZMCL would consolidate "Zee Purviya" channel owned by Maurya with ZMCL.

The proposed amalgamations would accomplish the following:

- i) Reducing administrative cost; and
- ii) Removing multiple layer inefficiencies; and
- iii) Achieving operational and management efficiency.

III. Salient Features of the Scheme:

I. Demerger of Print Media Undertaking:

- a) With effect from the Appointed Date, the Print Media Undertaking will be transferred from ZMCL and vested in DMCL, on a going concern basis.
- b) In consideration of the demerger, transfer and vesting of the Print Media Undertaking from ZMCL into DMCL, the shareholders of ZMCL as on the Record Date, will be issued and allotted:

"1 (one) fully paid up Equity Share of Face Value of Re. 1 each of DMCL for every 4 (four) fully paid up Equity Shares of Face Value of Re. 1 each held in ZMCL"

- c) DMCL's New Equity Shares to be issued and allotted pursuant to the Scheme, shall be issued and allotted simultaneous with cancellation of existing pre-Scheme Equity Shares of DMCL upon merger as provided in Clause 15 of the Scheme.
- d) No coupons shall be issued in respect of fractional entitlements, if any, by DMCL to the equity shareholders of ZMCL at the time of issue and allotment of New Equity Shares. In case any equity shareholder's holding in ZMCL is such that the shareholder becomes entitled to a fraction of Equity Shares of DMCL, DMCL shall round off the said entitlement to the nearest integer and allot Equity Shares accordingly.



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- e) DMCL shall apply for listing of the Equity Shares issued in pursuance of the Scheme on BSE and NSE in terms of and in compliance with the SEBI Circular.
- f) The value of all assets and liabilities pertaining to the Print Media Undertaking which cease to be assets and liabilities of ZMCL shall be reduced by ZMCL at their carrying values and the difference i.e. the excess or shortfall, as the case may be, of the net book value assets over the transferred liabilities pertaining to or attributable to the Print Media Undertaking and demerged from the ZMCL pursuant to the Scheme shall be adjusted to the Capital Reserve of ZMCL.

II. Merger of Mediavest & Pri-Media with DMCL

- g) With effect from the Appointed Date and immediately after demerger envisaged in Part II of the Scheme, upon the coming into effect of this Scheme the entire business and whole of the undertaking of Mediavest and Pri-Media as a going concern including all their assets and liabilities shall stand transferred to and vested in and / or be deemed to be transferred to and vested in DMCL so as to vest in DMCL all rights, title and interests pertaining to Mediavest and Pri-Media.
- h) Upon coming of the effect of the Demerger of Print Media Undertaking of the ZMCL into DMCL, the entire issued, subscribed and paid-up equity share capital of the Mediavest and Pri-Media would be vested with DMCL. Hence, no shares of DMCL shall be allotted in lieu or exchange of its holding in Mediavest and Pri-Media as consideration for the amalgamation.
- i) Upon the coming into effect of this Scheme, the entire investment of DMCL held in Mediavest and Pri-Media shall be deemed to be cancelled without any further act or deed for cancellation thereof by DMCL.



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- j) Upon the Scheme becoming effective and post the Amalgamation of Mediavest into DMCL since the entire Paid-up Equity Share capital of DMCL is held by Mediavest along with its nominees, entire paid-up Equity Share capital of DMCL so held by Mediavest along with its nominees as on the Effective Date shall, without any application or deed, stand cancelled. The cancellation of paid-up Equity share capital of DMCL shall be effected as an integral part of the Scheme in accordance with the applicable provisions of Companies Act, 2013.
- k) Upon sanction of this Scheme and consequent to Amalgamation of Mediavest and Pri-Media with DMCL, the Authorised Share Capital of DMCL shall automatically stand increased without any further act, instrument or deed on the part of DMCL including filing of statutory forms with the Registrar of Companies and payment of stamp duty and fees payable to the Registrar of Companies, by the Authorised Share Capital of Mediavest and Pri-Media as on the Effective Date, as such fees and duties in respect of such Authorized Share Capital of Mediavest and Pri-Media have already been paid by them, the benefit of which stands vested in DMCL pursuant to the Scheme becoming effective.
- l) The existing debit balance as per Surplus / (Deficit) in Statement of Profit and loss, as shown in the Schedule 2 "Reserves and Surplus" of the Balance Sheet of DMCL as on the Appointed Date shall be adjusted first against the Securities Premium Account and Capital Reserve balance of DMCL and then against the net Capital Reserve created in DMCL upon the Scheme as per clause 6.2.4 and 17.3 of the Scheme. The reduction of Securities Premium Account and Capital Reserve in the books of DMCL shall be effected as an integral part of this Scheme and the Order of Hon'ble National Company Law Tribunal, Mumbai Bench, sanctioning the Scheme shall be deemed to be the Order for the purpose of confirming the reduction.

III. Merger of Maurya with ZMCL

- m) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the entire business and whole of the undertaking of Maurya as a going concern including all assets and liabilities of Maurya shall without any further act or deed stand transferred to and vested in and / or be deemed to be transferred to and vested in ZMCL so as to vest in ZMCL all rights, title and interest pertaining to Maurya.
- n) The entire issued, subscribed and paid-up share capital of Maurya is held by ZMCL. Upon the Scheme becoming effective, no shares of ZMCL shall be allotted in lieu or exchange of its holding in Maurya and the share capital of Maurya shall stand cancelled. Upon the coming into effect of this Scheme, the investments of ZMCL in Maurya shall be deemed to be cancelled without any further act or deed for cancellation thereof by ZMCL.



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- o) Upon sanction of this Scheme, the authorised share capital of ZMCL shall automatically stand increased without any further act, instrument or deed on the part of ZMCL including filing of statutory forms with the Registrar of Companies and payment of stamp duty and fees payable to the Registrar of Companies, by the authorised share capital of Maurya as on the Effective Date, as such fees and duties in respect of such authorized share capital of Maurya have already been paid by Maurya, the benefit of which stands vested in ZMCL pursuant to the Scheme becoming effective.
- p) On the coming into effect of the Scheme and upon amalgamation of and transfer of assets and liabilities of Maurya to ZMCL, Maurya shall stand dissolved, without being wound up.

The features set out above being only salient features of the Scheme, the Equity Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

For ZEE MEDIA CORPORATION LIMITED



Pushpal Sanghavi
Company Secretary



Mumbai, September 25, 2017



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