

**IN THE NATIONAL COMPANY LAW TRIBUNAL**

**NEW DELHI BENCH (COURT – II)**

**IN**

**COMPANY APPLICATION NO. – C.A.(CAA)-60/ND/2024**

**IN THE MATTER OF SCHEME OF ARRANGEMENT OF:**

**QUINTILLION MEDIA LIMITED**

*having its Registered Office at*

403, Prabhat Kiran

17 Rajendra Place

New Delhi – 110008

**...Applicant/ Transferor Company**

**AND**

**QUINT DIGITAL LIMITED**

*having its Registered Office at*

403, Prabhat Kiran

17 Rajendra Place

New Delhi – 110008

**...Applicant/Transferee Company**

**AND**

**AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**Order delivered on 11.07.2024**

**Under Section: 230-232 r/w Section 66 of the Companies Act, 2013**

**CORAM:**

**SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)**

**SH. SUBRATA KUMAR DASH, HON'BLE MEMBER (T)**

**PRESENT:**

**For the Applicant : Adv. Rajeev Kumar**

## ORDER

The present application has been preferred jointly by **Quintillion Media Limited** (hereinafter referred to as “Applicant/Transferor Company”) and **Quint Digital Limited** (hereinafter referred to as “Applicant/Transferee Company”) under Section 230-232 read with Section 66 of the Companies Act, 2013 seeking the following reliefs: -

- I. *“Allow the present joint application and pass such necessary order sanctioning the Scheme of Arrangement between Quintillion Media Limited and Quint Digital Limited and their respective shareholders and creditors ("Scheme") along with consequential directions;*
- II. *Dispensing with the requirement of convening the meeting of the Equity Shareholders of the Transferor Company and also to dispense with the requirement of issue and publication of notices in this regard on the basis of the consent affidavits issued by the Equity Shareholders of the Transferor Company;*
- III. *Dispensing with the requirement of convening the meeting of the Debenture Holders of the Transferor Company and also to dispense with the requirement of issue and publication of notices in this regard on the basis of the consent affidavits issued by the Debenture Holders of the Transferor Company;*
- IV. *Dispensing with the requirement of convening the meeting of the Secured Creditors of the Transferor Company and also to dispense with the requirement of issue and publication of notices in this regard on the basis of the consent affidavits issued by the Secured Creditors of the Transferor Company;*
- V. *Dispensing with the requirement of convening the meeting of the Unsecured Creditors of the Transferor Company and also to dispense with the requirement of issue and publication of notices in this regard as there are no Unsecured Creditors in the Transferor Company;*
- VI. *Issuing/ passing necessary directions/ order for convening the meeting of the Equity Shareholders of the Transferee Company through video conferencing with facility of remote e-voting in compliance with the circulars/ guidelines issued by the Ministry of Corporate Affairs including the requirement of issue and publication of notices, fixing quorum and the procedure to be followed in this regard;*

- VII. *Issuing necessary directions for appointment of Chairperson and Scrutinizer for the meeting/ meetings to be held and terms of appointment and remuneration of the Chairperson and the Scrutinizer;*
- VIII. *Issuing necessary directions for fixing the time period within which the Chairperson shall report the result of the meeting to this Hon'ble Tribunal;*
- IX. *Dispensing with the requirement of convening the meeting of the Secured Creditors of the Transferee Company and also to dispense with the requirement of publication and issue of notices in this regard on the basis of the consent affidavits issued by the Secured Creditors of the Transferee Company;*
- X. *Dispensing with the requirement of convening the meeting of the Unsecured Creditors of the Transferee Company and also to dispense with the requirement of publication and issue of notices in this regard on the basis of the consent affidavits issued by the Unsecured Creditors of the Transferee Company;*
- XI. *Issuing/ passing necessary directions/ order for issuance of notices to the following authorities:*
  - a) *Central Government through Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi;*
  - b) *Registrar of Companies, National Capital Territory of Delhi;*
  - c) *Official Liquidator;*
  - d) *Concerned Income Tax Authorities having jurisdiction over the Applicant Companies;*
  - e) *BSE Limited.*
- XII. *Passing such other and further orders/ directions as are deemed necessary in the facts and circumstances of the case."*

2. **Quintillion Media Limited** (formerly, Quintillion Media Private Limited) having CIN U74999DL2014PLC270795, is a company limited by shares incorporated on 23.08.2014. The Registered Office of the Applicant/ Transferor Company is situated at 403, Prabhat Kiran 17 Rajendra Place, West Delhi, New Delhi, India, 110008. The Authorised Share Capital of the Company is Rs. 1,30,00,00,000/- and its Paid-up Share Capital is Rs. 85,00,00,000/-.

3. **Quint Digital Limited** (formerly, Gaurav Mercantile Limited) having CIN L63122DL1985PLC373314, is a company limited by shares incorporated on 31.05.1985. The Registered Office of the Applicant/ Transferee Company is 403 Prabhat Kiran 17, Rajendra Place, Central Delhi, Delhi, India, 110008 while the address at which the books are to be maintained is Carnousties's Building, Plot No. 1 9th Floor, Sector 16A, Film City, Noida, Uttar Pradesh, India, 201301. The Authorised Share Capital of the Company is Rs. 80,00,00,000/- and its Paid-up Share Capital is Rs. 47,13,60,080/-.
4. The present Application has been preferred by the 'Transferor Company' and 'Transferee Company' (hereinafter referred to as the 'Applicant Companies'). The Registered offices of both the Applicants Companies being in Delhi, they are amenable to the territorial jurisdiction of this Bench. This Scheme seeks to undertake the following:
  - a) Amalgamation (merger by way of absorption) of the Transferor Company with and into the Transferee Company, being the 100% holding company of the Transferor Company; and
  - b) Reduction of capital of the Transferee Company in the manner set out under Clause 18 of the Scheme.
5. As far as the present application is concerned, it is seen from the record that the Board of Directors of the Applicant Companies vide their meetings held on 14.08.2023 have approved the proposed 'Scheme of Arrangement'. Copies of Resolution of the Board of Directors of Applicant Companies are found on record at Annexure A-5 and A-17 respectively.

6. The Appointed Date of the Scheme is 01.04.2023 as defined in Part - I, Clause 1.4 of the Scheme of Arrangement.

7. The rationale of the proposed Scheme of Arrangement, as espoused by the Applicants read thus:

1. *The Transferee Company owns the entire share capital and convertible securities of the Transferor Company.*

2. *Integration of the Transferor Company with the Transferee Company can provide the following benefits to the shareholders/ stakeholders as under:*

*a. Leading to a more efficient utilization of capital and creation of a consolidated base of assets and resources for future growth;*

*b. Reduction in the management overlaps due to operation of the multiple entities and more focused leadership;*

*c. Reduction in multiplicity of legal and regulatory compliances, reduction in overheads, including administrative, managerial and other costs amongst all;*

*d. Synergy benefits, such as, competitive edge, consolidation of businesses to combine growth opportunities to capitalize on future growth potential which would in-turn significantly help in efficient utilization of financial and operational resources; and*

*e. Pooling of proprietary information, personnel, financial, managerial and other resources, thereby contributing to the future growth.*

3. *Reduction of the capital of the Transferee Company in the manner set out in this Scheme can provide the following benefits to the shareholders and stakeholders as under:*

*a. The Scheme would not have any impact on the shareholding pattern and the capital structure of the Transferee Company;*

*b. The Scheme will enable the Transferee Company to adjust the balance of in the Capital Reserve in accordance with the manner set out in this Scheme; and*

*c. The Scheme does not involve any financial outlay/ outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations or commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Transferee Company.*

4. *The Scheme is in the interest of the shareholders, creditors and various other stakeholders of the respective companies and is not prejudicial to their interests.*

8. The Subclause 15 of Object Clause III(B) of the Memorandum of Association of the Transferor Company authorizes the amalgamation of the Transferor Company with any other company.
9. The details of the Debentures of Transferor Company as on 12.04.2024:

<b>Particulars</b>	<b>Amount (INR)</b>
<b>Compulsorily Convertible Debentures (“CCDs”)</b>	
2,11,54,000 CCDs of Rs. 100/- each	2,11,54,00,000
<b>Total</b>	<b>2,11,54,00,000</b>
<b>Optionally Convertible Zero-Coupon Debentures (“OCZCDs”)</b>	
60,10,000 OCZCDs of Rs.100/- each	60,10,00,000
<b>Total</b>	<b>60,10,00,000</b>

10. The Applicant Companies have furnished the following documents: -

Proposed Scheme of Arrangement (Annexure A-1 of the application).

- i. Certificate of Incorporation along with Memorandum and Articles of Association of Transferor Company and Transferee Company (Annexures A-2 and A-14 respectively of the application).
- ii. List of Equity Shareholders of the Transferor Company duly certified by a Chartered Accountant as on 12.04.2024, along with Consent Affidavits (Annexure A-6, A-7 of the application).
- iii. List of Debenture Holders of the Transferor Company duly certified by a Chartered Accountant as on 12.04.2024, along with Consent Affidavits (Annexure A-8, A-9 of the application).
- iv. List of Secured Creditors of the Transferor Company duly certified by a Chartered Accountant as on 12.04.2024, along with Consent Affidavits (Annexure A-10, A-11 of the application).
- v. List of Unsecured Creditors of the Transferor Company duly certified by a Statutory Auditor as on 12.04.2024 (Annexure A-12).
- vi. Standalone Audited Financial Statements of the Transferee Company for the period ended March 31, 2023 (Annexure A-15).

- vii. Limited Review Standalone Financial Statements of the Transferee Company for the period ended September 30, 2023 (Annexure A-16).
  - viii. Shareholding Pattern of Transferee Company (A-18).
  - ix. List of Secured Creditors for the Transferee Company duly certified by a Chartered Accountant as on 12.04.2024, along with Consent Affidavits (Annexure A-19, A-20 of the application).
  - x. List of Unsecured Creditors for the Transferee Company duly certified by a Chartered Accountant as on 12.04.2024, along with Consent Affidavits (Annexure A-21, A-22 of the application).
  - xi. Certificates of Statutory Auditors to the effect that Accounting treatment proposed in the Scheme conforms with Section 133 of the Companies Act, 2013 are attached as Annexure A-24 of the application.
  - xii. Fairness Opinion Report issued by Sundae Capital Advisors Private Limited, a SEBI registered Category I Merchant Banker dated 14.08.2023 (Annexure A-25 of the application).
  - xiii. No Objection/Observation Letter from BSE Limited (Annexure A-26 of the application).
11. It is further submitted that the entire share capital of the Transferor Company is held by the Transferee Company. Hence, Transferor Company is a wholly owned subsidiary of the Transferee Company. Accordingly, pursuant to this Scheme and on Amalgamation of the Transferor Company with the Transferee Company, no shares of the Transferee Company shall be issued and allotted in respect of the shares held by the Transferee Company in the Transferor Company. Upon the Scheme becoming effective, the entire share capital of the Transferor Company shall be cancelled and extinguished without any further act, deed or instruments as an integral part of this Scheme. Hence, in the

absence of any share issuance under the Scheme, there is no requirement of undertaking any valuation for the proposed Scheme.

12. It is contended by the learned counsel that the Scheme (Annexure A-1) also takes care of the interests of the staff/workers and employees of the Transferor Companies. By Clause 7 of the Scheme, it is stated that upon the Scheme coming into effect, all staff and employees of the Transferor Company, on such date shall be deemed to have become staff and employees of the Transferee Company based on continuity of service without any break or interruption in service and terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company.
13. The Applicants have made a categorical averment in the Application that there is no investigation or proceeding pending against the Transferor Company under the Companies Act, 2013 or under the Companies Act, 1956 except routine nature tax proceedings. Affidavit in this regard has been provided on Page 47 of the Application. Further, it has been stated that there is no investigation or proceeding pending against the Transferee Company and affidavit in this regard has been placed on Page 51 of the Application.
14. The status of Equity Shareholders, Secured and Unsecured Creditors as also their Consent through Affidavits qua all the Companies as espoused in the Application filed by the Applicants can be summarised as below:



Name of the Applicant Companies	Shareholders along with their consent			
	Equity Shareholder (A)	Consent of (A) with calculations	Preference Shareholders (B)	Consent of (B) with calculations
Applicant Company No.1	7 (including 6 nominee shareholders) (Page No.193)	7 (100%) (Page No. 194)	Nil	NA
Applicant Company No.2	6,303 (Page No.422)	None (Meeting to be held)	Nil	NA

Name of the Applicant Companies	Creditors along with their consents					
	Debenture Holders (C)	Consent of (C) with calculations	Secured Creditors (D)	Consent of (D) with calculations	Unsecured Creditors (E)	Consent of (E) with calculations
Applicant Company No.1	1 (Page No.226)	1 (100%) (Page No.227)	1 (Page No.235)	1 (100%) (Page No.236)	Nil (Page No.246)	NA
Applicant Company No.2	Nil	NA	6 (Page No.424)	5 (99%) (Page No.426)	12 (Page No.464)	2 (99%) (Page No.466)

15. All the shareholders of the Transferor Company have given 'No Objection' to the Scheme on their respective affidavit. Therefore, the requirement of convening the Meetings of Shareholders in respect of the Transferor Company is dispensed with. Since the only secured creditor and debenture holder of the Transferor Company have given their consents, their meeting is also dispensed with.
16. There are no unsecured creditors in the Transferor Company, therefore, the need to convene their meeting does not arise.
17. Furthermore, more than 90% in value of the secured creditors and unsecured creditors of the Transferee Company have given their

consents on respective affidavits, therefore, their meetings are also dispensed with.

18. In relation to the Equity Shareholders of the Transferee Company, a meeting is sought to be convened.

19. Taking into consideration the submissions and documents placed on record, we issue the following directions with respect to convening/holding meeting of the 6,303 Shareholders of the Transferee Company who have not consented to the Proposed Scheme, as well as issue of notices including by way of paper publication:

a. The meeting shall be held on 24.08.2024 at 11:00 A.M. through video conferencing with the facility of remote e-voting in compliance of the MCA General Circular dated 08.04.2020 and 05.05.2022, subject to a notice regarding the meeting to be so held being published in two leading newspapers i.e., Financial Express (English Language Daily-Delhi Edition) and Jansatta (Hindi Language Daily- Delhi Edition)

b. The quorum for the meeting of Equity shareholders of the Transferee Company shall be 2522 in number or 40% in value of the total equity capital. The individual notices of the said meeting shall be sent to the equity shareholders as required and prescribed by the Companies Act, 2013 through registered post or speed post or through courier or through e-mail, 30 days in advance before the scheduled date of the e-meeting, indicating the day, date, place and time as aforesaid, together with a copy of scheme of arrangement and, a copy of explanatory statement. The prescribed form of proxy shall be sent along with and in

addition to the above documents, any other documents as may be prescribed under the Act may also be provided. The equity shareholders can also collect the copy of the proposed scheme from the registered office of the Transferee Company, free of charge.

c. As the Applicants have not proposed any names for nomination as Chairperson and Scrutinizer for the meeting, **Mr. Vishawjeet Singh**, Address: GH049C, Orchid Garden, Suncity Heights, Gurugram; Mobile No.: +91-8989809900; E-mail: vishawjeet.rathore@gmail.com, is appointed as the Chairperson for the meetings to be called under this order and **Mr. Nikhil Palli**, Address: Basement, C-587, Defence Colony, New Delhi, Mobile No. +91-9811676973; E-mail: nikhilpalli@plf.co.in is appointed as the Scrutiniser for the meeting of the Applicant Companies/Shareholders of Transferee Company, as has been directed to be convened by this Tribunal.

d. The Applicant Transferor Company would extend all secretarial support to the Chairperson, needed by him to discharge his duty/function as above. All the expenses required to be incurred by the Chairperson to discharge his function as above would be incurred and met by the Applicants.

e. The fee of the Chairperson for the aforesaid meeting shall be Rs. 2,00,000/- and the fee of the Scrutinizer shall be Rs. 1,50,000/- in addition to meeting their incidental expenses. The Chairperson will file their report within 2 weeks from the closing of e-voting and/or postal ballot.

f. Voting shall be allowed on the “Scheme” through electronic means which will remain open for a period as mandated under Clause 8.3 of Secretarial Standards on General Meetings to the Applicant Companies under the Act and the Rules framed thereunder.

g. The Scrutinizer’s report will contain his findings on the directions issued in the foregoing paragraphs.

h. The Chairperson shall be responsible for reporting the result of the meeting to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 within 7 (seven) days of the conclusion of the meeting. The Chairperson would be fully assisted by the Authorized Representative/Company Secretary of the Applicant Companies. The Scrutinizer will cooperate with the Chairperson in preparing and finalizing the report.

20. A notice as provided in Section 230(5) of the Companies Act, 2013 shall be issued to the Central Government through the Regional Director, Registrar of Companies, NCT of Delhi and Haryana, Income Tax Authority and the concerned Sectoral Regulators, within one week from today.

21. The Court Officer/Registry is directed to send a copy of this order to Applicants as also to the Chairperson appointed to chair the meeting of the equity shareholders of the Transferee Company and the Scrutinizer for information and necessary steps to be taken at their end.

**22. The Application is allowed in the aforesaid terms.**

Sd/-  
**(SUBRATA KUMAR DASH)**  
**MEMBER (T)**

Sd/-  
**(ASHOK KUMAR BHARDWAJ)**  
**MEMBER (J)**