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In September 2021, Sony Pictures Networks India and ZEEL entered into a non-binding term sheet to bring together their linear networks, digital assets, production operations and programme libraries.

By: **ENS Economic Bureau**

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Shareholders of ZEEL had given their ascent to the merger last year in October weeks after the fair trade regulator Competition Commission of India gave its conditional nod with some modifications. (FILE)

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Providing major relief to Zee Entertainment Enterprises Ltd (ZEEL), the National Company Law Appellate Tribunal (NCLAT) Friday set aside the National Company Law Tribunal (NCLT) order that had directed the NSE and BSE to reconsider their approval for the Zee-Sony merger.

A two-member NCLAT bench asked the NCLT to consider the merger of Zee Entertainment with Culver Max Entertainment — earlier known as Sony Pictures Networks India — afresh, after hearing all the parties.

The NCLAT order came on hearing the appeal filed by ZEEL against the order passed by the Mumbai bench of the NCLT on May 11, 2023. The NCLT had directed NSE and BSE to reconsider their prior approvals for the merger of ZEEL and Culver Max Entertainment. It had also asked the bourses to reassess the non-compete fee under the clause of the merger.

The NCLT order was challenged by ZEEL before the appellate tribunal, contending that it was not granted adequate opportunity by the NCLT to present its side. It also

contended that the NCLT doesn't have jurisdiction over non-compete issues.

In September 2021, Sony Pictures Networks India and ZEEL entered into a non-binding term sheet to bring together their linear networks, digital assets, production operations and programme libraries. The combined entity will own over 70 TV channels, two video streaming services (ZEE5 and Sony LIV) and two film studios (Zee Studios and Sony Pictures Films India).

As per the scheme of the arrangement, Sony will indirectly hold 50.86 per cent of the combined company. The founder of Zee will own around 4 per cent and the rest will be with the other shareholders of ZEEL.

Moreover, Sony Group will also pay a non-compete fee of Rs 1,100 crore to the Essel Group promoters.

Sony Group Corporation Chairman and CEO Kenichiro Yoshida earlier said he expects the merger to be complete within the first half of this fiscal.

Shares of Zee rallied over 6% on the BSE on Friday, soon after the NCLAT order. It settled at Rs 190.70 apiece at the end of trade, up 6.69% against the previous day's close.

Appearing for Zee, senior advocate Mukul Rohatgi argued that NCLT's order had virtually nullified all the regulatory approvals received so far by the company as part of the merger process.

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Apart from the BSE and NSE approval, the shareholders of Zee had already given their assent to the merger in October last year, weeks after the Competition Commission of India had gave its conditional nod with some modifications.

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