

Dish TV India: It is now no longer just Yes Banks fight

What began as a bank asserting its rights, first as a lender and then as a shareholder, has now metastasized. The single-minded strategy that Dish TV's promoters have pursued to stop Yes Bank, risks causing irreparable damage to the entire lending ecosystem and by extension our capital market.



Dish TV India (Dish TV), in an exchange filings on [19 December](#) stated that one of its promoter group entities has filed a suit in the Mumbai High Court on 18 December questioning the legitimacy of Yes Banks shareholding in the bank, and claiming 440,054,852 currently held by Yes Bank as its own. This suit comes almost four years after the creation of the pledge on the shares and 18 months after the pledge was exercised.

This is the second attempt at preventing Yes Bank from voting its shares.

Before this on [6 November](#), the company received a notice dated 5 November 2021, issued by Office of Crime Branch, Gautam Buddh Nagar regarding an investigation that they were conducting. The Company was informed that Crime Branch had issued a Notice to Yes Bank restricting them from dealing in and/or exercising any rights

over 445,348,990 of the shares held by them¹. The Crime Branch sought the Dish TVs co-operation in ensuring compliance.

The crime branch was acting on a complaint filed by Subhash Chandra purportedly in September 2020. We have not viewed the complaint, but based on a news report in [Mint](#), Subhash Chandra has stated that he was forced into taking loan by Rana Kapoor of Yes Bank, to help facilitate the merger between Dish TV and Videocon DTH – a NPL in Yes Banks books. Subhash Chandra, Jawahar Goel, their family members and privately held firms received Rs 4,210 crore over eighteen months. The promoter group in Dish TV pledged 25.69% of their shares with the bank as the underlying collateral.

Independent of whether there is some truth to these allegations, the question to ask is – why was this issue not raised earlier? Clarity on this will be welcome.

Yes Bank and Dish TV

Dish TV proposed holding its thirty-third annual general meeting (AGM) in September. It issued a [shareholder notice](#) on 28 August calling for an AGM on 27 September. It had three items on its agenda – Approval of accounts, re-appointment of Ashok Kurien as non-independent non-executive director and ratify remuneration paid to cost auditors.

On 4 September the company informed the stock exchanges that it had received [Special Notices](#) from Yes Bank Limited² (Yes Bank) asking the company to move a few additional resolutions in its thirty-third AGM.

One notice asked for the removal of Jawahar Lal Goel as a Managing Director of the Company and the removal of four directors (Rashmi Aggarwal, BD Narang and Shankar Aggarwal and Ashok Kurien).

The second asked for the appointment of seven directors on Dish TVs board:

- A. Non-executive non-independent
 - a. Akash Suri
 - b. Sanjay Nambiar
- B. Independent
 - a. Vijay Bhatt
 - b. Ms Haripriya Padmanabhan
 - c. Girish Paranjpe
 - d. Narayan Vasudeo Prabhutendulkar
 - e. Arvind Nachaya

¹ Yes Bank held in aggregate 471,913,990 representing 25.63% of the capital. Of these 15,667,000 shares were in IDBI Demat

² Yes Bank Limited is one of IiAS' several shareholders.

Yes Bank had acquired 47,19,13,990 equity shares representing 25.63% of Dish TV's share capital when a few investment companies controlled by Subhash Chandra, Jawahar Goel, their family members and associates defaulted on loans to the Bank. The loans, aggregating almost Rs 50 billion crores were backed by pledge of Dish TV's shares: the default led Yes Bank to enforce security and become the largest shareholder in the company.

Under regulation (Section 169 read with Section 115), an investor holding more than 10% of a company's equity can call for a shareholder meeting. Though the Bombay High Court's most [recent court ruling](#) in Zee Entertainment, questions this bare bone interpretation of the Act. This order has been challenged.

Dish TV contested the appointment of the new directors, stating that these can be appointed only after obtaining approvals from the Ministry of Information and Broadcasting (MIB). Yet, in the over 100 resolutions of director (re)appointments presented to shareholders by media companies in the past, less than 10% even have a mention of an MIB approval.

On [19 September](#), Dish TV's Board decided to seek approval to postpone its AGM. This was needed to give company time to evaluate, analyse and to ensure compliance of all applicable regulatory, and other approvals given the notice served by Yes Bank.

On [25 September](#) Dish TV the company intimated the exchanges that it had received a letter from the Registrar of Companies, Mumbai, Maharashtra dated 23 September 2021 extending the time for holding the AGM by a period of two months i.e. end-November 2021. By now the e-voting was underway, and early voting patterns may have been known.

The next related disclosure by Dish TV was on [29 October](#). The company indicated that the board vide a circular resolution sought to make an application seeking extension for holding its AGM by a month i.e. 30 December 2021.

On [3 November](#) the company announced its intention to hold a board meeting on 13 November to consider its 6-month financial results, and then just as suddenly on [7 November](#) the company announced that it had decided to convene its AGM on 30 November.

With just over 25%, Yes Bank has an oversized influence on the voting outcomes. Consequently, many argue that the company showed agility in calling for an AGM as Yes Bank had been neutered.

It is equally true the company had not received the RoC approval to postpone the AGM, so was running out of time. When it did receive the ROC's approval on [29 November](#), it announced its decision to postpone the AGM and on [3 December](#) the company announced a fresh date for holding the twice postponed AGM - 30 December.

Meanwhile on 30 November the [Supreme Court](#) stayed the operation of the Notices dated November 5, 2021, issued by Office of Crime Branch, Gautam Buddh Nagar under Section 102 of the Cr. P.C, 1973 which restricted Yes Bank from dealing in and/or exercising any rights over 445,348,990 Equity shares of the Company held by it.

Now, with their most recent exchange filing on [19 December](#), Dish TV has stated that they have been served with a suit, questioning the legitimacy of Yes Bank's ownership itself.

A list of the cases in MCA, High Court and Supreme Court are listed in Annex A.

Is blocking Yes Bank's votes enough?

Dish TV's promoter group holds too little equity to sway the vote, even if Yes Bank is not allowed to vote its shares. Without Yes Bank voting, the promoter group would have been able to influence just under 8% of the votes (Exhibit 1). They would need the support of the residual public shareholders for the resolutions to pass.

Exhibit 1: Existing and frozen shareholding of Dish TV

Shareholder category	Total number of shares	% Shareholding	Votes excluding frozen equity	% Votes excluding frozen shares
Promoter Group *	109,162,102	5.93%	109,162,102	7.82%
Yes Bank Limited (public shareholder; Yes Bank Demat)	456,246,990	24.78%	10,898,000	0.78%
Yes Bank Limited (public shareholder; through IDBI Demat)	15,667,000	0.85%	15,667,000	1.12%
Remaining public shareholders **	1,260,180,062	68.44%	1,260,180,062	90.28%
Total	1,841,256,154	100.0%	1,395,907,164	100.0%

* 39.82% pledged; ** includes 112,272,686 as Depository receipts

Source: IIAS Research, BSE

The question, therefore, is, would the residual shareholders support Dish TV? On the back of the company's performance, and that several of the company's large

shareholders are lenders forced to take on the equity (Exhibit 2), it was not a given that Dish TV's promoters would have been able to drive their agenda.

Exhibit 2: Select large shareholders in Dish TV

	Entity	Shares	Existing %	% with Yes Bank holding frozen
1a.	Yes Bank Limited (Yes Bank Demat) @	456,246,9902	24.8	0.78%
1b	Yes Bank Limited (IDBI Demat)	15,667,000	0.85	1.12%
2	Deutsche Bank Trust Co. Americas	96,605,686	5.25%	6.92%
3	HDFC Limited	87,040,000	4.73%	6.24%
4	Indusind Bank Ltd.	69,611,125	3.78%	4.99%
5	East Bridge Capital Master Fund	50,682,025	2.75%	3.63%
6	BNP Paribas Arbitrage	45,112,149	2.45%	3.23%
7	L&T Finance Limited	35,927,667	1.95%	2.57%
8	Sunil Kant Munjal	32,000,000	1.74%	2.29%
9	Clix Capital Services Pvt Ltd	29,472,000	1.60%	2.11%
10	Aditya Birla Sun Life	29,343,636	1.59%	2.10%
11	Ashish Dhawan	28,957,491	1.57%	2.07%
12	Santosh Industries Limited	23,000,000	1.25%	1.65%
13	The Hindustan Times Limited	22,212,455	1.21%	1.59%
14	Goldman Sachs (Singapore) Pte.	21,458,254	1.17%	1.54%

@ of these 445,348,990 shares were frozen

Source: IiAS Research, BSE

Exhibit 3 shows that Jawahar Goel retires on 31 March 2022. He will need a 75% majority to retain his seat as Executive Chairperson – regulations require executive directors above the age of 70 to seek a shareholder approval via a special majority – and the resolution will not pass without Yes Bank's support. If the new regulations on separations of Chairperson and CEO roles kicks in on 1 April 2022, then Jawahar Goel will need 50% of the shareholder vote to continue on the board as non-executive Chairperson.

B D Narang's tenure as Independent Director gets over in FY22. If he chooses to get reappointed, it will be for a maximum of two more years (in addition to the 14 years he has already spent on the board) and his reappointment will necessarily require a special majority. In any case, IiAS does not agree with his being classified as an independent director and will recommend voting against – if it is proposed to re-appoint him as an independent director. Given this, and that Yes Bank is seeking his removal, it may just be that B D Narang may choose to sit out and not get reappointed.

Exhibit 3: Board of Dish TV with tenure

	Name	Occupation	Category	IiAS Classification	Age (yrs)	Tenure (yrs)	Term till
1	Jawahar Goel (P) (C)	CMD	ED	ED	71	14	31 March 2022
2	Anil Dua	CEO	ED	ED	58	2	26 March 2022
3	Ashok Mathai Kurien	Founder Promoter, Zee Group	NED	NED	71	14	33 rd AGM in FY21-22
4	Bhagwan D Narang	Former CMD, Oriental Bank of Commerce	ID	NED	76	14	34 th AGM in FY22-23
5	Ms. Rashmi Aggarwal	Faculty at IMT Ghaziabad	ID	ID	47	6	27 Oct 2023
6	Shankar Aggarwal	Retired IAS officer	ID	ID	65	3	24 Oct 2023

Note: IiAS considers Independent Directors with a tenure in excess of 10 years as non-independent non-executive directors. For more details, please refer to [IiAS Voting Guidelines](#).

Source: Annual Reports, Shareholder Notices, IiAS Research

With new SEBI voting rules on director appointment kicking in from 1 January 2022, a 25% shareholder cannot be brushed away. Continuing along this path will mean the company will be left with any directors, including its CEO. The board will know this.

All this helps explains the current strategy of Dish TV's promoters. Postponing the AGM does not change the vote. Freezing Yes Banks holding does not ensure that the resolutions will be carried – though it [has been reported](#) that the company continues to explore this option. And if these are somehow approved this time around, Jawahar Goel's reappointment will need to be pushed through. It has taken time for Dish TV's promoters to work out that the only option left for them is to claim Yes Bank's shares as their own. They forget that a larger set of stakeholders, other than Yes Bank are watching – and judging them.

What began as a bank asserting its rights, first as a lender and then as a shareholder, has now metastasized. In adopting a single-minded strategy that Dish TV's promoters have pursued to hold back Yes Bank, they have perhaps over-played their hand and risk causing irreparable damage to a microcosm of the lending ecosystem. The government has spent the past few years attracting capital through its ease of doing business policies of which trust in our markets is an important component. This trust is now being chipped away. Which is why this matter is now no longer just between Dish TV's promoters and Yes Bank. MCA, SEBI and RBI all need to step in.

ANNEXURE A: DISH TV-YES BANK – CASES IN MCA, HIGH COURT, SUPREME COURT

CASE TITLE & NO.	Filing Date	Judicial Authority	Status	Summary	Last Listing	Next Listing Date
YES BANK LIMITED VS DISH TV INDIA LIMITED CP - 359/2021	22 October 2021	NCLT, Mumbai	Pending	Suit filed under Section 98(1) of Companies Act, 2013 is an application invoking Power of Tribunal to call a meeting of the company, other than the annual general meeting. In any manner prescribed by the Act or articles of the company, the Tribunal may, either <i>suo moto</i> , or on the application of any director or member of the company, call for the meeting. YES Bank, which holds a 25.63 percent stake in Dish TV, sought NCLT's direction to Dish TV's board to call for an extra ordinary general meeting (EGM).	23 November 2021	22 December 2021
YES BANK LIMITED VS DISH TV INDIA LIMITED CP - 411/2021	22 November 2021	NCLT, Mumbai	Pending	Suit filed under Sections 241(1), 242(4), 244(1) & 399 of Companies Act, 2013. Sections 241 & 242 deal with Oppression & Mismanagement in a company. Section 244 (1) institutes proceedings to recover any such property of company which has been wrongfully retained. Section 399 is an application to inspect or produce any documents kept with the Registrar of Companies.	3 December 2021	27 January 2022

CASE TITLE & NO.	Filing Date	Judicial Authority	Status	Summary	Last Listing	Next Listing Date
YES BANK LTD VS THE STATE OF U.P & ORS. <u>SPECIAL LEAVE TO APPEAL (CRL.) NO(S).9192/2021</u>	26 November 2021	Supreme Court	Pending	<p>The bank had filed a petition with the Supreme Court against the decision of the Allahabad High Court, which had dismissed its plea on de-freezing of voting rights.</p> <p>As part of its investigation into the criminal complaint filed against Yes Bank by Essel group founder Subhash Chandra, the UP police had on November 5 frozen the voting rights on Yes Bank's stake held in Dish TV India and also restrained the lender from transferring the 44.53 crore shares or to exercise rights in respect of the shares "till completion of investigation or further orders".</p> <p>Supreme Court stayed the notice by the Uttar Pradesh police on Yes Bank exercising its voting rights and adjourned the matter.</p>	30 November 2021	12 January 2022
WORLD CREST ADVISORS LLP VS CATALYST TRUSTEESHIP LTD & 8 ORS COMSL/29659/2021	16 December 2021	Bombay High Court	Pre-Admission	<p>World Crest Advisors LLP, a promoter group entity of Dish TV, has sought the Bombay High Court's intervention to declare it the owner of more than 440 million shares (about 24.19% stake) of the direct-to-home (DTH) company that its lender Yes Bank holds currently.</p>		

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