

‘Essential Sports and Media Private Limited’ is a company incorporated under the provisions of the Companies Act, 1956. Its primary objects include producing feature films, television shows, sporting events and business in the arena of entertainment and media.

In 2011 M K Media Private Limited (for short, “MKM”) offered to subscribe to the shares of Essential Sports. A valuation for the shares had been agreed upon by the parties and a Share Subscription and Share Holders Agreement was executed on 14th November 2011. Towards consideration of the equity shares issued and allotted to MKM it paid the agreed value of the shares to Essential Sports. Representative of MKM, Sri Manoj Kumar Jain, was inducted as a Director in Essential Sports pursuant to the agreement and he still is a member of its Board.

The original understanding of the parties was that MKM would bring in a total investment of Rs. 50 crores for funding the projects contemplated/undertaken by Essential Sports at the relevant time. This understanding is reflected in definite terms in a letter issued by MKM on 14th November 2011. In reality, MKM has utterly failed to honour its commitment and has defaulted in procuring any investment for implementing the projects of Essential Sports. Apparently to avoid the consequences of its own breach MKM did not contact Essential Sports since 2011 and its representative in the Board took absolutely no interest in the affairs of Essential Sports. The earnest efforts on part of Essential Sports to contact the representative of MKM constantly met with no response.

In November 2014 MKM wrote a letter to Essential Sports expressing a shareholder grievance that it had not received notice of the Annual General Meeting. No complaint or allegation resembling a charge of inducement or any other offence was even whispered in the said letter. The allegation with regard to non-service notice was comprehensively answered and demonstrated to be false by Essential Sports in its reply dated 22nd December 2014, to which there has been no response, far less a rebuttal, from MKM till date.

When in 2015 Essential Sports was contemplating legal action against MKM for the breach and defaults committed by MKM it proceeded to file motivated and malicious litigation at Kolkata in gross abuse of the process of law apparently as a pre-emptive attempt to cover its back against the consequences of its illegal conduct.

Suppressing an arbitration agreement in the Share Subscription and Share Holders Agreement MKM filed a Civil suit in the Hon'ble Calcutta High Court seeking cancellation of the agreement.

The said suit is founded on a false, frivolous, concocted and reckless allegation that upon being introduced by a common associate the Directors of Essential Sports had given assurance to MKM that any investment which MKM would make in Essential Sports would multiply ten times in two years and that induced by such representation MKM purchased shares worth Rs. 9 crores in Essential Sports. It is not conceivable that any prudent business man would be allured by any representation to the effect that the sum invested in the capital of the private limited company in India would grow ten times within two years. No such representation or assurance had been made on part of Essential Sports or any of its Directors in reality and no iota of evidence has been disclosed by MKM in support of its wild and baseless allegation.

In the suit the Hon'ble Justice Soumen Sen has passed an order permitting Essential Sports and other individual defendants to respond to the case of MKM by filing Affidavit in Opposition. No finding on fact has been recorded in the order. In particular, there has been no appreciation of the case by the Hon'ble Court adverse to the case urged by the Learned Counsel for Essential Sports. However, as an interim measure and considering the averment of MKM in the petition that Annual General Meetings of the Essential Sports have been held without intimation to MKM the Hon'ble Court has felt that for the time being Essential Sports should not deal with its immovable properties without giving 21 days notice to MKM. The Hon'ble Court has, however, noted the existence of an arbitration agreement between the parties. Essential Sports has already taken steps for stay of all proceedings in the suit and for reference of disputes to arbitration in accordance with the Share Holders Agreement.

MKM has subsequently filed a proceeding before the Learned Metropolitan Magistrate, Calcutta on the self-same allegation and has obtained an ex-parte order (without service of notice to Essential Sports and without giving the latter an opportunity to place its argument in Court) for investigation into the matter.

There has been no finding of fact or opinion formed by any Court against Essential Sports or its Directors.

Investigation is at a preliminary stage.

The order passed in MKM's application under Section 156(3) of Cr.P.C. is routine since there was no scope to deal with the allegations by the Learned Court and only the Police authorities have been directed to investigate into the matter. Yet, the order was widely reported in the media, both electronic and print.

It is thus well demonstrated that the oblique motive on part of MKM was not to obtain any legal recourse for any genuine cause, but to malign and personally defame the Directors of Essential Sports, both of who command unimpeachable reputation in society.

It is a clear attempt on part of MKM to tarnish their image in the society and attempt to coerce them to submit to illegal illegitimate and criminally motivated demands. The Directors of Essential Sports are therefore victims of a malicious litigation.

Essential Sports and its Directors have appointed M/s. Victor Moses & Co., eminent Solicitors based at Calcutta, to defend their interests and to place all facts before the Courts of law and Police authorities.

The Directors of Essential Sports are also consulting their Counsel for claiming appropriate damages and compensation for the defamation caused to them by the false and fictitious accusations made by MKM without any material substance or documentary support.