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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH

CSP NO. 686 OF 2017

SAKAL PAPERS PRIVATE LIMITED

...Petitioner/ Demerged Company

AND

SAKAL MEDIA PRIVATE LIMITED

...Petitioner/ Resulting Company

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 of the
Companies Act 2013;

AND

In the matter of Scheme of Arrangement between
Sakal Papers Private Limited ("Demerged
Company") and Sakal Media Private Limited
("Resulting Company") and their respective
shareholders

Coram:

Hon'ble **B.S.V Prakash Kumar**, Member (J)

Hon'ble **V. Nallasenapathy**, Member (T)

For the Petitioner (s): Mr. Hemant Sethi i/b Hemant Sethi & Co. Advocates for
Petitioners

Mr. S Ramakantha , Joint Director in the office of Regional
Director

Per: B.S.V Prakash Kumar, Member (J)

Order delivered on 24th August 2017

ORDER

1. Heard the learned counsel for the Petitioner Companies. None appears before the Court to oppose the Scheme or to contravene averments made in the Petition.
2. The sanction of the Tribunal is sought under section 230 to 232 of the Companies Act, 2013, to the Scheme of Arrangement between Sakal Papers

Private Limited and Sakal Media Private Limited and their respective shareholders.

3. Learned Counsel for the Petitioner Companies states that the Demerged Company is primarily engaged in the business of print media, broadcasting of television media, real estate & windmills and the Resulting Company is incorporated with the main objective of carrying on Print Media business.
4. The proposed Scheme of Arrangement will achieve the following primary benefits:
 - i. Simplification of the group structure;
 - ii. Achieving operational and management efficiency by way of segregation of businesses;
 - iii. Attribution of appropriate risk and valuation to different businesses based on their respective risk return profile and cash flows; and
 - iv. More focused management and greater visibility on the performance of individual businesses
5. The Petitioner Companies have approved the said Scheme by passing the Board Resolutions which are annexed to the Company Scheme Petition.
6. The learned Counsel for the Petitioner Companies further states that, the Petitioner Companies have complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petition has been filed in consonance with the orders passed in Company Summons for Directions.
7. The learned Counsel for the Petitioner Companies further states that the Petitioner Companies have complied with all requirements as per the directions of this Tribunal and they have filed necessary Affidavits of compliance in the Tribunal. Moreover, the Petitioner Companies through their Counsel undertakes to comply with all statutory requirements, if any, as required under the Companies Act, 1956 / 2013 and the rules made there under whichever is applicable. The said undertaking is accepted.
8. The Regional Director has filed his report dated 18th July 2017 stating therein that save and except as stated in paragraph IV of the said Affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Affidavit, the Regional Director has stated that:

1. *The tax implication if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this*

Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the petitioner company.

2. *It is submitted that the Petitioner Companies have submitted the proof of serving notice upon the Income Tax Authorities dated 22.05.2017 for comments. The Office of the Directorate also has issued reminder dated 17.07.2017.*
3. *Petitioner in clause 15(e) inter alia mentioned that notwithstanding the above, the Resulting Company in consultation with the Statutory Auditors are authorized to account for this scheme and effect thereof in any manner whatsoever as may deem fit.*

In this regard the Petitioner Companies to undertake to comply with the accounting standards only.

9. In so far as observations made in paragraph IV (1) of the Report of Regional Director is concerned, the Petitioner Companies through its Counsel undertake to comply with all applicable provision of the Income Tax Act, 1961 and all tax issues arising out of the Scheme will be met and answered in accordance with law.
10. In so far as observations made in paragraph IV (2) of the Report of Regional Director is concerned, the Petitioner Companies through its Counsel state that the observations are noted and accepted.
11. In so far as observations made in paragraph IV (3) of the Report of Regional Director is concerned, the Petitioner Companies through its Counsel undertake that in addition to compliance of AS -14 (IND AS – 103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standard such as AS-5 (IND AS – 8) etc as may be applicable.
12. The observations made by the Regional Director have been explained by the Petitioner Companies in paragraphs 9 to 11 above. The clarifications and undertakings given by the Petitioner Companies are hereby accepted.
13. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the Scheme.

14. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 686 of 2017, filed by the Petitioner Companies are made absolute in terms of prayer clause (a) of the Petition.
15. The Petitioner Companies to lodge a copy of this order and the Scheme duly authenticated by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the order.
16. Petitioner Companies are directed to file a copy of this order along with a copy of the Scheme with the concerned Registrar of companies, electronically, along with e-form INC 28 in addition to the physical copy, within 30 days from the date of issuance of the order by the Registry.
17. The Petitioner Companies to pay costs of Rs. 25,000/- each to the Regional Director, Western Region, Mumbai. The costs to be paid within four weeks from the date of Order.
18. All authorities concerned to act on a copy of this order along with Scheme duly authenticated by the Deputy Director, National Company Law Tribunal, Mumbai Bench.

Sd/-

V. Nallasenapathy, Member (T)

Sd/-

B.S.V Prakash Kumar, Member (J)