

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**

**MUMBAI BENCH**

COMPANY SCHEME PETITION NO. 165 OF 2017

CONNECTED WITH

HIGH COURT COMPANY SUMMONS FOR DIRECTION NO. 948 OF 2016  
Just Dial Global Private Limited

.....Petitioner/Demerged Company

AND

COMPANY SCHEME PETITION NO. 166 OF 2017

CONNECTED WITH

HIGH COURT COMPANY SUMMONS FOR DIRECTION NO. 949 OF 2016  
Just Dial Limited

.....Petitioner/Resulting Company

In the matter of Companies Act, 2013;

AND

In the matter of Sections 230 to 232 read with Rule 15(1) of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and read with Section 52 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013;

AND

In the matter of Scheme of Arrangement between Just Dial Limited

AND

Just Dial Global Private Limited

AND

Their respective shareholders and creditors

**Called for Hearing**

Mr. Hemant Sethi i/b Hemant Sethi & Co., Advocates for the Petitioner Companies

**Coram: B.S.V. Prakash Kumar, Member (Judicial)**

**V. Nallasenapathy, Member (Technical)**

**Date: 22<sup>nd</sup> March 2017**

**MINUTES OF ORDER**

1. Heard the learned counsel for the Petitioner Companies. No objector has come before this Tribunal to oppose the Petition and nor any party has controverted any averments made in the Petition.
2. The sanction of this Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, to the Scheme of Arrangement between Just Dial Limited ("JDL") and Just Dial Global Private Limited ("JDGPL") and their respective shareholders and creditors.

3. The Counsel for the Petitioner submits that the Resulting Company is *inter alia* engaged in the business of providing local search and related services to users in India through multiple platforms such as the internet, mobile internet, over the telephone (voice), text (SMS). The equity shares of the Resulting Company are listed on the National Stock Exchange of India Limited, the BSE Limited and the Metropolitan Stock Exchange of India Limited. The Demerged Company is *inter alia* engaged in the business of providing local search related services to consumers through multiple platforms such as the internet, mobile internet and over the telephone (voice). Data & Information Undertaking of Demerged Company is engaged *inter alia* in the business of accessing, reviewing, collating, tabulating and providing information relating to various types of businesses, products, services, projects, companies, etc. (“Data & Information Undertaking” or “Demerged Undertaking”).
4. The proposed Scheme of Arrangement is aimed at achieving the following business and commercial objectives:
- (a) *The Board(s) through the Scheme (as defined hereinafter) propose to demerge the Demerged Undertaking of JDGPL and consolidate it with the key elemental search business operations carried out by the Resulting Company.*
  - (b) *The proposed demerger would consolidate the management, financial, administrative & technical resources of the Demerged Undertaking with the Resulting Company’s business operations. As both the businesses are similar and complementary in nature, the management of the Demerged Company and the Resulting Company consider it desirable and expedient to bring both the business operations under one roof.*
  - (c) *The proposed demerger would enable the Resulting Company’s Search Business to effectively utilize the operational, financial, personnel and management bandwidth of the Demerged Undertaking and derive operating and financial synergies.*
  - (d) *The proposed demerger would be value accretive to the equity shareholders of the Resulting Company as the value of the Demerged Undertaking transferred to the Resulting Company is greater than the value of consideration (Nominal Redeemable Preference Shares) issued to the existing shareholders of JDGPL.*
  - (e) *The Scheme is recommended accordingly.*

5. The Board of Directors of the Demerged Company and the Resulting Company have approved the said Scheme of Arrangement by passing necessary Board Resolutions which are annexed to the Company Scheme Petition filed by the Petitioner Companies.
6. The Learned Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all requirements as per directions of the Tribunal and the necessary affidavits of compliance has been filed in the Tribunal. Moreover, the Petitioner Companies through its 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 undertakings given by the Petitioner Companies are accepted.
7. The Regional Director has filed his Report dated 14<sup>th</sup> March 2017 stating therein that, save and except as stated below, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Report it is stated that:
  - (a) *In addition to compliance of AS-14 (IND AS-103) the Transferee Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (Ind AS-8) etc.,*
  - (b) *As per existing practice, the Petitioner Companies are required to serve Notice for Scheme of Arrangement to the Income Tax Department for their comments. It appears that the companies vide letter dated 17<sup>th</sup> February 2017 has served a copy of company scheme petition No. 165 & 166/2017 along with relevant orders etc. However, as on date there is no response from Income Tax Department.*
  - (c) *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 Court 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.*
  - (d) *As per Clause 1.2 of the Scheme 01<sup>st</sup> October 2016 or such other date as may be decided by the Board. In this regard, it is submitted in terms of provisions of section 232(6) of the Companies Act, 2013 it should be 01<sup>st</sup> October 2016;*
  - (e) *regarding Clause 9 & 10 of the Scheme it is submitted that the surplus if any arising out of the scheme shall be credited to Capital Reserve and deficit if any arising out of the same shall be debited to Goodwill Account and will*

*not be adjusted against the Securities Premium Account or profit and loss account;*

8. In so far as observations made in paragraph IV (a) of the Report of Regional Director is concerned, the Resulting Company through its Counsel undertakes that it shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8) etc.
9. In so far as observations made in paragraph IV (b) of the Report of Regional Director is concerned, the Petitioner Companies submit that vide letter dated 17.02.2017 they have served a copy of Company Scheme Petition No. 165 & 166 / 2017 along with relevant orders etc. However, as on date there is no response from Income Tax Department.
10. In so far as observations made in paragraph IV (c) of the Report of Regional Director is concerned, it is submitted that the Petitioner Companies undertake to comply with all applicable provisions of the Income Tax Act and all tax issues arising out of the Scheme will be met and answered in accordance with law.
11. In so far as observations made in paragraph IV (d) of the Report of Regional Director is concerned, the Counsel for the Petitioner Companies submits that the Appointed Date shall be 01.10.2016.
12. In so far as observations made in paragraph IV (e) of the Report of Regional Director is concerned, the Counsel for the Petitioner Companies submits that the surplus if any arising as per Clause 9 & 10 of the Scheme shall be credited to Capital Reserve Account and deficit if any arising out of the same shall be debited to Goodwill Account and will not be adjusted against the Securities Premium Account or Profit and Loss account.
13. The observations made by the Regional Director have been explained by the Petitioner Companies in paragraphs 8 to 12 above. The clarifications and undertakings given by the Petitioner Companies are hereby accepted.
14. 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.

15. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition 165 & 166 of 2017 filed by the respective Petitioner Companies is made absolute in terms of prayer in clause (a) to clause (b) of Company Petition No 165 of 2017 and clause (a) to clause (b) of Company Petition No 166 of 2017 of the respective Petitioner Companies.
16. Petitioner Companies are directed to file a copy of this order along with a copy of the Scheme of Arrangement 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 lodge a certified copy of this order and the Scheme duly certified 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.
18. The Petitioner Companies to pay costs of Rs.25,000/- to the Regional Director, Western Region, Mumbai.
19. Costs to be paid within four weeks from the date of receipt of order.
20. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.
21. It is directed that the Scheme shall take effect from the date of the filing of a signed copy of this order with the Registrar of Companies. The Petitioner Companies undertake to file a certified copy of the scheme along with this order with the Registrar of Company within a period of thirty days from the date of receipt of order. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

Sd/-

**B.S.V. Prakash Kumar, Member (Judicial)**

Sd/-

**V. Nallasenapathy, Member (Technical)**