

**In the National Company Law Tribunal  
Division Bench, Chennai**

**CP/101&102/CAA/2017  
[CA/50&51/CAA/2017]**

Under Sections 230 to 232 of the Companies Act, 2013

**In the matter of Scheme of Arrangement (Demerger)**

**Between**

Kasturi & Sons Limited (Demerged Company)

**And**

THG Publishing Private Limited (Resulting Company)

**And**

Their Respective Shareholders

Order delivered on: 28.08.2017

**Coram:**

Ch. Mohd Sharief Tariq, Member (J)

S. Vijayaraghavan, Member (T)

For the Petitioners: Shri P.H. Arvindh Pandian, Sr. Advocate

Shri Pawan Jhabakh, Advocate

**ORDER**

**Per: Ch. Mohd Sharief Tariq, Member (J)**

1. Under consideration are two Company Petitions filed under section 230 of the Companies Act, 2013 r/w the Companies (Compromises, Arrangements & Amalgamations) Rules, 2016. The purpose of the Company Petitions is to obtain sanction of the Scheme of Arrangement of Demerger (in short, '**Scheme**') by virtue of which the 'Publishing Business Undertaking' (in short, '**Demerged Undertaking**') of Kasturi & Sons Limited (hereinafter referred to as '**Demerged Company**') is proposed to be demerged, transferred and

vested with M/s. THG Publishing Private Limited (hereinafter referred to as '**Resulting Company**') as a going concern.

2. The details of Share Capital, shareholders, Secured & Unsecured creditors of the Companies are as under:

| Particular        | Authorised Capital | Issued, S&P Capital | Equity Share-holders | Secured Creditors | Unsecured Creditors |
|-------------------|--------------------|---------------------|----------------------|-------------------|---------------------|
| Demerged Company  | Rs. 5,00,00,000    | Rs. 1,76,00,000     | 45                   | 4                 | 7409                |
| Resulting Company | Rs. 4,00,00,000    | Rs. 1,91,00,000     | 2                    | Nil               | Nil                 |

3. The Demerged Company is an Unlisted Public Limited Company whereas the Resulting Company is a Private Limited Company & a wholly owned subsidiary of the Demerged Company. Both the Petitioner companies are engaged in the business of printing and publishing of newspapers, journals, magazines & periodicals and having registered office at Kasturi Buildings, 859 & 860, Anna Salai, Chennai- 600002. The Board of Directors of the Demerged Company and Resulting Company vide resolutions dated 24.03.2017 and 31.03.2017 respectively approved the said scheme of Arrangement of Demerger.
4. This Bench vide its order dated 24.04.2017, in CA/50/CAA/2017 ordered for convening and holding the meeting of the equity shareholders, secured creditors and unsecured creditors of the

Demerged Company whereas in CA/51/CAA/2017, dispensed with convening and holding the meeting of the equity shareholders of the Resulting Company. The petitioner companies complied with all the orders passed by this bench.

5. Shri P.H. Arvinth Pandian, learned Senior Counsel appearing for the Petitioner Companies submitted that the rationale and circumstances that have necessitated the proposed scheme are that the demerger will enable the Resulting Company to focus on publishing business as its core activity thereby resulting in better strategic, operational and administrative efficiency. Also, the demerger will provide a platform to raise funds required for the operations of the publishing business. The learned counsel further submits that no investigation, proceedings are pending against the Companies under the provisions of the Companies Act, 1956 or corresponding provisions of the Companies Act, 2013.
6. Learned Counsel for the Companies has further submitted that the equity shares of the Petitioner companies are not listed with the stock exchanges, thus the Petitioner Companies do not require any compliance of Listing Agreement or SEBI Rules/regulations.
7. The notices were issued to the statutory authorities viz. Regional Director, RoC, Income Tax Authority and the Registrar of



Newspapers for India as per the procedure prescribed. However, there has been no objection to the proposed scheme under reference.


8. The Regional Director, Southern Region (In short, '**RD**') in the Report Affidavit (for brevity, '**Report**') dated 07.07.2017 submitted that as per records of ROC, Chennai, the demerged Company is regular in filing its statutory returns and no investigation is pending against the company. It is further submitted that the Clause 9 of the scheme provides for the protection of the interest of the employees of the Demerged Undertaking. The RD has decided not to make any objection to the Scheme and submitted that the petition may be disposed of on merits.
9. The petitioner companies have also produced an affidavit of N. Ram & K. Venugopal dated 23.08.2017, undertaking that there is no requirement of obtaining the approval of the Competition Commission of India as the subject scheme does not exceed the threshold limits specified under section 5 the Competition Act, 2002.
10. Further perusal of the scheme shows that the accounting treatment is in conformity with the established accounting standards. In short, there is no apprehension that any of the creditors would lose or be prejudiced if the proposed scheme is sanctioned. The said Scheme of Arrangement will not cast any additional burden on the stakeholders and also will not prejudicially affect the interests of any class of the

creditors in any manner. The Appointed date of the said Scheme is 1<sup>st</sup> April, 2016.

11. There is no additional requirement for any modification and the said Scheme of Arrangement appears to be fair and reasonable and is not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under section 230 to 232 of the Companies Act, 2013. Taking into consideration the above facts, the Company Petitions are allowed and the scheme of Arrangement annexed with the petitions is hereby sanctioned which shall be binding on the members, creditors and shareholders.
12. While approving the scheme as above, we further clarify that this order will not be construed as an order granting exemption from payment of stamp duty or taxes or any other charges, if payable, as per the relevant provisions of law or from any applicable permissions that may have to be obtained or, even compliances that may have to be made as per the mandate of law.
13. All or any assets or liabilities relating to the Demerged Undertaking shall be transferred to the Resulting Company.
14. The Companies to the said Scheme or other person interested, shall be at liberty to apply to this Bench for any direction that may be necessary with regard to the working of the said Scheme.

15. The Petitioner Companies shall file with the Registrar of Companies the certified copy of this Order within 30 days of the receipt of the order.
16. The Order of sanction to this Scheme shall be prepared by the Registry as per the format provided under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14<sup>th</sup> December, 2016.
17. Accordingly, the Scheme annexed with the petitions stands sanctioned and CP/101&102/CAA/2017 stands disposed of.

  
(S. Vijayaraghavan)  
Member (T)

  
(Ch. Mohd. Sharief Tariq)  
Member (J)

RLS