

IN THE HIGH COURT OF DELHI
COMPANY PETITION NO. 518/2015

Reserved on 24th May, 2016
Date of pronouncement: 27th July, 2016

In the matter of

The Companies Act, 1956 & the Companies Act, 2013 (to the extent applicable):

And

**Petition under Section 391(2) & 394 read with
Sections 100 to 104 of the Companies Act,
1956**

Scheme of Arrangement between:

Legend Travels Private Limited

Petitioner/Demerged Company

AND

Legend Travel Solutions Private Limited

Petitioner/Resulting Company No. 1

Prestige Webnet Solution Private Limited

Petitioner/Resulting Company No. 2

**Through Mr. Rajeev K. Goel, Advocate
for the petitioners**

**Ms. Aparna Mudiam, Asstt. Registrar
of Companies for Regional Director**

**Mr. Manish Bishnoi, Advocate for the
Official Liquidator**

SUDERSHAN KUMAR MISRA, J.

1. This joint petition has been filed under Sections 391(2) & 394 read with Sections 100 to 104 of the Companies Act, 1956 by the petitioner companies seeking sanction of the Scheme of Arrangement between Legend Travels Private Limited (hereinafter referred to as the demerged company) and Legend Travel Solutions Private Limited (hereinafter

referred to as the resulting company no. 1) and Prestige Webnet Solution Private Limited (hereinafter referred to as the resulting company no. 2).

2. The registered offices of the demerged and resulting companies are situated at New Delhi, within the jurisdiction of this Court.

3. The demerged company was incorporated under the Companies Act, 1956 on 21st October, 1997 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

4. The resulting company no. 1 was incorporated under the Companies Act, 2013 on 24th December, 2014 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

5. The resulting company no. 2 was incorporated under the Companies Act, 1956 on 31st March, 2014 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

6. The present authorized share capital of the demerged company is Rs.1,40,00,000/- divided into 14,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the company is Rs.1,39,99,980/- divided into 13,99,998 equity shares of Rs.10/- each.

7. The present authorized share capital of the resulting company no.1 is Rs.10,00,000/- divided into 1,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the company is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each.

8. The present authorized share capital of the resulting company no.2 is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the company is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each.

9. Copies of the Memorandum and Articles of Association of the demerged and resulting companies have been filed on record with the joint application, being CA(M) 115/2015, earlier filed by the petitioners. The audited balance sheet, as on 31st March, 2014, of the demerged company has also been filed. It has been submitted by the petitioners that since the resulting companies no. 1 & 2 have been incorporated only recently, therefore, no accounts have been prepared for the resulting companies no. 1 & 2.

10. A copy of the Scheme of Arrangement has been placed on record and the salient features of the Scheme have been incorporated and detailed in the petition and the accompanying affidavit. It is submitted by the petitioners that the Scheme, *inter alia*, provides demerger of the

Travel Business and Real Estate Business of the demerged company and their merger in the resulting company no. 1 and resulting company no. 2 respectively. It is claimed that the proposed demerger will provide scope for independent expansion without committing the existing organization in entirety. It is further claimed that the proposed demerger will provide scope for independent expansion of various businesses and will strengthen, consolidate and stabilize the business of these companies and will also facilitate further expansion and growth of their businesses.

11. So far as the share exchange ratio is concerned, the Scheme provides that, upon coming into effect of this Scheme, the resulting company no. 1 and 2 shall issue and allot equity shares to the shareholders of the demerged company in the following ratio:-

“01 equity share of Rs.10/- each of the resulting company no.1, credited as fully paid up, for every 10 equity shares of Rs.10/- each held by the shareholders in the demerged company.”

“01 equity share of Rs.10/- each of the resulting company no.2, credited as fully paid up, for every 10 equity shares of Rs.10/- each held by the shareholders in the demerged company.”

12. It has been submitted by the petitioners that no proceedings under Sections 235 and 251 of the Companies Act, 1956 are pending against the petitioner companies.

13. The Board of Directors of the demerged company and resulting companies no. 1 & 2 in their separate meetings held on 30th April, 2015 and 9th May, 2015 respectively have unanimously approved the proposed Scheme of Arrangement. Copies of the Resolutions passed at the meetings of the Board of Directors of the demerged and resulting companies have been placed on record.

14. The petitioner companies had earlier filed CA (M) No. 115/2015 seeking directions of this court to dispense with the requirement of convening the meetings of their shareholders, secured and unsecured creditors, which are statutorily required for sanction of the Scheme of Arrangement. Vide order dated 21st July, 2015, this court allowed the application and dispensed with the requirement of convening and holding the meetings of the equity shareholders, secured and unsecured creditors of the demerged company and equity shareholders of the resulting companies, there being no secured or unsecured creditors of the resulting companies, to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Arrangement.

15. The petitioner companies have thereafter filed the present petition seeking sanction of the Scheme of Arrangement. Vide order dated 17th August, 2015, notice in the petition was directed to be issued to the Regional Director, Northern Region. Citations were also directed to be

published in 'Business Standard' (English) and 'Business Standard' (Hindi) editions. Affidavit of service has been filed by the petitioners showing compliance regarding service on the Regional Director, Northern Region, and also regarding publication of citations in the aforesaid newspapers on 10th September, 2015. Copies of the newspaper clippings containing the publications have been filed along with the affidavit of service.

16. In response to the notices issued in the petition, Mr. A.K. Chaturvedi, Regional Director, Northern Region, Ministry of Corporate Affairs has filed his report dated 15th February, 2016 stating that the ROC has not made any adverse comments to the Scheme of Arrangement and that the Regional Director has no objection to the proposed Scheme.

17. No objection has been received to the Scheme of Arrangement from any other party. The petitioner companies, in the affidavit dated 8th February, 2016 of Sh. Gurbinder Singh, Director of the demerged company have submitted that neither the petitioner companies nor their counsel have received any objection pursuant to the citations published in the newspapers on 10th September, 2015.

18. Considering the approval accorded by the equity shareholders, secured and unsecured creditors of the petitioner companies to the

proposed Scheme of Arrangement and the affidavit filed by the Regional Director, Northern Region, not raising any objection to the proposed Scheme of Arrangement, there appears to be no impediment to the grant of sanction to the Scheme of Arrangement. Consequently, sanction is hereby granted to the Scheme of Arrangement under Section 391 and 394 of the Companies Act, 1956. The petitioner company will comply with the statutory requirements in accordance with law. Certified copy of this order be filed with the Registrar of Companies within 30 days. It is also clarified that this order will not be construed as an order granting exemption from payment of stamp duty as payable in accordance with law. Upon the sanction becoming effective from the appointed date of Arrangement, i.e. 1st April, 2015, the 'Travel Business/Travel Division (demerged business-1) and the Real Estate Business/Real Estate Division (demerged business-2) of the demerged company shall stand merged in the resulting company no. 1 and resulting company no. 2 respectively.

19. Learned counsel for the Official Liquidator prays that costs of at least Rs.50,000/- should be paid by the petitioners keeping in view the fact that the matter has involved examination of extensive records and also prioritized hearings. Learned counsel for the petitioner company states that the same is acceptable to him. As already directed vide order dated 24.05.2016, the petitioners shall deposit a sum of Rs.50,000/- by

way of costs with the Delhi High Court Bar Association Lawyers Social Security and Welfare Fund, New Delhi.

20. The petition is allowed in the above terms.

Dasti.

SUDERSHAN KUMAR MISRA, J.

July 27, 2016