IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 551 OF 2016

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 291 OF 2016

In the matter of the Companies Act,1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956, and any re-enactment thereof;

AND

In the matter of Scheme of Amalgamation of Suvi Info Management (Indore) Private Limited (CIN U72200MH2006PTC181004) with Jagran Prakashan Limited (CIN #L22219UP1975PLC004147) and their respective shareholders and creditors

Suvi Info Management (Indore) Private Limited, a company incorporated under the provisions of Companies Act, 1956 having its registered office at Flat No. 9, B Wing, Sushila Sadan, Opp. Shoppers Stop, Linking Road, Bandra West, Mumbai – 400050, Maharashtra,) India) ...Petitioner Company

Called for hearing

Mr.Chetan Raithatha and Mr. Shashi Singh i/b Anil Fernandes and Associates Advocate for the Petitioner.

Mr. P. Khosla i/b Pankaj Kapoor for Regional Director

Mr. Vinod Sharma, Official Liquidator.

CORAM : S. C. GPUTE, J

DATED : 2nd December, 2016

1. Heard the Learned Advocates for the parties. No objector has come before the Court to oppose the Scheme of Amalgamation and nor has any party controverted any averments made in the Company SchemePetition.

2. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956 to the Scheme of Amalgamation of Suvi Info Management Private Limited with Jagaran Prakashan Limited.

3. Learned Advocate for the Petitioner states that the Petitioner Company is engaged in the business of Developers, Dealers, programmers, consultants, buyers, sellers, Importers, Exporters, Producers, traders, distributors, designers, merchants, agents, brokers, collectors and to engage in marketing, maintenance, distribution, developing, of software

and hardware, multimedia, animation and servicing erection, installation, fabrication, education, training centres, Schools, Internet Services, web designing, e-commerce, designing of computers and electronic equipments of every kind and description including micro computers, mini computers, digital and analogue computers, main frame computers, process control equipments and to carry out all business activities in computer and software development.The Transferee Company is engaged in the business of leading media and communications group with its business interests spanning across Print, OOH, Activations and Digital and having a national footprint. It is amongst one of the largest media conglomerates in the country.

4. The Learned Advocate for the Petitioner states that the Scheme will consolidate the business and assets of the two companies. This would further help the two companies in saving various administrative, managerial and other costs and improving organizational efficiency. Dissolving the Petitioner Company without winding up as it has lost its relevance in view of the fact that it has not succeeded in commencing any of the businesses as specified in the main objects of the company in past 9 years since incorporation and has no intent to carry on any such business even in future.Currently, the Petitioner Company primarily has debts owed to or recoverable from its 100% holding company/Transferee. Its amalgamation into the Transferee will help Transferee, a listed entity in restructuring its balance sheet and present a cleaner picture of its financial

health to its vast base of shareholders, lenders and other stake holders, besides strengthening its capital structure.

5. Both the Transferor Company and the Transferee Company have approved the said Scheme by passing Board Resolutions which are annexed to the respective Company Scheme Petitions.

6. The Learned Advocate for the Petitioner further states that, Petitioner Company has complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petition has been filed in consonance with the order passed in respective Summons for Directions.

7. The Learned Advocate appearing on behalf of the Petitioner has stated that the Petitioner has complied with all the directions of this Court and they have filed necessary affidavits of compliance in the Court. Moreover, Petitioner Company undertakes to comply with all statutory requirements, if any, as required under the Companies Act, 1956/2013 and the Rules made there under. The said undertaking is accepted.

8. The Regional Director has filed an affidavit on 24th October 2016 stating therein that save and except as stated in paragraph 6 (a) and 6 (f) it appears that the Scheme is not prejudicial to the interest of shareholders and public. In para.6(a)to 6 (f) of the said Affidavit, it is stated as under:

That the Deponent further submits that,

(a) *With reference to the Clause 9 of the Scheme, as the jurisdiction of Transferee Company doesn't fall within the Jurisdiction of this Hon 'ble Court, the Transferor Company to Furnish an undertaking, it will ensure that the Transferee Company, in addition to compliance ofAS-14, the transferee company shall pass such Accounting Entries which are necessary in connection with the scheme to comply with other applicable Accounting Standard such as AS-5 etc.*

(b) *With reference to the Clause 9 of the Scheme, as the jurisdiction of Transferee Company doesn't fall within the Jurisdiction of this Hon'ble Court, the Transferor Company to furnish an undertaking, it will ensure that the Transferee Company to adjust 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 any other reserves of the Transferee Company.*

(c) *As per Clause 1.2 ofthe Scheme the Appointed date is 1st January 2016 or such other date as may be agreed by the Transferer and Transferee Companies and approved by Hon'ble Court at judicature of Bombay may direct.*

It should be that the Appointed date is 1st January 2016 or such other date as may be approved by Hon'ble Court at judicature of Bombay and not as may be agreed by the Transferor and Transferee Companies.

(d) *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.*

(e) *The Statutory Auditors of the Transferor Company in his report for the year 31.03.2015 has state that the Company has granted unsecured, interest free loan to the holding Company during the period the maximum amount outstanding at any time was Rs.83. 67 Crores and yearend balance was RS. 83.67Crs which a related party covered in the Register maintained under Section 189 of the Companies Act, 2013. The loan granted are recoverable on demand and so far, no steps have been taken by the Company for recovery of the Principaland interest.*

Accordingly, the Transferor Company to furnish an undertaking that either the Transferee Company or Transferor Company will be file necessary application for compounding of offence under the provisions of section 621A of the Companies Act, 1956, with effect from the date of default.

(f) *M/s Suvi Info-Management (Indore) Private Limited the transferor company's total capital is eroded and the net balances of Capital+ Reserves is (Rs.19,493.33) lakhs. Prima facie merger aims to set off this huge loss. Hon'ble*

Court may kindly direct the Income Tax Department to offer their comments and consider this aspect as deem fit.

9. So far as the observation in paragraph 6 (a) of the Affidavit ofRegional Director isconcerned,the Petitioner through its Advocate undertakes that in addition to compliance of Accounting Standard 14, the Transferee company will pass such accounting entries which are necessary in connection with the Scheme to comply with any other accounting standard such as AS-5 etc.

10. So far as the observation in paragraph 6 (b) of the Affidavit ofRegional Director isconcerned, the Petitioner through its Advocate undertakes that the surplus if any arising out of theScheme shall be credited to Capital Reserve and deficit if any arising out ofthe same shall be debited to Goodwill Account and will not be adjusted against any other reserves of the Transferee Company.

11. So far as the observation in paragraph 6 (c) of the Affidavit of Regional Director is concerned, the Advocate for the Petitioner relies upon the order dated 16th March, 2016 passed by the High Court of Judicature at Allahabad approving the Scheme. The Petitioner humbly submits that the appointed date is 1st day of January 2016 or such other date as may be approved by this Court.

12. So far as the observations made in paragraph 6 (d) of the affidavit of Regional Director is concerned, the Petitioner is

bound 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.

13. So far as the observations made in paragraph 6 (e) of the affidavit of Regional Director is concerned, the Petitioner through its Advocatestates that the statutory auditors of the Petitionercompany have inadvertently stated that the Petitioner/ Transferor company has granted the Transferee/ holding company interest free loan. The Transferee/ holding company has paid interest @ eight percent per annum [8% p.a.] to the Petitioner and this is duly reflected in the annual accounts for the relevants periods.M/s Sunil Naik & Co, Chartered Accountants Statutory Auditors of the Transferor Company vide their certified dated 24th October, 2016 have admitted to the inadvertence. Accordingly there is no default as alleged and there is no need to file any application under the provisions of section 621 A of the Companies Act, 1956.

14. So far as the observations made in paragraph 6 (f) of the affidavit of Regional Director is concerned, the Petitioner is bound to comply with all applicable provisions of the Income Tax Act all tax issues raised at the time of assessment by the assessing officer will be suitably met and answered in accordance with law.

15. The Learned Advocate for the Regional Director on instruction from Shri A.K Chaturvedi, Regional Director, Western Region, in the office of Ministry of Corporate Affairs states that they aresatisfied with the undertakings and clarifications given by the Petitioner Company.

16. The Official Liquidator has filed his report on 24th October, 2016 in the Company Scheme Petition No. 551 of 2016 stating therein that the affairs of the Transferor Company has been conducted in a proper manner and that the Transferor Company may be ordered to be dissolved by this Court.

17. 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.

18. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition filed by the Transferor Company is made absolute interms of prayer clause (a) to (e) the Petition.

19. The Petitioner Company to lodge a copy of this order and the Scheme duly authenticated by the Company Registrar, High Court (O.S.), Bombay, 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 the receipt of the order.

20. Petitioner Company is directed to file a copy of this order along with a copy of the Scheme of Amalgamation with the concerned Registrar of Companies, electronically, along with E-formINC-28 in addition to the physical copy as per the relevant provisions of Companies Act, 1956/2013 Act.

21. The Petitioner Company to pay costs of Rs.10,000/- each to the Regional Director and to the Official Liquidator, High Court, Bombay. The costs to be paid within four weeks, from date of the Order.

22. Filing and issuance of the drawn up order is dispensed with.

23. All authorities concerned to act on a copy of this order along with Scheme duly authenticated by the Company Registrar, High Court (O.S.), Bombay.

(S. C. GUPTE, J)

C E R T I F I C A T E

I certify that this Order uploaded is a true and correct copy of the original signed Order.

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