

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT HYDERABAD**

CA No.11 of 2018 &
CA(CAA) No.12/230/HDB/2018
U/s 230 to 232 of Companies Act, 2013
R/w The Companies (CAA) Rules, 2016 &
NCLT Rules, 2016

In the matter of Scheme of Amalgamation of

Shriram Chits Private Limited

And

Shriram Chits (Maharashtra) Limited

And

Shriram Chits Tamil Nadu Private Limited

with

Shriram Chits (Karnataka) Private Limited



Shriram Chits Private Limited
44, Sarojini Devi Road
Secunderabad - 500003,
Andhra Pradesh

...Applicant/
Transferor Company -1

Date of pronouncement of orders: 02 March, 2018

Coram:

Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)

Hon'ble Shri Ravikumar Duraisamy, Member (Technical)

Parties / counsels present

For the Applicant: Mr. R. Shankar Narayan, Senior
Advocate along with Mr. Pushyam
Kiran and Ms. Divya Datla,
Advocates.

Per: Ravikumar Duraisamy, Member (Technical)

ORDER

1. The present Company Application bearing CA (CAA) No. 12/230/HDB/2018 is filed by Shiram Chits Private Limited (Applicant / Transfer Company No.1) under section 230 to 232 of the Companies Act, 2013, R/w the Companies (Compromise, Arrangements and Amalgamations) Rules 2016 and National Company Law Tribunal Rules, 2016, by inter-alia seeking directions for the dispensation of the meeting of shareholders of the Applicant / Transferor Company-1 for purpose of considering the Scheme of Amalgamation of Applicant/Transferor-1 Company) with Shiram Chits (Maharashtra) Limited (Transferor Company No.2), Shriram Chits Tamil Nadu Private Limited (Transferor Company-3) with Shriram Chits (Karnataka) Private Limited (Transferee Company).
2. Brief facts, leading to filing of the present Company Application, are as under:-
 - (a) Shiram Chits Private Limited (Applicant/Transferor-1 Company) was incorporated on 08.12.1981, under the name and style of "Shrilekha Chit Funds & Investments Private Limited" in the State of Andhra Pradesh under the Companies Act, 1956. Subsequently, the name of the Company was changed to "Shriram Chits Private Limited" on 16.12.1988.
 - (b) The Authorized, Issued, Subscribed and Paid Up Share Capital of the Applicant /Transferor



Company - 1 as on 31st March 2017 is as follows:-

Particulars	As at 31 st March 2017	
	Number	Amount
a. Authorised		
Equity Shares of Rs. 100 each	13,00,000	13,00,00,000
6% Cumulative Convertible Preference Shares of Rs. 100 each	2,00,000	2,00,00,000
Total	15,00,000	15,00,00,000
b. Issued		
Equity Shares of Rs. 100 each	802500	80250000
c. Subscribed and Paid up		
Equity Shares of Rs. 100 each	802500	80250000

Subsequent to 31st March, 2017 there is no change in the capital structure of the Applicant /Transferor Company - 1.

- (c) The Applicant /Transferor Company - 1 is engaged in the business of conducting Chit Funds or Kuries as set out in Clause III A of its Memorandum of Association.
- (d) The latest available audited financial statements of the Applicant/Transferor Company - 1 as on 31st March 2017 (Annexed as A-2 to the Application) shows the position of the assets and liabilities of the Applicant/Transferor Company - 1.
- (e) The Board of Directors of the Applicant/Transferor Company - 1 has, at its meeting held on 16th August 2017, approved and adopted the Scheme. Independently, the Board of Directors of the



Transferor Companies 2 & 3 and the Transferee Company has at their respective meetings, considered and approved the Scheme.

- (f) Under the Scheme, the entire undertaking of the Applicant/Transferor Company - 1 and Transferor Companies 2 & 3 are proposed to be amalgamated with, and vested in the Transferee Company. In terms of the Scheme, the Registered Office of the Transferee Company is proposed to be shifted from the State of Karnataka to the State of Tamilnadu. The Scheme also proposes a change in the name of the Transferee Company from the Effective Date. The Scheme of Amalgamation, once sanctioned will take effect from 1st April, 2017, ("**Appointed Date**").

3. The rationale and benefits underlying the Scheme, as approved by the Boards of the Applicant /Transferor Company - 1, the Transferor Companies 2 & 3 and the Transferee Company are as follows:

- (i) The Transferor Companies and the Transferee Company are all incorporated with the same/similar objects, and carry on the same line of business namely conduct of the business of Chit Funds, Kuries, and similar kinds of chits.
- (ii) The three Transferor Companies, and the Transferee Company, are all part of the same group. The shareholders of all of these companies are common. Being companies forming part of the same group, with common shareholding, amalgamation of these companies would enable consolidation and lead to a more



efficient utilization of capital, and create a consolidated base for the future growth of the amalgamated entity.

- (iii) The Promoters of the Transferor Companies and the Transferee Company are the same persons, who continue to remain shareholders of the Transferor Companies, and the Transferee Company, and the merger of these entities would only strengthen and reinforce the management of these Companies.
- (iv) The amalgamation will enable appropriate consolidation of the activities of the Transferor Companies and the Transferee Company with pooling and more efficient utilization of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various operating parameters, in addition to enabling the carrying on of the business in a more efficient, streamlined, and organized fashion.
- (v) As a result of the amalgamation, the subscribers to the chits floated by the Transferor Companies and the Transferee Company would have the benefit of dealing with a much larger and stronger entity, with a significantly increased capital, and asset base.
- (vi) The combined entity after the amalgamation would have the necessary size, and bandwidth with large chit businesses across the country, and enable it to leave a much stronger and more significant footprint in this line of business.





- (vii) The proposed amalgamation will result in administrative and operational rationalization, organizational efficiencies, reduction in overheads and other expenses and optimal utilization of various resources. It will prevent cost duplication that can improve financial efficiencies and the resultant operations would be substantially cost-efficient. Consequently, the Transferee Company will be able to achieve better cash flows. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.
- (viii) The Shriram Group has its headquarters in Chennai. Therefore, in addition to utilizing talents and maximizing effective use of group resources, the shifting of the Registered Office of the Transferee Company, to the State of Tamilnadu, will also enable the amalgamated entity to operate the combined business out of one center, which is also the Headquarters of the entire group, while expanding its presence across the country. Such shifting will ensure administrative ease and convenience, greater control, and reduced costs.
- (ix) The change in the name of the Transferee Company from Shriram Chits [Karnataka] Private Ltd. to Shriram Chits [India] Private Ltd., would be appropriate considering the shifting of the registered office of the Transferee from the State of Karnataka, as also the fact that the merged entity will carry on the combined operations of

the Transferor Companies as also its own operations post-merger, across the country.

4. The case was listed for hearing on 05.01.2018 and 19.01.2018.
5. Heard Shri R. Shankara Narayanan, Learned Senior Advocate, Shri CH Pushayam Kiran and Ms. Divya Datla, Learned Advocates for the Applicant / Transferor-1 Company.
6. The Learned Senior Advocate has also filed Company Application bearing CA No.11 of 2018 on 18.1.2018 in present Company Application stating that at the time of filing of the Company Application, the Applicant Company was not in a position to procure the consent affidavits from its shareholders and thus constrained to file Application seeking directions of this Tribunal for holding and convening meeting of its shareholders. Subsequently there has been a change in the shareholding position and the Applicant Company obtained the consent affidavits from all its shareholders holding 100% of its share capital consenting to the proposed scheme. A certificate issued by the Chartered Account certifying the revised shareholding is annexed as "A" the consent affidavits executed by the shareholders are annexed collectively with the CA No.11 of 2018 as Annexure "B". The said Company Application bearing CA No.11 of 2018 is allowed on 19.01.2018.
7. It is further submitted by the Learned Senior Advocate that the assets of the Transferee Company upon the merger will be more than sufficient to meet any



liabilities that it incurs on an on-going basis and the said Scheme will not adversely affect the rights of any person.

8. The number of Equity Shareholders in the Applicant/ Transferor Company - 1 is 03 (three), details of which are as under.

Shareholder	No. of shares @ Rs.100 each	% of holding
Shriram Ownership trust	8,02,400	99.98%
Mr. M. Krishnamurthy	50	0.01%
Mr. S.P. Ragunathan	50	0.01%

CNGSN & Associates LLP, Chartered Accountants have certified the list of shareholders as on 20.12.2017. The above shareholders vide their sworn affidavits dated 19.12.2017 / 20.12.2017 have given their consent to the proposed Scheme of Amalgamation.

9. The Applicant/Transferor Company – 1 has no secured creditors as of 31st March 2017, and this position has not changed subsequent to this date. A certificate of the Statutory Auditor confirming this position was also submitted. (Annexed as **Annexure A6**).
10. As per Auditor's certificate dated 10.08.2017, the Applicant Company had an outstanding amount of Rs. 70,508.00 towards unsecured creditors as on 08.08.2017, which is a meagre amount when compared to the scale and operations of the Applicant/Transferor Company-1.



11. The Applicant/Transferor Company -1 submits that the present Scheme, involving the simple amalgamation of Transferor Companies 1, 2 & 3, with the Transferee Company, does not involve any compromise with the creditors of these companies. The Scheme is purely in the nature of an arrangement between the companies and their respective members, involving an amalgamation of the Transferor Companies 1,2, & 3 with the Transferee Company. It is further submitted that in any case, the Scheme will not adversely affect the interest of any of the Applicant/Transferor Company 1's creditors as the combined entity upon the Scheme becoming effective, will have sufficient assets to discharge these debts as and when they become payable.
12. The Applicant/ Transferor Company - 1 has no investigation proceedings initiated or pending against it under the provisions of the Companies Act, 1956 or the Companies Act, 2013.
13. The Board of Directors of the applicant/transferor company has no material interest in the proposed scheme of amalgamation except as shareholders in general.
14. The Learned Senior Advocate further submitted that a similar application was filed by Transferor Company-3 to the Scheme before NCLT Chennai Bench seeking directions for not holding and convening of the meeting of its shareholders and NCLT Chennai Bench by an order dated 08.12.2017 dispensed with conducting of



the meeting of Equity Shareholders in the light of the consent from 100% of its shareholders.

15. The Bench has considered pleadings of the Learned Senior Advocate for the Applicant Company and all the material papers filed in support of the application, and satisfied that the Company is stated to be following all applicable provisions of Companies Act, 2013, and rules made there under, and the scheme in question prima facie satisfies fundamental requirements. Therefore, the Company is entitled for dispensation of conducting meeting of its Shareholders as they have already given their consent by way of sworn affidavits.

16. In the result, the Company Application bearing CA No.11 of 2018 and CA (CAA) No.12/230/HDB/2018 are disposed of by dispensing with conducting of the meeting of the Equity Shareholders of the Applicant Company / Transferor Company-1. The Applicant / Transferor Company-1 is also directed to furnish details of incorporation of Shriram Chits (India) Private Limited, which will be the Transferee Company in further submissions.

Sd/-
RAVIKUMAR DURAISAMY
MEMBER (TECHNICAL)

Sd/-
RAJESWARA RAO VITTANALA
MEMBER (JUDICIAL)

G. Ananthaswamy
for Dy. Regr./Asst. Regr./Court Officer/
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस संख्या CASE NUMBER CA No. 11 of 2018 & CA(CAA) No. 12/230/1
निर्णय का तारीख HDB/2018
DATE OF JUDGEMENT... 2.3.2018
प्रति तैयार किया गया तारीख
COPY MADE READY ON... 2.3.2018