

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

**TP (HC)/41&42/CAA/2017  
[C.A. 971 of 2016]**

Under Sections 230 to 232 of the Companies Act, 2013

**In the matter of Scheme of Amalgamation of**

**Cadensworth (India) Limited  
(Transferor Company)**

**With**

**Redington (India) Limited  
(Transferee Company)**

Order delivered on: 21.07.2017

**Coram:**

Ch. Mohd Sharief Tariq, Member (J)

S. Vijayaraghavan, Member (T)

For the Petitioners: Shri Pawan Jhabakh, Advocate

**ORDER**

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

1. Under consideration are two Company Petitions filed under the provisions of erstwhile the Companies Act, 1956 which have been transferred from the Hon'ble High Court of Madras to this Tribunal pursuant to the Companies (Transfer of Pending Proceedings) Rules, 2016 and renumbered as TP (HC)/41&42/CAA/2017. The purpose of the Company Petitions is to obtain sanction of the Scheme of Amalgamation (in short, 'Scheme') by virtue of which Cadensworth (India) Limited (hereinafter referred to as 'Transferor Company') is proposed to be merged, amalgamated and vested in Redington (India) Limited (hereinafter referred to as 'Transferee Company') as a going concern.

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

Particular	Authorised Capital	Issued, S&P Capital	Equity Shareholders	Secured Creditors	Unsecured Creditors
Transferor Company	Rs. 1,50,00,000	Rs. 1,30,12,940	7	1	17
Transferee Company	Rs. 85,00,00,000	Rs. 79,96,96,460	20,000	10	147

3. At the outset, it is necessary to know the details of the scheme which needs determination. The Transferor Company is the wholly-owned subsidiary of the Transferee Company and the Transferee Company is a Public Listed Company having its registered office at Guindy House, 95, Mount Road, Guindy, Chennai- 600032 and the Board of Directors of both the companies vide its resolution dated 24<sup>th</sup> May, 2016 approved the said scheme of Amalgamation.
4. The Transferor Company is engaged in the business of wholesale distribution of Information Technology products whereas the Transferee Company is engaged in the business of Information Technology, Telecom, Lifestyle, and consumer Electronics products. The Hon'ble Madras High Court vide its order dated 26.10.2016, in CA No. 971 of 2016, dispensed with the convening and holding of the meeting of the equity shareholders of the Transferor Company. In relation to Secured and Unsecured Creditors, the Companies have produced their affidavits consenting to the proposed scheme of amalgamation.
5. Shri Pawan Jhabakh, learned counsel appearing for the Petitioner Companies submitted that the rational, reasons and circumstances that have

necessitated the proposed scheme are that the amalgamation will enable consolidation of the business of the two entities into one entity which will facilitate in focused growth, operational efficiency, resulting in more productive utilization of said resources and cost & operational efficiency which would be beneficial to all stakeholders. 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 further submitted that the equity shares of the Transferor Company are listed with the stock exchange, thus the Company has complied with the requirements of the Listing Agreement or any SEBI Rules/regulations.
7. The notices were issued to the statutory authorities viz. Regional Director, RoC, Income Tax Authority, RBI, SEBI, CCI and BSE & NSE as per the procedure prescribed. However, there were no objection to the scheme under reference.
8. The Competition Commission of India (in short, 'CCI') vide its representation letter dated 22.05.2017 submitted that before passing an appropriate order, the NCLT may seek an undertaking from the companies involved in the merger/amalgamation that CCI approval is not required for the said scheme.
9. With regard to the observation made by the CCI, the petitioner company has furnished an affidavit from E.H. Kasturi Rangan, Director of the petitioner company. In the said affidavit, it has been stated that the said

merger/amalgamation, involving holding company and wholly-owned subsidiary, is not likely to cause an appreciable adverse effect on competition in India as per Section 6 of the Competition Act, 2002 r/w Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 ,

10. The Regional Director, Southern Region (In short, 'RD') in its Report Affidavit (for brevity, 'Report') dated 21.06.2017 submitted that as per records of ROC, Chennai, the Transferor Company is regular in filing its statutory returns and no investigation is pending against the company, therefore, RD decided not to make any objection to the Scheme and submitted that the petition may be disposed of on merits. However, in Para 9 of the Report of RD, it has been submitted that Clause 9.4 of the scheme proposes to merge the authorised capital of the transferor company with that of the transferee company, therefore, the transferee company may be directed to file the amended MoA and AoA with RoC, Chennai for his records.
11. With regard to the observation made by the RD relating to merging of Authorized Capital of the Transferor Company with that of the Transferee Company, the learned counsel submitted that the Transferee Company undertakes to comply with the provisions of the Act, 2013 and rules framed thereunder for filing the amended MoA and AoA with the RoC, Chennai.
12. The Official Liquidator (In short, 'OL') in its report dated 5<sup>th</sup> June, 2017 submitted that M/s. Kuriachan & Nova, Chartered Accountants (Auditor) appointed by this Bench vide its order dated 28.04.2017, have scrutinized

the books and accounts of the Transferor Company. The said Auditor has broadly reviewed and observed that the Transferor Company has maintained and written up all the statutory books in accordance with normally accepted accounting principle and policies in accordance with the requirements of the Companies Act, 2013 and also the affairs of the company have not been conducted in a manner prejudicial to the interest of its members, creditors or to public interest.

13. The OL further submits that under Clause 5 of Part- II of the proposed scheme, the interest of all the workmen and employees in the service of the Transferor Company is safeguarded. As per Clause 7 of Part- II of the said Scheme, the entire issued, subscribed and paid up capital of the Transferor Company is or will be held by the Transferee Company and its nominees. Upon the scheme becoming effective, no shares of the Transferee Company shall be allotted in lieu or exchange of its holding in the Transferor Company and the share capital including authorised capital and issued, subscribed & paid-up capital of the Transferor Company shall stand cancelled. Further, the share certificate, representing the shares held by the Transferee Company and its nominees in the Transferor Company shall be deemed to be cancelled without any further act, or deed for cancellation thereof by the Transferee Company.

14. 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 Amalgamation 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.

15. There is no additional requirement for any modification and the said Scheme of Amalgamation appears to be fair and reasonable and is not contrary to public policy, also not violative of any provisions of law. All the statutory compliances have been made under section 391 of the Companies Act, 1956. Taking into consideration all the above, the Company Petition is allowed and the scheme of Amalgamation annexed with the petition is hereby sanctioned which shall be binding on all the members, creditors and shareholders.
16. 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.
17. The Transferor Company is directed to deposit Rs.30,000/- within 15 days of receipt of this Order to the OL for making payment to the Auditor, who has investigated into the affairs of the Transferor Company.
18. The Transferee Company is directed to comply with the provisions of the Companies Act, 2013 and rules framed thereunder as has been desired by the RD in its report dated 21<sup>st</sup> June 2017 for filing the amended MoA and AoA with RoC, Chennai for his records.

19. The Company 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.
20. The Petitioner Company do file with the Registrar of Companies the certified copy of this Order within 30 days of the receipt of the order.
21. 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.
22. Accordingly, the Scheme stands sanctioned.

*S. Vijayaraghavan*  
(S. Vijayaraghavan)  
Member (T)

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