

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
SINGAL BENCH, CHENNAI**

**CP/169/CAA/2017  
[CA/76/CAA/2017]**

**Under Section 230 to 232 read with the section 66 of the  
Companies Act, 2013**

**In the matter of Scheme of Amalgamation and Arrangement of**

**M/s. KAVITA TRADING AND INVESTMENT COMPANY  
PRIVATE LIMITED**

(Transferor Company)

**And**

**M/s. SITA INVESTMENT COMPANY LIMITED**

(Transferee Company)

**And**

**Their Respective Shareholders and Creditors**

**Order delivered on: 12.12.2017**

For the Petitioner(s) : Mr. K. Ramaswamy, Advocate  
Mr. G.V Mohan Kumar, Advocate

**ORDER**


**Per: CH. MOHD SHARIEF TARIQ, MEMBER (J)**

1. Under consideration is a joint Company Petition No. CP/169/CAA/2017, filed under section 230 of the companies Act, 2013 r/w the companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The purpose of the company petitions is to obtain sanction of the scheme of Amalgamation and Arrangement (in Short, '**Scheme**') by virtue of which M/s. Kavita Trading And Investment Company Private Limited (hereafter referred to as '**Transferor Company**') is proposed to be merged,

amalgamated and vested in M/s. Sita Investment Company Limited (hereafter referred to as '**Transferee Company**') as a going concern.

2. The Details of Share Capital, Shareholders, Secured & Unsecured Creditors of the Companies are as under:

Particulars	Descriptions of Share Capital	Amount	Issued, S&P Capital	No. of Equity Shareholders	No. of Secured Creditors	No. of Unsecured Creditors
Transferor Company	30,00,000 Equity Shares of Rs. 1/- each	Rs. 30,00,000	Rs. 25,00,200	4	Nil	Nil
	25,000 6% Redeemable Non-cumulative Preference Shares of Rs. 10 each	Rs. 2,50,000				
	25,000 10% Redeemable Non-cumulative Preference Shares Rs. 10/- each	Rs. 2,50,000				
Transferee Company	47,65,500 Equity Shares of Rs. 100/- each	Rs. 4,76,55,000	Rs. 9,54,450	8	Nil	Nil
	20,000 6% Redeemable Non-cumulative Preference Shares of Rs. 10/- each	Rs. 20,00,000				

3. The Transferor Company is a Private Limited Company having its registered office at Dalmiapuram, Lagudi, Tiruchirapalli Dist-621651. The Transferee Company is a Public Limited Company having its registered office at Dalmiapuram, Lagudi, Tiruchirapalli Dist-621651. The Transferor/Transferee companies are inter-alia engaged in the business of 

trading and investment activities. The Board of directors of petitioner companies vide its resolution dated 30<sup>th</sup> Day of March, 2017 approved the said scheme of Amalgamation and arrangement.

4. This Bench vide its order dated 19<sup>th</sup> June, 2017, passed in CA No. 76 of 2017 dispensed with the convening and holding of the meeting of the Equity Shareholders of the Transferor/ Transferee Companies. In short the petitioner companies complied with all the orders passed by this bench.
5. The Regional Director, Southern Region (In short, '**RD**') in the Report Affidavit (for brevity, '**Report**') dated 14.09.2017 submitted that Clause 10.1 of the scheme provide for the protection of the interest of the employees of the Transferor Companies. It's further submitted that the Transferor Company and Transferee Company are regular in filing their statutory returns and no complaint is pending and no inspection or investigation is pending against Petitioner Companies. It has further been stated that the Transferee Company is a Non-Banking Financial Company registered with the Reserve bank of India. As such the transferee company should have served the notice of the scheme along with the other documents to the Reserve Bank of India as required under section 230(5) of the Act. However, the RD has not raised any other objection.
6. The Official Liquidator (In short, '**OL**') in its report dated 08.11.2017, Stated that M/s. Ravi & Raghu., Chartered Accountants (Auditor) has



broadly reviewed and observed that the Transferor Company has ~~have~~ maintained and written up all the statutory books in accordance with normally accepted accounting principles and fulfilled the requirements in terms of sections 391 and 394 of the Companies Act, 1956, and other applicable provisions of Companies Act, 2013 and also the affairs of the company has not been conducted in a manner prejudicial to the interest of its members, creditors or the public. Further stated that the transferee company is not registered as Non-Banking Financial Company with Reserve bank of India, though its activities falls under NBFC. Therefore, the OL submitted that the petition may be decided appropriately.

7. Mr. K. Ramaswamy, learned counsel appearing for the Petitioner Companies submitted that the rationale and circumstances that have necessitated the proposed scheme are that the amalgamation and arrangement will enable consolidation of the business of the two entities into one entity which will achieve simplification of group structure; and elimination of administrative functions and multiple record keeping, thus resulting in reduced expenditure etc. The learned counsel submitted affidavit that the Companies namely M/s. Kavita Trading and Investment Company Private Limited and M/s. Sita Investment Company Limited are not NBFCs and also not registered with the RBI. Since, the Companies are not NBFC, there was no requirement to serve a copy of the scheme and

other documents to the RBI. However, this bench directed to serve the notice to RBI, the same was served, but the RBI has not filed any objection. 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.

8. The Companies have filed affidavit wherein it has been stated that the proposed scheme does not fall within the ambit of section 5 and 6 or any of the provisions of the Competition Act, 2002.
9. 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.

10. There is no additional requirement for any modification and the said Scheme of Amalgamation and 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 Petition is allowed and the scheme of

Amalgamation and arrangement annexed with the petition is hereby sanctioned which shall be binding on the Shareholders, creditors and employees of the Companies.

11. 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.
12. 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.
13. 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.
14. The Transferor Company shall be dissolved without winding up from the date of the filing of the certified copy of this order with the Registrar of Companies.
15. Upon receiving the certified copy of this order, the ROC, Chennai is directed to place all documents relating to the Transferor Company with that of the Transferee Company and the files relating to the Transferor Company shall be consolidated with the files and records of the Transferee Company.

16. The Order of sanction to this Scheme shall be prepared by the Registry as per the relevant format provided under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14<sup>th</sup> December, 2016.

17. Accordingly, the Scheme stands sanctioned and CP/169/CAA/2017 stands disposed off.

  
**CH. MOHD SHARIEF TARIQ**  
**MEMBER (J)**

TJS