

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,  
HYDERABAD BENCH, AT: HYDERABAD**

**CP(CAA)No.59/230/HDB/2017**

Date of order: 05.05.2017

**Between**

1. Care Institute of Medial Sciences Limited  
6-3-248/2, Road No.1,  
Banjara Hills,  
Hyderabad – 500 034. ... Petitioner No.1/Transferor Company
2. Quality Care India Limited  
6-3-248/2, Road No.1,  
Banjara Hills,  
Hyderabad – 500 034. ... Petitioner No.2/Transferee Company

**AND**

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OF THE ORIGINAL**



Official Liquidator  
Attached to the Hon'ble High Court of Judicature at Hyderabad  
for the States of Telangana and Andhra Pradesh  
1<sup>st</sup> Corporate Bhawan, Bandlaguda, Nagole,  
Hayath Nagar Mandal, Ragareddy District,  
Hyderabad -- 500 068. .... Respondent

**Parties Present:**

Counsel for the Applicants: Mr. A. Nagaraj Kumar

Counsel for the Respondent: Mr. J. Srinadh Reddy

**CORAM:**

Hon'ble Mr. Rajeswara Rao Vittanala, Member (Judicial)

**ORDER**

(As per Rajeswara Rao Vittanala, Member (Judicial))

1. The Company Petition bearing CP(CAA)No.59/230/HDB/2017 was filed by the Petitioner Companies under Sections 230 to 232 of the Companies Act 2013, by seeking the Tribunal to sanction scheme of Arrangement in question as to be binding on all the Secured and Unsecured Creditors and

Shareholders/Members and all concerned parties of Transferor and Transferee Companies etc.

2. Heard Mr. A. Nagaraj Kumar, Learned Counsel for the Petitioner Companies and Mr. J. Srinadh Reddy, Counsel for the Official Liquidator and carefully perused all pleadings along with material papers filed in their support.
3. Brief facts of case, which are relevant to the issue in question are as follows:-

- a) The present Company Petition is filed as a Joint Company Petition under Rule 23A of NCLT Rules, 2016, by both Transferor Company and Transferee Company before this Tribunal as the cause of action and nature relief prayed for is having common interest in the matter under the present Scheme of Arrangement.
- b) It is stated that the Petitioner No.1/Transferor Company was originally incorporated as M/s Venkataramana Hotels Limited on 17.04.1984 under the provisions of the Companies Act, 1956. Subsequently, on 04.11.2004 the name of the Company was changed to "M/s Care Institute of Medical Sciences Limited". The Registered Office of the Company is situated at 6-3-248/2, Road No.1, Banjara Hills, Hyderabad – 500034. The Corporate Identity Number of the Company is U55101TG1984PLC004626. The Transferor Company was formerly listed with Delhi Stock Exchange and Hyderabad Stock Exchange. In compliance with the then delisting guidelines, the Transferor Company after offering buy-back option to all the shareholders, delisted from Delhi Stock Exchange effective from 27.02.2010. The Central Government vide Gazette Notification No.S.O.1573(E) dated 19.09.2017 withdrawn the recognition granted to Hyderabad Stock Exchange effective from 28.08.2007. The main objects of the Transferor Company are to construct and run Hotel or chain of Hotels at suitable places by acquiring suitable sites either on outright purchase or on long term lease basis and for constructing Hotels and /or cottage on ultra-modern lines for



attracting tourists and general public and for developing Tourism in the State etc. The Authorized Share Capital of the Transferor Company as on 31.03.2016 is Rs.14,00,00,000/- (Rupees Fourteen Crores only) divided into 1,32,50,000 Equity Shares of Rs.10/- each and 75,000 preference shares of Rs.100/- each. The Issued, subscribed & Paid up capital of the Transferor Company is Rs.12,10,00,000/- (Rupees Twelve Crores and Ten Lakhs only) divided into 1,21,00,000 Equity Shares of Rs.10/- each.



- c) It is stated that the Petitioner No.2/Transferee Company was originally incorporated as M/s A.K. Diagnostics Limited on 07.09.1992 under the provisions of the Companies Act, 1956. Subsequently, on 03.12.1999, the name of the Company was changed to "M/s Quality Care India Limited". The Registered Office of the Company is situated at 6-3-248/2, Road No.1, Banjara Hills, Hyderabad – 500034. The Corporate Identity Number of the Company is U85110AP1992PLC014728. The main objects of the Transferee Company are to carry on the business of design, construction and running of all kinds of Hospitals, Dispensaries, Nursing Homes, Clinics, Laboratories, Diagnostic Centres and Health Clubs etc. The Authorized Share Capital of the Transferee Company as on 31.03.2016 is Rs.65,00,00,000/- (Rupees Sixty Five Crores only) divided into 6,50,00,000 Equity Shares of Rs.10/- each. The Issued, subscribed & Paid up capital of the Transferee Company is Rs.41,42,07,880/- (Rupees Forty One Forty Two Lakhs Seven Thousand Eight Hundred and Eighty only) divided into 4,14,20,788 Equity Shares of Rs.10/- each.

- d) The objects of Scheme of Arrangement is as follows:

- (i) The arrangement would result in better and efficient utilization of resources of the Transferor Company and Transferee Company, reduction in overheads and other expenses resulting in synergy and



integration of operations and economies of scale and create a stronger base for future growth of the amalgamated entity.

(ii) To have better administrative and managerial control for the management, as the merger of the companies would ensure synergy in administration and management.

(iii) The Transferee Company will derive and avail the benefits of assets of the Transferor Company, which strengthens its financial capability and the ability to make larger investments and held in expeditious and economical implementation of its proposed projects thereby enhancing the value of its business and asset base to result in maximization of shareholders wealth.



(iv) The Transferee Company will have an improved capital base, which would enable it to access the capital market at better terms and/or will afford easier access to other alternate resources at a lower cost.

(v) The Proposed arrangement in general will have beneficial results for the Companies, their shareholders, employees and all other stakeholders.

e) The Board of Directors of the Transferor and Transferee Companies at their meeting held on 24.11.2016 passed the resolution approving the Scheme of Arrangement with the appointed date as 01.04.2016.

f) The nature/advantages of Scheme are as follows:

(a) The assets and liabilities of the Transferor Company on the Transfer/Appointed date will become the assets and liabilities of Transferee Company.

(b) All permanent employees of the Transferor Company as on the effective date will become the employees of the Transferee Company etc.

4. It is further submitted by the learned Counsel for the Petitioner Companies that the Hon'ble National Company Law Tribunal by its Order dated 10.02.2017 made in CA(CAA)No.8/230/HDB/2017, dispensed with convening the meeting of unsecured creditors of the Transferor Company and directed (i) to convene meeting of Shareholders of Transferor Company on 25.03.2017; (ii) to convene meeting of shareholders of Transferee Company on 25.03.2017 and (iii) to convene meeting of secured and unsecured creditors of Transferee Company on 25.03.2017 for the purpose of considering and, if though fit approving with or without modifications the proposed Scheme of Arrangement and appointed Mr. K. Suryanarayana, Advocate as Chairperson of the said meeting. It is further stated that notice of the meeting was sent individually to the shareholders of Transferor and Transferee Companies and secured and unsecured creditors of Transferee Company. Further, the notice of the meeting of shareholders of Transferor Company was advertise in English Daily of 'Business Standard', Hyderabad Edition on 20.02.2017 and one in Telugu daily of 'Andhra Bhoomi', Hyderabad Edition on 21.02.2017. Similarly, the notice of the meeting of shareholders of Transferee Company was advertise in English Daily of 'Business Standard', Hyderabad Edition on 21.02.2017 and one in Telugu daily of 'Andhra Bhoomi', Hyderabad Edition on 21.02.2017.



5. It is further stated that meeting of the Shareholders of the Transferor Company was attended by 32 Members in person/proxy representing 83.75% of the total paid up equity share capital of the Company and unanimously approved the Scheme of Arrangement. Similarly, the meeting of the Shareholders of the Transferee Company was attended by 15 Members in person/proxy representing 97.72% of the total paid up equity share capital of the Company and unanimously approved the Scheme of Arrangement. It is also submitted that the secured and unsecured creditors meeting of the transferee company was attended by 1 (one) secured and 15 (fifteen) unsecured creditors representing 10.22% of the total value of debts of the company and unanimously approved the Scheme and 4 (four) sundry creditors of the Company have provided no-objection for the approval of the Scheme of Arrangement.



6. The learned counsel further submitted that notice was also issued to the (i) Regional Director, South East Region, (ii) Official Liquidator and (iii) Income Tax Authorities on 22.02.2017.
7. The Regional Director, SER, Hyderabad has submitted a report dated 10.03.2017 by inter alia stating that the petitioner companies are regular in filing statutory returns and no complaints, no investigations and no inspections are pending against them. Therefore, he submit that Tribunal can consider the case as per merits and pass appropriate orders.
8. The Official Liquidator has submitted a report dated 28.04.2017 by inter-alia stating that the affairs of the Company appears to be have not been conducted in manner prejudicial to the interests of the members or to public interest.



I have carefully gone through all the pleadings, Report of the Regional Director (SER) and Official Liquidator and also relevant provisions of Companies Act, 1956/2013. I am convinced that the Petitioner Companies have complied with all statutory requirements as required under Section 230, 232 and other relevant provisions of Companies Act, 2013 as detailed supra. The Board of Directors of the Companies at its meeting held on 24.11.2016 have duly considered the pros and cons of Scheme of Arrangement in question, after perusing various reports on the issue, and found it is advantageous and beneficial to the Company, its Members the Secured Creditors and other concerned parties of the Company and thus it was approved. I am satisfied that the Scheme of Arrangement in question is for bonafide reason meant for favour of all shareholders of the Companies in particular and public in general. It is to be mentioned herein that the Scheme in question is not opposed by any authorities and the Petitioner Companies admittedly following all rules/regulations of Companies Acts. Hence, I am of considered view that the Company Petition deserved to be allowed as prayed for.

10. In the result, the Company Petition bearing No.59/230/HDB/ 2017 is allowed with the following directions:-

- a) Sanctioned the Scheme of Arrangement and fixed the appointment date as 01.04.2016 (which is filed as Annexure P9, Page No.194 to 203A along with material papers enclosed with the Petition) and ordered that the same is binding on all the Equity Shareholders/Members and Creditors (Secured & Unsecured) of both the Transferor Company and Transferee Companies and also both the Companies.
- b) The petitioners are directed to take appropriate steps to submit the said scheme to Registrar of Companies within 30 days from the date of receipt of Copy of this order.
- c) The Petitioners are directed to issue newspaper publication with respect to approval of scheme of arrangement, in the same newspapers, in which previous publications were issued, in order to ensure transparency/dissemination of complete information to all concerned parties about the approval granted by the Tribunal for the Scheme as proposed.
- d) The petitioners are further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Arrangement under the Provisions of the Act.
- e) Liberty is granted to any party/parties, who are aggrieved by this order, to seek any direction(s) by way of filing miscellaneous application in the present CP.



*Sd/-*  
**RAJESWARA RAO VITTANALA**  
Member (Judicial)

*V. Annapoorna*  
**V. ANNA POORNA**  
Asst. DIRECTOR  
NCLT, HYDERABAD - 68

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