IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITON NO. 844 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 652 OF 2015

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

In the matter of Scheme of Amalgamation of Image Point Technologies Private Limited (The Transferor Company)

WITH

LinguaNext Technologies Private Limited (The Transferee Company)

AND

Their Respective Shareholders.

Image Point Technologies Private Limited,)

a company incorporated under)
the Companies Act, 1956)
having its registered office at)
401, Galore Tech Park, Behind)
Maratha Mandir, Bavdhan, Pune 411021,)
Maharashtra, India) ……Petitioner Company

Called for Hearing

Ms. Prachi Manekar-Wazalwar & Ms. Shruti Kelji a/w Mr. Anurag Mankar, Advocates for the Petitioner.

Mr. P. S. Gujar i/b, A. A. Ansari for the Regional Director.

Mr. Vinod Sharma, Official Liquidator present.

Coram: K. R. Shriram, J.

Date: 26th February, 2016

P.C :-

1. Heard Counsel for the parties. No objector has come before the court to oppose the Scheme nor has any party controverted any averments made in the Petition.

2. The sanction of the Court is sought under Section 391 to 394 of the Companies Act, 1956 to a Scheme of Amalgamation of Image Point Technologies Private Limited with LinguaNext Technologies Private Limited and their respective shareholders.
3. Learned Counsel for the Petitioner states that the Transferor Company is presently engaged in the business of maintenance and support of language localization software for a few clients such as Tata Consultancy Services and Vijaya Bank. The learned Counsel for the Petitioner states that the Transferee Company is presently engaged in the business of developing, marketing, maintenance and support of language localization software. It provides solution for enterprise application language localization across all industry verticals. LinguaNext innovative technology-based solutions enable any enterprise, mobile or cloud software system to work in any language, seamlessly and with zero changes to the underlying application code. The company offers its solutions through its product "Linguify", software services and support services.
4. The proposed scheme will have the benefit Greater integration, financial strength and flexibility for the amalgamated entity, which would result in improved overall shareholder value, improved organisational capability and leadership, benefit of operational synergies to the combined entity, streamline operations and reduce operational cost of legal entities, achieving greater integration and greater financial strength and flexibility, to maximise overall shareholder value and improve the competitive strength of combined entity, provide for the pooling of resources of both the companies which will help in increasing the competitiveness of Transferee Company, result in economy of scales, reduction in overhead including

administrative, managerial and other expenditure, operational rationalisation, organisational efficiency and optimal utilization of resources and increase in the asset base of the company would have the better financial viability and clearer focus, which would be in the interest of all the creditors, including the creditors of the Transferor Company, if any.

5. The Learned Advocate for the Petitioner Company states that the Petitioner Company is a wholly owned subsidiary of the Transferee Company viz. LinguaNext Technologies Private Limited and no new shares are required to be issued to the members of the Petitioner Company and the same will stand cancelled and in view of the judgement of this Hon’ble Court in Mahaamba Investment Limited vs. IDI Limited (2001) Company Cases 105 filing of a separate Company Summons for Direction and Company Scheme Petition for sanction of the scheme by LinguaNext Technologies Private Limited, Transferee Company was dispensed with vide order dated 7th August, 2015 passed in Company Summons for Direction no. 652 of 2015.
6. The Petitioner Companies have approved the Scheme of Amalgamation by passing Board Resolutions which is annexed to the Company Scheme Petition.
7. The Learned Counsel for the Petitioner further states that the Petitioner Company had complied with all the directions of the Company Summons for Direction and that the Company Scheme Petition has been filed in consonance with the order of the passed in the said Summons for Directions.
8. The Learned Counsel appearing on behalf of the Petitioner has stated that the Petitioner has complied with all the requirements as per the directions of this Hon’ble Court and has filed the necessary affidavit of compliance in the Court. Moreover, the

Petitioner Company through its Counsel undertakes to comply with all the statutory requirements, if any, as required under the Companies Act, 1956/2013 and the Rules made thereunder. The said undertaking is accepted.

9. The Regional Director has filed an affidavit on 6th January, 2016, stating therein, save and except as stated in para 6 (a) & (b), it appears that the scheme is not prejudicial to the interest of shareholders and public. The aforesaid paragraph 6 reads as under:

"*That the Deponent further submits that,*

(a) With reference to clause 12.4 of the scheme, it is submitted that the surplus if any arising out of the scheme shall be credited to Capital Reserve Account of Transferee Company and deficit if any arising shall be debited to goodwill account of Transferee Company.

(b) That the Deponent further submits that the Tax issue if any arising out of this scheme shall be subject to final decision of Income Tax Authority and approval of the scheme by Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the petitioner company after giving effect to the amalgamation.

The decision of the Income Tax Authority is binding on the petitioner company"

10. As far as observations made in paragraphs 6(a) of the Affidavit of the Regional Director are concerned, the Petitioner undertakes that surplus, if any, arising out of this scheme will be credited to Capital Reserve Account of Transferee Company and if there is a deficit the same will be debited to Goodwill account of the Transferee Company.

11. As far as observations made in para 6 (b) of the Affidavit of the Regional Director are concerned, the Petitioner Company 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 the law.

12. The Learned Counsel for the Regional Director on instructions of Mr. Chandana Muthu, Joint Director (Legal) in the office of the Regional Director states that they are satisfied with the undertakings given by the Transferee Company. The said undertakings given by Transferee Company are accepted.

13. The Official Liquidator has filed his report on 25th January, 2016 in Company Scheme Petition No. 844 of 2015, 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.

14. From the material on record, the Scheme appears to be fair and reasonable and not violative of any provisions of law and is not contrary to public policy.

15. Since all requisite statutory compliances have been fulfilled, Company Scheme Petition No. 844 of 2015 is made absolute in terms of prayer clause (a) to (d).

16. The Petitioner Company is directed to file 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 receipt of the certified copy of the order.

17. The Petitioner Company is further directed to file a copy of this order along with a copy of the Scheme with the concerned Registrar of Companies, electronically, along with E-form INC 28 in addition to physical copy, as per relevant provisions of the Companies Act, 1956/2013 whichever is applicable.

18. The Petitioner Company to pay cost of Rs. 10,000/- to the Regional Director, Western Region Mumbai and to the Official Liquidator, High Court, Bombay in the present Company Scheme Petition. Costs to be paid within four weeks from the date of the Order.

19. Filling and issuance of the drawn up order is dispensed with.

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

(K. R. SHRIRAM, 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 original signed order.

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