HON'BLE SRI JUSTICE A.RAMALINGESWARA RAO

C.P.Nos.274 & 275 of 2016

COMMON ORDER

C.P.No.274 of 2016 is filed by the transferor company, where as C.P.No.275 of 2016 is filed by the transferee company.

The transferor company seeks approval of the scheme of arrangement by this Court so as to be binding on all the shareholders and creditors of the transferor company and transferee company respectively.

The transferor company was incorporated on 3.4.2007 and the transferee company was incorporated on 5.2.2010. Both the companies are conducting their activities in Hyderabad in the State of Telangana. The transferor company is having authorized share capital of Rs.50,00,000/- divided into 5,00,000 equity shares of Rs.10/- each. The transferee company is having authorized share capital of Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the transferor company is Rs.23,91,800/- divided into 2,39,180 equity shares of Rs.10/- each and transferee company is Rs.100,000/- divided into 10,000 equity shares of Rs.10/- each respectively. The Board of Directors of both the companies met on 28.1.2016 and passed a resolution proposing the scheme of arrangement between the transferor company and the transferee company and appointed date is 1.4.2015. The transferor company has one secured creditor viz., Corporation Bank for Rs.6,79,21,393 and value of the unsecured creditors is Rs.59,06,746/- as on 31.12.2015. The transferee company is having one secured creditor viz., Corporation Bank for Rs.1,57,52,004/-. The transferor company has five equity shareholders, who gave their consent constituting 99.99% of the shareholding held by them. The transferee company has two equity shareholders, who have given their consent for the proposed scheme of arrangement. This Court while allowing C.A.No.318 of 2016 on 4.4.2016 directed that consent of the secured creditors be filed along with the company petition. Similarly in C.A.No.319 of 2016, on 4.4.2016, this Court dispensed with the convening of meeting of equity shareholders after considering receipt of consent from all shareholders.

Due notices were issued to the Official Liquidator as well as to the Regional Director, apart from publishing notices in "Business Standard" (English Daily) & "Andhra Prabha" (Telugu Daily).

The Regional Director filed an affidavit stating that both the companies involved in the scheme of arrangement are regular in filing the statutory returns and no complaints, investigation, inspections are pending against them. It is also stated that when a notice was issued to the Income Tax Department on 12.09.2016 for submitting their comments/objections and no comments/objections were received from them. The Official Liquidator also filed a report stating that the affairs of the

company are not being conducted in a manner prejudicial to the interests of the members or to public interest.

The secured creditor viz., Corporation Bank gave its consent subject to the following conditions:

> **"i. The company should satisfy all Bank's benchmark financial ratios viz., Current Ratio, Debt-Equity Ratio, TOL/TNW Ratio, NOF/TFD Ratio etc.**
> **ii. On amalgamation, all items of the Balance Sheets of the Transferor Company and Transferee Company should appear in the Consolidated Balance Sheet.**
> **iii. Tangible Net worth of the Company should not be less than Rs.1373.48 lakh.**
> **iv. No other liability should appear in the consolidated balance sheet after amalgamation other than the liabilities shown in the consolidated balance sheet as at 01/04/2015 submitted to this office for considering the proposal.**
> **v. No other non-current asset/investments should appear in the consolidated balance sheet after amalgamation other than the assets shown in the consolidated balance sheet as at 01/04/2015 submitted to this office for considering the proposal.**
> **vi. There should not be any dilution in the existing securities, guarantees etc.**

It appears that the transferor company *vide* letter dated 4.11.2016 stated that the conditions mentioned in their letter have been satisfied and it will ensure that their interest is protected in all respects.

In the circumstances, the transferor company is dissolved without winding up with effect from the effective date as per the Scheme of Arrangement and it shall bind on all the shareholders and creditors of the transferor company and transferee company.

Both the Company Petitions are ordered accordingly.

JUSTICE A.RAMALINGESWARA RAO

30th November, 2016
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