

S.No.6

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
29-04-2024 AT 10:30 AM**

CA (CAA) No. 07/230/HDB/2024
u/s. 230 of Companies Act, 2013

IN THE MATTER OF:

M/s. Nagarjuna Cerachem Pvt Ltd (Transferor Co.,) and
M/s.Kakatiya Industries Pvt Ltd (Transferee Co.,) and
their respective shareholders and creditors

...Petitioner

C O R A M:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

ORDER

Orders pronounced. In the result, **CA (CAA) No. 07/230/HDB/2024 is allowed,**
subject to the directions mentioned in the order.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

IN THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT HYDERABAD-I

CA(CAA)No.07/230/HDB/2024

U/s. 230 to 232 of the Companies Act, 2013

**IN THE MATTER OF SCHEME OF AMALGAMATION
OF
M/s. Nagarjuna Cerachem Private Limited ('Transferor Company')**

And

M/s. Kakatiya Industries Private Limited ('Transferee Company')

**In the matter of
M/s. Nagarjuna Cerachem Private Limited**

Having Registered office at
Unit No. A/2, 6th Floor, NCL Pearl
10-3-162 Near Rail Nilayam, S D Road
East Maredpally, Secunderabad
Hyderabad-500026, Telangana, India
Rep. by its Director, Ms. Roopa Kalidindi

....1st Applicant / Transferor Company

AND

M/s. Kakatiya Industries Private Limited
Having Registered office at
Plot # 128, IDA, Mallapur, Hyderabad-500076
Telangana, India
Rep. by its Director, Ms. Pooja Kalidindi

....2nd Applicant/Transferee Company

Date of Order: 29.04.2024

Coram

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)
Shri Charan Singh, Hon'ble Member (Technical)

Parties/counsels present:

For the Applicants: Mr. R. Ramakrishna Gupta, PCS

PER-BENCH

1. This is the Company Application filed by Applicant Companies under Sections 230 to 232 of the Companies Act, 2013, inter-alia seeking an order to dispense with the requirement of holding the meeting of the Equity Shareholders, secured creditors and Unsecured Creditors/Trade Creditors and Creditors for service of the Applicant Companies for consideration of Scheme of Amalgamation.
2. The averments made in the application are briefly described as under:
 - a. The Transferor Company viz., **M/s. Nagarjuna Cerachem Private Limited** (1st Applicant / Transferor Company) having CIN **U24231TG2001PTC036409**, was incorporated under the erstwhile Companies Act, 1956 on 16th March 2001. The registered office of the Company is same as mentioned in the cause title. The 1st Applicant / Transferor Company has been incorporated to carry on the business of manufacturing chemicals. A copy of the Memorandum and Articles of Association of the 1st Applicant / Transferor Company is

annexed as **Annexure-A** and at Page No 30-50 to the Application.

- b. The Authorized, Issued, Subscribed and Paid-Up Share Capital of the 1st Applicant / Transferor Company as on 31st March 2023 was as under:

AUTHORISED SHARE CAPITAL AS ON 31ST MARCH 2023		
Particulars	Number of Shares	Amounts in Rs.
Equity Shares of Rs. 10/- each	50,00,000	5,00,00,000
ISSUED, SUBSCRIBED, PAID UP SHARE CAPITAL AS ON 31ST MARCH 2023		
Particulars	Number of Shares	Amounts in Rs.
Equity Shares of Rs. 10/- each	46,16,626	4,61,66,260

Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid-up capital of the 1st Applicant / Transferor Company. A copy of the Un-Audited Financial Statements as on 31st March 2023 of the 1st Applicant / Transferor Company are annexed as **Annexure-B** at Page No. 51-58 to the Application.

- c. The Transferee Company viz., **M/s. Kakatiya Industries Private Limited** (2nd Applicant / Transferee Company) having CIN **U24110TG1979PTC002501**, was incorporated as a Private Limited Company under the erstwhile Companies Act, 1956 on 31st July 1979.

The registered office of the Company is same as mentioned above in the cause title.

- d. The 2nd Applicant / Transferee Company is primarily engaged in the business of manufacture of various chemicals and generation of hydroelectric power and related activities. A copy of the said Memorandum and Articles of Association of the 2nd Applicant / Transferee Company is annexed as **Annexure-C** at Page No. 59-83 to the Application.
- e. The Authorized, Issued, Subscribed and Paid-Up Share Capital of the 2nd Applicant / Transferee Company as on 31st March 2023 as per the Un-audited Financial Statements of the Company are as follows:

AUTHORISED SHARE CAPITAL		
	AS ON 31ST MARCH 2023	
Particulars	Number of Shares	Amounts in Rs.
Equity Shares of Rs. 100/- each	25,00,000	25,00,00,000
ISSUED, SUBSCRIBED, AND PAID-UP SHARE CAPITAL		
	AS ON 31ST MARCH 2023	
Particulars	Number of Shares	Amounts in Rs.

Equity Shares of Rs. 100/- each	24,63,707	24,63,70,700
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Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid-up capital of the 2nd Applicant / Transferee Company. A copy of the Un-audited Financial Statements of Account as on 31st March 2023 of the 2nd Applicant / Transferee Company is annexed as **Annexure-D** at Page No. 84-91 to the Application.

3. The Board of Directors of the Applicant Companies vide its resolution dated 22.08.2023, approved the Scheme of Amalgamation between Transferor Company and Transferee Company. The certified true copy of the Board Resolutions passed by the Board of Directors of the Applicant Companies are annexed as **Annexure E&F** to the Application. Copy of the Scheme of Amalgamation between the Applicant Companies are annexed to the Application as **Annexure-G**.

4. Rationale of the Scheme:

- a. Transferee Company is engaged in the business of manufacture of various chemicals and generation of hydroelectric power and the Transferor Company is engaged in the business of manufacturing and production of chemicals including organic and inorganic ceramic based chemicals.
- b. Both the Transferor & Transferee Company are engaged in similar business. Thus, the amalgamation will ensure focused

- management in combined entity thereby resulting in efficiency of management and maximizing overall shareholders value.
- c. Amalgamation of Transferor Company with Transferee Company would result in enhancement of capacity in combined entity in ammonium nitrate and would result in economies of scale in that product.
 - d. The proposed amalgamation shall help in economies of scale and thereby result in cost efficiencies more focused operational efforts, rationalization, and standardization.
 - e. This amalgamation will improve the transferee's performance which in turn will provide opportunities for creating strategic partnerships, acquisitions, takeovers and flexibility of funds raising for future and expansion and to create a business structure which is geared to gain benefits from possible growth opportunities.
 - f. The amalgamation will reduce multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.
 - g. The amalgamation is in the interest of the members, creditors, employees and all other stakeholders of the Transferor Company and the Transferee Company and is not prejudicial to the interests of the concerned members, creditors, employees, or the public at large.
5. Shri CA.Prabhakar Reddy.P(Registered Valuer- Securities or Financial Assets), filed valuation report opining “ our opinions expressed in the

valuation are contingent upon the conditions set forth in the statement of assumptions and limiting conditions that are a part of this report”.

Copy of the Valuation Report is annexed and marked at page no.208-225.

6. COMPLIANCE OF ACCOUNTING STANDARDS

The Accounting Treatment proposed in the Scheme of Amalgamation is in conformity with the Accounting Standards specified under the Companies Act, 2013 and other generally accepted accounting principles. **Copies of the Auditor Certificate are enclosed at page no.133 and 134.**

7. DECLARATION BY THE APPLICANT COMPANIES:

- a. It is averred that no investigation or proceedings have been instituted or pending against the Applicant Companies under Companies Act, 2013. Further submitted that both the Applicant Companies are closely held and unlisted Companies.

8. SHAREHOLDERS OF THE APPLICANT COMPANIES.

It is averred that Transferor Company has four (4) equity shareholders. All the shareholders had given their consent by way of individual affidavits. The Copy of the certificates issued by Statutory Auditor certifying the number of shareholders of the Applicant Company and the consent affidavits given by the shareholders of the Transferor Company declaring their shareholding and No Objection to the Scheme of Amalgamation are attached and marked as **Annexure: I** to the Application.

It is averred that Transferee Company has thirteen (13) shareholders. 12 shareholders out of 13 constituting 99.24% had given their consent by way of individual affidavits. The Copy of the certificates issued by Statutory Auditor certifying the number of shareholders of the Applicant Companies and the consent affidavits given by the shareholders of the Transferee Company declaring their shareholding and No Objection to the Scheme of Amalgamation are attached and marked as **Annexure: J** to the Application.

9. CREDITORS OF THE APPLICANT COMPANIES

- a. It is averred that as on 30th June 2023, there are 2 (Two) Secured Creditor, 4 (four) Unsecured Creditors, 14 Trade Creditors and 9 (Nine) Creditors for Service in the **1st Applicant / Transferor Company**. Both the 2 (two) Secured creditors have given consent affidavits, all the 4 Unsecured Creditors have given their consent affidavits. As on the date of filing of Application, the Company has paid in full 9 (Nine) Trade Creditors out of 14 (Fourteen) and 4 (Four) Creditors for Service out of 9 (nine) have been paid in full. Certificate issued by the statutory Auditor, certifying that the Transferor Company as on 30th June 2023 along with the proof of payment to Four (4) Unsecured Creditors, 9 (Nine) Trade Creditors and 4 (Four) Creditors for Service paid in full which is annexed as **Annexure-K** to the Application. Consent affidavits have been filed which are obtained from 4 (Four) Unsecured creditors, 5 (Five) Trade creditors and 5 (Five) Creditors for

- service. Consent affidavits of secured creditors, Equity of transferor company has been filed vide Memo dated 11.03.2024.
- b. It is averred that there are 4 (Four) Secured Creditors, 3 (Three) Unsecured Creditors/ Trade Creditors and 6 (six) Creditors for Service in the **2nd Applicant / Transferee Company**. As of the date of filing of Scheme, the Company has paid off 2 (Two) Creditors for Service. Certificate issued by the statutory Auditor, certifying the list of secured, unsecured and creditors of service of Transferee Company as on 30th June 2023. Consent affidavits have been filed which are obtained from unsecured creditors/trade creditors and creditors for service. Consent affidavits of secured creditors of transferee company has been filed vide Memo dated 11.03.2024.
10. We have heard the learned Counsel for Applicant Companies and perused the documents filed. This is the first stage Application seeking dispensation of convening meetings of Equity Shareholders, Secured and Unsecured Creditors/trade creditors and Creditors for service of the Applicant Companies. The proposed scheme in question prima facie satisfies fundamental requirements for its sanction, subject to approval of this Tribunal. The Applicant Companies stated to be following all provisions of Companies Act, 2013, and rules made thereunder. In any case, dispensing with meeting in question would not deprive any aggrieved party to approach this Tribunal at any point of time, when the approval of scheme in question finally come for

consideration. Therefore, the Company application deserves to be allowed.

11. After hearing the Learned Counsel for Applicant Companies and after perusing the documents filed, we therefore pass the following order:-

- a) Hereby dispensed with convening the meeting of Equity Shareholders, secured creditors, unsecured creditors/Trade Creditors and Creditors for Service of the Applicant Companies.
- b) Notwithstanding the above, when the Applicant Companies approach this Tribunal seeking approval of the Scheme, it would be open for any person who is interested in the Scheme of Amalgamation to put forth their contentions before this Tribunal.
- c) Accordingly, the Company Application C.A. (CAA) No.07/230/HDB/2024 is allowed and the same is disposed.

SD

Charan Singh
Member Technical

SD

Dr. Venkata Ramakrishna Badarinath Nandula
Member Judicial

Pavani