

C.P.(CAA)/1419/MB/2019

IN THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH

C.P.(CAA)/1419 /MB/2019

Under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and Rules framed there under as in force from time to time;

AND

In the matter of Scheme of Arrangement between SOFTCELL TECHNOLOGIES LIMITED, the Transferor Company or Demerged Company and SOFTCELL TECHNOLOGIES GLOBAL PRIVATE LIMITED, the Resulting Company 1 and LENTRA AI PRIVATE LIMITED, the Resulting Company 2.

SOFTCELL TECHNOLOGIES LIMITED

... Petitioner Company No. 1

SOFTCELL TECHNOLOGIES GLOBAL  
PRIVATE LIMITED

... Petitioner Company No. 2

LENTRA AI PRIVATE LIMITED

... Petitioner Company No. 3

Order delivered on 27th June, 2019

Coram:

Hon'ble Bhaskara Pantula Mohan, Member (J)

Hon'ble V. Nallasenapathy, Member (T)



For the Petitioner(s): Mr. Rajesh Shah with Mr. Ahmed M Chunawala

i/b M/s. Rajesh Shah & Co., Advocate for the Petitioner.

Mrs. Rupa Sutar , Joint Directors for Regional Director

*Per : Bhaskara Pantula Mohan, Member (J)*

**ORDER:**

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petitions to the Scheme of Arrangement between SOFTCELL TECHNOLOGIES LIMITED, the Transferor Company or Demerged Company and SOFTCELL TECHNOLOGIES GLOBAL PRIVATE LIMITED, the Resulting Company 1 and LENTRA AI PRIVATE LIMITED, the Resulting Company 2 (**"Scheme of Arrangement" or "Scheme"**).
2. The sanction of the Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 to the Scheme of Arrangement.
3. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions in their respective Board Meetings which are annexed to the joint Company Scheme Petition. The appointed date fixed under the Scheme of Arrangement is 1<sup>st</sup> day of October, 2018.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Petition have been filed in consonance with the Order passed in their Company Scheme Application No. 29 of 2019 of the National Company Law Tribunal.



5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 1956/2013 and the Rules made there under whichever is applicable. The said undertaking is accepted.
6. The Learned Counsel for the Petitioners states that the First Petitioner Company submits to undertake the business in India or elsewhere with or without foreign collaboration in the business of information technology as Consultants, advisors, consulting engineers, system analysts, system engineers and the Second Petitioner Company submits to undertake the business as IT Solution Provider to Enterprise Customers in India and the Third Petitioner Company submits to undertake the business of Application Development focused on customers in retail banking and BFSI segment. The Transferor Company has 3 undertakings, namely, IB Undertaking, SI Undertaking and SSG Undertaking. The arrangement is aimed at the demerger of the SI Undertaking and SSG Undertaking, presently part of the Transferor Company, into Resulting Company 1 and Resulting Company 2 respectively, to segregate the said businesses into separate legal entities. The transfer and vesting by way of a demerger shall achieve the following benefits for Transferor Company, Resulting Company 1 and Resulting Company 2. Each of the business activities being carried out by the Transferor Company is distinct and diverse in its business characteristics and the business models and the markets of the SI Undertaking is at a different stage of maturity with a different



risk and return profile as well as capital and operational requirement when compared to IB Undertaking and SSG Undertaking. It would therefore be prudent to segregate the SI Undertaking into a separate company i.e. Resulting Company 1 to maximize shareholder value. The segregation is expected to enable the SI Undertaking to be carried out with greater specialization and focus for sustained growth. The SSG Undertaking is fundamentally different as compared to the IB Undertaking and SI Undertaking and caters to distinct market, on steeper growth trajectory that requires greater investments and different set of skills. SSG Undertaking requires the creation of a viable portfolio of specialized and niche portfolio of products in the retail banking and BFSI market. It would therefore be prudent to segregate the SSG Undertaking into a separate company i.e. Resulting Company 2, to increase focus, better meet their respective customers' needs and priorities and maximise shareholder value. The talent required for each of SI Undertaking, SSG Undertaking and IB Undertaking (hereinafter collectively referred to as 'Undertakings') are different in terms of qualifications, experience, investments, technology focus and skill levels. The proposed demerger will enable the respective Undertakings to conceptualize and implement talent management processes and business models as suitable to their businesses including recruitment methods, compensation structure, remuneration packages, incentive plans, skill development and other policies that are critical to its success. Pursuant to the proposed demerger, Resulting Company 1, Resulting Company 2 and Demerged Company would have their own management teams which can chart out independent strategies for their respective business segment. Further, the proposed demerger would create opportunity for shareholders to participate in business of choice and reposition the



businesses in their respective market segments, thereby creating opportunities for higher value creation for the respective stakeholders and there is no adverse effect of this Scheme on any directors, key management personnel, promoters, non-promoter members, creditors and employees of Transferor Company, Resulting Company 1 and Resulting Company 2. The Scheme would not be prejudicial to the interests of existing stakeholders of the Transferor Company and the transfer and vesting of the SI Undertaking and SSG Undertaking into Softcell Technologies Global Private Limited (Resulting Company 1) and Lentra AI Private Limited (Resulting Company 2), respectively, would be in the best interests of the shareholders, creditors and employees of Transferor Company as it would result in enhanced value for the shareholders and allow focused strategy in operation of the SI Undertaking, and SSG Undertaking respectively. Pursuant to this Scheme, and subject to Clause 6 of Part C and Clause 6 of Part D, the shareholders of the Transferor Company will get shares in Resulting Company 1 and Resulting Company 2 in the manner detailed in this Scheme and there would be no change in the economic interest for any of the shareholders of Transferor Company pre and post implementation of the Scheme and in view of the above rationale, the Management recommended a Scheme of Arrangement whereby the SI Undertaking of Transferor Company (Softcell Technologies Limited) will be demerged into Resulting Company 1 (Softcell Technologies Global Private Limited) and the SSG Undertaking of Transferor Company will be demerged into Resulting Company 2 (Lentra AI Private Limited) as going concerns with effect from the Appointed Date. The IB Undertaking shall be retained by the Demerged Company, which after demerger will continue to operate the IB Undertaking from the Appointed Date. Accordingly, the Directors have decided to make





requisite applications and/or petitions before the Tribunal as the case may be, as applicable under Sections 230 to 232 read with Section 66 and Section 52 of the Act, and other applicable provisions of the Act for the sanction of this Scheme.

7. The Regional Director has filed a Report on 17<sup>th</sup> day of June, 2019. In paragraph IV of the said Report, the Regional Director has stated that:-

*"IV. The observations of the Regional Director on the proposed Scheme to be considered by the Hon'ble NCLT are as under:*

- a. The Petitioners under provisions of Section 230(5) of the Companies Act, 2013 have to serve notices to concerned authorities which are likely to be affected by the Arrangement . Further, the approval of the scheme by this Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such Authorities is binding on the Petitioner Company(s).*
- b. It is observed that the Petitioner companies have not submitted a Chairman's Report, admitted copy of the Petition, and Minutes of Order for admission of the Petition. In this regard, the Petitioner has to submit the same for the record of Regional Director.*
- c. The Hon'ble NCLT may kindly direct to the Petitioners to file an undertaking to the extent that the Scheme enclosed to the Company Application and the scheme enclosed to the Company Petition are one & same and there is no discrepancy or deviation.*
- d. In compliance of AS-14 (IND AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5(IND AS-8) etc.*
- e. Petitioner Companies have to undertake to comply with section 232(3)(i) of Companies Act, 2013, where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital.*



*subsequent to the amalgamation and therefore, petitioners to affirm that they comply the provisions of the section.*

*f. As per Definition of the Scheme, Appointed Date means the 1st day of October, 2018 or such other date as may be approved by the NCLT or such other competent authority as may be applicable. In this regard, it is submitted that Section 232 (6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers.*

8. So far as the observation in paragraph IV (a) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the scheme by this Hon'ble Tribunal may not deter any authorities to deal with any of the issues arising after giving effect to the Scheme of Arrangement and that the decision of authorities is binding on the Petitioner Company (s).
9. So far as the observation in paragraph IV (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that Chairman's Report, admitted copy of the Petition, and Minutes of Order for admission of the Petition have been submitted to the office of the Regional Director.
10. So far as the observation in paragraph IV (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner undertakes that Scheme enclosed to the Company Application and the scheme enclosed to the Company Petition are one & same there is no discrepancy or deviation.
11. So far as the observation in paragraph IV (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner



Companies submits that in addition to Compliance of (AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5(IND AS-8) etc.

12. So far as the observation in paragraph IV (e) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the same is not applicable to the scheme of arrangement.
13. So far as the observation in paragraph IV (f) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Appointed Date is 1st day of October, 2018 and clarify that the Scheme of Arrangement shall be effective from the Appointed Date.
14. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 13 above. The clarifications and undertakings given by the Petitioner Companies are accepted by the Tribunal.
15. From the material on record, the Scheme of Arrangement appears to be fair and reasonable and is not contrary to public policy. None of the stakeholders concerned have come forward to oppose the Scheme of Arrangement.
16. Since all the requisite statutory compliances have been fulfilled, C.P.(CAA)/1419/MB/2019 is made absolute in terms of prayers clause (a) to (d).
17. Petitioners are directed to lodge a copy of this Order along with a copy of the Scheme of Arrangement with the concerned Registrar of





Companies, electronically along with E-Form INC-28, in addition to physical copy, within 30 days from the date of issuance of the order by the Registry.

18. The Petitioner Companies to lodge a copy of this Order and the Scheme of Arrangement duly certified by the Deputy Registrar or Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the order, if any.
19. The Petitioner Companies to pay costs of Rs.25,000/- each to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of the Order.
20. All concerned regulatory authorities to act on a certified copy of this Order along with Scheme of Arrangement duly authenticated by the Deputy Director or Assistant Registrar, National Company Law Tribunal, Mumbai Bench.

Sd/-

V. Nallasenapathy,  
Member (T)

Sd/-

Bhaskara Pantula Mohan  
Member (J)

Certified True Copy  
Date of Application 01.07.2019  
Number of Pages 9  
Fee Paid Rs. 45  
Applicant called for collection copy on 24.07.2019  
Copy prepared on 24.07.2019  
Copy Issued on 24.07.2019  
B. A. Parel  
04.  
Assistant Registrar,  
National Company Law Tribunal, Mumbai Bench

