

**THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH**

**C.A(CAA)/216/MB-I/2024**

*In the matter of*  
*The Companies Act, 2013 (18 of 2013)*  
*and*  
*Section 232 r/w Section 230 of*  
*The Companies Act, 2013 and other*  
*applicable provisions of the Companies*  
*Act, 2013*  
*read with the Companies (Compromises,*  
*Arrangements and Amalgamations) Rules,*  
*2016;*

*In the matter of*  
*Scheme of Amalgamation*

**Scrabble Digital Limited**

CIN: U74999MH2011PLC213170

...Applicant Company 1/  
**Transferor Company 1**

**UFO Software Technologies Private  
Limited**

CIN: U59121MH2005PTC284653

...Applicant Company 2/  
**Transferor Company 2**

**UFO Moviez India Limited**

CIN: L22120MH2004PLC285453

...Applicant Company 3/  
**Transferee Company**

*(Collectively referred as Applicant Companies)*

**Order delivered on 04.12.2024**



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*Coram:*

**Shri Prabhat Kumar**

Hon'ble Member (Technical)

**Justice V.G. Bisht (Retd.)**

Hon'ble Member (Judicial)

*(Appearances)*

For the Applicant Companies : Mr. Ahmed Chunawala,  
Advocate

1. Heard the learned Counsel for the Applicant Companies.
2. The present Scheme is a Scheme of Amalgamation amongst **Scrabble Digital Limited** ("Transferor Company 1") and **UFO Software Technologies Private Limited** ("Transferor Company 2") and **UFO Moviez India Limited** ("Transferee Company") and their respective shareholders sought under Section 232 r/w Section 230 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.
3. The Board of Directors of the Applicant Companies at their respective meetings held on June 03, 2024 have approved the Scheme. The Appointed Date fixed under the Scheme is April 1, 2024.
4. The rationale of the Scheme is as follows:

Amalgamation of Transferor Companies into Transferee Company:

- a. The Transferor Companies are wholly owned subsidiaries of the Transferee Company.
- b. The proposed amalgamation of Transferor Company 1 will assist the Transferee Company to serve existing customer with all products and services within digital cinema industry's needs,



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giving customers a one-stop shopping experience with credible services.

- c. Transferor Company 2 is not of the significant size and therefore consolidation will result into decrease in the administration cost associated with day-to-day operations.
- d. The amalgamation of the Transferor Companies with the Transferee Company will lead to better business synergies, improved overall operational efficiencies and cost savings.
- e. The amalgamation will also result in reduction in legal and regulatory compliances that are currently carried out by multiple entities.
- f. The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.

Utilization of Securities Premium Account

- g. Due to COVID 19 pandemic, the Transferee Company has incurred losses from FY 2020-21 to FY 2022-23. As per audited financial results as on March 31, 2024, the Transferee Company had (i) Profit and Loss Account (debit balance) of about INR 130.82 crores (Indian Rupees One Hundred and Thirty Crores and Eighty Two Lakhs only); (ii) Securities Premium Account of about INR 388.57 crores (Indian Rupees Three Hundred and Eighty Eight Crores and Fifty Seven Lakhs only); (iii) Amalgamation Deficit Reserve Account (debit balance) of about INR 67.46 crores (Indian Rupees Sixty Seven Crores and Forty Six Lakhs only). All these balances are part of "Other Equity".
- h. The Transferee Company believes that utilization of the Securities Premium Account to set off the debit balances in (i) Profit and Loss Account and (ii) Amalgamation Deficit Reserve Account





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would result in a true and fair reflection of the “Other Equity” in the balance sheet.

- i. The right-sizing of the balance sheet is also likely to facilitate the efforts of the Transferee Company while raising funds in future.
- j. The proposed adjustment / set off, of the Securities Premium Account would not have any impact on the shareholding pattern, and the capital structure of the Transferee Company.
- k. The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations/ commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary of the Transferee Company.

5. The Business clause is as follows:

- i. The First Applicant Company is engaged in the business of providing Digital Cinema Services.
- ii. Second Applicant Company is engaged in providing software solutions and development.
- iii. Third Applicant Company is India’s largest in-cinema advertising platform and is the first one, to enable cinema digitization with satellite technology in India. It is the end-to-end service provider for all DCI and non-DCI related cinema solutions.

6. The authorized, issued, subscribed and paid-up share capital of First Applicant Company as on date of Board approval to the Scheme i.e. June 03, 2024 is as under:

Particulars	Amount in INR
<b>Authorized</b>	
7,50,000 equity shares of Rs. 10/- each	75,00,000





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Particulars	Amount in INR
<b>Total</b>	<b>75,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
5,93,142 equity shares of Rs. 10/- each fully paid up	59,31,420
<b>Total</b>	<b>59,31,420</b>

As on date, there is no change in the authorized, issued, subscribed and paid-up share capital of the First Applicant Company. The entire issued, subscribed and paid-up share capital of First Applicant Company is held by Third Applicant Company.

7. The authorized, issued, subscribed and paid-up share capital of Second Applicant Company as on date of Board approval to the Scheme i.e. June 03, 2024 is as under:

Particulars	Amount in INR
<b>Authorized</b>	
2,50,000 equity shares of Rs. 10/- each	25,00,000
<b>Total</b>	<b>25,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
2,48,219 equity shares of Rs. 10/- each fully paid up	24,82,190
<b>Total</b>	<b>24,82,190</b>

As on date, there is no change in the authorized, issued, subscribed and paid-up share capital of the Second Applicant Company. The entire issued, subscribed and paid-up share capital of Second Applicant Company is held by Third Applicant Company.



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8. The authorized, issued, subscribed and paid-up share capital of Third Applicant Company as on date of Board approval to the Scheme i.e. June 03, 2024 is as under:

Particulars	Amount in INR
<b>Authorized</b>	
7,39,14,500 equity shares of Rs. 10/- each	73,91,45,000
15,65,000 preference shares of Rs. 1,000/- each	1,56,50,00,000
<b>Total</b>	<b>2,30,41,45,000</b>
<b>Issued, Subscribed and Paid-up</b>	
3,85,81,208 equity shares of Rs. 10/- each fully paid up	38,58,12,080
<b>Total</b>	<b>38,58,12,080</b>

9. That there are 7 (Seven) equity shareholders holding 5,93,142 equity shares of the First Applicant Company. The Applicant Company 1/Transferor Company 1 submits that all the equity shareholders of Applicant Company have given consent in writing for approval of the scheme. In view of consent affidavits given by all the equity shareholders, the requirement to convene and hold meeting(s) of the Equity Shareholders of the First Applicant Company is dispensed with.
10. The Applicant Company 2 submits that there are 7 (Seven) equity shareholders holding 2,48,219 equity shares of the Applicant Company 2/Transferor Company 2. The Applicant Company 2/Transferor Company 2 submits that all the equity shareholders of Applicant Company 2 have given consent in writing for approval of the scheme. In view of consent affidavits given by all the equity shareholders, the requirement to convene and hold meeting(s) of the



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Equity Shareholders of the Second Applicant Company is dispensed with.

11. The Applicants further submits that as shares of the Third Applicant Company is listed on BSE Limited and National Stock Exchange of India Limited. Pursuant to the Securities Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Master Circular No. SEBI/HO/CD/DIL1/CIR/P/2021/665 dated November 23, 2021 read with SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 37 of SEBI (LODR) Regulations 2015 ("LODR Regulations"), Third Applicant Company had applied to BSE and NSE for their "Observation Letter" to file the Scheme for sanction of the National Company Law Tribunal ("Tribunal") and received observation letter with "*no adverse observations/no-objection*" dated 30<sup>th</sup> October 2024 from BSE and observation letter with "*no adverse observation/no-objection*" dated 31<sup>st</sup> October 2024 from NSE respectively, to file the Scheme with the Tribunal.
12. This Tribunal hereby directs that a meeting of the Equity Shareholders of the Third Applicant Company is to be conducted within 60 days from the date of receipt of order as may be decided by Chairman, for the purpose of considering, and if thought fit, approving the proposed Scheme, through video conferencing and/ or other audio-visual means, without the requirement of physical presence of shareholders at a common venue.
13. In view of provisions of Section 230(4) read with Section 108 of the Companies Act, 2013 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014 and in accordance with Regulation 44(1) of the SEBI





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(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Third Applicant Company proposes to provide the facility of remote e- voting to its Equity Shareholders in respect of the resolution to be passed at the meeting of the Equity Shareholders of the Third Applicant Company. The Equity Shareholders of the Third Applicant Company are also allowed to avail the facility of e-voting during the aforesaid meeting through video conferencing and/or other audio-visual means. The remote e-voting facility and e-voting facility during the meeting for the Equity Shareholders of the Third Applicant Company shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, as applicable.

14. That at least 30 clear days before the said meeting of the Equity Shareholders of the Third Applicant Company to be held as aforesaid, a notice convening the said meeting at the place date and time as aforesaid, together with a copy of the Scheme, a copy of statement disclosing all material facts as required under Section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 notified on 14 December 2016, shall be sent by email to each of the equity shareholders of Third Applicant Company at their respective last known e-mail addresses of the respective Equity Shareholders as per the records of the Third Applicant Company or can be obtained free of charge at the registered office of the respective Applicant Companies (on request) as aforesaid. Equity shareholders whose e-mail address are not available, shall be provided an opportunity by way of notice in the advertisement of notice mentioned below to



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register their e-mail address to receive the notice of the relevant meetings, and to provide access to download the said notices from the website of the Third Applicant Company, for those equity shareholders who may not have received the said notice.

15. That the Notice of the meeting of the Equity Shareholders of the Third Applicant shall be advertised in two local newspapers viz. "Business Standard" in English and "Navshakti" in Marathi, having circulation in Maharashtra not less than 30 days before the date fixed for the meeting.
16. Mr. Mukesh Mittal, Retired IRS, Mob. 8586889911, email mukeshmittal6045@gmail shall be the Chairman of the aforesaid meeting of the Equity Shareholders of the Third Applicant Company with a remuneration of Rs. 1,50,000/-.
17. That the Chairperson appointed for the aforesaid meeting is authorized to issue the advertisement and send out the notices of the meetings referred to above. The said Chairperson shall have all powers as per Articles of Association and also under the Companies Act, 2013 in relation to the conduct of the meeting, including for deciding procedural questions that may arise or at any adjournment thereof or resolution, if any, proposed at the aforesaid respective meetings by any person(s).
18. The value and the number of shares held by each Equity Shareholders of the Third Applicant shall be in accordance with the books/register of the Third Applicant or depository records and where the entries in the books/register/depository records are disputed, the Chairperson of the meeting shall determine the value for the purpose of the meeting of Equity Shareholders of the Third Applicant and his/her decision in that behalf would be final.



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19. That the Chairperson to file an affidavit not less than seven (7) days before the date fixed for the holding of the meeting of the Equity Shareholders of the Third Applicant Company and do report this Tribunal that the direction regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
20. The Chairperson shall report to this Tribunal, the results of the aforesaid respective meeting of the Third Applicant within 30 (Thirty) days of the conclusion of the aforesaid meetings, and the said report shall be verified by his Affidavit as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules 2016.
21. The quorum for the aforesaid meeting of the Equity Shareholders of the Third Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013 and would include Equity Shareholders present through video conferencing and/or other audio-visual means. In case the required quorum as stated above is not present at the commencement of the meeting, the meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum.
22. The voting by proxy shall not be permitted in the case of meeting of Equity Shareholders of the Third Applicant Company, as the aforesaid meeting would be held through video conferencing and/ or other audio-visual means. However, voting in case of body corporate be permitted, provided the prescribed form/authorization is filed with the Third Applicant Company at [investors@ufomoviez.com](mailto:investors@ufomoviez.com) not later than 48 (forty eight) hours before the start of the aforesaid meeting as required under Rule 10 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.





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23. Mr. Mitesh Shah, Company Secretary, Contact No: 9820464964 Email: csmjshah@gmail.com, is hereby appointed as Scrutinizer of the aforesaid meeting of the Equity Shareholders of the Third Applicant Company is to be conducted within 50 days from the date of receipt of order through video conferencing and/ or other audio-visual means or any adjournment or adjournments thereof. The fee of the professional appointed as scrutinizer of aforesaid meeting of Equity Shareholders of the Third Applicant Company to be held as aforesaid shall be aggregating to INR 50,000/- (Rupees Twenty Thousand Only) excluding applicable taxes.
24. There are no Secured Creditors in the Applicant Company 1 as well as Applicant Company 2 as certified by M/s Jelvis Henriques & Co, Chartered Accountant which is annexed with the Petition. Therefore, the question of convening meeting or issuing notices does not arise.
25. That there are 3 (Three) Secured Creditors in the Third Applicant Company having value of Rs. 56,46,72,699/- as on June 30, 2024. That the convening and holding the meeting of the Secured Creditors of the Third Applicant Company for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme is dispensed with in view of the consent given by the Secured Creditors of the Third Applicant Company constituting more than 90% in value.
26. There are 220 (Two Hundred and Twenty only) unsecured creditors having value of Rs. 63,03,437/- as on June 30, 2024 in the Applicant Company 1. The present Scheme is an arrangement between the First Applicant Company, and its shareholders as contemplated under Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013. There is no compromise and/or arrangement with the unsecured creditors as no sacrifice is called for.



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The rights of the unsecured creditors will not be affected as all the unsecured creditors would be paid off in the ordinary course of business. Since there is no arrangement or compromise with any of the unsecured creditors, there is no requirement of convening a meeting of the unsecured creditors. The Third Applicant Company has obtained a Net-worth certificate from Jelvis Henrique & Co., Chartered Accountants which states that the Third Applicant will have a positive net-worth post arrangement and the Net-worth of the Third Applicant Company Rs. **240.53 crores**. This Bench is of the view that there will be no impact on the Creditors of the First Applicant Company. Hence, this bench hereby directs the First Applicant Company to issue notice to their respective Unsecured Creditors Registered AD/ Speed Post, Email with a direction that they may submit their representations within 30 days with this Tribunal or with the Applicant Company 1, if any, to the Tribunal and copy of such representations shall simultaneously be served upon the First Applicant Company, as applicable.

27. There is one (sole) Unsecured Creditors in the Second Applicant Company having value of Rs. 29,500/- as on June 30, 2024. The Applicant Company 2/Transferor Company 2 submits that the sole unsecured creditor has given consent in writing for approval of the scheme. In view of consent affidavits given by the sole unsecured creditor, the requirement to convene and hold meeting(s) of the unsecured creditor of the Second Applicant Company is dispensed with.

28. That there are 3,673 (Three Thousand Six Hundred and Seventy-Three Only) Unsecured Creditors of the value of Rs. 42,41,85, 570/- as on as on June 30, 2024 in Third Applicant Company. The Counsel for the Applicant Companies submits that the present Scheme is an



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arrangement between the Third Applicant Company, and its shareholders as contemplated under Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013. There is no compromise and/or arrangement with the unsecured creditors as no sacrifice is called for. The rights of the unsecured creditors will not be affected as all the unsecured creditors would be paid off in the ordinary course of business. Since there is no arrangement or compromise with any of the unsecured creditors, there is no requirement of convening a meeting of the unsecured creditors. The Third Applicant Company has obtained a Net-worth certificate from Jelvis Henrique & Co., Chartered Accountants which states that the Third Applicant will have a positive net-worth post arrangement i.e. Rs. **240.53 crores**. This Bench is of the view that there will be no impact on the Creditors of the Third Applicant Company. Hence, this bench hereby directs the Third Applicant Company to issue notice to their respective Unsecured Creditors by Registered AD/ Speed Post, email and hand delivery with a direction that they may submit their representations, if any, within 30 days to the Tribunal and copy of such representations shall simultaneously be served upon the Third Applicant Company, as applicable.

29. The Applicant Companies shall serve the notice pursuant to Section 230(5) of the Companies Act, 2013 read with 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 upon:

- i. Regional Director, Western Region, Ministry of Corporate Affairs, Mumbai Maharashtra;
- ii. Registrar of Companies, Mumbai;
- iii. The Income Tax Department within whose jurisdiction along with the CCIT, Nodal Officer;





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- iv. The concerned GST Authorities (if registered) within the registered office in the state it is registered;
- v. BSE Limited (BSE);
- vi. National Stock Exchange of India Limited (NSE)
- vii. Securities and Exchange Board of India (SEBI); and
- viii. Official Liquidator, High Court of Bombay

*with a direction that they may submit their representations in relation to the Scheme, if any, to this Tribunal within 30 days from the date of receipt of the said notice, with a copy thereof to the concerned Applicant Companies, failing which it shall be presumed that concerned authorities have no objection to make on the proposed Scheme.*

30. The Notice shall be served through by Registered Post-AD/ Speed Post/ Hand Delivery or email along with copy of Scheme and state that “If no response is received by the Tribunal from the concerned Authorities within 30 days of the date of receipt of the notice it will be presumed that the concerned Authorities has no objection to the proposed Scheme”. It is clarified that notice service through courier shall be taken on record only in cases where it is supported with Proof of Delivery having acknowledgement of the notice.
31. The Applicant Companies will submit, to the extent not forming part of the scheme, –
- a. Details of Corporate Guarantee, Performance Guarantee and Other Contingent Liabilities, if any.
  - b. List of pending IBC cases, if any, along with all other litigation pending against the Applicant Companies having material impact on the proposed Scheme.



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- c. The Applicant Companies shall submit details of all Letters of Credit sanctioned and utilized as well as Margin Money details; if any.
32. The Applicant Companies to file affidavit of service in the registry proving dispatch of notices to the Regulatory authorities and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.
33. The Appointed Date is April 1, 2024.
34. Ordered accordingly.

Sd/-

**Prabhat Kumar**  
Member (Technical)

Sd/-

**Justice V.G. Bisht**  
Member (Judicial)



**Certified True Copy**

Copy Issued "free of cost"

On 11/12/2024

  
Deputy Registrar

National Company Law Tribunal Mumbai Bench