

**In the National Company Law Tribunal
Division Bench, Chennai**

**TCP/22&23/CAA/2017
[C.P. 359 & 360 of 2016]**

Under Sections 230 to 232 of the Companies Act, 2013

In the matter of Scheme of Arrangement of
M/s. Shiva Texyarn Limited (Demerged Company)

With
M/s. STYL Textile Ventures Limited (Resulting Company)

Order delivered on: 23.08.2017

Coram:

Ch. Mohd Sharief Tariq, Member (J)
S. Vijayaraghavan, Member (T)

For the Petitioners: Shri R. Vidhyashankar, Advocate
Shri R. Ashokkumar, Advocate

ORDER

Per: Ch. Mohd Sharief Tariq, Member (J)

1. Under consideration are two Company Petitions filed before the Hon'ble Madras High Court under the provisions of erstwhile Companies Act, 1956 which stood transferred to this tribunal pursuant to the Companies (Transfer of Pending Proceedings) Rules, 2016 and renumbered as TCP/22&23/CAA/2017. The purpose of the Company Petitions is to obtain sanction of the Scheme of Arrangement of Demerger (in short, '**Scheme**') by virtue of which the 'Dindigul operations alongwith related windmills' (in short, '**Demerged Undertaking**') of M/s. Shiva Texyarn Limited (hereinafter referred to as '**Demerged Company**') is proposed to be demerged, transferred

and vested in M/s. STYL Textile Ventures Limited (hereinafter referred to as '**Resulting Company**') as a going concern.

2. The details of Share Capital, shareholders, Secured & Unsecured creditors of the Companies are as under:

Particular	Authorised Capital	Issued, S&P Capital	Equity Share-holders	Secured Creditors	Unsecured Creditors
Demerged Company	Rs. 22,00,00,000	Rs. 21,60,45,210	8700	11	587
Resulting Company	Rs. 15,00,00,000	Rs. 5,00,000	7	Nil	1

3. Both the companies are Public Limited Companies and engaged in the business of ginner, spinners and weavers of all cotton, jute, silk and other fibrous material having registered office at 252, Mettupalayan Road, Coimbatore, Chennai- 641043. The Board of Directors of petitioner companies vide resolutions dated 30.11.2015 approved the said scheme of Arrangement of Demerger.
4. The Hon'ble Madras High Court vide its order dated 18.04.2016, in CA No. 399 of 2016 and CA No. 400 of 2016 ordered for convening and holding the meeting of the equity shareholders of the Demerged Company and the Resulting Company respectively. The demerged company has produced affidavits of all 11 secured creditors consenting to the proposed scheme of arrangement. The petitioner

companies complied with all the orders passed by the Hon'ble Madras High Court and this bench.

5. Shri R. Vidhyashankar, learned counsel appearing for the Petitioner Companies submitted that the rationale and circumstances that have necessitated the proposed scheme are that the demerged undertaking requiring special attention will be separated and both the companies would focus on their respective business to achieve sustained growth. Also, the demerger would provide scope for independent expansion without committing the organisation in entirety and create enhanced value for the shareholders. The learned counsel further submits that no investigation proceedings are pending against the Companies under the provisions of the Companies Act, 1956 or corresponding provisions of the Companies Act, 2013.
6. Learned Counsel for the Companies has further submitted that the equity shares of the Petitioner companies are listed with the stock exchanges, thus the Petitioner Companies require compliance of Listing Agreement or SEBI Rules/regulations.
7. The notices were issued to the statutory authorities viz. Regional Director, RoC, Income Tax Authority, SEBI, BSE and NSE as per the procedure prescribed. However, there has been no objection to the proposed scheme under reference.

8. The BSE vide its Observation Letter dated 18.03.2016 has given 'No Adverse Observation' with limited reference to those matters having a bearing on listing requirements within the provisions of Listing Agreement whereas the NSE in its Observation Letter dated 18.03.2016 also conveyed 'No Objection' in terms of regulation 94 of SEBI (LODR) Regulations, 2015. However, both the stock exchanges have directed the companies to duly comply with various provisions as required under SEBI Circular.
9. With regard to the observations made by the BSE & NSE, the learned counsel submitted that the Petitioner Companies undertake to comply with the relevant provisions as required under the SEBI Circulars.
10. The Regional Director, Southern Region (In short, '**RD**') in the Report Affidavit (for brevity, '**Report**') dated 23.02.2017 submitted that as per records of ROC, Chennai, the demerged Company is regular in filing its statutory returns and no investigation is pending against the company. It is further submitted that the Clause 6 of the scheme provides for the protection of the interest of the employees of the Demerged Undertaking. However in Para 9 of the RD Report, it has been submitted that the name of the resulting company will be changed to M/s. Shiva Mills Ltd., therefore, the resulting company may be directed to comply with the procedural requirement by filing necessary e-form with RoC, Coimbatore and get the fresh certificate

of incorporation consequent to change of name. The RD has decided not to make any objection to the Scheme and submitted that the petition may be disposed of on merits.

11.With regard to the above observation made by the RD, the learned counsel for the company submitted that the petitioner company undertakes to comply with the necessary procedural requirements as desired by the RD.

12.Further perusal of the scheme shows that the accounting treatment is in conformity with the established accounting standards. In short, there is no apprehension that any of the creditors would lose or be prejudiced if the proposed scheme is sanctioned. The said Scheme of Arrangement will not cast any additional burden on the stakeholders and also will not prejudicially affect the interests of any class of the creditors in any manner. The Appointed date of the said Scheme is 1st April, 2015.

13. There is no additional requirement for any modification and the said Scheme of Arrangement appears to be fair and reasonable and is not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under section 230 to 232 of the Companies Act, 2013. Taking into consideration the above facts, the Company Petition is allowed and the scheme of

Arrangement annexed with the petition is hereby sanctioned which shall be binding on the members, creditors and shareholders.

14. While approving the scheme as above, we further clarify that this order will not be construed as an order granting exemption from payment of stamp duty or taxes or any other charges, if payable, as per the relevant provisions of law or from any applicable permissions that may have to be obtained or, even compliances that may have to be made as per the mandate of law.


15. The Resulting Company is also directed to comply with the procedural requirement by filing necessary e-form with RoC, Coimbatore and get the fresh certificate of incorporation consequent to change of name.


16. The Company to the said Scheme or other person interested, shall be at liberty to apply to this Bench for any direction that may be necessary with regard to the working of the said Scheme.

17. The Petitioner Companies shall file with the Registrar of Companies the certified copy of this Order within 30 days of the receipt of the order.

18. The Order of sanction to this Scheme shall be prepared by the Registry as per the format provided under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14th December, 2016.

19. Accordingly, the Scheme annexed with the petitions stands sanctioned and TCP/22&23/CAA/2017 stands disposed of.


(S. Vijayaraghavan)
Member (T)


(Ch. Mohd. Sharief Tariq)
Member (J)

RLS