

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

CP/44/CAA/2017

[CA/16&17&18&19/CAA/2017]

**In the matter of Scheme of Amalgamation of
M/s. Multiflora Processing (Coimbatore) Limited
(Transferor Company 1)**

And

**M/s. Supreme Textiles Processing Limited
(Transferor Company 2)**

And

**M/s. Precot Meridian Energy Limited
(Transferee Company)**

With

M/s. Precot Meridian Limited

Order delivered on: 18.09.2017

For the Petitioner Companies: Shri V. Srinivasan, Advocate

Per: K. ANANTHA PADMANABHA SWAMY, MEMBER (J)

ORDER

1. Under consideration is a joint Company Petition no. CP/44/CAA/2017 filed by the above named transferor Companies under Section 230 of the Companies Act, 2013 r/w the Companies (Compromises, arrangements and Amalgamations) Rules 2016. The purpose of the petitions is to obtain the sanction to the Scheme of Amalgamation (hereinafter referred to as '**Scheme**') by virtue of which M/s. Multiflora Processing (Coimbatore) Limited (hereinafter referred as '**Transferor Company 1**'), M/s. Supreme Textiles Processing Limited (hereinafter referred as '**Transferor Company 2**') and M/s. Precot Meridian Energy Limited (hereinafter referred as '**Transferor Company 3**') are proposed to be

amalgamated, merged and vested with M/s. Precot Meridian Limited (hereinafter referred as 'Transferee Company') as a going concern.

2. The details of Share Capitals and secured & unsecured creditors of the Petitioner Companies are as under:

Particulars	Authorized Capital	Issued & paid-up Capital	Secured Creditors	Unsecured Creditors
Transferor Company 1	Rs. 25,00,000	Rs. 25,00,000	Nil	1
Transferor Company 2	Rs. 1,00,00,000	Rs. 1,00,00,000	Nil	Nil
Transferor Company 3	Rs. 5,00,000	Rs. 5,00,000	Nil	2

3. All three Transferor Companies are 100% wholly-owned subsidiary of the Transferee Company. All the Petitioner Companies are Public Limited Companies having their registered office at 737, Green Fields, Puliakulam Road, Coimbatore- 641045 and the Board of Directors of the Transferor Companies and the Transferee Company vide their resolutions dated 4th November 2016 respectively approved the said scheme of Amalgamation. The Transferee Company has consented to the said scheme of amalgamation, agreeing to dispense with convening of the meeting of shareholders of all three transferor companies for the purpose of approving the scheme and produced the consent affidavit of 100% equity shareholders of all the three transferor companies consenting to the said scheme of amalgamation. The objects of all the

petitioner companies have been set out in their MOAs attached with this petition.

4. This Bench vide its order dated 11.04.2017, in CA/16&17&18&19/CAA/2017 dispensed with the convening and holding of the meeting of the equity shareholders and unsecured creditors of all three Transferor Companies.
5. Shri V. Srinivasan, the learned counsel appearing for the Companies submitted that the rationale of the scheme is that the petitioner Companies would be benefited from the said scheme of Amalgamation by integration of operations, simplification of business and optimal utilization of resources and better administration and cost reduction. Further, the resources of both companies would enhance its capability to expand and improve its efficiency of operations. He further submits that no investigation proceedings are pending against the Companies under section 235 to 251 or any other provisions of the Companies Act, 1956 or corresponding provisions of the Companies Act, 2013.
6. The learned counsel further submitted that the equity shares of the petitioner companies are not listed with any stock exchange, thus the petitioner companies do not require any compliance with the requirements of the Listing Agreement or any SEBI Rules/regulations.
7. To dispose of this petition as per the provisions of the Companies Act, 2013, the notices were issued to the statutory authorities as per the

procedure prescribed. However, there were no objection to the scheme under reference.

8. The Regional Director, Southern Region (In short, 'RD') in its Report Affidavit (for brevity, 'Report') dated 15.06.2017 submitted that as per records of ROC, Coimbatore, the Transferor Companies are regular in filing its statutory returns and no investigation is pending against the company. It is further submitted that as per Clause 3.28 of Part 3 of the scheme, the interest of the employees of the transferor companies is safeguarded. The RD decided not to make any objection to the Scheme and submitted that the petition may be disposed of on merits.
9. However, in para 11 of the RD Report, it is submitted that clause 3.19(a) & (b) of the scheme provide for the consolidation of the authorized capital of the transferor companies with that of the transferee company, therefore, the transferee company may be directed to file the amended MoA and AoA with RoC, Coimbatore for his records. It is further submitted that Clause 3.19(d) proposes to amend the main object clause of the transferee company by inserting the main objects of the transferor companies under its main objects, and in the event of such amendment to the MOA of the transferee company, it should file the amended version of MoA with the RoC, Coimbatore by filing necessary e-form for his records.
10. With regard to above observation made by the RD in relation to filing of the amended MoA and AoA with RoC, Coimbatore, the learned

counsel for the petitioner companies submitted that the transferee company undertakes to comply with the direction as desired by the RD.

11. The Official Liquidator (In short, 'OL') in its report dated 7th August, 2017 submitted that M/s. L. Ramesh & Associates, Chartered Accountants (**Auditor**) appointed on the order of this bench vide its order dated 25.04.2017, have scrutinized the books and accounts of the Transferor Companies. The Auditor observed that the Transferor Companies have maintained and written up all the statutory books in accordance with normally accepted accounting principle and policies in accordance with the requirements of the Companies Act, 2013 and also the affairs of the company have not been conducted in a manner prejudicial to the interest of its members, creditors or to public interest.
12. The OL further submits that under Clause 3.28 of Part 3 of the proposed scheme, the interest of all employees in the service of the Transferor Company is safeguarded. It is further submitted that as per clause 3.20(a) of Part 3 of the said scheme, since the entire share capital of the transferor companies are held by the transferee company and/or its nominees, the shares of the transferor companies shall stand cancelled without any further application, act or deed and without allotment of any new shares by the transferee company. The OL submitted that the company petitions may be decided appropriately.
13. 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 Amalgamation will not cost 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 Scheme is 01.04.2016.

14. There does not require any modification and the said Scheme of Amalgamation appears to be fair and reasonable, not contrary to public policy and also not violative of any provisions of law. All the statutory compliances have been made under the Companies Act, 2013. Taking into consideration all the above, the Company Petition is allowed and the Scheme of Amalgamation annexed with the petition is hereby sanctioned which shall be binding on all the members, creditors and shareholders.
15. While approving the scheme as above, it is further clarified 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.
16. The Transferee Company is directed to file the amended MoA and AoA with RoC, Coimbatore as desired by the RD.
17. The transferor company shall be dissolved without winding up from the date of the filing of the certified copy of this order with the registrar of companies.

18. The Transferor Companies 1, 2 & 3 are directed to make payment of Rs. 30,000/- each to the OL for making payment to the Auditor who has investigated into the affairs of transferor companies 1, 2 & 3.
19. Upon receiving the certified copy of this order, the RoC, Coimbatore is directed to place all documents relating to the Transferor Company with that of the Transferee Company and the files relating to the Transferor Company shall be consolidated with the files and records of the Transferee Company.
20. 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. The Petitioner Company do file with the Registrar of Companies the certified copy of this Order within 30 days of the receipt of the order.
21. 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 as has been notified on 14th December, 2016.
22. The scheme annexed with the petitions stands sanctioned and the Company Petition stands disposed of.



K. ANANTHA PADMANABHA SWAMY, MEMBER (J)

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