

**IN THE NATIONAL COMPANY LAW TRIBUNAL
SINGLE BENCH, CHENNAI**

**CP/198 & 199/CAA/2017
[CA/67 & 68/CAA/2017]**

Under Section 230 to 233 of the Companies Act, 2013

In the matter of Scheme of Arrangement (Demerger)

Between

M/s. THE KADRI MILLS (CBE) LIMITED
(Demerged Company)

And

M/s. SRI KUMARAGURU MILL LIMITED
(Resulting Company)

And

**THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS**

Order delivered on: 11.12.2017

CORAM

CH. MOHD SHARIEF TARIQ, MEMBER (J)

For the Petitioner: Shri R. Vidhyashankar, Advocate

Shri R. Ashok Kumar, Advocate

ORDER

Per: CH. MOHD SHARIEF TARIQ, MEMBER (J)

1. Under Consideration are two Company Petitions Nos.198 & 199/CAA/2017 filed under Section 230(1) of the Companies Act, 2013 r/w the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The instant Petitions pertain to the proposed Scheme of Arrangement (Demerger) by virtue of which one unit of M/s. The Kadri

Mills (CBE) Limited (hereinafter referred to as '**Demerged Company**') will merge with M/s. Sri Kumaraguru Mill Limited (hereinafter referred to as '**Resulting Company**').

2. The Details of Share Capital, Shareholders, Secured & Unsecured Creditors of the Companies are as under: -

Particulars	Authorised Capital (Rs)	Issued, S&P Capital (Rs)	No. of Equity Share-holders	No. of Secured Creditors	No. of Un-secured Creditors
Demerged Company	Rs.3,00,00,000/-	Rs.2,73,47,100/-	38	7	2
Resulting Company	Rs.10,00,000/-	Rs.5,00,000/-	9	Nil	Nil

3. The Demerged Company is a Public Limited Company having its registered office at No.1/79-80, Trichy Road, Ondipudur, Coimbatore – 641 016. The Resulting Company is a Public Limited Company, having its registered office at No.126, Arts College Road, Coimbatore – 641 018. Presently the Demerged Company is engaged in the business of cotton spinners and doubles & linen manufactures, flax, hemp, jute spinners, bleaches and dyers, makers of vitriol, bleaching, dyeing and other fibrous substances, etc. Also to work spinning and weaving mills, cotton mills, ginning factories and to erect, maintain work presses for pressing merchandise into bales, etc. And to deal with all materials and things necessary or useful for dyeing, printing and bleaching purposes and other fabrics, extraction of oil and things either in Coimbatore

District or other parts of India. The object of the Resulting Company is to carry on the business of manufacturing and trading in all kinds of fibers, yarn, fabrics, textiles, made ups, garments and also as merchants, exporters, importers, agents, distributors, retailers and dealers in all kinds of metals, machinery, spare parts, maintain and operate public road transport services for both passengers and goods, set up power plants, generate and distribute power.

4. The learned Counsel appearing for the Applicant Companies submitted that the Demerged Company is transferring and divesting one of its Units viz., Sri Kumaraguru Mill into its wholly owned subsidiary as a distinct company, so as to provide scope for independent expansion and value creation. Thus, the Scheme of De-merger provides for transfer and vesting of the Unit – Sri Kumaraguru Mill at Pollachi to Sri Kumaraguru Mill Limited (Formerly known as Govindh Murugan Enterprises Limited). In relation to Demerged Company, all business, assets, properties, liabilities (including contingent) of the Demerged Company not forming part of the Demerged undertaking will be continued to be carried on by Demerged Company.
5. As per Clause 7, Part VII of the Scheme of Arrangement (Demerger) all the proposed accounting treatment is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013, and

to this effect the CA's Certificate is annexed as Annexure-I, to the Petitions.

6. The Regional Director, Southern Region (for short, '**RD**') in the Report Affidavit (for brevity, '**Report**') dated 10.11.2017 submitted that Clause 3.4 of Part IV of the Scheme of the Companies provides for the protection of the interest of the employees of the demerged undertaking.
7. As per the report of RoC, Coimbatore, the Demerged as well as the Resulting companies are regular in filing its statutory returns. There is no prosecution filed, no complaints pending and no inspection/investigation has been ordered and pending.
8. The notices were issued to the other regulators but none of them filed any objection. The said Scheme of Demerger 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. There is no requirement to modify the proposed Scheme. The Scheme of Demerger 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.
9. Therefore, the Scheme annexed with Petitions stand sanctioned. The Scheme sanctioned shall be binding on all the Equity Shareholders, the Creditors of the Demerged Company, the Resulting Company and on all

their respective employees. The Scheme shall become effective from the appointed date viz., 01.04.2016.

10. However, 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.
11. The Companies 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.
12. 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.
13. The Order of sanction to this Scheme shall be prepared by the Registry as per the relevant format provided under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14th December, 2016.
14. Thus, the Scheme stands sanctioned and CP/198 & 199/CAA/2017 stand disposed of.


(CH. MOHD SHARIEF TARIQ)
MEMBER (JUDICIAL)