

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013, SECTIONS 230 TO 232 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
AND
IN THE MATTER OF **SRINIVASA FARMS PRIVATE LIMITED**
CA(CAA/16/230/HDB/2017

Date of order: 03.04.2017

SRINIVASA FARMS PRIVATE LIMITED
(CIN U01222TG1983PTC003979) is a
Company incorporated under the Companies
Act, 1956, having its registered office at
Plot No. 512, Road No. 31, Jubilee Hills,
Hyderabad 500 033, Telangana, represented
by its Director Mr. Ganesh Uppala

.... Applicant / Demerged Company

AND

1. Registrar of Companies, Andhra Pradesh and Telangana
2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana
2. Official Liquidator,
1st Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana
3. Regional Director, South East Region
3rd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana
4. Office of Dy. Commissioner of Income Tax,
Circle 3(2), 7th Floor, Signature Towers,
Kondapur, Hyderabad -500084, Telangana



.... Respondents

Counsel for the Applicants:

Shri Naresh Kumar Sangam

CORAM:**Rajeswara Rao Vittanala, Member (Judicial)****ORDER****(As per Rajeswara Rao Vittanala, Member (J))**

1. The Company Application bearing No. CA(CAA) No.16/230/HDB/2017 is filed by Srinivasa Farms Private Limited , the applicant under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 by interalia seeking to dispense with convening the meetings of the Shareholders, Secured Creditors and Un-secured Creditors of the Applicant/Demerged Company for the purpose of considering the proposed Scheme of Arrangement between Srinivasa Farms Private Limited (Demerged Company) and Samyukta Foods Private Limited (Resulting Company) in view of the Affidavits obtained from all the members of the Applicant Company etc

2. Brief facts of case, as stated in the Company application, are follows:

a) Srinivasa Farms Private Limited is a Private Limited Company (hereinafter referred to as Demerged Company) incorporated under the Companies Act, 1956 in the State of Telangana on 02.06.1983 (the Second June Nineteen Eighty Three) vide Corporate Identification No. U01222TG1983PTC003979. The Registered Office of the Demerged Company is situated at Plot No. 512, Road No. 31, Jubilee Hills, Hyderabad 500 033 in the State of Telangana. The Authorised Share Capital of the Demerged Company is Rs.11,30,00,000/- (Rupees Eleven Crores Thirty Lakhs only) divided into 98,00,000 (Ninety Eight Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 1,50,000 (One Lakh Fifty Thousand) Redeemable Non-cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each.

The Present issued, subscribed and paid up share capital of the Demerged Company is Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) divided into 25,000 (Twenty Five Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid-up.

b) The main objects of Demerged Company , in brief, as set out in its Memorandum of Association are : to carry on business in India or Abroad as dealers and producers of Poultry feeds, cattle feeds and all kinds of farms whatsoever; To carry on in India or Abroad business as poultry farmers, cow keepers, farmers, millers, tiller, market gardeners and manufacturers of all kinds of condensed milk, meats and eggs and preserved provisions of all kinds; to carry on in India or abroad the business of buying, selling as, wholesalers or retailers,



import, export and deal in all kinds of farms such as meat, sheep, pigs, poultry, milk, cream, cheese, butter, eggs, vegetables and any other commodities, articles, goods or things usually or which may be conveniently dealt with in the course of carrying on or any of the businesses above mentioned etc .

- c) The financial summary of the Demerged Company as on 31.10.2016 (Provisional) is given below:

Particulars	Amount Rs.
EQUITY AND LIABILITIES:	
Share Capital	2,50,000
Reserves and Surplus	62,81,09,862
Non-Current Liabilities	
Long-term Borrowings	46,94,456
Long-term Provisions	70,76,850
Current Liabilities	
Short-term Borrowings	22,09,96,948
Trade Payables	39,57,40,897
Other Current Liabilities	5,04,45,710
Short-term Provisions	20,21,626
TOTAL	1,30,93,36,349
ASSETS:	
Non Current Assets	
Fixed Assets	19,39,05,825
Non-Current Investments	20,12,89,495
Deferred Tax Asset (net)	14,18,051
Long Term Loans & Advances	10,34,09,296
Current Assets	
Current Investments	7,00,00,000
Inventories	20,89,07,683
Trade Receivables	47,12,63,707
Cash and Bank Balances	68,64,153
Short Term Loans and Advances	2,91,62,103
Other Current Assets	2,31,16,035
TOTAL	1,30,93,36,348



d) The Board of Directors of the Demerged Company vide its resolution dated 14th November, 2016 has approved the Scheme of Arrangement and further vide Board Resolution dated 30th January, 2017 ratified the changes that are necessitated in the Scheme of Arrangement in the light of commencement of the corresponding provisions in respect of compromises, arrangements and amalgamations of the Companies Act, 2013 and incorporating the changes as suggested by the Board of Directors.

e) The Scheme of Arrangement contemplates vesting of one of the undertakings to Resulting Company (viz., Samyukta Foods Private Limited). The following are terms of the Scheme:

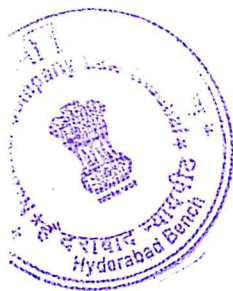
i. The following assets and liabilities of the Demerged Company on the appointed date will be vested with Resulting Company as detailed in Scheme of Arrangement including the following.

- All the assets and liabilities as stated at schedule to this Scheme.

All assets, wherever situated, whether moveable or immoveable, leasehold or freehold land & building, tangible or intangible, including all capital work-in-progress, plant & machinery, equipment including specialised equipment for broadcasting, technical software, patents, trademarks, trade names, industrial designs; brands, investments and other Intellectual Property Rights, vehicles, furniture, fixtures, office equipment, computer installations, electrical appliances, accessories pertaining to the Demerged Business, whether or not listed in the schedule to this Scheme as mentioned above.

- All liabilities, present and future (including contingent liabilities pertaining to or relatable to the Demerged Business), as may be determined by the Board of Directors of the Demerged Company;

- All rights and all assignments and grants thereof, all permits, registrations, rights (including rights under any agreement, contracts, applications, letters of intent, etc.), benefits of all licenses, contracts/ agreement, memorandum of understanding (including but not limited to contracts/ agreement with vendors, customers, government, etc.), approvals, regulatory approvals, entitlements, goodwill, investments, cash balances, bank balances, bank accounts, receivables, loans and advances,



privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, inventory, rights to use and avail of telephones, telexes, facsimile, internet connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Business;

- All deposits and balances with Government, Semi-Government, local and other authorities and bodies, including all tax balances or any other balances with any tax authority or statutory body pertaining to the Demerged Business, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the Demerged Business;

- All books, records, files, papers, directly or indirectly relating to the Demerged Business;

- Any other asset / liability which is deemed to be pertaining to the Demerged Business by the Board of the Demerged Company but excluding any of the foregoing relating to the remaining business of the Demerged Company; and

- All permanent employees employed by the Demerged Company pertaining to the Demerged Business, as identified by the Board of Directors of the Demerged Company, as on the Effective Date.

f) The rationale and benefits of scheme in brief are that Demerged Company predominantly deals in manufacture and sale of poultry feeds, cattle feeds, soya meal and all kinds of foods and feeds whatsoever. Having been originally incorporated as Srinivasa Poultry and Cattle Feeds Private Limited, the company undertakes its business in different segments and one among them is feed division. The Feed division comprises of Atkur Plant and Morsapudi Plant. And scheme e provides for demerger of Atkur division including operational feed plant along with all the related assets and liabilities of Demerged Company into Resulting Company. The Scheme provides for segregation of the assets, liabilities and investments (including resources deployed) related to the division being vested by way of demerger.



g) The scheme as contemplate by the Board of Directors foresee that the demerger will result in reduction of adverse business synergies and will therefore align both the entities with their long term growth strategy. For instance, the Scheme will facilitate the Demerged Company to invite strategic partners without any adverse impact on the valuations.

h) It is stated that the Scheme becoming effective, all staff, workmen and employees of the Demerged Company pertaining to the Demerged Business in service on the Appointed Date shall be deemed to have become staff and employees of Resulting Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company.

i) Resulting Company shall not vary the terms and conditions of employment of any of the employees of Demerged Company pertaining to the Demerged Business except in the ordinary course of business. The remaining business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company. The scheme in question have taken care of all consequences arise out of implementation of it.

j) With effect from the Appointed Date and including the Effective Date:-

a) The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the remaining business of Demerged Company for and on its own behalf;

b) All profit accruing to the Demerged Company thereon or losses arising or incurred by it relating to the remaining business of the Demerged Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of the Demerged Company.


k) The Board of the Directors of the Company had in its meeting held on 14th November, 2016 has approved the Scheme of Arrangement and further vide Board Resolution dated 30th January, 2017 ratified the changes that are necessitated in the Scheme of Arrangement in the light of commencement of the corresponding provisions in respect of compromises, arrangements and amalgamations of the Companies Act, 2013 and incorporating the changes as suggested by the Board of Directors, with the appointed date being 1st April, 2017, subject to the



approval/directions of this Hon'ble National Company Law Tribunal, Hyderabad Bench and Creditors.

3. It is further stated that the Resulting Company is a 100% Holding Company of the Demerged Company, wherein the Resulting Company holds the entire share capital of the Demerged Company. Since the entire equity share capital of the Demerged Company is held by the Resulting Company and its nominees, no shares of the Resulting Company shall be allotted in respect of its holding to the Demerged Company pursuant to demerger, due to the operation of law.

Demerged Company is a 100% subsidiary of the Resulting Company. Details of the Shareholders of the Demerged Company are as under:



Sl. No.	Name of the Member	No. Shares	Percentage of holding
1	Samyukta Foods Private Limited	24999	100.00
2	Samyukta Foods Private Limited (through its nominee Mr.C.Suresh Rayudu)	1	0.00
	Total	25000	100.00

The Affidavits of members agreeing to the Scheme for vesting of the whole of the undertaking of the Applicant/Demerged Company as mentioned in the Scheme has been obtained from all the members of the Applicant Company/Demerged Company. Hence, the Company is entitled for dispensing with the meeting of members.

4. It is stated that as per audited Financial Statements as at 31.10.2016, the Demerged Company has the following Secured Creditor:

Sl.No.	Name of the Secured Creditor	Amount outstanding as on 31.10.2016
1.	HDFC Bank	12,89,74,514
2.	Yes Bank	1,03,506
	Total Secured Creditors	12,90,78,020

The Secured Creditors have given their consent to the Scheme of Arrangement. Hence, it is s prayed to dispense with the meetings of the Secured Creditors in accordance with Sub-Section 9 of Section 230 of the Companies Act, 2013 as 100% of creditors in value outstanding as on 31.10.2016 have agreed and confirmed the Scheme of Arrangement.

So far as un--Secured Creditors of Demerged Company is concerned, it is stated as on 30.06.2016, the Company had total unsecured creditors to the tune of Rs. 58,14,12,968/- (excluding Provisions), out of which the Demerged Company has repaid an amount of Rs. 45,47,46,899/- upto 23.11.2016 and for the balance amounts of Rs.12,66,66,069/- the Demerged Company has obtained NOCs from the unsecured creditors to the tune of Rs. 12,62,64,316 amounting to 99.68% of the total outstanding unsecured creditors.

5. It is further stated that process of Scheme of Arrangement has started much before notification of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, which were notified on 07.12.2016 to come into effect from 15.12.2016, hence the Company has obtained NOCs from the said Unsecured Creditors in accordance with the procedure prevailing earlier. Hence the Tribunal may, under Rule 24 of said Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, dispense with seeking the Affidavits from the Unsecured Creditors

The Accounting Treatment proposed in the Scheme of Arrangement is in conformity with the accounting standards prescribed under Section 133.

6. I have heard Shri Naresh Kumar Sangam, learned counsel for Demerged Company, and also carefully perused all the documents and relevant provisions of Companies Act, 2013. I am convinced that the applicant (Demerged) Company has fulfilled all statutory requirements for dispensation of convening the meetings of Shareholders, Secured Creditors and un-secured Creditors for Demerged Company for the purpose of considering the proposed Scheme of Arrangement between Srinivasa Farms Private Limited (Demerged Company) and Samyukta Foods Private Limited (Resulting Company).



7. In the result, the Company Application bearing No.CA(CAA/16/230/HDB/2017 is hereby disposed by dispensing with convening meetings of the Shareholders, Secured Creditors and Un-secured Creditors of the Applicant/Demerged Company for the purpose of considering the proposed Scheme of Arrangement between Srinivasa Farms Private Limited (Demerged Company) and Samyukta Foods Private Limited (Resulting Company).



Sd/-
Rajeswara Rao Vittanala , Member(J)

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OF THE ORIGINAL