IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 11.07.2016

DELIVERED ON : 18.07.2016

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The Honourable **Mr.Justice RAJIV SHAKDHER**

C.P.Nos. 71 and 72 of 2016

M/s.VMR Textiles Private Limited
36, Theeran Chinnamalai Street,
Verappanchatram Post
Erode - 638 004
rep. by its Director
R.Sivanantham

.. Petitioner in C.P.No.71 of 2016/
Demerged Company

M/s.Parampara Spinning Mills Private Limited
No.1 NGGO Colony, Erode - 638 006.
represented by its Director
Pramod Kumar Patwari

.. Petitioner in C.P.No.72 of 2016/
Resulting Company

Petitions filed under sections 391 to 394 of the Companies Act, 1956 read with Rules 9, 11(A) and 79 of Companies (Court) Rules, 1959 to sanction the scheme of arrangement (demerger).

For Petitioners : Mr.Vidhya Shankar
For M/s.Ramani and Shankar

Mr.G.Venkatesan
for Regional Director
Ministry of Company Affairs
Chennai

C O M M O N O R D E R

These Company Petitions are preferred under Sections 391 to 394 of the Companies Act, 1956 for sanctioning the scheme of arrangement (demerger) (in short Scheme) between the Demerged company with the Resulting company with effect from 01.04.2015. The Scheme is appended as Annexure 'D' to the petitions.

2. M/s.VMR Textiles Private Limited, the petitioner in C.P.No.71 of 2016 is the Demerged company and M/s.Parampara Spinning Mills Private Limited, the petitioner in C.P.No.72 of 2016 is the Resulting Company.

3. A perusal of the records shows that the respective petitioner company have complied with the formalities as prescribed under the Companies Act and the Rules framed therein. A Certificate of the Chartered Accountant has been filed which, inter alia, holds out that the Demerged Company has only one secured creditor

3.1. Furthermore, no objection to the proposed scheme has been obtained from the secured creditor of the Demerged Company, which is appended as Annexure 'G' to C.P.No.71 of 2016.

3.2. It is stated that there is no secured creditor as far as Resulting Company is concerned. A certificate of the Chartered Accountant confirming the said position is appended as Annexure 'G' to C.P.No.72 of 2016.

4. A copy of two separate resolutions of even date, i.e., 17.07.2015, passed by the Board of Directors of both the Demerged Company as well as the Resulting Company adopting the scheme is enclosed as Annexure 'E' to these petitions.

5. The affidavits of the equity shareholders of both the Demerged and Resulting companies giving their consent to the scheme is appended as Annexure 'F' collectively to the petitions.

5.1. By order dated 21.01.2016 in C.A.Nos.38 and 39 of 2016, this Court dispensed with the convening, holding and conducting of the meeting of the shareholders of both the Demerged Company and Resulting company for the purpose of considering and if thought fit, approving with or without modification, the scheme conceived by the petitioner companies involving arrangement (demerger).

6. To be noted, when the matter was called on 11.07.2016, learned counsel for the petitioners filed two affidavits of even date, i.e., 11.07.2016, whereby it is stated that the Demerged Company

has unsecured creditors of a value equivalent to Rs.3,76,93,341/-. The Demerged Company has obtained consents of unsecured creditors amounting to Rs.3,54,70,734/-. The consents are appended to the said affidavit.

6.1. It is further stated that the Resulting Company has no unsecured creditors. A certificate of the Chartered Accountant confirming the same, is appended to the said affidavit.

7. The petitioners state that no investigation proceedings are pending against the petitioner companies under Sections 235 and 250A of the Companies Act, 1956.

8. Upon notice being issued, the Regional Director, Ministry of Company Affairs has filed his report stating that he has no objection to the scheme being sanctioned.

9. I have perused the proposed scheme filed along with the company petitions. I find that the said Scheme is not prejudicial to the interest of any person or entity, which has a stake/interest in the petitioner companies. The said scheme as framed is not violative of any statutory provisions.

9.1. The proposed scheme as formulated is fair, just, sound and is not contrary to any public policy or public interest. No proceedings appear to be pending under the provisions of Sections 231 and 250A of the Companies Act, 1956. All the statutory provisions appear to have been complied with.

10. Consequently, there shall be an order approving the scheme of arrangement (demerger) of the Demerged company, viz., M/s.VMR Textiles Private Limited, the petitioner in C.P.No.71 of 2016 with the Resulting Company, viz., M/s.Parampara Spinning Mills Private Limited, the petitioner in C.P.No.72 of 2016, as provided in Annexure “D" to these petitions with effect from 01.04.2015, as per the procedure laid down under Sections 391 to 394 of the Companies Act, 1956. Needless to say, the procedure prescribed will be duly complied with.

11. It is made clear, that this order will not be construed as an order granting exemption from payment of stamp duty or, taxes or, any other charges, if any, 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.

12. The learned Senior Central Government Standing Counsel is entitled to a fee of Rs.5,000/- from the Demerged company.

13. The above petitions are disposed of in the aforementioned terms.

18.07.2016

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RAJIV SHAKDHER,J.

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Pre-Delivery Order in

C.P.Nos.71 and 72 of 2016

Dated: 18.07.2016