

HONOURABLE SRI JUSTICE CHALLA KODANDA RAM

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COMPANY PETITION Nos.137 & 138 OF 2016

COMMON ORDER:

These petitions are filed under Sections 391 and 394 of the Companies Act, 1956 (for short, "the Act"), seeking approval of the scheme of arrangement/Demerger between the Transferor and Transferee company as consented by the shareholders of the petitioners Company/Transferor Company and the Transferee Company.

The petitioners/transferor company was incorporated on 25.11.1959. The authorised share capital of the company is Rs.18,00,000/- divided into 1,80,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up capital of the transferor company is Rs.12,00,000/- divided into 1,20,000 equity shares of Rs.10/- each and the entire share capital is held by the transferor company and its nominees.

The petitioners/transferee company was incorporated on 07.10.2015. The authorised share capital of the company is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up capital of the transferor company is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each and it is proposing to raise authorised share capital to Rs.6,00,000/- consisting of 60,000 equity shares each Rs.10/-.

The main objects of the transferor and transferee companies are that to carry on the business of in all types of spices, onions and to deal in rice, dall, edible oils, tobacco, cotton, buy, sell or otherwise deal in all kinds of agricultural, horticultural and farm produce and products including seeds, pulses, plants, flowers vegetables, fruits and preparation of any nature or description etc.,

Considering the fact that the share holders had filed the affidavits expressing their consent for arrangement by approving the scheme, the share holders/trade creditors/creditors meetings were dispensed with on 02.03.2016 in C.A.Nos.222 and 223 of 2016. On 27.01.2016, this Court, in the instant company petitions, ordered notice to the Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad. The petitioners were directed to

cause publication of notice of scheme of arrangement in Business Standard (English) and Andhra Bhoomi (Telugu) daily newspapers of Hyderabad editions. The petitioners submit that notices on the statutory authorities were served and the advertisement was published in the newspapers on 08.03.2016. On 27.05.2016, the Central Government had filed a common report in both the petitions. Necessary proofs as required were filed before this Court evidencing the above aspects.

When the matters are taken up for hearing, the learned counsel for the petitioners has reiterated the contents in the petitions. No objections were received from any quarter. There was a compliance of the convening of the share holders meeting and all other interested parties and there being no objections received from any quarter and the petitioners have satisfied the required parameters as noticed by the Supreme Court in **MIHEER H.MAFATLAL V. MAFATLAL INDUSTRIES LIMITED**^[1].

Learned counsel appearing for the statutory authorities have reported no objections for the proposed scheme of arrangement.

I have considered the material available on record, the principles of law enunciated by the Apex Court in ***Miheer H.Mafatlal's*** case (1 supra) and the conclusions/ recommendations of the statutory authorities through their reports.

However, transferor company and transferee company as all the share holders, secured creditors and unsecured creditors (as applicable) of the companies have given their no objection and consents to the proposed scheme of arrangement for demerger of the Agro Business Division of the Transferor Company to the transferee company and its share holders and employees.

Having regard to the above material/reports, this Court is of the opinion that the proposed scheme of arrangement is in conformity with the provisions of the Act. The scheme does not affect the interest of stakeholders and the public or public interest and is intended to further the business interests of transferor and transferee companies for more profit and maximum utilization of available resources. Therefore, the scheme of arrangement in the meeting of Board of Directors of transferor and the transferee companies held on 05.01.2016 is sanctioned with effect from the date appointed i.e., 01.10.2016. The transferor

and the transferee companies are directed to communicate certified copy of this order to the Registrar of Companies for the State of Telangana and the State of Andhra Pradesh, Hyderabad within 30 days from the date of receipt of a copy of this order. They are further directed to take all consequential and statutory steps required in pursuance of the approved scheme of arrangement under the provisions of the Act.

Both the Company Petitions are allowed accordingly.

CHALLA KODANDA RAM,J

Date:29.07.2016.

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HON'BLE SRI JUSTICE CHALLA KODANDA RAM

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[\[1\]](#) 1996(87) Company Cases 792,