

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH**

**CP (CAA) No. 192/230/HDB/2020  
Connected with  
CA (CAA) No. 230/230/HDB/2019**

**Petition under Sections 230 to 232 of the Companies Act, 2013**

In the matter of

Ortin Laboratories Limited  
D.No.3-4-512/35 (43/4 RT),  
Opp. Barkatpura Park, Barkatpura,  
Hyderabad – 500 027.

... Petitioner/Demerged Company

Vineet Laboratories Limited  
Sy.No.11/A3, Saheb Nagar,  
Kurdu vill, Chintal Kunta, Eshwaramma Nilayam,  
L.B. Nagar,  
Hyderabad – 500 074.

... Petitioner/Resulting Company

**Date of Order: 24.12.2020**

**CORAM**

**Hon'ble Shri Anantha Padmanabha Swamy, Member Judicial**

**Appearance:**

1. Mr. Y. Suryanarayana, Advocate for the Petitioners.
2. Mr. Rajeev Ratna, CGSC for Regional Director (SER), MCA Hyderabad.

**ORDER**

The present Company Petition under Section 232 read with Section 230 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 is filed seeking sanction of the proposed Scheme of Arrangement (Demerger) ('the Scheme') between the Ortin Laboratories Limited (Demerged Company) and Vineet Laboratories Limited

(Resulting Company) and their respective shareholders and creditors.

2. The Registered Offices of the Petitioner Companies are situated in the State of Telangana and therefore, they are within the jurisdiction of this Tribunal.
3. The Petitioner Companies had filed CA(CAA)No. 230/230/HDB/2019 before this Bench seeking dispensation of convening meeting of the Secured and Unsecured Creditors of both the Petitioner Companies and Equity shareholders of the Resulting Company. Further prayed for directions to convene the meetings of the Equity Shareholders and Sundry Creditors of the Demerged Company. The Tribunal vide its order dated 06.01.2020 dispensed with the meetings of the Equity Shareholders of the Resulting Company and Secured and Unsecured Creditors of both the Petitioner Companies. The Tribunal further directed to conduct meeting of the Sundry Creditors of the Demerged Company and appointed Shri B.V. Ram Naresh Kumar, Advocate as Chairman and Ms. B. Poojitha, Advocate as Scrutinizer. The Tribunal also directed to conduct meeting of the Equity Shareholder of the Demerged Company and appointed Shri Amir Ali Bavani, Advocate as Chairman and Ms. Varalakshmi, PCS as Scrutinizer.
4. Shri B.V. Naresh Kumar, Chairman of the meeting of the Sundry Creditors of the Demerged Company filed his report stating that the meeting was convened on 26.02.2020 at 10.30 AM at 8-1213/A/1, Hotel Minerva Banquets, Kothapet, Hyderabad – 500035. The said meeting was attended by 33 sundry creditors having an aggregating debt of Rs.12,98,42,674.20 constituting



25.80% of the total amount of the sundry creditors. No Sundry Creditors who present in person or by proxy voted against the Resolution and thus 100% of the Sundry Creditor who present in the meeting in person or proxy voted for the Resolution.

5. Shri Amir Ali Bavani, Chairman of the meeting of the Equity Shareholders of the Demerged Company filed his report stating that the meeting was convened on 26.02.2020 at 11.00 AM at 8-1213/A/1, Hotel Minerva Banquets, Kothapet, Hyderabad – 500035. The said meeting was attended by a total of 51 Equity Shareholders out of 50 Equity Shareholders holding 9,43,721 present in person/by proxy and one shareholder through e-voting. Out of 51 equity shareholders, 40 equity shareholders casted their votes and 11 equity shareholders did not exercise their voting power. Out of the 40 equity shareholders, 39 equity shareholders constituting 97.81% of the shareholders who present in the meeting voted in favour of the resolution and one equity shareholder voted against the resolution.

6. The Petitioner Companies then filed the present Petition before this Tribunal seeking sanction of the Scheme with appointed date as 01.04.2020. This Tribunal vide its order dated 23.07.2020 ordered notice of the hearing of the Petition to be advertised in Daily Newspapers. Accordingly, the Petitioner Company published notice of hearing of the Petition in English Newspaper i.e. Business Standard and Telugu Newspaper i.e. Nava Telangana on 11.08.2020 and 07.08.2020 respectively. Notice of hearing of the Petition was served on the Regional Director, MCA, Hyderabad, ROC and IT Department by Speed Post on 30.07.2020 and BSE, NSE and SEBI through email on 17.08.2020.

7. According to the Petitioner Companies the Demerged Company is engaged in two distinct lines of business namely Formulations division and API Intermediates Division. The formulations division is being operated through the Unit-I located at Medak District, Telangana. Whereas API Intermediates Division is being operated through Unit-II located from Nalgonda district. With an objective of achieving operational efficiencies and streamlining its current structure, the Demerged Company proposed to demerge the API intermediates division currently operating through the Unit-II to the Resulting Company and the Demerged Company shall continue to carry on the formulations division business. The main benefits of the Scheme are as under:-

- a) It will enable both the divisions of the Demerged Company to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Applicant Companies.
- b) It will provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.
- c) It will unlock the economic value of both the companies.

8. Heard the Counsels appeared for the Petitioner Companies and Regional Director.

9. The Regional Director (South East Region), Ministry of Corporate Affairs vide his representation dated 30.09.2020 while reiterating the averments made in the Petition submitted that a notice has



been issued to the Income Tax Department on 15.09.2020 calling for comments/observations giving 15 days time. However, till date no report in the matter has been received. Further, the directorate on 15.09.2020, addressed a letter to the SEBI, Hyderabad calling for comments/observations giving 15 days time. However, till date no report in the matter has been received. The RD also made specific representation with regard to the following and the Counsel for the Petitioner vide affidavit filed on 04.11.2020 answered the same as below:-

S. No.	RD's Observations	Reply of the Petitioner Companies by way of Affidavit filed on 04.11.2020
1	<p>The Directorate has received letter dated 19.08.2020 from the ROC, Hyderabad pointed out certain observations as under:-</p> <p>a) Requested that the Hon'ble Tribunal may be pleased to direct the Petitioner Companies to ensure statutory compliance of all applicable laws and also on sanctioning of the present scheme the applicant company shall not be absolved for any of its statutory liability in any manner.</p>	<p>The Petitioner Companies undertakes to comply with the statutory compliance of all applicable laws and also undertakes that the sanctioning of the Scheme shall not absolve any statutory liability in any manner of the Demerged Company.</p>
	<p>b) Requested that the Hon'ble Tribunal may be pleased to direct the Petitioner Companies, to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013 with respect to filing of order for confirmation of scheme to be filed in Form No. INC-28 with the concerned office of Registrar of Companies.</p>	<p>The Petitioner Companies undertakes to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013 with respect to filing of order for confirmation of scheme to be filed in Form No. INC-28 with the concerned office of Registrar of Companies.</p>
	<p>c) Requested that the Hon'ble Tribunal may be pleased to direct the Petitioner Companies to preserve its books of accounts and papers and</p>	<p>The Petitioner Companies undertakes to preserve its books of accounts and papers and records and the same shall be disposed of without the prior permission of the</p>



	records and shall not be disposed off without the prior permission of the Central Government in terms of Provisions of Section 239 of the Act, 2013.	Central Governments in terms of Section 239 of the Companies Act, 2013.
	d) Requested that the Hon'ble Tribunal may be pleased to direct the Resulting Company to file an application with Registrar of Companies, indicating the revised authorised capital and proof of paying prescribed fee due on revised capital after setting of the fee already paid by Transferor Companies.	The Petitioner Companies undertakes to file an application with Registrar of Companies, indicating the revised authorised capital and proof of paying prescribed fee due on revised capital after setting of the fee already paid by the Companies.
2	The Demerged Company has enclosed with the Petition, the copies of observation letters of BSE & NSE dated 20.06.2019 regarding draft scheme of amalgamation addressed to the Demerged Company for compliance. Hence, Hon'ble Tribunal may be pleased to direct the Demerged Company to furnish an undertaking that they will comply with the observations/conditions laid by BSE & NSE and to get the shares of Resulting Company listed on the BSE & NSE once the scheme is allowed.	The Demerged Company undertakes to comply with the observations/conditions as stated by BSE & NSE in its letter dated 20.06.2020 and get the shares of the Resulting Company listed on the BSE & NSE once the Scheme is allowed.
3	Hon'ble Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking stating whether any prior approval/permission of Ministry of Chemicals and Fertilizers and any other Regulatory Authorities, if so to furnish with supporting documents, as the Petitioner Companies are into the business of laboratories (Pharmaceuticals).	The Demerged Company undertakes that no prior approval/permission of Ministry of chemicals and Fertilizers and any other Regulatory Authority is required in relation to the proposed Scheme of Demerger.
6	Clause 5 of Part-II of the Scheme states reduction in share capital of the demerged company and alteration of authorised capital of demerged company and resulting company, stating that as a result of demerger and resultant transfer of	As an integral part of the Scheme and upon the coming into effect of the Scheme, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity shares from 1 (one)



the API Intermediates division to the resulting company, the issued, subscribed and paid up share capital of the Demerged Company will not longer be represented by the assets of the Demerged Company consequent to the demerger of the API Intermediates Division, Accordingly, as an integral part of the Scheme, and upon the coming into effect of the Scheme, the issued, subscribed and paid up capital equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity shares of Rs.10/- each fully paid up to Rs.4.80 for each one equity share as each fully paid, As a result, the issued subscribed and paid up share capital of the Demerged Company shall stand reduced from Rs.16,94,04,000 to Rs.8,13,13,920 comprising of 1,69,40,400 equity shares of Rs.4.80 each without any further act or deed.	equity share of Rs.10/- each fully paid up to 1 (one) equity share of Rs.4.80 each fully paid. As a result, the issued, subscribed and paid up share capital of the Demerged Company shall stand reduced from Rs.16,94,04,000/- to Rs.8,13,13,920/- comprising of 1,69,40,400 equity shares of Rs.4.80 each without any further act or deed simultaneously, 100 (Hundred) equity shares of Rs.4.80, shall be consolidated into 48 (Forty Eight) fully paid up equity share of Rs.10/- each.
--	---

In view of the above reply the Petitioner Companies prayed this Tribunal to sanction the Scheme.

10. The Petitioner Companies also filed separate affidavits on 04.11.2020 stating that the Deputy Commissioner of the Income Tax Department, Circle 5(1) Hyderabad, vide his letter F.No.DCIT/C-16(2)/Amalgamation/2020-21 dated 08.10.2020, while furnishing his No Objection to the instant Scheme conveyed to the Assistant Registrar, NCLT that an affidavit from the Petitioner Companies may be obtained and filed before the Tribunal, to the effect that any tax demands of the Petitioner Companies whether existing or the tax liability that is likely to arise in future will be honoured and paid by the entity. Accordingly, the Petitioner Companies undertakes that upon

sanction of the Scheme by the Tribunal shall pay and honour all the existing tax demands and tax liabilities and all the tax demands and tax liabilities that may legally arise in future in relation to the Petitioner Companies.

11. The Petitioner Companies enclosed a Certificate from Auditors namely M/s Sathuluri & Co., Chartered Accountants, stating that the Accounting Treatment proposed in the proposed Scheme is in conformity with Accounting Standard specified under Section 133 of the Companies Act, 2013.
12. Considering the facts and circumstances of the case and on perusal of the Scheme, the documents produced on record and the undertakings given by the Petitioner Companies by way of affidavits, the Scheme of Arrangement (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 Sections 230 to 232 of the Companies Act, 2013. Hence ordered.

### ORDER

The Petition be and the same is allowed with the following directions:-

- a) The Scheme of Arrangement (Demerger) (Annexed to the Page No. 121 with appointed date as 01.04.2020 is hereby sanctioned, subject to sanctioning of the Scheme by the NCLT, Hyderabad Bench in the petitions filed by the Petitioner Companies before it. The same shall be binding on the Petitioners and their respective Shareholders, Secured Creditors, Unsecured Creditors/Trade Creditors, Employees and all concerned.

✓

- b) This order shall not be construed as an order granting exemption from payment of stamp duty or taxes or any other charges and fees if payable, or from any applicable permissions that may have to be obtained or compliances that may have to be made under law.
- c) All concerned shall act on a copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the certified copy of this order along with the Scheme forthwith.
- d) The Petitioner Company is directed to take appropriate steps to submit the said Scheme to Registrar of Companies within 30 days from the date of receipt of copy of this order.
- e) The Petitioner Company is directed to issue newspaper publication with respect to approval of Scheme of Arrangement, in the same newspapers in which previous publications were issued.
- f) The Petitioner Company is further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Arrangement under the provisions of the Companies Act, 2013 and submit necessary compliance and undertaking relating to the objections raised by the Regional Director (SER), MCA, GoI, Hyderabad.



Deputy Registrar / Assistant Registrar / Court Officer  
National Company Law Tribunal, Hyderabad Bench..

  
**K. ANANTHA PADMANABHA SWAMY**  
**MEMBER JUDICIAL**

प्रमाणित प्रति  
CERTIFIED TRUE COPY (P(CA)) No. 230/230/HDB/2020  
केस नंबर  
CASE NUMBER (P(CA)) No. 192/230/HDB/2020  
निर्णय का तारीख  
DATE OF JUDGEMENT 24/12/2020  
प्रति तैयार किया गया तारीख  
COPY MADE READY ON 29/12/2020