

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH**

CA(CAA)No. 230/230/ HDB/2019

**Application filed under Sections 230 to 233 read with Section 66 of the
Companies Act, 2013**

Ortin Laboratories Limited
D.No.3-4-512/35 (43/4RT),
Opp. Barkatpura Park, Barkatpura,
Hyderabad – 500027,
Telangana.

... Applicant/Demerged Company

Vineet Laboratories Limited
Sy.No.11/A3, Sahib Nagar, KurduVill,
ChintalKunta, EshwarammaNilayam,
L.B. Nagar,
Hyderabad – 500074,
Telangana.

... Applicant/Resulting Company

Date of Pronouncement of Order: 06.01.2020

Coram:

Shri K. Anantha Padmanabha Swamy, Member-Judicial

Dr. Binod Kumar Sinha, Member-Technical

Parties Present:

For Applicant(s): Mr. Y. Suryanarayana, Advocate.



Per: Dr. Binod Kumar Sinha, Member-Technical

ORDER

1. The present Company Applications bearing CA(CAA)No.230/230/HDB/2019 is jointly filed by Ortin Laboratories Limited (Transferor Company) and Vineet Laboratories Limited (Transferee Company), under Section 230 to 233 read with Section 66 of the Companies Act, 2013 (the

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Act) and the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 (hereinafter referred to as "the Rules"). The Applicant Companies inter-alia seeking an order to dispense with convening of the meetings of the Secured and Unsecured Creditors of both the Applicant Companies. Further, dispense with convening the meeting of the Equity Shareholders of the Resulting Company. It is also prayed to direct to convene the meetings of the Equity Shareholders and Sundry Creditors of the Demerged Company for consideration of the Scheme of Arrangement ('the Scheme') between Applicant Companies and their respective shareholders and creditors as envisaged under the said Scheme.


2. The Registered Office of the Applicant Companies are situated in the State of Telangana and therefore within the jurisdiction of this Tribunal.
3. Brief facts leading to the filing of present case are as follows:

I. In respect of Demerged Company:

The Authorised Share Capital of the Demerged Company as on 31.03.2019 was Rs.20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up Share Capital is Rs.16,94,04,000/- (Rupees Sixteen Crores Ninety Four lakhs and Four Thousand) divided into 1,69,40,400 equity shares of Rs.10/- each. The main objects of the Company are to carry on business of manufacture, process, import, export, turn sell or otherwise deal in all types of chemicals such as Heavy, Fine, Industrial, Pharmaceutical, Organic, Inorganic and Aromatic chemicals etc.

II. In respect of Resulting Company:

The Authorised Share Capital of the Resulting Company as on 31.03.2019 was Rs.41,00,000/- (Rupees Forty Lakhs) divided into 4,10,000 equity


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shares of Rs.10/- each. The issued, subscribed and paid-up Share Capital is Rs.41,00,000/- (Rupees Forty Lakhs) divided into 4,10,000 equity shares of Rs.10/- each. The main objects of the Company are to carry on businesses as dealers, manufacturers, exporters, importers, contractors, agents, distributors of Drugs, Bulk Drugs, Pesticides, Dyestuffs and other intermediaries and Pharmaceuticals of every description and application with indigenous and/or imported technology, pharmaceutical formulations like liquids, capsules, tablets, powders, mixtures, antibiotics enzymes and fluids of every description, all intermediates and byproducts of any of the above, surgical and health aids of varied nature like syringes, gloves, surgical & sanitary towels, napkins, pharma based cosmetics, etc.

4. According to the Applicant 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.




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- 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.
5. It is further stated that the Board of Directors of the Applicant Companies, in their respective Board Meetings held on 14.08.2019 approved the Scheme subject to the approval of their members and Hon'ble NCLT, Hyderabad Bench.
6. It is stated that there are no proceedings pending under Sections 210 to 227 of the Companies Act, 2013 against the Applicant Companies.
7. The **Demerged Company** has filed certificate of Practicing Company Secretary (refer Page No.4 of Memo filed on 27.11.2019) stating that as on 30.06.2019 there are six thousand four hundred and fifty seven (6457) **Equity Shareholders** holding 1,69,40,400 shares in the Demerged Company.
8. The **Demerged Company** has filed certificate of Statutory Auditor (refer page No.196 and 197 of the Petition) stating that as on 30.06.2019 there are there four (4) **Secured Creditors** together having debt of Rs.18,24,35,475/-. Out of which one (1) Secured Creditor (i.e. Karnataka Bank Limited) having a debt of Rs.17,06,01,235/- constituting 93.51% of total Secured Creditors has given its consent to the proposed Scheme (refer page No.207 of the petition).
9. The **Demerged Company** has filed certificate of Statutory Auditor (refer page No.198 of the Petition) stating that as on 31.08.2019 there are thirty six


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- (36) **Unsecured Creditors** together having debt of Rs.2,96,47,890/-. Out of which Thirty Four (34) Unsecured Creditor together having a debt of Rs.2,81,91,854/- constituting 95.09% of total Unsecured Creditors have given their consent to the proposed Scheme (refer page No.208 to 241 of the Petition).
10. The **Demerged Company** has filed certificate of Statutory Auditor (refer Page No.199 to 206 of the petition) stating that as on 31.08.2019 there are three hundred and fourteen (314) **Sundry Creditors** together having debt of Rs.50,33,11,165/-.
11. The **Demerged Company** has filed certificate of Statutory Auditor (refer page No.184 of the petition) stating that as on 30.06.2019 there are eleven (11) **Equity Shareholders** in the Resulting Company and they have given their consent to the proposed Scheme (refer page Nos.185-195 of the petition).
- The **Resulting Company** has filed certificate of Statutory Auditor (refer Page No.243 of the petition) stating that as on 30.06.2019 there are there are no **Secured Creditors and Unsecured Creditors** in the Resulting Company.
13. Heard the submissions made in this regard by the Counsel for the Applicant Companies and perused the documents filed therewith.
14. It is noted that all the **equity shareholders** of the Resulting Company have given consent affidavits agreeing to the proposed Scheme and hence no need to direct the **Resulting Company** to hold meeting of Equity Shareholders and the same is dispensed with.


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15. It is noted that 93.51% of the Secured Creditors of the Demerged Company have given their consent to the Scheme and hence no need to direct the **Demerged Company** to hold meeting of **Secured Creditors** and the same is dispensed with.
16. It is noted that 95.09% of the Unsecured Creditors of the Demerged Company have given their consent to the Scheme and hence no need to direct the **Demerged Company** to hold meeting of **Unsecured Creditors** and the same is dispensed with.
17. It is noted that there are no **Secured and Unsecured Creditors** in the **Resulting Company** and hence no need to direct the Resulting Company to hold meetings of the Secured and Unsecured Creditors.
18. With regard to the Equity Share Holders and Sundry Creditors of the **Demerged Company**, this Tribunal passes the following order:-
- A meeting of the Sundry Creditors of the Demerged Company shall be held on **26.02.2020 at 10.30 AM** at Hotel Minerva Banquets, 8-113/A/1, Kothapet, Hyderabad – 500035, Telangana for the purpose of considering and if, thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.
- b) Shri B. V. Ram Naresh Kumar, Advocate (Mobile No. 9391309770 & 8142209772) shall be the Chairman for the meeting of Sundry Creditors and in respect of any adjournment thereof.
- c) Ms. B. Poojitha, Advocate (Mobile No. 9908481168) is appointed as the Scrutinizer for the aforesaid meeting and in respect of any adjournment thereof.



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- d) A meeting of the Equity Shareholders of the Demerged Company shall be held on **26.02.2020 at 11.00 AM** Hotel Minerva Banquets, 8-113/A/1, Kothapet, Hyderabad – 500035, Telangana for the purpose of considering and if, thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.
- e) Shri Amir Ali Bavani, Advocate (Mobile No. 9949216962) shall be the Chairman for the meeting of Equity Shareholders and in respect of any adjournment thereof.
- f) Ms. Varalakshmi, PCS (Mobile No.9000987444) is appointed as the Scrutinizer for the aforesaid meeting and in respect of any adjournment thereof.
- g) The remuneration of Chairman is fixed at Rs.1,00,000/- (Rupees One Lakhs only) for each meeting and remuneration of the scrutinizer is fixed at Rs.75,000/- (Rupees Seventy Five Thousand only) for each meeting.
- h) At least one month before 26.02.2020 i.e. the date of the aforesaid meetings, an advertisement about convening of the said meetings, indicating the day, date, place and time, as aforesaid, shall be published in Business Standard (in English) and in Nava Telangana (in Telugu). The publication shall indicate the time within which copies of scheme shall be made available to the concerned persons free of charge from the registered office of the Resulting Company. The publication shall also indicate that the statement required to be furnished pursuant to Section 102 of the Act read with Sections 230 to 232 of the Act and the prescribed form of proxy can be obtained free of charge at the registered office of the Resulting Company or at the office of its Counsel i.e. Mr. Y. Suryanarayana, Advocate, Flat No.106, Nirmal Towers 200, Near Sai Baba Temple, Dwarakapuri Colony, Punjagutta,



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Hyderabad – 500 082 in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.

- i) The Chairman appointed for the aforesaid meetings shall issue the advertisements and send out the notices of the meeting referred to above. The Chairman is free to avail the services of the Resulting Company or any agency for carrying out the aforesaid directions. The Chairman shall have all the powers under the Articles of Association of the Resulting Company and also under the Rules in relation to the conduct of the meeting, including for deciding any procedural questions that may arise at the meeting or adjournment(s) to the aforesaid scheme or resolution, if any, proposed at the aforesaid meeting by any person(s) and to ascertain the decision of the sense of the meeting by ballot/polling paper at the venue of the meeting.
- j) The quorum for the meeting shall be as per Provisions of Section 103 of the Companies Act, 2013.



Voting by proxy/authorised representatives is permitted provided that the proxy in the prescribed form/authorisation duly signed by the person entitled to attend and vote at the aforesaid meeting is filed with the Resulting Company at the Registered Office i.e. Sy.No.11/A3, Saheb Nagar, Kurdu Vill, Chintalkunta, Eshwaramma Nilayam, L.B. Nagar, Hyderabad – 500 074, not later than 48 hours before the meetings vide Rule 10 of the Companies (CAA) Rules, 2016 read with Section 105 of the Act.

- l) The Chairman to file an Affidavit not less than 7 (seven) days before the date fixed for the holding of the meetings and to report to this Tribunal that the directions regarding issuance of notices and

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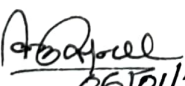
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advertisement of the meeting have been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.

- m) It is further ordered that the Chairman shall report to this Tribunal on the result of the meeting in Form No. CAA-4, duly verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 within seven working days.
- n) In compliance of sub section(5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, 2016, all the applicant companies shall send notice under sub section (3) of Section 230 read with Rule 6 of the Rules with a copy of the Scheme, the explanatory statement and the disclosures mentioned in Rule 6 to (a) the Central Government through the Regional Director, South Eastern Region; (b) the Registrar of Companies, Telangana; (c) the Income Tax Authorities; (d) the Official Liquidator; and (e) SEBI. The said notices be sent either by Registered Post, or by Speed Post or by Hand Delivery at the Offices of the authorities as required by sub rule (2) of Rule 8 of the Rules. The aforesaid authorities, who desire to make any representation under sub section (5) of section 230 shall send the same to this Tribunal within a period of 30 (thirty) days from the date of receipt of such notice, failing which it shall be deemed that they have no representation to make on the proposed Scheme.



20. The Company Application i.e. CA(CAA)No.230/230/HDB/2019 is disposed of accordingly.


06/01/2020
DR. BINOD KUMAR SINHA
MEMBER (TECHNICAL)


K. ANANTHA PADMANABHA SWAMY
MEMBER (JUDICIAL)


Dy. Regt. Asst. Regt. Court Officer
National Company Law Tribunal, Hyderabad

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CASE NUMBER..... CA (CAA) No. 230/230/HDB/2020 Page 9 of 9
निर्णय का तारीख
DATE OF JUDGEMENT..... 06/01/2020
प्रति तैयार किया गया तारीख
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