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07-07-2022

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IN THE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD
COURT - 2

ITEM No9
CA(CAA)/40(AHM)2022

Proceedings under Section 230-232 r.w 66 Co.Act,2013

IN THE MATTER OF:

GHCL Limited
GHCL Textiles Limited

.....Applicant

.....Respondent

Order delivered on 05/07/2022

Coram:

Dr. Deepti Mukesh, Hon'ble Member(J)
Ajai Das Mehrotra, Hon'ble Member(T)

PRESENT:

For the Applicant : Ms. Swati Soparkar, Adv.
For the Respondent :

ORDER

Speaking to minutes is filed by the Learned Counsel for the applicant. Learned Counsel states that first motion application was disposed of vide order dated 27.06.2021, where inadvertently the dates for holding and convening the meeting mentioned as 04.08.2022 instead of 18.08.2022. The Learned Counsel states that orally they had mentioned on the date of pronouncement for the dates to convene the meetings on 18.08.2022, but the same is not reflected in the order. We recollect as it is recorded in our cause list the dates to be mentioned as 18.08.2022, but the order records as 04.08.2022.

The order stands corrected to that effect. The meetings to be held on 18.08.2022 as per the time mentioned in the original order. The copy of this order shall be part of original order.

Speaking to minutes is disposed of

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AJAI DAS MEHROTRA
MEMBER (TECHNICAL)

DR. DEEPTI MUKESH
MEMBER (JUDICIAL)

Vinit



Prepared by Vinod

Signature cel

Date 07-07-2022

Certified to be True Copy of the Original

Deepti Mukesh
7-7-22
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad



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07-07-2022

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**IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
BENCH-2**

CA (CAA) 40/AHM/2022

[Under Sections 230-232 and read with Section 66 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016]

In the matter of Scheme of Demerger

OF

M/s GHCL Limited

(Applicant Company No. 1/Demerging Company)

WITH

M/s GHCL Textiles Limited

(Applicant Company No. 2/Resulting Company)

And

Their Respective Shareholders and Creditors.

Order Pronounced on 27.06.2022

CORAM:

DR. DEEPTI MUKESH

HON'BLE MEMBER (JUDICIAL)

AJAI DAS MEHROTRA

HON'BLE MEMBER (TECHNICAL)



MEMO OF PARTIES

M/s GHCL Limited,
(CIN: L24100GJ1983PLC006513)
Registered office at;
GHCL House, Opposite Punjabi Hall,
Navrangpura, Ahmedabad-380009.

**... Applicant Company No. 1/
Demerging Company**

WITH

M/s GHCL Textiles Limited,
(CIN: U18101GJ2020PLC114004)
Registered office at;
GHCL House, Opposite Punjabi Hall,
Navrangpura, Ahmedabad-380009.

**... Applicant Company No. 2 /
Resulting Company**

For the Applicant: Sr. Advocate, Mr. Saurabh Soparkar.

ORDER

1. The present joint Application is filed under Section 230-232 r.w. Section 66 and other applicable provisions of the Companies Act, 2013 (hereinafter referred as to "the Act"), read with Rule 3 and 18 of the Companies (Compromise, Arrangement, and Amalgamations) Rules, 2016. The proposed Composite Scheme of Demerger is for Arrangement between M/s GHCL Limited (Demerging Company) and M/s GHCL Textiles Limited (Resulting Company) and their respective Shareholders and Creditors, with effect from the Appointed Date on the agreed terms and conditions as set out in the Scheme annexed in accordance with Sections 230 to 232 of the Companies Act, 2013.



2. It is represented that the registered office of both the applicant companies are situated within the territorial jurisdiction of Registrar of Companies, Ahmedabad, Gujarat, which is falling under the jurisdiction of this Tribunal.
3. The Demerging Company was incorporated with the name of Gujarat Heavy Chemicals Limited as a Public Limited Company on 14.10.1983 under the provisions of Companies Act, 1956 with the office of the Registrar of Companies, Gujarat. The name of the Demerging Company was changed to GHCL Limited vide certificate dated 21.11.2003. The Registered office of the Demerging Company is situated at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad-380009. The Authorised Share Capital of the Demerging Company is Rs. 1,75,00,00,000/- which is divided into 17,50,00,000 Equity shares of Rs. 10/- each and Issued, Subscribed and Paid-up Share Capital is Rs. 95,35,07,860/- which is divided into 9,53,50,786 equity shares of Rs. 10/- each.
4. It is submitted that the Resulting Company was incorporated as GHCL Textiles Limited on 17.06.2020 under the provisions of Companies Act, 2013 with the Registrar of Companies, Gujarat. The registered office of the Resulting Company is situated at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad-380009. The Authorised Share Capital of the Resulting Company is Rs. 15,00,000/- which is divided into 7,50,000 Equity shares of Rs. 2/- each and Issued, Subscribed and Paid-up Share Capital is Rs. 1,00,000/- which is divided into 50,000 equity shares of Rs. 2/- each.
5. Both the Applicant Companies are empowered by their respective Memoranda and Articles of Association to enter into Scheme of Arrangement. Copies of Memoranda and Articles of Association of both



the Applicant Companies are placed on record. The copies of Audited Financial Statements of the Applicant Companies as on 31.03.2021 and copies of Unaudited Financial Statements as on 31.12.2021 are also placed on record.

6. The Board of Directors of both Applicant Companies have approved the Scheme of Amalgamation at their respective Board Meetings held on 06/12/2021. Copies of respective Board Resolutions passed on 14/03/2022 of both the applicant companies are placed on record.
7. It is submitted that both these companies belong to the same group of management. The Applicant Resulting Company is the wholly owned subsidiary of the Applicant Demerging Company. The Demerging Company is engaged in the business of (i) manufacture and sale of inorganic chemicals (including but not limited to Soda Ash (Dense grade and Light grade), Sodium Bicarbonate, Industrial Salt and Consumer Products) (**'Chemical Business'**) (ii) Yarn manufacturing, Spinning of yarn, and other ancillary materials from its factory/plant situated at Madurai and Manaparai, Tamilnadu (**'Spinning Division'**) and (iii) manufacture and sale of home textile products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its factory/plant situated at Valsad, Gujarat (**'Home Textiles Business'**).
8. The management intends to demerge the Spinning Division, on a going concern basis into GHCL Textiles Limited, with a resultant mirror image shareholding and whose shares would be listed on the Stock Exchange after the demerger.
9. GHCL Limited, the Applicant De-merging Company is a listed public limited company and its equity shares are listed at BSE Limited and



National Stock Exchange of India Limited. The Demerging Company had submitted the Scheme to the aforesaid stock exchanges as well as Competition Commission of India for the requisite approval. Both the stock exchanges have vide their respective Observation letters dated 3rd March 2022 and Competition Commission of India vide its order dated 24th March 2022 approved the proposed Scheme of Arrangement, the said approval letters are placed on record.

10. The report confirming the proposed Entitlement Ratio of Equity Shares certified by Registered Valuer dated 06.12.2021 is filed. The Fairness Opinion in form of a certificate issued by a SEBI registered Category-I Merchant Banker dated 06.12.2021 is also filed. Both the certificates are placed on record.
11. Both the Applicant Companies provided the certificate from Statutory Auditors certifying that the proposed Accounting Treatment is in conformity with the applicable Accounting Standards under section 133 of the Companies Act, 2013.
12. It is submitted that there are no proceedings or investigations pending against any of the Applicant Companies under sections 210-217, 219, 220, 223-227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956. There are no winding petitions pending against any of the the Applicant Companies. There are no pending proceedings against either of the Applicant Companies under the IBC, 2016.
13. It has been further submitted that the Applicant Demerging Company has 609 Unsecured Creditors having the value of debt below Rs. 1,00,000/- and the cumulative value of debt of such small Unsecured Creditors amounts to less than 1% of the total value of the unsecured debt as on 31st



March 2022. Break up indicating the same is place on record. Dispensation is sought from sending individual notice to such small unsecured creditors. However, it is confirmed that pursuant to the newspaper publication, such small unsecured creditors shall be entitled to attend the meeting and cast their votes through e voting.

14. With respect to the **Demerging Company**, it is stated that:

- a) There are 69045 equity shareholders and a certificate from Chartered Accountant certifying the list of shareholders is annexed. The Applicant Company is seeking directions for holding the meeting of shareholders.
- b) There are 8 Secured Creditors and a certificate from Chartered Accountant certifying the list of Creditors is annexed. All the Secured Creditors have given their consent by way of affidavits for the proposed scheme of de-merger. The copies of the consent affidavits of all the Secured Creditors are annexed. Hence, the Company is seeking dispensation for holding the meeting of Secured Creditors.
- c) There are 1159 Unsecured Creditors and a certificate from Chartered Accountant certifying the list of the Unsecured Creditor is annexed. The Applicant Company is seeking directions for holding the meeting of Unsecured Creditors.

15. With respect to the **Resulting Company**, it is stated that:

- a) There are 7 equity shareholders and a certificate from Chartered Accountant certifying the list of shareholders is annexed. All equity shareholders have given their consents by way of affidavits for the proposed composite scheme of amalgamation. The copies of the consent affidavits of all equity shareholders are placed on records. Hence, the



company is seeking dispensation for holding the meeting of equity shareholders.

- b) There are no Secured Creditors. Certificate from Chartered Accountant certifying that there are NIL secured creditors is annexed with the application. Therefore, no meeting of Secured Creditors is required to be convened.
- c) There are no Unsecured Creditors. Certificate from Chartered Accountant certifying that there are NIL Unsecured Creditors is annexed with the application. Therefore, no meeting of Unsecured Creditors is required to be convened.

16. Taking into consideration the submissions and the documents filed therewith, we issue the following directions with respect to holding and convening or dispensing the meeting of the Equity Shareholder, Secured/Unsecured Creditors as well as issue of notices including by way of paper publication as follows:

i) In relation to the De-merging Company:

a. With respect to Equity Shareholders:

The meeting of the Equity Shareholders of Company shall be convened on 04.08.2022 at 09:30 AM, for the purpose of considering and, if thought fit, approving the proposed Scheme of Amalgamation, with or without modifications through video conferencing or other audio visual means as requested.

b. With respect to Secured Creditors:

Convening of the meeting of Secured Creditors of the company is hereby dispensed with, in view of 100% consent received by way of affidavits from Secured Creditors.

c. With respect to Unsecured Creditors:



The meeting of the unsecured creditors of Company shall be convened on 04.08.2022 at 02:30 PM, for the purpose of considering and, if thought fit, approving the proposed Scheme of Amalgamation, with or without modifications through video conferencing or other audio visual means as requested.

ii) In relation to the Resulting Company:

a. With respect to Equity Shareholders:

Convening of the meeting of equity shareholders of the company is hereby dispensed with, in view of 100% consent received by way of affidavits from Shareholders.

b. With respect to Secured Creditors:

As there are no secured creditors in the Company, convening of the meeting of secured creditors is obviated.

c. With respect to Unsecured Creditors:

As there are no Unsecured creditors in the Company, convening of the meeting of Unsecured creditors is obviated.

17. At least one month before the date of the meetings, a notice in Form No. CAA 2 convening the said meetings indicating the day, the date, the time as aforesaid, together with a copy of the Scheme of Arrangement, copy of the Explanatory Statement required to be sent under Section 102 of the Act, read with Sections 230 and 232 of the Act and Rule 6 of the Companies (CAA) Rules, 2016, as well as other requisite documents, shall be sent to each of the Equity Shareholders and Unsecured Creditors of the De-merging Company; at their respective available addresses either through email or courier or speed post or registered post. In case of the Equity Shareholders and Unsecured Creditors of the Applicant Demerging company, the notices shall be sent in reference to the list of the persons



appearing on record of the Applicant Companies as on 31st May 2022 and the voting percentage of such creditors as per list is to be decided after considering the amount of debt as on the date of voting, which is to be ensured by the Chairperson.

18. At least one month before the date of meetings, an advertisement about convening the said meetings of Equity Shareholders and Unsecured Creditors of the Applicant De-merging Company, indicating the day, the date, the time and the details of modalities for the meeting through video conferencing as aforesaid, shall be published once in English Daily 'Indian Express' Ahmedabad Edition and Gujarati translation thereof in Gujarati daily 'Gujarat Samachar', Ahmedabad edition. The publication shall also indicate that the copy of "Scheme" and statement required to be furnished pursuant to Section 102 of the Act, read with Sections 230 and 232 of the Act can be obtained free of charge at the Registered Office of the Applicant De-merging Company or at the office of the Advocate, i.e. Mrs. Swati Saurabh Soparkar, 301, Shivalik-10, Opp. SBI Zonal Office, S. M. Road, Ambavadi, Ahmedabad 380 015 in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.
19. The Applicant Demerging Company being a listed public limited company, is governed by the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and in view of Sections 230 (4) of the Act as well as Rule 6 (3) (xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI (Listing and Disclosure Requirements Regulations) 2015; it is required to provide facility for remote e voting to the shareholders. Hence, in view of the above directions for conducting the meeting through video conferencing, the Applicant



Demerging Company is directed to carry out voting through (i) remote e voting as well as (ii) e voting at the time of meeting for all the Equity Shareholders. The Applicant Company shall carry out voting for meetings of Unsecured Creditors also by (i) remote e voting as well as (ii) e voting at the time of meeting.

20. Exemption/Dispensation is hereby granted from sending notice of meeting to small unsecured creditors of GHCL Limited, having individual value of debt at below Rs. 50,000/- as on 31st May 2022. However, it is clarified that pursuant to the public notice such small unsecured creditors are entitled to attend the meeting and exercise their right to vote.
21. Mr. Jaimin Dave, Practising Advocate or failing him Mr. Monaal Davawala, Practising Advocate are hereby appointed as Chairperson of all the meetings of the Applicant De-merging Company to be held on 4th August 2022 and in respect of any adjournment or adjournments thereof.
22. Mr. Manoj Hurkat (Membership No. FCS 4287 and Certificate of Practice Number 2574) of M/s. Manoj Hurkat & Associates, Practicing Company Secretaries shall be as the scrutiniser for the said meetings.
23. The chairperson appointed for the aforesaid meetings shall issue the advertisements and send out the notices of the meetings referred to above.
24. The chairperson shall file an affidavit not less than 7(seven) days before the date fixed for the holding of the meetings and report to this Tribunal that the directions regarding issuance of notices and advertisement of the meeting have been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.



25. It is further ordered that the Chairperson of the company shall report to this Tribunal the result of the meeting in Form No. CAA.4, verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 in from No. CAA.4 within seven days after the conclusion of the meeting.
26. The quorum for the aforesaid meetings shall be as prescribed under Section 103 of the Companies Act, 2013 and would include Shareholders and Creditors present through video conferencing and/or other audio- visual means. In case the required quorum as stated above is not present at the commencement of the meeting, the meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum.
27. It is however clarified that in view of para A (x) of the MCA Circular No. 14/2020 dated 8th April 2020, that in case of meeting through video conference or other audio visual means, the voting through Proxy shall not be permitted. However, voting through Authorized Representative is permitted.
28. The number and value of the vote of each Equity Shareholders, or the value of debt of the Unsecured Creditors of the Company, as the case may be, shall be in accordance with the register or records of the Applicant Company for Equity Shareholders and as per the entries in the books of accounts of the companies for the Unsecured Creditors; and where the entries in the records are disputed, the Chairman of the meetings shall determine the value for the purposes of the meetings.
29. In compliance of sub-section (5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, the Applicant Companies shall send a Notice of meeting in Form No. CAA 3 with a copy of the Scheme of Arrangement, the Explanatory Statement and the disclosures mentioned



under Rule 6 to (1) Central Government through the Regional Director, North Western Region, (2) the Registrar of Companies, Gujarat; and (3) to the Income Tax Department along with full details of assessing officer and PAN numbers of all the applicant companies with the copy also to the Chief Commissioner of Income Tax Office, (4) Reserve Bank of India; (5) BSE Limited (6) National Stock Exchange Limited, (7) Securities and Exchange Board of India as well as (8) Competition Commission of India; stating that representations, if any, to be made by them shall be made within a period of 30 (Thirty) days from the date of receipt of such notice, failing which it will be deemed that they have no objection to make on the proposed Scheme of Arrangement. The said notices shall be sent forthwith after the notice for the meetings are sent to the concerned Equity Shareholders and unsecured creditors of the Applicant Demerging Company, either by Registered Post or by Speed Post or by Courier or by Hand Delivery at the offices of the authorities as required by sub-rule (2) of Rule 8 of the Companies (CAA) Rules, 2016. The aforesaid authorities, who desire to make any representation under sub-section (5) of Section 230 shall send the same to this Tribunal with a copy of the same to be supplied to the Applicant Company.

30. The Application is allowed and disposed of in terms of the above directions.

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AJAI DAS MEHROTRA
MEMBER (TECHNICAL)

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DR. DEEPTI MUKESH
MEMBER (JUDICIAL)

Pronounced today under Rule 151 of NCLT Rules, 2016 as the Member(T), Ajai Das Mehrotra is not holding court today.

Prepared by Vinayal

-sd-

Signature [Signature]

Satyender Kumar Tyagi
Court Officer

Abhishek Steno/ Abhishek LRA

07-07-2022

Certified to be True Copy of the Original
[Signature]
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad