



# Vardhman

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## VARDHMAN TEXTILES LIMITED

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Ref. VTL: SCY: MAR: 2021-2022

Dated: 31<sup>st</sup> March, 2022

BSE Limited, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, MUMBAI-400001. Scrip Code: 502986	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 Scrip Code: VTL
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Dear Sir,

**Sub:** Scheme of Amalgamation of VMT Spinning Company Limited ('Transferor Company 1') and Vardhman Nisshinbo Garments Company Limited ('Transferor Company 2') with Vardhman Textiles Limited ('Transferee Company' and 'the Company') under Sections 230 to 232 of the Companies Act, 2013.

**Ref:** Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

In compliance of Regulation 30 read with Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please be informed that the National Company Law Tribunal, Chandigarh Bench ("NCLT" or "Tribunal") has sanctioned the Scheme of Amalgamation filed by the Company under section 230 and 232 of the Companies Act, 2013 comprising of amalgamation of VMT Spinning Company Limited ('Transferor Company 1') and Vardhman Nisshinbo Garments Company Limited ('Transferor Company 2') with Vardhman Textiles Limited ('Transferee Company') ("Scheme"). The Tribunal has issued an electronic copy of the order sanctioning the Scheme on 30<sup>th</sup> March, 2022.

A copy of the said order is enclosed for your information and records please.

Thanking you,

Yours faithfully,

For Vardhman Textiles Limited



Sanjay Gupta ★  
(Company Secretary)

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | STEELS

**THE NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH, CHANDIGARH  
(through web-based video conferencing platform)**

**CP (CAA) No. 25/Chd/Pb/2020  
(2<sup>nd</sup> Motion)**

**Under Sections 230 to 232  
and other applicable  
provisions of the Companies  
Act, 2013**

**IN THE MATTER OF SCHEME OF AMALGAMATION OF:**

**VMT Spinning Company Limited**

having its registered office at  
Vardhman Premises, Chandigarh Road  
Ludhiana, Punjab 141010  
PAN: AABCV8087C  
CIN: U17117PB1990PLC014070

Petitioner Company No. 1/Transferor Company No. 1

**And**

**Vardhman Nisshinbo Garments Company Limited**

having its registered office at  
Vardhman Premises, Chandigarh Road  
Ludhiana, Punjab 141010  
PAN: AACCV9943L  
CIN: U18100PB2009PLC032764

... Petitioner Company No. 2/Transferor Company No. 2

**With**

**Vardhman Textiles Limited**

having its registered office at  
Chandigarh Road, Ludhiana  
Punjab-141010  
PAN: AABCM4692E  
CIN: L17111PB1973PLC003345

... Petitioner Company No. 3/Transferee Company

**Judgment delivered on: 30.03.2022**

**Coram: HON'BLE MR. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)  
HON'BLE MR. SUBRATA KUMAR DASH, MEMBER (TECHNICAL)**

**Present through Video Conferencing : -**

For the Petitioner Companies: 1. Mrs. Munisha Gandhi, Senior Advocate  
2. Ms. Salina Chalana, Advocate

**Per: Subrata Kumar Dash, Member (Technical)**

**JUDGMENT**

This is a joint second motion petition filed by Petitioner Companies namely; **VMT Spinning Company Limited** (Petitioner Company No. 1/Transferor Company No. 1), **Vardhman Nisshinbo Garments Company Limited** (Petitioner Company No. 2/ Transferor Company No. 2) and **Vardhman Textiles Limited** (Petitioner Company No. 3/Transferee Company) under Section 230-232 and Section 66 of Companies Act, 2013 (the Act) and other applicable provisions of the Act read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the Rules).

2. The Petitioner Companies have prayed for sanctioning of the Scheme of Amalgamation between the respective companies. The said Scheme is attached as Annexure-A1 of the petition.

3. The Petitioner Companies filed First Motion Application bearing CA (CAA) No. 27/Chd/Pb/2020 before this Tribunal for seeking directions for dispensing with the meetings of Equity Shareholders, Secured and Unsecured Creditors of all the Applicant Companies and of Preferential Shareholders of Applicant Company No. 2 and of Non-convertible Debenture holders of Applicant Company No. 3.

4. The First motion application was disposed of vide order dated 04.11.2020, with directions to dispense with the meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors for all the Applicant Companies and

of preference shareholders of applicant company No. 2 and non-convertible debenture holders (NCD) of applicant company No. 3 for the reasons recorded in the aforesaid order.

5. The main objects, date of incorporation, authorized and paid-up share capital, and the rationale of the Scheme had been discussed in detail in the order dated 04.11.2020.

6. In the second motion application proceedings, certain directions were issued by this Tribunal vide order dated 12.01.2021 and the same were complied through compliance affidavit filed vide Diary No. 01754/01 dated 15.03.2021. The petitioner companies have made newspaper publications in "Financial Express" (English) and "Desh Sewak" (Punjabi) both Punjab Editions on 05.03.2021. The copies of the newspapers were attached as Annexure A-1 of the aforesaid affidavit. It is also stated in the aforesaid affidavit that the petitioner companies have served notices to (a) Central Government through Regional Director (Northern Region), Ministry of Corporate Affairs, New Delhi (b) Registrar of Companies, Punjab and Chandigarh, (c) the Official Liquidator (attached to Punjab and Haryana High Court), (d) Jurisdictional Income Tax Department (e) Securities and Exchange Board of India (f) Bombay Stock Exchange Limited (g) National Stock Exchange of India Limited. Copies of original postal receipts along with tracking report evidencing service of notice is attached as Annexure A-2 to A-9 of the aforesaid affidavit.

7. It is also deposed by the authorized representative of the petitioner companies that till date, no objection to the Scheme has been received by the petitioner companies on any of the addresses as mentioned in the notice of

hearing. The aforesaid affidavit has been filed vide Diary No. 01754/01 Dated 15.03.2021.

8. In response to the abovementioned notices, the statutory authorities have furnished their replies.

8.1 Registrar of Companies/Regional Director

The Registrar of Companies (RoC) has filed its report along with the report of the Regional Director (RD) vide Diary No. 01754/3 dated 22.03.2021. The R.D. in its report has stated that all the transferor companies and transferee companies have filed the balance sheet and annual return up to financial year 2020 and no prosecution has been filed and no inspection or investigation has been conducted in respect of petitioner companies. It is mentioned at para 26 of the report of ROC dated 26.02.2021 that the present scheme is a merger of wholly owned subsidiaries with the parent company and no affidavit regarding compliance of provisions of Section 184, 185 and 189 of the Companies Act, 2013 and(or) Sections 295, 297, 299 and 301 is furnished by any of the petitioner companies. Further, as per Section 232 (3) (i) of the Companies Act, 2013, the fee, if any, paid by the Transferor Companies on its authorized capital shall be set-off against any fee payable by the Transferee Company on its authorized capital subsequent to the amalgamation.

In response to the Report of RoC/RD, the petitioner companies have filed affidavit vide Diary No. 01754/4 dated 23.03.2021, wherein it has been stated that the present affidavit may be considered as duly compliance of the provisions of Section 184, 185 and 189 of the Companies Act, 2013 and(or) Section 295, 297, 299 and 301 of the Companies Act, 1956. It is also mentioned

that the fees paid by the transferor companies shall be set off against any fees payable by transferee company on its increased share capital subsequent to amalgamation as per Section 232 (3) (i) of the Companies Act, 2013.

Thus, the observations of RD/RoC in respect of the petitioner Companies stands satisfied.

## 8.2 Income Tax Department

The Income Tax Department filed its report vide Diary No. 01754/7 dated 28.10.2021 for petitioner companies wherein it has been stated that certain demands are pending in respect of petitioner companies pertaining to the assessment year 2015-16, 2019-20 and 2019-2020 and fresh application is received for the rectification of demand pending with Income Tax Department. It is further stated that the department has no objection to the scheme if all the demands outstanding and liability in transferor companies be transferred to Transferee Company i.e. is Vardhman Textile Limited.

In response to the Report of Income Tax Department, the petitioner Companies have filed response vide Diary No. 01754/6 dated 10.08.2021, it is stated that all demand outstanding and liability in Transferor Companies would be transferred to the transferee company in accordance with the scheme, subject to its legal right to assail any orders before the relevant authorities/court in accordance with the law.

As It is apparent from the above discussions, the liabilities towards Income Tax Department exist in the Petitioner companies. In this context, it is clarified that this Tribunal is not shutting out the legitimate interest of the

income-tax authorities to recover the lawful dues payable by the transferor companies and the transferee company is not being dissolved, and the scheme provides the savings in relation to the liabilities as well, the rights of the tax authorities remain intact, and they can proceed against the transferee company in accordance with the law, if any amount is found due and payable. The Hon'ble National Company Law Appellate Tribunal also in the Ad2Pro Global Creative Solutions P. Ltd. v. Regional Director, (S.E.R.), Ministry of Corporate Affairs MANU/NL/0469/2019 : [2019] 217 Comp Cas 443 (NCLAT), in Company Appeal (AT) No. 98 of 2019, in relation to the dues of the income-tax has held in paragraph 7 as follows (page 449):

*"Admittedly, proceedings are pending in appeal before the Income-tax Appellate Tribunal and depending upon the outcome of such proceedings. The transferee company has undertaken to satisfy all demands emanating from and raised by the competent tax authorities. The scheme having been approved and sanctioned and the same being in consonance with law, no fault can be found with the transferee's undertaking to satisfy all demands raised by the tax authorities as finally determined by due process. The appellants are justified in maintaining that the tax liabilities would be satisfied by the transferee as determined by the competent forum seized of the matter in accordance with the approved scheme, which admittedly does not come in conflict with any express provision of the Companies Act, 2013. The legitimate interests of the concerned tax authorities have been lawfully protected, and their right to recover the tax dues as determined by the Income-tax Appellate Tribunal or any other competent forum as the case may remain intact."*

Further, in Company petition C.A.A. No. 284/ND/2018 vide order dated November 12, 2018, the National Company Law Tribunal, New Delhi has made the following observations with regard to the right of the Income-tax Department in the scheme of amalgamation:

*"... taking into consideration the clauses contained in the scheme in relation to liability to tax and also as insisted upon by the income-tax and in terms of the decision in Vodafone Essar Gujarat Ltd. v. DIT MANU/GJ/0794/2012 : [2013] 176 Comp Cas 7 (Guj); [2013] 353 ITR 222 (Guj) and the same being also affirmed by the Hon'ble Supreme Court and as reported in Department of Income-tax v. Vodafone Essar Gujarat Ltd. [2015] 190 Comp Cas 105 (S.C.); [2015] 373 ITR 525 (S.C.); [2016] 66 taxmann.com. 374 (S.C.) from which it is seen that at the time of declining the S.L.P.s filed by the Revenue, however stating to the following effect vide its order dated April 15, 2015, that the Department is entitled to take out appropriate proceedings for recovery of any statutory dues from the transferor or transferee or any other person who is liable for payment of such tax dues the said protection be afforded is granted. With the above observations, the petition stands allowed, and the scheme of amalgamation is sanctioned."*

In view of the above discussion the provisions of the present scheme are held to be adequate to meet the issues raised by the Income Tax Department.

### 8.3 Official Liquidator

The Official Liquidator filed its report vide Diary No. 01754/5 Dated 05.04.2021. It is stated that as per Clause 3.6 Part C of the scheme of amalgamation the transferor company No. 1 and transferor company No. 2 are the wholly owned subsidiaries of Transferee Company and there will be no issue and allotment of shares as consideration by the Transferee Company upon the scheme coming into effect. The investments in the shares of the Transferor Company No. 1 and Transferor Company No. 2 appearing in the books of account of the transferee company shall without any further act or deed stand cancelled.

Thus, there is no adverse observations from the Official Liquidator.

9. The notices were also served by petitioner company no. 3 to the Securities and Exchange Board of India, Bombay Stock Exchange Limited and



National Stock Exchange of India Limited and copies of notices issued vide Speed Posts along with tracking reports are attached as Annexure A-7 to A-9 of Diary No. 01754/01 dated. 15.03.2021. There is no reply from the concerned authorities till now and considering the lapse of time in the matter, it is presumed that there is no objection from the aforesaid authorities to the proposed scheme of amalgamation.

10. The certificate of the Statutory Auditors with respect to the Scheme between petitioner-companies to the effect that the accounting treatment proposed in the Scheme is in compliance with applicable Indian Accounting Standards (Ind AS) as specified in Section 133 of the Act, read with rules thereunder and other Generally Accepted Accounting Principles is attached as Annexure A-12 of the petition.

11. We have heard the learned Counsel for petitioner companies and learned Senior Standing Counsel for the Income Tax Department and perused the record carefully.

12. In the context of the above discussion, the Scheme contemplated between the petitioner companies, appears to be prima facie in compliance with all the requirements stipulated under the relevant Sections of Companies Act, 2013. In the absence of any objections before us and since all the requisite statutory compliance have been fulfilled, this Tribunal sanctions the Scheme of Amalgamation appended as Annexure "A-1" with the company petition.

13. Notwithstanding the submission that no investigation is pending against the petitioner companies, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted

by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners.

14. While approving the scheme as above, it is clarified that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

15. **THIS TRIBUNAL DO FURTHER ORDER:**

- (i) That all the property, rights and powers of the Transferor Companies be transferred, without further act or deed, to the Transferee Company and accordingly, the same shall pursuant to Sections 230 to 232 of the Companies Act, 2013, be transferred to and vested in the Transferee Company for all the estate and interest of the Transferor Companies but subject nevertheless to all charges now affecting the same;
- (ii) That all the liabilities and duties of the Transferor Companies be transferred, without further act or deed, to the Transferee Company and accordingly the same shall pursuant to Sections 230 to 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Transferee Company;
- (iii) That the Appointed Date for the scheme shall be 01.04.2020 as specified in the scheme;
- (iv) That the proceedings, if any, now pending by or against the Transferor Companies be continued by or against the Transferee Company;

- (v) That the employees of the Transferor Companies shall be transferred to the Transferee Company in terms of the provisions of the 'Scheme';
- (vi) That the fee, if any, paid by the Transferor Company on its authorized capital shall be set off against any fees payable by the Transferee Company on its authorized capital subsequent to the sanction of the 'Scheme';
- (vii) That the Transferee Company shall file the revised memorandum and articles of association with the Registrar of Companies, Punjab and Chandigarh and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company; after setting off the fees paid by the Transferor Companies;
- (viii) That the Petitioner Companies shall, within 30 days after the date of receipt of this order, cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Companies shall be dissolved without undergoing the process of winding up. The concerned Registrar of Companies shall place all documents relating to the Transferor Companies registered with him on the file relating to the said Transferee Company, and the files relating to the Transferor Companies and Transferee Company shall be consolidated accordingly, as the case may be;
- (ix) The Petitioner Companies shall file an affidavit regarding compliance of provisions of Section 184, 185 and 189 of the Companies Act, 2013

and(or) Section 295, 297, 299 and 301 of the Companies Act, 1956 with the concerned authorities within 30 days of this order.

- (x) That the Transferee Company shall deposit in total an amount of ₹2,00,000/- (Two Lakh Only) i.e. ₹ 1,00,000/- (One Lakh only) in favour of "The Company Law Tribunal Bar Association" Chandigarh and ₹ 1,00,000/- in favour of Pay & Accounts Office in respect of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi within a period of four weeks from the date of receipt of the certified copy of this order;
- (xi) That the Petitioner Companies shall, within 30 days after the date of receipt of this order, cause a certified copy of this order to be delivered to the Registrar of Companies for registration in prescribed form and on such certified copy being so delivered, the Transferor Company shall be dissolved without undergoing the process of winding up. The concerned Registrar of Companies shall place all documents relating to the Transferor Company registered with him on the file relating to the said Transferee Company, and the files relating to the Transferor Company and Transferee Company shall be consolidated accordingly, as the case may be.

16. As per the above directions, Form No. CAA.7 of Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016, formal orders be issued on the petitioners on the filing of the Schedule of Properties within three weeks from the date of receiving a copy of this order.

17. All the concerned Regulatory Authorities to act on a copy of this order annexed with the Scheme duly authenticated by the Registrar of this Bench.

18. The certified copy of this order, if applied for, be supplied to the parties, subject to compliance with all requisite formalities.

19. The Company Petition CP (CAA) No.25/Chd/Pb/2020 is disposed of accordingly.

Sd/-  
**(Subrata Kumar Dash)**  
**Member (Technical)**

Sd/-  
**(Harnam Singh Thakur)**  
**Member (Judicial)**

March 30, 2022  
PB