

Speed Post

No. 24/1/2014-CL-III
Government of India
Ministry of Corporate Affairs

Shastri Bhawan, "A" Wing, 5th Floor,
Dr. Rajendra Prasad Road,
New Delhi-110 001.
Dated: 5.5.2014

To

1. M/s State Farms Corporation of India Ltd
Farm Bhavan, 14-15,
Nehru Place,
New Delhi-110 019.
- ✓ 2. M/s. National Seeds Corporation Ltd,
Beej Bhavan, Pusa Complex,
New Delhi-110 012.

Subject: Application u/s 391-394 of the Companies Act, 1956 for
amalgamation of M/s. State Farms Corporation of India Ltd,
(Transferor company) with National Seeds Corporation
Ltd.(Transferee company)

Sir,

I am directed to forward herewith a certified copy of this Ministry's
Order dated 30.04.2014 on the above subject for information and
necessary action.

Yours faithfully,

(Ravi Vazirani)

Under Secretary to the Govt. of India

Encl: as above.

Copy to:

Shri Ashish Makhija, AMC Law Firm, Advocates & Solicitors, B-30 LGF,
Lajpat Nagar-3, New Delhi-110 024.

(Ravi Vazirani)

Under Secretary to the Govt. of India

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

In the matter of Section 391-394 of the Companies Act, 1956

And

In the matter of Scheme of Amalgamation of

M/s. State Farms Corporation of India Limited

With

M/s. National Seeds Corporation Limited

1. M/s. State Farms Corporation of India Limited, an existing company within the meaning of the Companies Act, 1956 and having registered office at Farm Bhavan, 14-15, Nehru Place, New Delhi-110 019

... .. Transferor Company

2. M/s. National Seeds Corporation Limited, an existing company within the meaning of the Companies Act, 1956 and having registered office at Beej Bhavan, Pusa Complex, New Delhi-110 012

... .. Transferee Company

Present:-

1. Shri M.M.Sharma, National Seeds Corporation Ltd
2. Shri Sumit Chandhok, AMC Law Firm.
3. Shri Mohd. Raquim, State Farms Corporation of India Ltd.
4. Ms. Yukti Gupta, AMC Law Firm.
5. Shri Sanjay K Mehta, DGM National Seeds Corporation Ltd



**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

(Hearing held on 03.04.2014)

Confirmation petitions were filed on 1st April, 2014 by the applicant companies in this Ministry u/s 391-394 of the Companies Act, 1956 praying for confirmation and sanction of the Scheme of Amalgamation of M/s State Farms Corporation of India Ltd (Transferor company) with M/s National Seeds Corporation Ltd (Transferee company).

2. The Transferor Company was incorporated under the name State Farms Corporation of India Pvt. Ltd and became a Government Company in the year 1958 under Section 617 of the Companies Act, 1956 and changed its name to State Farms Corporation of India Ltd. The Registered Office of the Transferor Company is situated at Farm Bhawan, 14-15 Nehru Place, New Delhi-110019. The objects of the company are to set up and run agricultural farms for the production of seeds of foods grains, fiber crops, planation of crops, oil seeds etc, to set up poultry, sheep, pig and other cattle breeding farms and improvement of lands.
3. The Transferee Company was incorporated in the year 1963 as a Government Company under Section 617 of the Companies Act, 1956. The Registered Office of the Transferee Company is situated at Beej Bhawan, PUSA Complex, New Delhi-110012. The main objects of the company are to carry on in India, the production, processing, drying, storing, distribution and transportation of agricultural seeds, carry on the business of seed merchants, to buy, sell, grow prepare for market, import, export and deal in seeds of all kinds.
4. The brief facts of the case are that the Scheme proposes amalgamation of M/s State Farms Corporation of India Ltd (Transferor company) with M/s National Seeds Corporation Ltd (Transferee company), which would result in efficient administrative control and utilization of available resources. The amalgamated entity would save in operational cost and lead to better utilization

of skilled and experienced manpower available with both the companies. The Union Cabinet have approved the amalgamation of M/s State Farms Corporation of India Ltd with M/s. National Seeds Corporation Ltd in the meeting held 26th December, 2013 vide Order No.53/CM/2013. In the Scheme of Amalgamation submitted to this Ministry, it's stated that, inter-alia, with effect from the appointed date, the Transferor Company shall dissolve without winding up and whole undertaking including all assets and properties, all the debts, liabilities, advances, duties and obligations of the Transferor Company shall stand transferred to and vested in the Transferee Company. All the staff, workmen or employees in the service of the Transferor Company on the date immediately preceding the effective date of the merger shall become the employees of the Transferee Company subject to the terms given under Para- 9 of the Scheme.

5. In accordance with the Government of India, Notification GSR 238 dated 2.2.1978 read with Section 620 of the Companies Act, 1956, the Central Government has jurisdiction under the provisions of the Section 391-394 of the Act with respect to Government companies. Therefore, the Central Government in the Ministry of Corporate Affairs has jurisdiction to hear and decide the present petitions.

6. The petition of Transferor Company is supported by the affidavit of Shri Mohd. Raquim, Company Secretary who is duly authorized to file the present application/petition on behalf of the Transferor Company, in terms of the Board of Directors resolution dated 7th February, 2013 & 11.01.2014.

7. The petition of the Transferee Company is supported by the affidavit of Shri M.M. Sharma, Director (Finance) who is duly authorized to file the application/petition, in terms of the Board of Directors resolution passed on 15th January, 2014.

8. Preliminary hearing was held on 04.02.2014. After the hearing, both the companies were directed to issue public notice in national newspapers in English, Hindi and vernacular languages inviting objections to the proposed Scheme of Amalgamation, to issue a notice along with a copy of the said Scheme of Amalgamation to each of the secured and unsecured creditors whose debt is of a value of more than Rs.1,00,000/-inviting their objections, if any, and to file confirmation petition along with copies of replies sent to objectors, if any. Reports from Regional Director (Northern Region), Registrar of Companies, Delhi and Official Liquidator, Delhi were called for on the proposal.

9. In Pursuance to this Ministry's order dated 6.2.2014, the companies have furnished combined confirmation petition along with paper cuttings of the notice issued in "Dainik Jagran" and "Rashtriya Sahara" dated 15.2.2014 in Hindi and "Business Standard" dated 15.2.2014 in English. The representatives of both the companies have also requested that since the shareholders have already given their consent to the Scheme, the requirement of convening the meeting of equity shareholders may be dispensed with. The requirement of convening the meeting of secured/unsecured creditors may also be dispensed with. The companies have also furnished the details of objections received from some of its creditors along with replies sent to them.

10. Registrar of Companies, Delhi in his report dated 7.3.2014 has reported that they have no objection to the proposal of the companies.

11. Regional Director (Northern Region) vide his report dated 12.3.2014 has reported that the companies have not furnished valuation report for working out the share exchange ratio.

12. During the hearing held on 26.3.2014, both the companies were directed to file a separate confirmation petition in lieu of combined/joint confirmation petition filed by them. The Transferee Company was directed to furnish its

clarification on the issues raised by the Regional Director (Northern Region) in his report dated 12.3.2014.

13. In compliance with the Ministry's order dated 26.3.2014 the companies have filed separate confirmation petition on 1.4.2014. The Transferee company in response to the issues raised by Regional Director (Northern Region) in his report dated 12.3.2014 has clarified that no valuation report is required as both the companies are wholly owned by Govt of India. The Transferee Company will issue shares to the Govt of India of the face value equivalent to the shares held in Transferor Company as the net worth in pre and post amalgamation will remain the same for the existing shareholders. The company has undertaken that any claim objected/disputed shall be cleared/settled in accordance with the terms and conditions set out in the Memorandum of Understanding/Agreement agreed at the time of entering the contact and the applicable provisions thereof.

14. The Official Liquidator, Delhi in his report dated 1.4.2014 has stated that his office has no objection to the proposal of amalgamation.

15. After considering the facts and submissions made by the petitioners and the fact that both the Transferor and Transferee Companies are Government companies and the shareholders have already given their consent, the requirement of meetings of equity shareholders of both Transferor and Transferee Companies are hereby dispensed with.

16. That meetings of the secured and unsecured creditors of Transferor and Transferee companies are hereby dispensed as requested as there are no secured creditors in the case of either company and the amount of unsecured creditors in the case of Transferor Company is also negligible. In any case, Transferee Company is liable to pay its creditors as well as any creditor of the Transferor Company post-merger as per the Scheme of Amalgamation.



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17. For considering the proposal of amalgamation, all the procedures as required under the provisions of the Companies Act, 1956 read with the Companies (Court Rules) 1959 were followed and transparency maintained during the proceedings. Sufficient opportunity was provided to all concerned, by way of giving direction to the petitioner companies for publishing the notice of Scheme or supplying copies of the Scheme to anyone who required so or placing the Scheme on the web-sites of the companies with a view to eliciting views of all concerned to the proposed Scheme. .

18. It is noted that the Scheme contains no objectionable features detrimental to the interest of the employees of the Transferor Company or Transferee Company. Upon the Scheme becoming effective, any and all employees employed in connection with the working of the Transferor Company as on the Effective Date shall be deemed to be the employees of the Transferee Company employed without any breach or interruption of service and subject to the provisions of the Scheme, on terms and conditions not less favorable than those applicable to them as on effective date.

19. The said Scheme does not violate any statutory provisions. The said Scheme is fair, just, sound and is not against any public interest. The validity of all the actions, proceedings and obligations of the Transferor and Transferee Companies continue even after the implementation of the Scheme. Therefore, no person holding any claim or right against the Transferor or Transferee Company prior to the scheme coming into effect would be prejudicially affected even after the implementation of the Scheme.

Jr. 20. In the aforesaid facts and circumstances and having regard to the averments made in the petitions and during the course of the hearing, submission made by the petitioner companies and further considering the reports of the concerned Regional Director, Registrar of Companies and Official Liquidator, the scheme of amalgamation of the Transferor Company with the

Transferee Company is found to be in order and hence the prayer for sanction of the Scheme in the said confirmation petitions and affidavit dated 1.4.2014 deserves to be allowed.

21. Now, therefore, the sanction of the Central Government is hereby accorded to the Scheme of Amalgamation (Annexure A-1 to the petition) of M/s State Farms Corporation of India Ltd (Transferor Company) with M/s. National Seeds Corporation Ltd (Transferee Company) under section 391(2) read with section 394 of the Companies Act, 1956. The Scheme shall be binding on the shareholders and creditors of the Transferor Company and Transferee Company and all concerned with effect from 1.4.2014, being the appointed date for coming into force of the said Scheme.

22. Consequent to the amalgamation of the companies, and the Scheme coming into effect:-

- i) The Transferor Company shall stand dissolved without the process of winding up;
- ii) All the property, rights and powers of Transferor company and all the other property, rights and powers of Transferor company shall be transferred without further act or deed to the Transferee company in accordance with the Scheme, and accordingly the same shall, pursuant to section 394(2) of the Act be transferred to and vest in the Transferee company for all the estate and interest of transferor company therein;
- iii) All the liabilities and duties of Transferor company shall be transferred without further act or deed to Transferee company in accordance with the scheme and accordingly the same shall, pursuant to section 394(2) of the Act be transferred to and become the liabilities and duties of Transferee company;

- iv) All proceedings, now pending by or against the Transferor company shall be continued by or against Transferee company; and,
- v) The petitioner companies shall subject to the provisions of the Companies Act, 1956, apply Accounting standard (AS) 14 as laid down in the Accounting standards Rules, 2006 notified by the Government of India.

23. It is further ordered that the parties to the Scheme or other persons interested in the Scheme shall be at liberty to apply to the Ministry of Corporate Affairs, Government of India, for any direction that may be necessary in regard to working of the said Scheme.

24. It is further ordered that Transferor Company and Transferee Company do file with the Registrar of Companies, Delhi a certified copy of this order within 30 days of the receipt of the same. A copy of the order be made available to the parties concerned.

SCHEDULE:

Copy of the Scheme of Amalgamation (being annexure A1 to the petition) is annexed.


(MANOJ KUMAR)

Joint Secretary to the Government of India
On behalf of the Central Government

Place: New Delhi
Date: 30th April, 2014.

