MANGALAM TIMBER PRODUCTS LIMITED

B K BIRLA GROUP OF COMPANIES

MTPL/SEC/
22.09.2021

The Corporate Relations Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Security Code : MANGTIMBER

The Corporate Relations Department
Department of Corporate Services
BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai - 400 001

Scrip Code: 516007

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in connection with the Scheme of Amalgamation of Mangalam Timber Products Limited with Mangalam Cement Limited and their respective shareholders.

Dear Sir/Madam,

With reference to the Scheme of Amalgamation of Mangalam Timber Products Limited with Mangalam Cement Limited U/S 230 to 232 of the Companies Act, 2013, we would like to update the Exchange that Hon'ble NCLT, Cuttack Bench vide its order dated September 07, 2021 has sanctioned the Scheme with Appointed Date being 01.04.2019. The copy of said order received from our Advocate Shri Patit Paban Bishwal, is enclosed herewith.

You are requested to take the above on record.

Thanking You

Yours faithfully
For Mangalam Timber Products Ltd

Priya Sharma

Priya Sharma
Company Secretary
Membership No. ACS-17251

Encl.: as above

IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH
CUTTACK

CP (CAA) No. 1/CB/2021

In the Matter of:

The Companies Act, 2013 Sections 230(6) and 232(3);

And

In the Matter of:

Mangalam Timber Products Limited, a Company incorporated under the provisions of the Companies Act, 1956 and being a Company within the meaning of the Companies Act, 2013, having Corporate Identification No. L02001OR1982PLC001101 and its registered office at Village: Kusumi, P.O. &Dist.: Nabarangpur – 764 059, in the State of Odisha.

.... Petitioner

Order reserved on: 27.08.2021

Order pronounced on: 07.09.2021

Coram:

Shri Rajasekhar V.K.	:	Member (Judicial)
Shri Satya Ranjan Prasad	:	Member (Technical

Appearances (through video conferencing)

For the Applicant	:	Mr. Joy Saha, Senior Advocate
		Mr. Patit Paban Bishwal, Advocate

ORDER

Per: Satya Ranjan Prasad., Member (Technical)

1. The instant petition has been filed under Section 230(6) read with Section 232(3) of the Companies Act, 2013 ("**Act**") for sanction of the Scheme of Amalgamation of Mangalam Timber Products Limited, being the Petitioner Company

Sd

abovenamed (hereinafter referred to as the "**Transferor Company**") with Mangalam Cement Limited (hereinafter referred to as the "**Transferee Company**") whereby and whereunder the Transferor Company is proposed to be amalgamated with the Transferee Company from the Appointed Date, viz 1st April, 2019 in the manner and on the terms and conditions stated in the said Scheme of Amalgamation ("**Scheme**").

2. The Petition has now come up for final hearing. Counsel for the Applicants submits as follows: -

(a) The Scheme was approved unanimously by the respective Board of Directors of the Transferor Company and Transferee Company at their meetings held on 21June 2019 respectively.

(b) The circumstances which justify and/or have necessitated the Scheme and the benefits of the same are, inter alia, as follows: -

i. The Transferor Company and the Transferee Company (hereinafter collectively referred as the "**Companies**") are part of the BK Birla Group of Companies and are under common management. The Companies have been looking at suitable proposals for consolidation for improving their financial and operating parameters and strengthening their position to grow and develop their business more effectively which is primarily catering to the housing sector. Further, integrating, interlinking and combining the business activities undertaken by both the Companies will be beneficial to the growing requirements in the housing sector, amongst other things and in order to utilize the resources available with each other for better functioning and operating in their respective spheres, under a single entity, it is proposed to amalgamate the Companies under the

Sd

terms and conditions of the said Scheme. The proposed amalgamation of the two companies will, *inter alia,* streamline the group structure reducing the multiplicity of legal and regulatory compliances required at present and accordingly this amalgamation is proposed.

ii. In the circumstances, it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and on the terms and conditions stated in the said Scheme of Amalgamation.

iii. The amalgamation will enable appropriate consolidation and integration of the activities of the Transferor Company and the Transferee Company with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in other parameters. The amalgamation will result in formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently, economically and competitively.

iv. The existing operating business and activities of the Transferee Company will continue to constitute the main business and activity of the merged entity with the greater share of the assets and turnover of the merged entity being contributed by such operating business and activities. The business of the Transferor Company would, *inter alia*, benefit greatly from the larger infrastructure, easier access to finance and better outreach of the Transferee Company. The consolidation of undertakings will result in the formation of a larger and a more broad based and diversified company.

v. The amalgamation will enable the Transferor Company and the Transferee Company to pool their financial, managerial, technical

Sd

and other resources in order to meet the global challenges and competitive market conditions. Their combination will facilitate resource mobilization, increased operational efficiency and integrated management functioning. The managerial expertise of both the Companies would once combine together shall give additional thrust to the merged entity. The Financial strength of the Transferee Company can further accelerate the scaling up of the operations of the Transferor Company and the aim to create a position of leadership in the products manufactured by the Transferor Company. The amalgamation will create a better and a more competitive market for the products manufactured by the Transferor Company. As such the amalgamation of the Transferor Company with the Transferee Company will enable expansion of the business of the Transferee Company into growing markets of India, thereby creating greater value for the shareholders of the Transferee Company. This will in fact enable the Transferee Company to enhance its overall growth and development of business portfolio through effective and efficient deployment of funds leading to the increase in shareholder's value and ensure a fair return on investments made by all stakeholders.

vi. The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned

(c) The Statutory Auditors of the Transferor Company have by their certificate dated 20th June 2019 and the Statutory Auditors of the Transferee Company have by their certificate dated 21 June 2019 confirmed that the accounting treatment in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.

sd

(d) No proceedings are pending under Sections 210 to 227 of the Companies Act, 2013 against the Petitioners.

(e) The share exchange ratio in consideration for the amalgamation has been fixed on a fair and reasonable basis and on the basis of the Report dated 21 June 2019 of Shri Sanjai Kumar Gupta, the IBBI Registered Valuer (SFA) as per the Companies Act 2013. Further, V C Corporate Advisors Private Limited, independent SEBI Registered Merchant Bankers, have also confirmed by their fairness opinion dated 21 June 2019 that the share exchange ratio is fair and proper by their fairness opinion thereon.

(f) The shares of the Transferor Company and the Transferee Company are listed on BSE and NSE (collectively referred to as the 'Stock Exchanges'). The Transferor Company and the Transferee Company had filed the Scheme with NSE and BSE in terms of the SEBI Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("**SEBI Circular**") for their approvals. Apart from the same, the Transferor Company and the Transferee Company also submitted the Report of its Audit Committee on the Scheme and various other documents to the stock exchanges and also displayed the same on their website in terms of the SEBI Circular and addressed all queries on the said documents. The Complaints Report required to be filed in terms of the said SEBI Circular was also duly filed by the said Transferor Company and the Transferee Company. BSE and NSE by their respective letters dated 14February 2020 have since confirmed that they have 'no adverse observation' on the Scheme pursuant to the said SEBI Circular.

3. By an order dated 18 January 2021 in Company Application CA (CAA) No.66/CTB/2020, this Tribunal made the following directions with regard to meetings of shareholders and creditors under Section 230(1) read with Section 232(1) of the Act: -

sd

(a) Meetings dispensed: Meeting of the Preference Shareholders of the Petitioner Company for considering the Scheme were dispensed with in view of the sole Preference shareholder having respectively given their consent to the Scheme by way of affidavits.

(b) Meetings directed to be held: Separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner were directed to be held on 27 February 2021.

4. The said meetings of Equity Shareholders and Secured Creditors of the Transferor Company approved the said Scheme unanimously without any modification. The said meeting of Unsecured Creditors of the Transferor Company approved the said Scheme by requisite majority without any modification.

5. Pursuant to the said notices, the Regional Director, Ministry of Corporate Affairs, Kolkata ("**RD**"), and the Official Liquidator, High Court, Orissa, ("**OL**") have filed their representations before this Tribunal.

6. The Official Liquidator has filed its report on 26 August 2021 before the Tribunal. Paragraph 8 of the said Report of the Official Liquidator reads as below:

"*That in view of the above submissions, the Hon'ble National Company Law Tribunal, Cuttack Bench, Cuttack may be pleased to pass such Order or Order(s) as may be deemed fit and proper in connection with the Petition filed under Section 230-232 of the Companies Act, 2013 by the Petitioner Companies.*"

7. The RD has filed his reply affidavit dated 26 August 2021("**RD affidavit**"). The observations of the RD are summarized as under: -

"2. *That the observations of the Central Government on the scheme are as under:*

(a) *It is submitted that the Transferee Company Mangalam Cement Limited is registered in the State of Rajasthan which is not under the jurisdiction of this Deponent. Hence this Deponent has no comment on it.*

(b) *It is submitted that on examination of the report of the Registrar of Companies, Cuttack, it appears that no complaint and/or representation regarding the proposed Scheme of Amalgamation has been received against the Transferor Company and as per available records, the Transferor Company is updated in filing their Statutory Returns including Financial Statement and Annul Return. However, the Registrar of Companies, Cuttack in the said report, it is stated that the Transferor Company Mangalam Timber Products Limited has not filed FormMGT-14 in respect of the resolution passed by the Board for approval of Financial Statement and Board reports for the year 2017-18, 2018-19 and 2019-20 as required under section 179(3)(g) of the Companies Act, 2013. (Copy of the said report of ROC, Cuttack marked as Annexure-1 is enclosed herewith for perusal and ready reference).*

(c) *Appointed date is 1st April 2019. In terms of the Circular No.09/2019 dated 21.08.2019 of the Ministry of Corporate Affairs, "where the 'appointed date' is chosen as a specific calendar date, it may precede the date of filing of the application for scheme of merger/amalgamation in NCLT. However, if the appointed date is significantly ante dated beyond a year from the date of filing. The justification for the same would have to be specifically brought out in the scheme and it should not be against public interest" It is not ascertainable from the documents provided by the Applicant whether the application for the scheme was filed before Hon'ble Tribunal within a year from 1st April 2019. If the application for*

Sd

the scheme was filed with Hon'ble Tribunal after more than one year form the appointed date, Hon'ble Tribunal may kindly direct the Applicant to bring out the justification for the appointed date being more than one year before date of filing of the application for the scheme, in the scheme according to the Circular.

(d) *That the Transferee Company should be directed to pay applicable stamp duty on the transfer of the immovable properties from the Transferor Companies to it.*

(e) *In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the Transferee Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 or IND-AS-8 etc.*

(f) *The Hon'ble Tribunal may kindly seek the undertaking that this scheme is approved by the requisite majority of members and creditors as per section 230(6) of the Companies Act 2013 in meeting duly held in terms of section 230(1) read with sub-sections (3) to (5) of section 230 of the said Act and the Minutes thereof are duly placed on record.*

(g) *The Hon'ble Tribunal my kindly direct the Petitioners to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy or no change is made.*

(h) *The Petitioners under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or*

Sd

arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the Petitioner Company(s) concerned.

(i) It is submitted that the NSE and BSE has issued observation letter for draft scheme of Amalgamation between Mangalam Timber Products Limited (Transferor Company) with Mangalam Cement Limited vide their respective letters dated 14/02/2020. The said letter is valid for six months from the date of issue of the letter.

(j) It is submitted that as per instructions of the Ministry of Corporate Affairs, New Delhi, a copy of the scheme was forwarded to the Income Tax Department on 12/03/2021 with a request to forward their comments/observations/ objections, if any, However, the same is still awaited."

8. The observations of the RD have been dealt with by the Petitioner by their Rejoinder affidavit dated 26 August, 2021 ("Rejoinder"), inter alia, as under: -

"3. The contents of paragraph 1, 2(a), 2(b), 2(i) and 2(j) of the said Affidavit are matters of record. The Petitioner Company undertakes to comply with filing of all necessary Form with respect to resolution passed by the Board for approval of Financial Statements and Board reports for the financial years ending 31 March 2018, 31 March 2019 and 31 March 2020.

4. With reference to paragraph 2(c) of the said Affidavit, I state that the application for the Scheme was filed before the Hon'ble Tribunal on 24 February 2020 which is within one year from the Appointed Date i.e., 1 April 2019.

Sd

5. With reference to paragraph 2(d) of the said Affidavit, I state that the stamp duty consequent to transfer of immoveable properties under the Scheme shall be paid, if applicable.

6. With reference to paragraph 2(e) of the said Affidavit, I state that IND-AS 103 is applicable in the instant case. In compliance with the said IND-AS 103, accounting entries which are necessary in connection with the Scheme to comply with other Accounting Standards such as AS-5 or IND- AS-8 etc., if applicable, will be duly passed.

7. With reference to the paragraph 2 (f) of the said Affidavit, I state and submit that the meetings of Equity Shareholders and Secured Creditors of the Petitioner Company approved the said Scheme unanimously without any modification and the meeting of Unsecured Creditors of the Petitioner Company approved the said Scheme by requisite majority without any modification under Section 230(1) read with Section 232(1) of the Act. As aforesaid, it is stated and submitted there is no further requirement of holding meetings for obtaining approval of members and creditors as per Section 230(6) of the Act read with Sub-sections (3) to (5) of Section 230 of the Act or placing the minutes thereof.

8. With reference to paragraph 2(g) of the said Affidavit, the Petitioner Company confirms that the Scheme enclosed to the Company Application and the Company Petition are one and same and there is no discrepancy and no change is made.

9. With reference to paragraph 2(h) of the said Affidavit, the Petitioner Company confirms that notice under Section 230(5) of the Act has been already served on the concerned authorities. If any issues arise after giving effect to the Scheme, the same shall be dealt with in accordance with law."

Sd

9. Further, an objection has been filed by one unsecured creditor, Triveni Turbine Limited on 6 August 2021. It is submitted by the Ld. Sr counsel that the Petitioner Company that the Objector does not have locus to file the objection in terms of proviso to Section 230(4) of the Companies Act, 2013 since the outstanding debt of the Objector is less than the threshold value of 5% of the total outstanding debt as per the last audited financial statements. Further, the Scheme. has been approved by majority of the class of unsecured creditors at its meeting constituting over 99.48% of the total value of the unsecured creditors present and voting at the meeting. Further, the Scheme has been approved unanimously by the Equity Shareholders and Secured Creditors of the Petitioner Company and that the Scheme is in the best interest of the shareholders and all stakeholders of Transferor Company and the Transferee Company and the Proposed Scheme is a bona fide Scheme and does not prejudicially or otherwise impact any rights that may be available to the Objector pertaining to agreement between the parties in the arbitration proceeding.

10. Heard submissions made by the Ld. Counsel appearing for the Petitioners and the RD.

11. Dealing with the objections raised by the Objector holding less than the threshold value of 5% of the total outstanding debt, we notice that the Objector has no locus. Be that as it may, we still decided to look into the issue to see if there is any merit in the objection. The learned counsel for the objector submitted that there is apprehension that if the Scheme is allowed, the arbitration proceedings would be rendered fruitless since the Transferor Company would cease to exist. This apprehension is unfounded, inasmuch as upon sanction of the Scheme, the name of the Transferor Company shall be substituted with the name of the Transferee Company as all assets and liabilities of the Transferor Company are being taken over by the Transferee Company. Therefore, the arbitration proceedings would not get frustrated by the order sanctioning the Scheme.

Sd

12. The second objection to the Scheme was that the procedural requirement of 30 days' notice to the creditor in question was not given. We have considered this objection. We notice that the objector had attended the meeting and also voted against the Scheme. The Scheme was approved by a majority representing more than 99% of the creditors of the class. So, even if there is a shortage of a couple of days in the notice amounting to less than 30 days, it would have made no material difference since the lone objector was hopelessly outvoted at the meeting. There would be no difference to the result even if the creditor in question had a couple of days more to consider the Scheme. Therefore, even this objection cannot be sustained.

13. On both these grounds, the objections raised are overruled. We arrive at this conclusion notwithstanding the fact that the objection does not have the qualification to object in terms of the proviso to section 230(4) of the Companies Act, 2013.

14. Upon perusing the records and documents in the instant proceedings and considering the submissions, we allow the petition and make the following orders:

    (a) the Scheme of Amalgamation mentioned in paragraph 1 of this petition, being Annexure "A" hereto, be sanctioned by this Tribunal to be binding with effect from the 1st day of April, 2019 ("**Appointed Date**") on Mangalam Timber Products Limited ("**Transferor Company**") its shareholders and all concerned;

    (b) all the property, rights and powers of the Transferor Company, including those described in the Schedule of Assets herein but excluding those described in Clause 4.2 of the Scheme, be transferred from the said Appointed Date, without further act or deed, to the Transferee Company and, accordingly, the same shall pursuant to Section 232(4) of the Companies Act, 2013, be transferred to and vest in the Transferee Company for all the estate

sd

and interest of the Transferor Company therein but subject nevertheless to all charges now affecting the same, as provided in the said Scheme;

(c) all the debts, liabilities, duties and obligations of the Transferor Company be transferred from the said Appointed Date without further act or deed to the Transferee Company and, accordingly, the same shall pursuant to Section 232 (4) of the Companies Act, 2013, be transferred to and become the debts, liabilities, duties and obligations of the Transferee Company;

(d) leave be granted to the Petitioner Company to file the Schedule of Assets of the Transferor Company in the form as prescribed in the Schedule to Form No. CAA7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within three weeks from the date of the order to be made herein;

(e) the employees of the Transferor Company, if any, shall be engaged by the Transferee Company as provided in the Scheme;

(f) all proceedings and/or suits and/or appeals now pending by or against the Transferor Company be continued by or against the Transferee Company as provided in the Scheme;

(g) The Transferee Company do without further application issue and allot to the shareholders of the Transferor Company, the shares in the Transferee Company to which they are entitled in terms of clause 9 of the said Scheme;

(h) The Transferor Company shall within thirty days of the date of the receipt of this order, cause a certified copy thereof to be delivered to the Registrar of Companies for registration and on such certified copies being so delivered, the Transferor Company shall be dissolved with effect from the date or last of the dates of filing of the certified copies of the order, as aforesaid (Effective Date) and the Registrar of Companies shall place all documents relating to

Sd

the Transferor Company and registered with him on the file kept by him in relation to the Transferee Company and the files relating to the said companies shall be consolidated accordingly;

(i) all other matters covered by the Scheme shall take effect subject to and in terms of the Scheme;

(j) any person shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

15. The Petitioner shall supply legible print out of the scheme and schedule of assets in acceptable form to the Registry and the Registry will append such printout, upon verification to the certified copy of the order.

16. Company Petition (CAA) No.1/CB/2021 is disposed of accordingly.

17. Certified copy of the order may be issued upon compliance of all requisite formalities.

Sd

Satya Ranjan Prasad
Member (Technical)

Sd

Rajasekhar V.K.
Member (Judicial)

Signed on this 7th September, 2021.

Nishi (Steno)