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**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH-II, CHENNAI**

CA(CAA)/6/2021 in CP/522/IB/2018  
filed under section 230 to 232 of the  
Companies Act, 2013 read with  
Insolvency Bankruptcy Code, 2016 and  
Regulation 32 of IBBI (Liquidation  
Process) Regulations, 2016.

**In the matter of M/s. Florind Shoes Private Limited**

**Mrs. Ramela Rangasamy**  
Liquidator of  
M/s. Florind Shoes Private Limited  
No. 5/19, II Floor, E.K Guru Street,  
Periamment, Chennai-600003.

---Applicant

**In the matter of Composite Scheme of Arrangement  
Between**

**M/s. Florind Shoes Private Limited**  
[CIN: U19201TN1978PTC007590]  
No. 5/19, II Floor, E.K Guru Street,  
Periamment, Chennai-600003.

---Applicant/Transferee Company

Vs

**M/s. Florind Upper Private Limited**  
[CIN: U19116TN2006PTC059768]  
3<sup>rd</sup> Floor, Mashkur, No.1,  
Krishnamma Road,  
Nungambakkam Chennai -600034

---Respondent No. 1/ Transferor Company

**M/s. Nivethana Promoters Private Limited**  
[CIN: U70200TZ2016PTC027992]  
69, Karumaram Palayam,

CA(CAA)/6/2021 in CP/522/IB/2018  
In the matter of M/s. Florind Shoes Private Limited



Uthukuli Main Road,  
Tirupur, Coimbatore-641607

---Respondent No. 2/ Resulting Company

**Mr. Ashok Metha**

S/o. Kamalchand Metha  
Dadha Arcade, 3<sup>rd</sup> Floor, No.108,  
Nainiappanaick Street,  
Chennai-600003

---Respondent No. 3/ Individual Investor

**CORAM:**

**R. SUCHARITHA, MEMBER (JUDICIAL)**

**B. ANIL KUMAR, MEMBER (TECHNICAL)**

For the Applicant: *Shri. S. Sathyanarayanan, Advocate*  
*For Mrs. Ramela Rangasamy, Liquidator*

**ORDER**

**Per: R. SUCHARITHA, MEMBER (JUDICIAL)**

**Order Pronounced on: 10.06.2021**

It is an application filed by the Liquidator **Mrs. Ramela Rangasamy** under section 230-232 provisions of the Company Act, 2013 read with Insolvency Bankruptcy Code, 2016 and Regulation 32 of IBBI (Liquidation Process) Regulations, 2016 and under Rule 3(1) of the Companies (Compromise, Arrangement & Amalgamation) Rules, 2016. The instant application has been filed in respect of Composite Scheme of Arrangement by virtue of which **M/s. Florind Shoes Private Limited** (hereinafter referred to as "Transferee

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CA(CAA)/6/2021 in CP/522/IB/2018

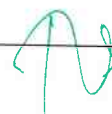
In the matter of M/s. Florind Shoes Private Limited



Company" or "Company in Liquidation") and M/s. Florind Uppers Private Limited (hereinafter referred to as "Respondent No-1" or "Transferor Company") and M/s. Nivethana Promoters Private Limited (hereinafter referred to as "Respondent No-2" or "Resulting Company") and Mr. Ashok Mehta (hereinafter referred to as "Respondent -3" or "Individual Investor") and their respective shareholders and Creditors.

2. In this Application, the Applicant/Liquidator prays that this Hon'ble Tribunal may be pleased to:

- a) To give, necessary directions for convening, conducting and holding of the meeting of Stakeholders Committee of the Company in Liquidation i.e Florind Shoes Private Limited to consider the Scheme of Arrangement and pass such other order or orders as this Hon'ble Tribunal may deem fit and proper in the circumstances of the cases render justice;
- b) To give, necessary directions to Applicant Company to publish advertisements each in English language in a national English Newspaper and its translation thereof in widely circulated regional newspaper in Tamil language;
- c) It is prayed that notices to the statutory authorities to be ordered by this Hon'ble Tribunal as per the provisions of



section 230(5) of the Act and rule 8 of the Companies (Compromise, Arrangement & Amalgamation) Rules, 2016.

3. Based on the scheme filed by the Resolution Applicants before the Liquidator, the Liquidator of the Company has filed this application for holding the meetings of the Stakeholders Committee of the Corporate Debtor i.e M/s. Florind Shoes Private Limited for passing a Resolution in respect to the Scheme of Arrangement enclosed at page 31 of the Application.

4. From the averments made by the Applicant, it is evident that the Company Petition No. 522(IB) of 2018 was admitted on 10.09.2019 for initiation of CIR process, declaring moratorium with respect to the Corporate Debtor. **Mrs. Ramela Rangasamy** has been appointed as the Interim Resolution Professional (IRP). Thereafter, the Committee of Creditors (COC) had confirmed the appointment **Mrs. Ramela Rangasamy** as Resolution Professional of the Corporate Debtor.

5. Further, this Tribunal vide Order dated 25.03.2019 ordered liquidation of the Corporate Debtor, based on the resolution passed

by the COC at 5<sup>th</sup> Meeting of the Committee of Creditors held on 05.02.2019 and appointed this applicant as Liquidator.

6. The applicant in pursuant to sub-regulation (1) of the regulation 31A has constituted a Stakeholders consultation Committee. Thereafter, the Liquidator received a composite Scheme of Arrangement from **M/s. Florind Uppers Private Limited and M/s. Nivethana Promoters Private Limited and Mr. Ashok Mehta "Individual Investor"**. The said scheme provides for a composite Scheme of Arrangement between the Company and the Secured Creditors, the Unsecured Creditors, Statutory Authorities and Employees. The said scheme is hereinafter referred as to the "Scheme of Arrangement".

7. The Learned Counsel for the Applicant submitted that the corporate details and credentials of the Transferor Company, Resulting Company and Individual Investor are provided as under:

**Respondent No.1:**

The Respondent No.1 i.e M/s. Florind Uppers Private Limited is a private limited Company, which was incorporated on

10.05.2006 under the Companies Act, 1956 and is engaged in the business of manufacture of leather shoes uppers etc. and it is a subsidiary of the company in liquidation. The Transferor Company would amalgamate, transfer and vest its entire business with company in Liquidation

**Respondent No.2:**

The Respondent No.2 i.e M/s. **Nivethana Promoters Private Limited** is a private limited Company, which was incorporated on 14.09.2016 under the Companies Act, 2013 and is engaged in the business of real estate development and infrastructure facilities etc. Consequent to completion of amalgamation, certain identified assets of the Company in liquidation, would be transferred and vested into the Respondent No. 2/Transferor Company on a slump sale business as per the terms of Scheme of Arrangement.

**Respondent No.3:**

The Respondent No. 3 i.e **Mr. Ashok Mehta**, is an Individual Investor. The remaining business of the Company in Liquidation, would be revived and rehabilitated by the Respondent No. 3 in accordance with Part D of Scheme of Arrangement.



8. The learned counsel for the Applicant has submitted that the Company in liquidation has 11 equity shareholders and the list of equity shares is placed at para 17 of the Application. The said equity shareholders form the stakeholders Committee.

9. The Company in liquidation has 2 Secured Financial Creditors namely State Bank of India and India Resurgence ARC Trust II (Assignee of Religare Finvest Limited). The list of the Secured Financial Creditors form the Stakeholders Committee and the amounts admitted are provided below:

S.No	Claims for FSPL	Claim Received Rs.	Claim Admitted Rs.
1.	State Bank of India	31,48,16,200.08	31,37,14,200.08
	Claim received belatedly and subject to condonation of delay in submitting the claim		
2.	India Resurgence ARC Trust II (Assignee of Religare Finvest Limited) (Loan secured by Factory land)	Claim not filed*	Claim received belatedly but secured

\* As per Books of Accounts – Rs.5,25,30,393/-

10. The Company in Liquidation has 5 Secured and Unsecured Operational Creditors. The list of the Secured and Unsecured

Operational Creditors form the Stakeholders Committee and the amounts admitted are provided below:

S.No	Name of Other stakeholders	Amount Claimed (Amount in Rs.)	Amount Admitted (Amount in Rs.)
1	Employees' Provident Fund Organisation, Royapettah, Chennai	2,51,074.00	2,51,074.00
2	Employees' Provident Fund Organisation, Sathuvachari, Vellore	7,13,08,072.00	7,13,08,072.00
3	Employees' Staff Insurance Corporation, Chennai	83,89,860.00	83,89,860.00
	Claims Received Belatedly	Claim Received	As per Books
4	VG3 Kar Group Em.Co.Op. Store Ltd	18,03,594.00	5,24,066.00
5	Kar Group Em.Co.Op.Thrift & Credit Society	1,55,43,855.00	57,24,975.00

11. The Company in liquidation has 75 unsecured Operational Creditors (other than Employees, Workmen and Government). The list of the unsecured Operational Creditors is paced at para 16 of the Application. The said Unsecured Operational Creditors form the

Stakeholders Committee and their amount of Rs. 11,15,75,363.75 has been admitted.

12. The learned counsel for the Applicant further states that the Company in liquidation has 380 workmen and 49 employees. The list of the workman and employees form the Stakeholders Committee and their amounts admitted and same is placed on record.

13. Heard the submissions made by the Learned Counsel for the Applicant and perusal of the documents submitted by the Liquidator of the Corporate Debtor and also the Scheme placed by a Liquidator in relation to a Company under Liquidation under Section 230 of the Companies Act, 2013, after the oral submissions made by the Applicant, the following are our findings:

**“In view of the Hon’ble NCLAT in matter of S. C. Sekaran v. Amit Gupta & Ors, Company Appeal (AT) (Insolvency) Nos.495 & 496 of 2018”**

14. In the circumstances, we are inclined to issue directions for convening the meetings of the stakeholders comprising of Secured Creditors, Unsecured Creditors and other creditors and Members of

the Company; however, suitably modified to suit the present instance taking into consideration the facts and circumstances of the case.

15. The Liquidator of the Company under liquidation shall place the Scheme of Arrangement before the Stakeholders Committee of the Company in liquidation at their meeting to be called, convened and held as follows:-

- (a) In view of the wide powers vested with this Tribunal under Section 230 of the Companies Act, 2013, however, without being bogged down by the procedural rigmarole as prescribed therein for approval of a Scheme of Compromise or Arrangement including by way of Amalgamation and at the same time however, not ignoring the views and voting of the respective stakeholders in relation to the Scheme to be placed before them, be it a secured creditor, unsecured creditors, Operational Creditors or the members of the Company in Liquidation, the Liquidator is directed

to constitute a Stakeholders Committee in terms of Regulation 31A of IBBI (Liquidation Process) Regulations, 2016 as prevalent on the date of liquidation for the consideration of the Scheme and voting thereon.

- (b) Since a Scheme is under contemplation as envisaged under Rule 2B of Insolvency Bankruptcy Board of India (Insolvency Resolution Process of Corporate Persons) Regulations, 2016 (hereinafter referred to as "IRPCP Regulations, 2016") as amended though made effective after the liquidation order in the instant case was passed, however, taking a cue there from and in view of the absence of substantive provisions or rules or regulations, save the judicial precedent for consideration of the Scheme without any commensurate procedure prescribed and primacy of Secured Creditors is required to be maintained.



- (c) The details in relation to the quantum of the Stakeholders claim have been extracted in this Order in paragraph supra as culled out from the instant Application filed by the Liquidator himself and are thus the persons who are to form part thereof and are entitled to participate in the Stakeholders committee meeting, subject however, in the manner as per the directions contained in the succeeding paragraphs.
- (d) Save the individual secured financial creditors, all the other stakeholders, be it financial creditors forming part of promoters or otherwise, the respective group of operational creditors, namely employees, statutory dues and other operational creditors and shareholders shall be represented only by their respective Authorized Representative (AR) to be chosen for each class in the manner as



contemplated under sub-section (6) and sub-section (6A) of Section 21 of IBC, 2016 read with Regulation 4A and Regulation 16A of IRPCP Regulations, 2016 as applicable during the CIRP of a Corporate Debtor. The exercise shall be completed by the Liquidator within a period of 15 days from the date of this Order.

- (e) Immediately after the AR is chosen by the respective group, Stakeholders Committee Meeting shall be convened by the Liquidator within 45 days thereof not exceeding 60 days from the date of this Order wherein the Secured Financial Creditors will be entitled to participate and vote on individual basis and other stakeholders to be represented only by their respective Authorized Representatives and the voting shall be done similar to the one contemplated for the approval of a Resolution Plan under IBC, 2016 read with attendant regulations

after proper circulation of notice to the individual stakeholders at their last known e-mail address along with a synopsis of the Scheme of the Arrangement. The notice of the meeting shall be issued to the Stakeholders at least not less than 30 days prior to the date fixed for the meeting.

- (f) The Liquidator is directed to cause publication of notice in English **Indian Express** (all India Edition) having a wide circulation as well as in Vernacular Newspaper "**Dina Malar**" (All Edition) having wide circulation within the State of Tamilnadu.
- (g) By the time when notices as directed in this Order are proposed to be issued by the Liquidator and the AR, if meeting required through physically for approval of the Scheme shall be conducted physically, after getting the approval of this Tribunal in relation to the date, time and its venue, however, current situation, the meeting to be



conducted by video conferencing / electronically as is required to be conducted under the provisions of the IBC, 2016 in relation to CoC meetings and voting shall also be done electronically as prescribed under the IBC, 2016, both as envisaged during the CIR Process. However, at the office of the Liquidator, a copy of the Scheme with annexures shall be kept available in entirety for the perusal of the stakeholders.

- (h) The voting share shall be determined in accordance with Section 5(28) of IBC, 2016 save instead of 'financial creditors', 'financial debt' and 'committee of creditors' specified therein, it shall be substituted with the term 'stakeholders', 'debt' and 'stakeholders committee'.
- (i) Let notices be sent to all the authorities as impleaded in the present Application without fail by the Applicant and in addition, notice is also



directed to be issued to the concerned RoC, RD and Income Tax Department including the Jurisdictional Assessing Officer mentioning clearly the PAN number as well as others as contemplated under Section 230 (5) of Companies Act, 2013. The said authorities to whom notices have been issued in terms of the provisions of Section 230(5) of the Companies Act, 2013 shall act in accordance thereof.

- (j) The Liquidator shall furnish an Affidavit of service of notice of meetings and publication of advertisement and compliance of all the directions contained herein at least a week before the proposed meeting.
- (k) The Chairman for Stakeholders' Committee meeting shall be **Mrs. Ramela Rangasamy**, Liquidator of the Corporate Debtor, who shall file her report in relation to the Stakeholders'



Committee meeting and its outcome within seven (7) days from the date of the meeting.

- (l) Let the Scheme as approved by the Stakeholders with the requisite voting majority be placed before this Tribunal for the consideration of its sanction within a period of 60 days from the date of this Order.
- (m) Since the Scheme has been propounded by **M/s. Florind Uppers Private Limited** and **M/s. Nivethana Promoters Private Limited** and **Mr. Ashok Mehta "Individual Investor"**. We direct the Scheme Proponent to make arrangement for the expenses likely to be incurred in relation to the meetings including the fees of the Chairman appointed as above and for placing the Scheme before the Stakeholders Committee. In case of any query being addressed by the Stakeholders in relation to the Scheme and with a view to address



those queries which may be addressed by the Stakeholders and to offer clarifications.

16. With the above directions this Application in **CA(CAA)/6/2021** stands **disposed of**. In case of any difficulty in implementing the procedure as directed above, the Liquidator is given liberty to approach this Tribunal as and when required for necessary directions at the earliest without any delay.

17. Accordingly, this **CA(CAA)/6/2021** is hereby **allowed**.

-sd-  
**(ANIL KUMAR B)**  
MEMBER (TECHNICAL)

-sd-  
**(R. SUCHARITHA)**  
MEMBER (JUDICIAL)

TJS