

December 22, 2021

The General Manager,
Department of Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.
Scrip code: 531548

The Manager,
Listing Compliances
National Stock Exchange of India
Ltd., Exchange Plaza, C-1, Block G,
Bandra – Kurla Complex,
Bandra(E), Mumbai – 400 051.
Symbol: SOMANYCERA

Dear Madam, Sirs,

Subject: Update - Scheme of Amalgamation of Schablona India Limited with Somany Ceramics Limited.

In connection with the proposed Scheme of Amalgamation of Schablona India Limited with Somany Ceramics Limited under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Rules framed thereunder, this is to inform that the Hon'ble National Company Law Tribunal, Kolkata Bench, Kolkata has pronounced an order approving the scheme of amalgamation of Schablona India Limited with Somany Ceramics Limited.

The copy of the Order as received by our counsel from NCLT Kolkata Bench, Kolkata through email dated 21st December, 2021 is attached.

Please note that the petition filed by the Transferor Company - Schablona India Limited before the Hon'ble NCLT, New Delhi is still pending for approval. The Scheme of Amalgamation of Schablona India Limited with Somany Ceramics Limited shall be effective only after the approval of the Scheme of Amalgamation by the NCLT, New Delhi.

This disclosure is being made in terms of Regulation 30 of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Yours faithfully,

For Somany Ceramics Limited


Ambrish Julka
GM (Legal) and Company Secretary

Enclosed: copy of the Order



**IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH
KOLKATA**

CP (CAA) 95/KB of 2021

Connected with

CA (CAA) 731/KB of 2020

In the matter of:

The Companies Act, 2013 - section 230(6) read with 232(3)

And

In the matter of:

SOMANY CERAMICS LIMITED (CIN L40200WB1968PLC224116), a public limited company incorporated under the Companies Act, 1956 and being a Company within the meaning of the Companies Act, 2013, having its registered office at 2, Red Cross Place, Kolkata-700 001, West Bengal

..... Petitioner/Transferee Company

AND

In the matter of:

SCHABLONA INDIA LTD (CIN L51109DL1983PLC318655), a public limited company incorporated under the Companies Act, 1956 and being a Company within the meaning of the Companies Act, 2013, having its registered office at 82/19, Bhakerwara Road, Mundka, New Delhi-110 041

.....Non-Petitioner/Transferor Company

In the matter of:

SOMANY CERAMICS LTD

.....Petitioner

Date of Hearing : 09.11.2021

Date of pronouncing the order : 20.12.2021

Coram

Hon'ble Rajasekhar V.K. : **Member (Judicial)**
Hon'ble Balraj Joshi : **Member (Technical)**

Counsel appearing for the Petitioner:

1. Shri Rajeev K Goel, Advocate
2. Shri Kartikeya Goel, Advocate

ORDER

Per Rajasekhar V.K., member (Judicial)

1. The instant petition has been filed under Section 230(6) read with 232(3) of the Companies Act, 2013 (“**Act**”) for sanction of the Scheme of Amalgamation of **SCHABLONA INDIA LIMITED**, being the Non-Petitioner above named (“**Transferor Company**” or “**Non-Petitioner**”) with **SOMANY CERAMICS LIMITED**, being the Petitioner above named (“**Transferee Company**” or “**Petitioner**”) whereby and whereunder the Transferor Company is proposed to be amalgamated with the Transferee Company from the Appointed Date, viz 01.04.2019 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 Non-Petitioner Transferor Company and the Petitioner Transferee Company at their meetings held on 22.08.2019, respectively.
 - (b) The circumstances which justify and/or have necessitated the Scheme of Amalgamation of Schablona India Ltd with Somany Ceramics Ltd and the benefit of the same are, inter alia, as follows:

- i. Both the Transferor and Transferee Companies are under common control and it would be advantageous to combine the activities and operations in a single Company and to build strong capability to effectively meet future challenges in competitive business environment.
- ii. The proposed Amalgamation would result in business synergy, pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity.
- iii. Presently, the Transferor Company is engaged in the business of manufacturing and trading of decorated tiles, transfers and stickers for decoration on ceramic articles, sanitaryware and other related activities. Whereas, the Transferee Company is engaged in the business of manufacturing and trading of ceramic tiles, polished vitrified tiles, glazed vitrified tiles, sanitaryware and bath fittings, tile laying solutions, other allied products and other related activities. The proposed amalgamation will enable the integration of the business activities of the Transferor Company with the Transferee Company
- iv. The Transferor Company has a credible brand name along with a sizeable pan India distribution network. Whereas, the Transferee Company is a well know player in the ceramic and sanitaryware industry. The proposed Scheme of Amalgamation will allow the Transferee Company to leverage these strengths in order to maximise the value creation.
- v. The proposed Scheme of Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed

Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.

- vi. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferee Company as well as by the Transferor Company.
 - vii. The proposed amalgamation would enhance the Equity Shareholders' value of the Transferor and the Transferee Companies.
 - viii. The proposed Scheme of Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their Equity Shareholders, employees and other stakeholders and all concerned.
- (c) The Statutory Auditors of the Non-Petitioner Transferor Company and the Petitioner Transferee Company have by their certificates dated 22.08.2019 and 17.01.2020, respectively, confirmed that the accounting treatment in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.
- (d) No proceedings are pending under Sections 210 to 227 of the Companies Act, 2013 against the Petitioner Company.
- (e) The exchange ratio of shares in consideration of the Amalgamation has been fixed on a fair and reasonable basis and on the basis of the Report thereon of Mr Vardhman Doogar, a Chartered Accountant and Registered Valuer in respect of Securities or Financial Assets registered with the Insolvency and Bankruptcy Board of India (IBBI). The following Share Exchange Ratio has been proposed:
- i. The Transferee Company-Somany Ceramics Ltd will issue 3 (three) Equity Shares of ₹2 each, credited as fully paid up, for every 100

(one hundred) Equity Shares of ₹4 each held in the Transferor Company-Schablona India Ltd.

- (f) The shares of the Transferor and Transferee Companies are public limited listed companies, under the common control. The Transferor Company is listed on BSE Ltd (Bombay Stock Exchange/BSE). Whereas, the Transferee Company is listed on Bombay Stock Exchange and National Stock Exchange of India Ltd (National Stock Exchange/NSE).
- (g) In compliance with Securities and exchange Board of India (“SEBI”) circular dated 10.03.2017 on schemes of Arrangements, as ammended from time to time (“SEBI Circular”), the Petitioner duly filed the Scheme with the Stock Exchange(s) for their approval to the same. The Bombay Stock Exchange and National Stock Exchange by their respective letter dated 22.04.2020 have confirmed that they have ‘**no adverse observation**’ on the Scheme.
- (h) By an order dated 02.02.2021 in Company Application (CAA) No. 731/KB of 2020, this Tribunal made the following directions with regard to meeting(s) of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company under section 230(1) read with section 232(1) of the Act.
- i. Meeting(s) directed to be held:
Seperate meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner Transferee Company were convened on Wednesday, 31.03.2021 through video conferencing with facility of remote e-voting, in the presence of Shri Mr. Rohit Keshri, A.C.S., Common Chairperson and Smt Mallika Tayal, PCS, Scrutinizer. The Scheme of Amalgamation was considered and approved unanimously/with overwhelming majority in the meetings.
- (i) Consequently, the Petitioner Company presented the instant petition for sanction of the Scheme. By an order dated 02.09.2021 the instant petition

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH

CP (CAA) 95/KB of 2021
Connected with
CA (CAA) 731/KB of 2020

was admitted by this Tribunal and fixed for hearing on 01.11.2021 for issuance of notices to the RD, ROC & the Income Tax Department and advertisement of date of hearing.

- (j) In compliance with the said order dated 02.09.2021, the Petitioner Company has duly served such notices to (a) the Central Government through the office of the Regional Director, Eastern Region, Ministry of Corporate Affairs, Kolkata; (b) the Registrar of Companies, West Bengal, Kolkata; (c) the Income Tax Department; (d) Bombay Stock Exchange, Mumbai on 23rd October, 2021 through Speed Post. The Petitioner Company has also published such advertisements in English Newspaper “**Business Standard**” (Kolkata Edition) and Bengali Newspaper “**Aajkaal**” (Kolkata Edition) in their respective issues dated 23.10.2021. Compliance Affidavit in this regard has been filed by the Petitioner Company on 27.10.2021.
- (k) All statutory formalities requisite for obtaining sanction of the Scheme have been duly complied with by the Petitioner Company. The Scheme has been made *bona fide* and is in the interest of all concerned.
3. Pursuant to the said advertisements and notices the Regional Director, Ministry of Corporate Affairs, Kolkata (“**RD**”) and Income tax, Kolkata have filed their representations before this Tribunal.
4. The RD has filed his reply affidavit dated 29.10.2021 (“**RD affidavit**”) which has been dealt with by the Petitioner(s) by their Rejoinder affidavit dated 30.10.2021 (“**Rejoinder**”). The observations of the RD and responses of the Petitioner Company are summarized as under:
- (a) **Paragraph No.2 (a) of RD Affidavit:** It is submitted that the Transferor Company, M/s Schablona India Ltd is registered with the ROC, Delhi which is not under the jurisdiction of this Deponent. Hence, this Deponent has no comment on it.

Paragraph No.5 (a) of Rejoinder: The contents of para 2. (a) are matter of record and need no reply. It is however pertinent to mention that the Learned Registrar of Companies, New Delhi and the Leaned Regional Director (Northern Region), New Delhi have already filed their respective Reports before the NCLT, Principal Bench, New Delhi with respect to the Non-Petitioner Transferor Company. Subsequently, the NCLT, Principal Bench, New Delhi was pleased to reserve its Orders in the matter.

- (b) **Paragraph No.2 (b) of RD Affidavit:** That it is submitted that on examination of the report of the Registrar of Companies, West Bengal, it appears that no complaint and/or representation has been received against the proposed Scheme of Amalgamation of Transferee Company Somany Ceramics Limited. Further, the Transferee Company has filed financial statement up to the financial year 31/03/2020.

Paragraph No.5 (b) of Rejoinder: The contents of para 2. (b) are matter of record and need no reply.

- (c) **Paragraph No.2 (c) of RD Affidavit:** Appointed Date stated in the Scheme is 01.04.2019. 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 Tribunal within a year from 01.04.2019. If the application for the scheme was filed with Tribunal after more than one year from the appointed date, 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.

Paragraph No.5(c) of Rejoinder: With regard to the compliance of General Circular No. 9/2019 issued by Ministry of Corporate Affairs (“MCA”), we do hereby clarify and confirm that the Scheme of Amalgamation was approved by the Board of Directors of the Petitioner Transferee Company and the Non-Petitioner Transferor Company in their respective meetings held on 22.08.2019. Accordingly, the Appointed Date was fixed as 01.04.2019, being the first day of the financial year 2019-20. Since both the Transferor and Transferee Companies are Listed Companies, the Scheme of Amalgamation and other documents were filed with BSE and NSE for their no-objection/approval. On receipt of the no-objection from the BSE and NSE, the requisite Applications/Petitions were filed with the Tribunal at Kolkata and New Delhi Benches by the Transferee Company and the Transferor Companies, respectively. Due to the on-going COVID-19 pandemic, the approval of the Scheme by BSE and NSE took longer than usual. It may be noted that the Scheme of Amalgamation contains definition of the term “Appointed Date” being 01.04.2019 as a specific calendar date which is in compliance with the requirements of General Circular No. 9/2019 issued by Ministry of Corporate Affairs (“MCA”). Further, the Transferee Company undertakes to comply with all the other requirements laid under said circular issued by MCA to the extent applicable. The Petitioner Company confirms that the Scheme will take effect from the Appointed Date as per Section 232(6) of the Companies Act, 2013.

- (d) **Paragraph No.2 (d) of RD Affidavit:** Petitioner Company should undertake to comply with the provisions of section 232(3)(i) of Companies Act, 2013, through appropriate affirmation.

Paragraph No.5(d) of Rejoinder: With regard to the compliance of section 232(3)(i), we do hereby clarify and confirm that Para 10.c of the Scheme of Amalgamation provides that in terms of the provisions of section 232(3)(i) of the Companies Act, 2013, and other applicable provisions, if any, the authorised share capital of the Transferor Company shall be added to and

shall form part of the authorised share capital of the Transferee Company. Accordingly, the authorised share capital of the Transferee Company shall stand increased to the extent of the aggregate authorised share capital of the Transferor Company as on the effective date. However, it is pertinent to note that Para 10.c of the Scheme of the Arrangement clearly provides that the Transferee Company will pay the balance fee and other charges, if any, on the aforesaid increase in the authorised share capital after deducting the aggregate fees and other charges, if any, paid by the Transferor Company on the pre-merger authorised share capital.

- (e) **Paragraph No.2 (e) of RD Affidavit:** That the Transferee Company should be directed to pay applicable stamp duty on the transfer of the immovable properties from the Transferor Company to it.

Paragraph No.5(e) of Rejoinder: With regard to payment of stamp duty on the transfer of immovable properties from the Transferor Company to the Transferee Company, we do hereby undertake to pay appropriate stamp duty that may arise on any transfer of immovable property from the Transferor Company to the Transferee Company.

- (f) **Paragraph No.2 (f) of RD Affidavit:** 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.

Paragraph No.5 (f) of Rejoinder: With regard to the compliance of Accounting Standard AS-14 or Ind AS-103, the Petitioner Transferee Company undertakes to pass such accounting entries which are necessary in connection with the Scheme to comply with such accounting standards notified under Section 133 of the Companies Act, 2013 as may be applicable to the Petitioner/Non-Petitioner Companies (including Ind AS 103 and Ind AS-8).

- (g) **Paragraph No.2 (g) of RD Affidavit:** The 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 meetings 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.

Paragraph No.5(g) of Rejoinder: With regard to the approval of Scheme by the requisite majority of Shareholders and Creditors of the Petitioner Company, we do hereby clarify and confirm that the Scheme of Amalgamation has been approved by the Equity Shareholders, Secured Creditors and Un-secured Creditors of the Transferee Company in their respective meetings held on Wednesday, 31.03.2021, through video conferencing with facility of remote e-voting convened under the supervision of the Tribunal. The Scheme of Amalgamation was considered and approved unanimously/with overwhelming majority in the meetings.

- (h) **Paragraph No. 2 (h) of RD Affidavit:** The Tribunal may kindly direct to 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.

Paragraph No.5(h) of Rejoinder: With regard to the confirmation that the Scheme enclosed to the Company Application and Company Petition are one and same, we do hereby clarify and confirm that the Scheme enclosed to the Company Application and Company Petition are one and the same and that there is no discrepancy or changes made therein.

- (i) **Paragraph No. 2 (i) of RD Affidavit:** 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 Amalgamation or arrangement. Further, the approval of the scheme by the 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.

Paragraph No. 5 (i) of Rejoinder: With regard to service of notice to the statutory authorities under Section 230(5) of the Companies Act, 2013, we do hereby clarify and confirm that in terms of provisions of section 230(5) of the Companies Act, 2013, and in compliance with the Order dated 02.02.2021 (date of pronouncement), passed by the Tribunal in the 1st Motion Application, formal notices of 1st Motion Application and 2nd Motion Petition have been sent to the following Statutory Authorities, along with the complete Paper Books:

- i. The Central Government through the office of the **Regional Director**, Eastern Region, Ministry of Corporate Affairs, Nizam Palace, 2nd MSO Building, 3rd Floor, 234/4, Acharya Jagdish Chandra Bose Road, Kolkata 700 020 on 01.03.2021, through Speed Post (ED765101603IN), 21.06.2021, through Speed Post (ED211289867IN) and 23.10.2021, through Speed Post (ED164194117IN).
- ii. The **Registrar of Companies**, West Bengal, Ministry of Corporate Affairs, Nizam Palace, 2nd MSO Building, 234/4, Acharya Jagdish Chandra Bose Road, Kolkata 700 020 on 01.03.2021, through Speed Post (ED765101736IN), 21.06.2021, through Speed Post (ED211289751IN) and 23.10.2021, through Speed Post (ED164194125IN).
- iii. The **Income Tax Department** in Circle 5(1), Aayakar Bhawan, P-7, Chowringhee Square, 3rd Floor, Kolkata-700 069, where the Petitioner Transferee Company is assessed on 01.03.2021, through Speed Post (ED765101492IN) and 23.10.2021, through Speed Post (ED164194253IN).

- iv. **BSE Ltd**, Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001, on 01.03.2021, through Speed Post (ED765101740IN) and 23.10.2021, through Speed Post (ED164194103IN).

The Petitioner further submit that the approval of the present Scheme of Amalgamation will not deter any statutory authority to deal with any issue that may arise pursuant the present Scheme becoming effective.

- (j) **Paragraph No. 2 (j) of RD Affidavit:** The Transferee Company is listed with BSE and NSE. The BSE Ltd and NSE Ltd vide their letter no. DCS/Amal/JR/R37/1718/2019-20 dated 22/04/2020 and NSE/List/22873-II dated 22.04.2021 respectively issued their observation letter on the draft Scheme of Amalgamation of the Transferee Company and the validity of the said observation letter were six months from the date of issuance of those letters. Copies of these letters marked as Annexure-I is enclosed herewith for perusal and ready reference.

Paragraph No. 5 (j) of Rejoinder: The contents of para 2. (j) are matter of record and need no reply. It is pertinent to mention that the Petitioner Transferee Company filed the 1st motion Application with the Tribunal within 6 months from the date of receipt of the no-objection/observation letters from BSE and NSE.

- (k) **Paragraph No. 2 (k) of RD Affidavit:** 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 19.03.2021 for their views/observations in the matter. However, the same is still awaited.

Paragraph No. 5 (k) of Rejoinder: With regard to the comments of the Income Tax Department, it is submitted that the Income Tax Department has already issued its no-objection letter with regard to the Scheme of Amalgamation on 15.09.2021. The Income Tax Department has explicitly given its no-objection to the Scheme of Amalgamation.

5. Heard submissions made by the Ld. Counsel appearing for the Petitioner Company & RD. Upon perusing the records and documents in the instant proceedings and considering the submissions, we allow the present Petition and make the following orders:
- (a) The Scheme of Amalgamation mentioned in paragraph A of the Petition, being Annexure “P-1” is hereby sanctioned by this Tribunal to be binding with effect from 01.04.2019 (“Appointed Date”) on **SOMANY CERAMICS LIMITED (the Transferee Company)** and its respective shareholders and creditors and all concerned;
 - (b) All the property, rights and powers of the Transferor Company, including those described in the Schedule of Assets herein, 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 and interest of the Transferor Company therein but subject nevertheless to all charges now affecting the same, as provided in the 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) The employees of the Transferor Company shall be engaged by the Transferee Company, as provided in the Scheme;
 - (e) 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;
 - (f) Leave is granted to the Petitioner Company to file its Schedule of Assets in the form as prescribed in the Schedule to Form No.CAA.7 of the Companies

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH

CP (CAA) 95/KB of 2021
Connected with
CA (CAA) 731/KB of 2020

(Compromises, Arrangements and Amalgamations) Rules, 2016 within three weeks from the date of receiving a copy of this order;

- (g) The Petitioner Transferee 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 so delivered, the Transferor Companies shall be dissolved without winding up from the effective date.
6. The Petitioner Company 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.
7. **CP (CAA) 95/KB of 2021** connected with **CA (CAA) 731/KB of 2020** is disposed of accordingly.
8. Urgent certified copy of this order, if applied or be supplied to the parties, subject to compliance with all requisite formalities.

Balraj Joshi
Member (Technical)

Rajasekhar V.K.
Member (Judicial)

Order dated December 20, 2021

SA, LRA