



## ABSTRACT

Micro, Small and Medium Enterprises Department - TANSI - Scheme of Amalgamation- Merger of State Engineering and Servicing Company of Tamil Nadu Limited with Tamil Nadu Small Industries Corporation Limited - scheme approved - Orders Issued.

1) G.O. (Ms) No. 32, S.I. (SIE) Department, dated : 8.6.2000

Read:

Read also:

2) From the Managing Director, TANSI Chennai-32 Letter No. 2519/BS/2007 dated: 15.10.2007, 25.2.2008, 15.4.09 and 25.9.09

3) Letter (MS) No.119 Micro, Small and Medium Enterprises (E) Department dated: 26.11.10

### Micro, Small and Medium Enterprises (E) Department

**G.O.(MS) No. 120**

**Dated: 26.11.10**

#### ORDER:

In the G.O. first read above orders have been issued, inter alia, for winding up of the business of SESCOT. It has been ordered that the residuary work relating to winding up of SESCOT be looked after by TANSI. In pursuance of Section 396 of the Companies Act, 1956 where the Central Government is satisfied that it is essential in the Public Interest that two or more Companies should amalgamate, then notwithstanding anything contained in Sections 394 and 395 but subject to the provisions of Section 396, the Central Government, by order notified in the Official Gazette, provide for amalgamation of those Companies into a single Company with such constitution; with such property, powers, rights, interests, authorities and privileges; and with such liabilities, duties and obligations; as may be specified in the order. Considering the above, the amalgamation of the aforesaid two Companies, i.e., SESCOT with TANSI in pursuance of Section 396 of the Companies Act, 1956 was discussed in detail in the 263<sup>rd</sup> Board Meeting of TANSI and the 123<sup>rd</sup> Board Meeting of SESCOT held on 26.6.2007 respectively and it was decided in principle to amalgamate SESCOT with TANSI. Accordingly a draft Scheme of Amalgamation was prepared and placed before the Board in its 264<sup>th</sup> Board Meeting held on 11.8.2007. The Board has approved the draft Scheme and authorized the Chairman and Managing Director to forward the scheme to Government for approval.



2. Accordingly the Chairman and Managing Director, TANSI in the letter 2<sup>nd</sup> read above has sent Draft Scheme of Amalgamation of SESCOT with TANSI for approval of Government. He has also requested the Government to issue certificate to the effect that the Scheme of Amalgamation is in 'Public Interest' as specified in Section 396 of the Companies Act, 1956. He has also requested the Government to issue orders on the following:

- a) The Amalgamation is proposed with effect from 1.4.07. After 1.4.2007, no separate Company in the name of SESCOT will exist.
- b) The Share Capital amount of Rs. 49.71 lakhs invested by TANSI in SESCOT will be in the name of TANSI after the Amalgamation.
- c) TANSI will repay the Government loan of Rs. 487.18 lakhs granted to SESCOT. Government have to consider the non-provision of interest on Government loan granted to SESCOT as interest holiday period till the Amalgamation ie up to 31.3 2007.
- d) TANSI will take over the assets of SESCOT at Book value.
- e) The repayment of one time grant of Rs. 58.00 lakhs sanctioned to SESCOT need not be insisted upon at this stage. TANSI will take a final decision on this issue after disposal of Appeal Petition filed by SESCOT before IT Appellate Authority.
- f) Government have to consider the Sales Tax liability now raised by the Sales Tax authorities as a separate issue based on the reconciliation done by SESCOT and to waive the penalty as a special case, if it is found necessary in order to close the transaction.

3. The Cabinet after detailed discussion have decided in its Meeting held on 8.11.2010, to issue a certificate to the effect that the Proposed Merger of State Engineering Servicing Company of Tamil Nadu (SESCOT) with the Tamil Nadu Small Industries Corporation Limited (TANSI) is in Public Interest under Section 396 of the Companies Act 1956.

4. The Government have examined the proposal and issue the following order.

- a) The Scheme of Amalgamation of State Engineering and Servicing Company of Tamil Nadu Limited with Tamil Nadu Small Industries Corporation Limited is approved.
- b) Certificate is issued separately to the effect that the proposed amalgamation of SESCOT with TANSI is in Public Interest under Section 396 of the Companies Act, 1956.
- c) The Share Capital amount of Rs. 49.71 lakhs invested by TANSI in SESCOT will be in the name of TANSI after this Amalgamation. This amount (Rs. 49.71 lakhs) must be repaid to Government by TANSI so that

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there won't be any change in the Share Capital invested by Government in TANSI.

- d) The loan of Rs. 487.18 lakhs sanctioned to SESCOT by Government be repaid by TANSI. The rate of interest will be 12% with effect from 1.4.07. TANSI is permitted to repay the loan alongwith interest after the Amalgamation of SESCOT with TANSI is approved by Government of India.
- e) TANSI will take over the assets (land and building and other assets) of SESCOT at a book value of Rs. 0.99 lakhs as on 31.3.2007.
- f) TANSI need not be insisted to repay Rs. 58.60 lakhs which was sanctioned as a Grant to SESCOT to meet its Sales Tax arrear payment vide G.O (MS) No.32, SI (SIE) Department, dated 8.6.2000. The Managing Director, TANSI is directed to send necessary proposal to Government for waiver of the Sale Tax arrears of Rs. 90.02 lakhs and for issue of orders in consultation with CT&RE Department as in the same analogy adopted by CT&RE Department in G.O (Ms) No.88, CT&RE Department dated 10.10.08 and to deal the issue separately.

5. This order issues with the concurrence of Finance Department vide its No.66359/ BPE/2010, dated 23.11.10.

( BY ORDER OF THE GOVERNOR )

P.SELVAM  
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT

Managing Director

TANSI Guindy, Chennai-32


Chairman, SESCOT

Vi-Ka-Industrial Estate, Guindy, Chennai-32

Accountant General Chennai-6/18

to  
Finance (BPE/Industries) Department Chennai-9  
Micro, Small and Medium Enterprises (OP) Department  
Chennai-9

//FORWARDED BY ORDER//

  
SECTION OFFICER

File