



**NATIONAL COMPANY LAW TRIBUNAL  
NEW DELHI SPECIAL BENCH, COURT-II**

**COMPANY PETITION NO. (CAA)-17/(ND)/2025**

**CONNECTED WITH**

**COMPANY APPLICATION NO. : C.A.(CAA)-103/ND/2024**

**IN THE MATTER OF COMPOSITE SCHEME OF ARRANGEMENT OF:**

**Lily Commercial Private Limited**

Reg. Office at: Flat No. 104

Akashdeep Building, 26-A, Barakhamba Road,  
Delhi-110001

**... Petitioner No. 1/  
Transferor Company**

**AND**

**Dcm Shriram Industries Limited**

Reg. Office at: Kanchenjunga Building 18,  
Barakhamba Road, Delhi-110001

No..... 1653

Date of Presentation  
of application for Copy 21/12/25

No. of Pages... Petitioner No. 2/ 128 L  
Copying F Transferee Company 5 L

Registration & Postage Fee  
Total..... 1300/-

Date of Receipt &  
Record of Copy

Date of Preparation of Copy 05/12/25

Date of Delivery Petitioner No. 3/ 05/12/25

**Resultant Company 1**

PN 05.12.2025

JR/DR/AR/Court Officer  
National Company Law Tribunal  
New Delhi

**... Petitioner No. 4/  
Resultant Company 2**

**AND**

**Their Respective Shareholders And Creditors**

**Section: 230 to 232 of the Companies Act, 2013**



**Order Delivered on: 21.11.2025**

**CORAM:**



**SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)  
SH. RAVINDRA CHATURVEDI, HON'BLE MEMBER (T)**

**PRESENT:**

**For the Petitioner** : Adv. Saurabh Kalia, Adv. Anirudh Das, Adv. Aditya Kumar Singh

**For the Respondent** : Mr. Shashi Raj Dara, Joint Director, O/o RD(NR) for the Regional Director

**For the IT Dept.** : Mr. Sakshi Shairwal JSC Income Tax for Mr. Vipul Agrawal SSC and Mr. Akshat Singh JSC

**ORDER**

**PER: SHRI ASHOK KUMAR BHARDWAJ, MEMBER (J)**

The captioned Company Petition has been preferred jointly by the **Lily Commercial Private Limited** ("Petitioner No. 1/Transferor Company"), **DCM Shriram Industries Limited** ("Petitioner No. 2/Transferee Company/DCMSR"), **DCM Shriram Fine Chemicals Limited** ("Petitioner No. 3/Resultant Company 1") and **DCM Shriram International Limited** ("Petitioner No. 4/Resultant Company 2"), under Section 230 to 232 of Companies Act, 2013 read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 and the said scheme is also annexed as "Annexure - 1". The prayer made in the petition reads thus: -

- i. Admit the present Company Petition;*
- ii. direct service of Notice of this Petition on the Regional Director, Northern Region, Ministry of Corporate Affairs, B-2 Wing, 2nd Floor, Pt. Deendayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi-110003;*





- iii. direct service of notice of this Petition on the Registrar of Companies, NCT of Delhi and Haryana, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi-110019;
- iv. direct service of notice of this Petition on the Official Liquidator, 8th Floor, Lok Nayak Bhawan, Khan Market, New Delhi-110003.
- v. direct service of Notice of this Petition on the Office of the Income Tax Department through the Nodal Office, DCIT (High Court Cell), Room No. 428 and 429, Lawyer's Chambers, Block No. 1, Delhi High Court, New Delhi-110001;
- vi. direct service of Notice of this Petition, in respect of the Petitioner/Transferor Company, on the Income Tax Officer, Ward 15(1), C.R. Building, ITO, New Delhi 110002, Email ID: delhi.ito15.1@incometax.gov.in;
- vii. direct service of Notice of this Petition, in respect of the Petitioner/Transferee Company/DCMSR, on the Income Tax Officer, Circle 7(1), C.R. Building, ITO, New Delhi -110002, Email ID: delhi.dcit7.1@incometax.gov.in;
- viii. direct service of Notice of this Petition, in respect of the Petitioner/Resultant Company 1, on the Income Tax Officer, Ward 4(1), C.R. Building, ITO, New Delhi 110002, Email ID: delhi.ito4.1@incometax.gov.in;
- ix. direct service of Notice of this Petition, in respect of the Petitioner/Resultant Company 2, on the Income Tax Officer, Ward 4(1), C.R. Building, ITO, New Delhi 110002, Email ID: delhi.ito4.1@incometax.gov.in;
- x. direct service of Notice of this Petition by the Petitioner/Transferee Company/ DCMSR on the office of the Jt. Chief Controller of Explosives, Ministry of Commerce & Industry, (Petroleum & Explosives Safety Organisation), Government of India, 63/4, A-Wing, 2nd floor, Kendralaya (CGO Complex), Opposite, Sanjay Place, Civil Lines, Agra, Uttar Pradesh - 282002.
- xi. direct service of Notice of this Petition by the Petitioner/Transferee Company/ DCMSR on the office of the Chief Controller of





*Explosives, Explosives Department, CGO Complex, 5th, A Block, Seminary Hills, Nagpur, Maharashtra 440006.*

- xii. direct service of Notice this Petition by the Petitioner/Transferee Company/ DCMSR on the office of the Zonal Director, Narcotics Control Bureau, Delhi Zonal Unit, West Block No. 1, Wing No. 7, II Floor, R.K. Puram, New Delhi-110.066.*
- xiii. direct service of Notice of this Petition by the Petitioner/Transferee Company/ DCMSR on the office of the Director, Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, Udyog Bhawan, Rajpath Area, New Delhi, Delhi 110011.*
- xiv. direct service of Notice of this Petition on the Securities and Exchange Board of India;*
- xv. direct service of Notice of this Petition on the BSE Limited;*
- xvi. direct service of Notice of this Petition on the National Stock Exchange of India Limited;*
- xvii. direct publication of notice of the Petition in the newspapers, namely, THE BUSINESS STANDARD (English-All India Edition) and THE JANSATTA (Hindi Edition);*
- xviii. sanction the Composite Scheme of Arrangement amongst Lily Commercial Private Limited and DCM Shriram Industries Limited and DCM Shriram Fine Chemicals Limited and DCM Shriram International Limited and their respective Shareholders and Creditors ("Scheme"), being ANNEXURE "1" to the present Company Petition;*
- xix. Pass such other order(s) as are further deemed necessary, in the facts and circumstances of the case."*

**2.** As can be seen from the Scheme placed on record, the Petitioner No. 1 (Transferor Company) would be amalgamated with Petitioner No. 2 (Transferee Company/DCMSR), to be followed by demerger of the Chemical Undertaking and Rayon Undertaking of Petitioner No. 2 (Transferee Company/DCMSR/ Demerged Company) into two separate companies viz. Petitioner No. 3

(Resultant Company No. 1) and Petitioner No. 4 (Resultant Company No. 2),

respectively. Clause 1.1.3 of the scheme reads thus:-

*"1.1.3 The Board of Directors of DCMSR therefore, on 14 November 2023, recommended a composite scheme of arrangement involving amalgamation of the Transferor Company with DCMSR followed by demerger of the Chemical Undertaking and Rayon Undertaking of DCMSR into 2 (two) separate companies, namely, DCM Shriram Fine Chemicals Limited, a company incorporated under the Act and having its registered office at 6th Floor, Kanchenjunga Building, 18 Barakhamba Road, New Delhi 110001, New Delhi, India ("Resultant Company 1") and DCM Shriram International Limited, a company incorporated under the Act and having its registered office at 6th Floor, Kanchenjunga Building, 18 Barakhamba Road, New Delhi 110001, New Delhi, India ("Resultant Company 2"), respectively, (Resultant Company 1 and Resultant Company 2 are hereinafter collectively referred to as the "Resultant Companies") with retention of the Residual Undertaking (as defined below) in DCMSR."*

**3.** The rationale of the proposed Composite Scheme of Arrangement, as stated by the Petitioners read thus:

*"1.3.1 This Scheme is in the best interest of the stakeholders of each of the companies involved in this Scheme, inter alia for the reasons explained below and shall result in amalgamation and demergers leading to several benefits to the shareholders, primarily:*

*(i) greater management focus on each business vertical (being Chemical Undertaking, Rayon Undertaking and Residual Undertaking);*

*(ii) better administrative efficiency;*

*(iii) operational rationalisation, organisational efficiency and optimum utilisation of resources;*

*(iv) focused approach to respective line/ stream of business;*





- (v) ability to leverage financial and operational resources for each business;
- (vi) allows shareholder to have a choice of investment in some and not all the businesses;
- (vii) better price discovery as performance of each business can be evaluated and projected without counter balancing of other businesses;
- (viii) unlocking shareholder value and opportunity for the public shareholders to exploit the individual potential of DCMSR and each of the Resultant Companies, pursuing options of independent joint ventures, collaborations on a sectoral basis i.e., separate ventures for sugar, chemical and rayon and creating a strong and distinctive platform with more focused management teams, which will enable greater flexibility to pursue long term objectives and independent business strategies;
- (ix) providing scope for independent growth, collaboration and expansion of the three segregated business verticals, including for enhancing their valuations and efficient capital allocation;
- (x) provide diversity in decisions regarding use of cash flows and exploring various opportunities;
- (xi) allowing the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking, which are independent, self-sufficient and standalone undertakings (with no critical business inter-dependencies), to continue to function with efficiency and efficacy, and synergies with a seamless transition;
- (xii) streamlining promoter shareholding of DCMSR by eliminating shareholding tiers and simplification of promoter shareholding into a clear structure directly identifiable with the promoters; focused management and direct commitment, attention and long term stable leadership to chemical, rayon and sugar businesses of DCMSR, comprising the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking, respectively; and



(xiii) facilitating succession planning in the future in an orderly and strategic manner, without any business disruption, which is key to secure the long-term stability, leadership, transparency and operational clarity of DCMSR and the Resultant Companies.”

#### 4. FIRST MOTION

i. The first motion order was passed in CA (CAA) 103/ND/2024 on 06.12.2024, wherein this tribunal ordered the meetings of the Equity Shareholders and Unsecured Creditors of the Transferee Company, while dispensing with the meetings of the stakeholders of the Transferor Company, Resulting Company No. 1, and Resulting Company No. 2. The relevant excerpt of the said order reads thus:-

*“16. In the wake of the pleadings and documents put forth by the Applicant Companies and the prayer made in the Company Application, it is ordered: -*

***I. In relation to Applicant Company No. 1/Transferor Company:***

- i. The meeting of the equity shareholders is dispensed with keeping in view the consent/ NOC provided by them.
- ii. Since there are no secured and unsecured creditors, therefore, there is no scope for convening their meeting.

***II. In relation to Applicant Company No. 2/ Transferee Company:***

i. The Transferee Company has prayed for convening the meetings of Shareholders and Unsecured Creditors. The meetings of the Shareholders and Unsecured Creditors of the Transferee Company are ordered to be convened in the following manner:

a. It is directed that a meeting of the Equity Shareholders and unsecured creditors of the Applicant No. 2/Transferee Company/DCMSR be convened through video conference with the facility of remote e-voting in compliance of the MCA General Circular

dated 08.04.2020 and 05.05.2022, for the purpose of considering the Scheme.



b. The Applicant No. 2/Transferee Company/DCMSR shall conduct the meeting of Equity Shareholders on/before 27.01.2025 and unsecured creditors meeting to be conducted on/before 27.01.2025 in consultation with the Chairperson appointed by this Hon'ble Tribunal.

c. The notice to unsecured Creditors to whom an amount of less than Rs. 1,00,000/- is payable, be served by publication in the newspapers i.e., in The Business Standard (English edition) and The Jansatta (Hindi Edition), as such creditors constitute only 0.31% of the unsecured amount payable. They may participate in meeting distantly i.e., through email or otherwise.

d. As proposed by the Applicants, the details of the time and date of the meeting of the Shareholders/ Unsecured Creditors and the quorum of the meeting is fixed as follows:

Company details	Meeting type	Total number of Shareholders/Secured/Unsecured creditors	Quorum of the meeting
Applicant Company/ Transferee Company	Shareholders	64,131	75% in value
Applicant Company/ Transferee Company	Unsecured Creditors	636	75% in value

e. If the quorum is not complete at the time of the aforesaid meeting, the Chairman shall adjourn that meeting by 30 minutes, and the shareholders present after 30 minutes shall be deemed to constitute the quorum for the said meeting.

f. As the Applicants have not proposed any names for the nomination of Chairperson, Alternate Chairperson, and Scrutinizer for the meeting, the following appointments are made:



1) Ms. Rashmi Chopra, residing at II-31 Nizamuddin East, New Delhi, with mobile no. 09810311218 and e-mail id rashmichopra6897@gmail.com, is appointed as the Chairperson for the meeting of Equity Shareholders as well as Unsecured Creditors to be convened under this order.

2) Ms. Devira Gupta Roy, residing at A-109, New Friends colony, with mobile no. 9839666681 and e-mail id devina.roy@dgrlegal.in, is appointed as the Alternate Chairperson for the meeting of Equity Shareholders as well as Unsecured Creditors.

3) Ms. Manmeet Kaur Sareen, residing at F-12, Jangpura extension (LGF), New Delhi, with mobile no. 08800624624 and e-mail id manmeet@mkslaw.in, is appointed as the common Scrutinizer for the aforesaid meetings to be convened under this order.

g. The Chairperson's fee for the aforementioned meeting shall be ₹2,00,000, while the Alternate Chairperson's fee shall be ₹1,00,000. The Scrutinizer's fee is fixed at ₹1,00,000, in addition to reimbursement of any incidental expenses. The Chairperson is required to submit their report within two weeks from the conclusion of e-voting and/or the postal ballot. The fees for the Chairperson, Alternate Chairperson, and Scrutinizer, along with their out-of-pocket expenses, shall be borne by the Applicant Companies.

h. The Scrutinizer's report shall contain his findings on the directions issued in the foregoing paragraphs.

i. It is further directed that notice of the said meetings shall be sent by the transferee Company to its respective Unsecured Creditors and Equity shareholders through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meeting, indicating the day, date and time as aforesaid, together with a copy of the scheme, copy of the explanatory statement with share exchange ratio which is required to be sent under the Companies Act, 2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.





j. It is further directed that along with the notice, transferee company shall also send, a statement explaining the effect of the scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the Scheme of Arrangement on any material interests of the Directors of the Company, if any, as provided under sub-section (3) of Section 230 of the Act.

k. It is also directed that the Provisional Financial Statements of applicant companies not older than 6 months from the date of the meeting be also circulated for the aforesaid meetings in terms of Section 232 (2) (e) of the Act.

l. That the transferee Company shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meetings of Equity shareholders and Unsecured Creditors, indicating the day, date and time of the meetings as aforesaid, to be published in "The Business Standard (English Edition) and The Jansatta (Hindi Edition)." The publication shall indicate the time within which copies of the Scheme of Arrangement shall be made available to the concerned persons, free of charge from the registered office of the transferee Company. The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2013, can be obtained free of charge at the registered office of the Applicant Company in accordance with the second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016. The transferee Company shall also publish the notice of the meeting on its website, if any.

m. Voting shall be allowed on the "Scheme" through electronic means which will remain open for a period as mandated under Clause 8.3 of Secretarial Standards on General Meetings to the Applicant Companies under the Act and the Rules framed thereunder.

n. The Chairperson shall be responsible to report the result of the meetings to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7 (seven) days of the conclusion of the meeting. The



Chairperson would be fully assisted by the authorized representative/ Company Secretary of the Applicant Companies and the Scrutinizer, who will assist the Hon'ble Chairperson and Alternate Chairperson in preparing and finalizing the report.

ii. Since the Secured Creditors of Transferee company representing 99.8% of the secured debt value, have given their consent to the Scheme, the meeting of the Secured Creditors is dispensed with.

**III. In relation to Applicant Company No. 3/ Resultant Company 1:**

i. The meeting of the equity shareholders is dispensed with keeping in view the consent/ NOC provided by them.

ii. Since there are no secured and unsecured creditors qua it, therefore, there is no scope for any convening their meeting.

**IV. In relation to Applicant Company No. 4/ Resultant Company 2:**

i. The meeting of the equity shareholders is dispensed with keeping in view the consent/ NOC provided by them.

ii. Since there are no secured and unsecured creditors qua it, therefore, there is no scope for any convening their meeting.”

ii. We could see the reports of Chairperson in respect of the meeting of Equity Shareholders and Unsecured Creditors qua Transferee Company. The relevant excerpt of the said reports read thus:-

**Chairperson's Report on the meeting of the Equity Shareholders of the Applicant/Transferee Company/ DCMSR**

“d. In terms of the Scrutinizer's Report, 198 Equity Shareholders of the Applicant/ Transferee Company/ DCMSR representing 5,23,39,949 equity shares in the paid-up equity share capital of the Applicant/ Transferee Company/ DCMSR and which represented 99.497% in number and 99.9999% in value of the Equity Shareholders voting, approved the Scheme. Further, in terms of the Scrutinizer's Report, 1 Equity Shareholder of the Applicant/ Transferee Company/ DCMSR, representing 32 equity shares and which represented 0.5025% in number and 0.0001% in value





of the Equity Shareholders voting, did not approve the Scheme. No votes were declared invalid.

e. Further, as per Scrutinizer's Report, the resolution put to vote vide Notice dated 24th December, 2024 and as stated hereinabove, stands approved by majority of persons representing more than three-fourth in value of the equity shareholders, voting through remote e-voting and e-voting, in terms of the provisions of Section 230(6) of the Companies Act, 2013.

f. As per the Scrutinizer's Report, the consolidated report on the results of voting in respect of the aforesaid resolution is as under:

i. Voted **in favour** of the resolution:

Mode of Voting	Number of Equity Shareholders voted	Number of valid votes cast by them (No. of Shares)	% of total number of valid votes cast
Remote E-voting	188	5,23,39,703	99.9999%
E-voting at the Meeting	10	246	100%
<b>Total</b>	<b>198</b>	<b>5,23,39,949</b>	<b>99.9999%</b>

ii. Voted **against** the resolution:

Mode of Voting	Number of Equity Shareholders voted	Number of valid votes cast by them (No. of Shares)	% of total number of valid votes cast
Remote E-voting	1	32	0.0001%
E-voting at the Meeting	0	0	0%
<b>Total</b>	<b>1</b>	<b>32</b>	<b>0.0001%</b>

iii. **Invalid** votes:

Mode of Voting	Number of Equity Shareholders voted	Number of votes declared invalid
Remote E-voting	0	0
E-voting at the Meeting	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

(iv) Further, in terms of the Scrutinizer's Report, public shareholders of the Transferee Company have approved the Scheme as the votes cast in favour of the Scheme are more than the votes cast against the Scheme. In this regard, public shareholders holding 87,49,834 equity shares have voted in





favour of the Scheme and equity shareholders holding 32 equity shares have voted against the Scheme.

g. The Scrutinizer's Report on the meeting of the Equity Shareholders of the Applicant/Transferee Company/DCMSR is annexed to the present report as **ANNEXURE "A".**

XXXX

**Chairperson's Report on the meeting of the Unsecured Creditors of the Applicant/Transferee Company/ DCMSR**

"d. In terms of the Scrutinizer's Report, 271 Unsecured Creditors of the Applicant/ Transferee Company/DCMSR, representing Rs.157,44,92,935/- and which represented 100% in number and 100% in value of the Unsecured Creditors voting, approved the Scheme. Further, in terms of the Scrutinizer's Report, no Unsecured Creditors voted against the Scheme. No votes were declared invalid.

e. Further, as per Scrutinizer's Report, the resolution put to vote vide Notice dated 24th December, 2024 and as stated hereinabove, stands approved by majority of persons representing more than three-fourth in value of the Unsecured Creditors, voting through video-conferencing and by remote e-voting, in terms of the provisions of Sections 230(6) of the Companies Act, 2013.

f. As per the Scrutinizer's Report, the consolidated report on the results of voting in respect of the aforesaid resolution is as under:

i. Voted in **favour** of the resolution:

Mode of Voting	Number of Unsecured Creditors voted	Number of valid votes cast by them (in INR)	% of total number of valid votes cast
Remote E-voting	270	156,62,66,706	100%
E-voting at the Meeting	1	82,26,229	100%
<b>Total</b>	<b>271</b>	<b>1574492935</b>	<b>100%</b>

ii. Voted **against** the resolution:





Mode of Voting	Number of Unsecured Creditors voted	Number of valid votes cast by them	% of total number of valid votes cast
Remote E-voting	0	0	0
E-voting at the Meeting	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

*iii. Invalid votes:*

Mode of Voting	Number of Unsecured Creditors voted	Number of votes declared invalid (in INR)
Remote E-voting	0	0
E-voting at the Meeting	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*g. The Scrutinizer's Report on the meeting of the Unsecured Creditors of the Applicant/Transferee Company/DCMSR is annexed to the present report as **ANNEXURE " A ".***

5. In the captioned petition filed by the Petitioner Companies, this Tribunal in pursuance to order dated 07.03.2025, directed the Petitioner Companies to issue individual notices to the statutory/ regulatory authorities, as well as publication of the notice in the Delhi editions of the "Business Standard" (English) and "Jansatta" (Hindi) newspapers in terms of Rule 7 of the Companies (Companies Arrangements and Amalgamation) Rules, 2016. By the order dated 13.06.2025, this tribunal again directed to serve the notice to the Income Tax Authorities.

6. In compliance of the aforementioned directions, the Petitioner Companies through their respective authorized representatives, filed affidavit of service dated 28.03.2025 and 27.06.2025, confirming the service of notice to the concerned statutory/regulatory authorities and also publication of the



notices on 26.03.2025 in the Delhi editions of the "Business Standard" (English) and "Jansatta" (Hindi) newspapers.



## 7. STATUTORY AUTHORITIES

### I. Registrar of Companies (RoC)/Regional director

i. As can be seen from the records, the Regional Director ("RD") submitted its report dated 05<sup>th</sup> June 2025 detailing with certain observations and requesting supplemental information from the Petitioner Companies concerning the proposed Composite Scheme of Arrangement. The Observations raised by the RD in its Report reads thus:-

#### **"33. Observation, if any:-**

**1. In the case of Transferor Company**, auditor has stated 'Emphasis of Matter' in the audit report for the FY ended 31.03.2024 which is as under:-

*"We draw Attention to Note 35 to the accounts without Qualifying the Balance Sheet:*

*1. Management has estimated and provided for restructuring expenses of Rs. 380 lakhs due to which loss for the current financial year is Overstated to this extent and other equity/retained earnings are understated"*

*The company may clarify the same.*

**2. In the case Resulting Company 1**, the Auditors in the 'Annexure A' to the Audit report for the FY ended 31.03.2024 has stated that:

*"According to the information and explanation given to us and the records examined by us, we report that the lease agreement in respect of immovable property being leasehold land as disclosed in the financial statements of the company, are yet to be executed, as per details as under:-*





Description of Property	Gross Block as on March 31, 2024 (Rs. In Lakhs*)	Held in name of	Whether Promoter, Director or their Relative or employees	Period held	Reason for not held in the name of the company
Leasehold land at Dahej, Gujarat	2290.50	Refer note 29 of the financial statement	No	Dec, 2021	Refer note 29 of the financial statement.

\*including land development expenditure." The company may clarify on the same.

**3. In case of Resulting Company 1**, auditor has stated in the audit report for the FY ended 31.03.2024, that the company has incurred cash losses in the current year of Rs. 30.69 lakhs and that of Rs. 33.51 lakhs in the immediately preceding financial year.

**4. Resulting Company 1** has no revenue for operation for more than 02 years, i.e. for F.Y. 2022-23 and F.Y. 2023-24. Therefore, it appears that the company is inactive.

**5. In case of Resulting Company 2**, auditor has stated in the audit report for the FY ended 31.03.2024, that the company has incurred cash losses in the current year of Rs. 1,22,340 and that of Rs. 54,743 in the immediately preceding financial year.

**6. Resulting Company 2** has no revenue for operation for more than 02 years, i.e. for F.Y. 2022-23 and F.Y. 2023-24. Therefore, it appears that the company is inactive."

ii. The Petitioners jointly filed the reply dated 10<sup>th</sup> June 2025 giving their explanation qua the observations made by RD. The relevant paras of the reply reads thus:-

**With respect to observation 1:-**

"[...]

*In response to the above observation, it is stated that the statement made by the auditor is a matter of fact as set out in the audited accounts of the Petitioner/Transferor Company as at 31<sup>st</sup> March, 2024. The auditor has not raised any adverse inference with respect to the same as regards the audited accounts of the Petitioner/*



Transferor Company nor has any clarification or qualification been set out by the auditor. It is further stated that the said statement as set out by the auditor has no adverse effect or impact on the Scheme or the aspect of consideration for sanction of the Scheme by this Hon'ble Tribunal. Further, the ROC has not in any manner set out as to how or in what manner the aforesaid observation of the auditor impact or have any material adverse effect on the consideration of the Scheme by this Hon'ble Tribunal. In any event, with respect to the statement of the auditor as set out above, it is stated as under:-

- a. That the Appointed Date of the Scheme being 1st April, 2023, the provision of this amount has no impact on the balances of the Petitioner/Transferor Company that shall stand transferred to the Petitioner/Transferee Company, upon the Scheme being made effective.
- b. That the manner in which the Scheme related expenses shall be met are clearly set out at Clause 1.1.6 read with Clauses 1.4.20 and 7.8.4 of the Scheme.
- c. In this regard, Clause 1.1.6, 1.4.20 and 7.8.4 of the Scheme reads as under:
  - i. All costs, charges and expenses pertaining to amalgamation of the Transferor Company with DCMSR, pursuant to this Scheme and any other expenses or payment for liabilities pertaining to the Transferor Company prior to the Effective Date shall be borne out of the Surplus Assets (as defined below) of the Transferor Company. Any deficit thereof, i.e. such costs, charges or expenses (pertaining to amalgamation of the Transferor Company with DCMSR) exceeding the Surplus Assets, shall be borne in the manner provided in this Scheme. Further, any surplus thereof, i.e. such costs, charges or expenses (pertaining to amalgamation of the Transferor Company with DCMSR) being less than the Surplus Assets, shall be returned to the shareholders of the Transferor Company (as on the Record Date (as defined below)).





- ii. "Surplus Assets" means all assets of the Transferor Company (including cash and cash equivalents) other than the investments made in DCMSR by the Transferor Company.
- iii. Except as otherwise expressly provided in this Scheme, each of DCMSR, Resultant Company 1 and Resultant Company 2 shall pay their respective costs, expenses, charges, fees, taxes, duties, levies and other incidental expenses arising out of or incurred in connection with the filing, approval and/or implementation of this Scheme, in equal proportion. Notwithstanding, anything contained in this Clause, all costs, expenses, charges, fees, taxes, duties, levies and other incidental expenses arising out of or incurred in connection with the filing, approval and/or implementation of Part III of this Scheme shall be borne solely by the shareholders of the Transferor Company in the manner provided in this Scheme.
- iv. That the manner and mode of discharge by each of the Petitioner Companies of the expenses related to the Scheme are a matter of internal arrangement between the Petitioner Companies and do not, in the respectful submission of the Petitioner/Transferor Company, have any bearing or effect on the aspect of consideration for sanction of the Scheme by this Hon'ble Tribunal.

*In this regard, the relevant extract (Page 240 and 268 from the audited accounts of the Petitioner/Transferor Company as annexed to the Company Petition) are annexed hereto and marked as **ANNEXURE "B" Colly.**"*

**With respect to observation 2:-**

"[...]

*In response to the aforesaid observation, it is submitted that the land in question has been allotted to the Petitioner/Transferee Company and subsequently transferred to Resultant Company 1 (which is its Wholly Owned Subsidiary) with approval of Gujarat Industrial Development Corporation ("GIDC"). The execution of the lease deed with GIDC is pending with the said authority. The Petitioner/Resulting*





Company No.1 being the continuing Company under the Scheme is under discussion with the GIDC for the execution of the lease deed in the ordinary course of business. The said observation of the ROC as regards the current position of non-execution of the lease deed has no material bearing as regards the consideration for sanction of the Scheme by this Hon'ble Tribunal. In this regard, the relevant extracts from the audited financial statement of the Petitioner/ Resulting Company No.1 for the financial year ended 31st March, 2024 (Page 430, 450 and 458 of the Company Petition) are annexed hereto and marked as **ANNEXURE "C" Colly.**"

**With respect to observation 3 and 4:-**

"[...]

In response to the above, it is submitted that the aspect of the Petitioner/Resulting Company No.1 having suffered loss for the financial year ended 31st March, 2024 is a matter of record and have so been set out in the statement of Profit & Loss account of the Petitioner/Resulting Company No.1. This aspect, in the respectful submission of the Petitioner Companies is not an impediment to the sanction of the Scheme by this Hon'ble Tribunal. It is further submitted that the Petitioner/Resulting Company No.1 has sufficient assets as is evident from the balance sheet as at 31st March, 2024. The relevant extracts of the balance sheet and statement of profit and loss for the financial year ended 31st March, 2024 (Page 436 and 437 of the Company Petition) are annexed hereto and marked as ANNEXURE "D" Colly. It is further submitted that the Petitioner/Resulting Company 1 was incorporated only on 29th September, 2021 and is the identified company within the DCM Group and in terms of the Scheme for the transfer of the Chemical Undertaking of the Petitioner/Transferee Company/ DCMSR to the Petitioner/ Resulting Company No. 1. Further, upon the Scheme being made effective, the Petitioner/Resulting Company No.1 shall in terms of the Scheme, be engaged in and carry on the Chemical Business as so transferred from the Petitioner/ Transferee Company/ DCMSR. Further, these aspects





are also clearly set out in the audited accounts for the financial year ended 31 March, 2024 and accordingly, the observations of the Regional Director as set out herein-above are in-consequential for the consideration of the Scheme by this Hon'ble Tribunal. The aforesaid relevant extract (Page 459 of the Company Petition) is annexed hereto and marked as **ANNEXURE "E".**"

**With respect to observation 5 and 6:-**

"[...]

*In response to the above, it is submitted that the aspect of the Petitioner/Resulting Company No.2 having suffered loss for the financial year ended 31<sup>st</sup> March, 2024 is a matter of record and has been set out in the statement of Profit & Loss account of the Petitioner/Resulting Company No.2. This aspect, in the respectful submission of the Petitioner Companies is not an impediment to the sanction of the Scheme by this Hon'ble Tribunal.*

*It is further submitted that the Petitioner/Resulting Company 2 was incorporated only on 7th September, 2022 and is the identified company within the DCM Group and in terms of the Scheme for the transfer of the Rayon Undertaking of the Petitioner/Transferee Company/ DCMSR to the Petitioner/Resulting Company No.2. Further, upon the Scheme being made effective, the Petitioner/Resulting Company No.2 shall, in terms of the Scheme be engaged in and carry on the Rayon Business as so transferred from the Petitioner/ Transferee Company/DCMSR. Further, these aspects are also clearly set out in the audited accounts for the financial year ended 31st March, 2024 and accordingly, the observations of the Regional Director as set out herein-above are in consequential for the consideration of the Scheme by this Hon'ble Tribunal. The aforesaid relevant extracts (Page 525 of the Company Petition) is annexed hereto and marked as ANNEXURE "F".*

**II. Official Liquidator (OL)**



i. The Official Liquidator (OL) has also filed their report dated 04.04.2025, in terms of the notice served upon it as per section 230(5) of the Companies Act, 2013, read with Rule 16 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The relevant excerpts of the OL's report read as follows:

*"12. That the Official Liquidator has not received any complaint against the proposed Scheme of Amalgamation from any person/party interested in the Scheme in any manner till the date of filing of this Report. Based on the information/documents submitted by the applicant companies together with the eforms filed on MCA21 Portal, it has emerged that:-*

- *In Balance Sheet as at 31.03.2024 of the Transferor Company, auditor has stated 'Emphasis of Matter' in the audit report for the F.Y. ended 31.03.2024 regarding the aspect that the management has estimated and provided for restructuring expenses of Rs. 380 Lakhs due to which loss for the current financial year is Overstated to this extent and other equity / retained earnings are understated. In this regard this office issued letter dated 17.03.2025 to applicant company to clarify the same.*
- *In response, a letter dated 24.03.2025 has been received from Transferor Company whereby it's stated that "as the appointed date is April 01,2023 the provision has no impact on the balances to be merged with the Transferee Company or on the fair share exchange ratio. Further stated that as per clause 1.1.6 of the scheme*

*"All costs, charges and expenses pertaining to amalgamation of the Transferor Company with Transferee Company, pursuant to this scheme and any other expenses or payment for liabilities pertaining to the Transferor Company prior to the Effective Date shall be borne out of the Surplus Assets*





(as defined below) of the Transferor company.. Any deficit thereof, i.e. such costs, charges or expenses (pertaining to amalgamation of the Tranferor Company with Transferee Company) exceeding the Surplus Assets, shall be borne in the manner provided in this Scheme. Further, any surplus thereof, i.e. such costs charges or expenses (pertaining to amalgamation of the Transferor Company with Transferee Company) being less than the Surplus Assets, shall be returned to the shareholders of the Transferor Company (as on the Record Date....)".

Copy of letter dated 24.03.2025 is annexed herewith and marked as Annexure-A.

13. That the report of Official Liquidator is based upon the documents/reply submitted by the petitioner companies. Balance sheet, Memorandum and Article of Association and other documents furnished by the petitioner companies have not been enclosed with the report as the same are already on records of the Hon'ble Tribunal.
14. That the Official Liquidator on the basis of information submitted by the Petitioner Companies is of the view that the affairs of the aforesaid Transferor Company do not appear to have been conducted in a manner prejudicial to the interest of its members or to public interest in terms of the provisions of the Companies Act, 2013."

ii. With respect to the observation made by the OL, the Transferor Company filed its reply dated 10th June 2025. The relevant excerpt of the reply reads thus:-

"6. In response to the above observation of the Official Liquidator, it is stated that the statement made by the auditor is a matter of fact as set out in the audited accounts of the Petitioner/Transferor Company as at 31st March, 2024. The auditor has not raised any adverse inference with respect to the same as regards the audited accounts of the Petitioner/Transferor Company nor has any clarification thereto been set out by the auditor. It is further stated that the said statement as set out by the auditor has no adverse effect or impact on the





*Scheme or the aspect of consideration for sanction of the Scheme by this Hon'ble Tribunal. In fact, I state that the Petitioner/Transferor Company on 24th April, 2025, submitted its response to the observations of the Official Liquidator as set out at paragraph 5 above. No further observations or response or reply has thereafter been raised by the Official Liquidator to the response letter dated 24th March, 2025 of the Petitioner/Transferor Company. A copy of the letter dated 24th March, 2025 submitted by the Petitioner/ Transferor Company is annexed hereto and marked as **ANNEXURE "C"**.*

*7. In any event, with respect to the statement of the auditor as set out at paragraph 5 above, it is stated as under:-*

- a. That the Appointed Date of the Scheme being 1st April, 2023, the provision of this amount has no impact on the balances of the Petitioner/Transferor Company that shall stand transferred to the Petitioner/Transferee Company, upon the Scheme being made effective.*
- b. That the manner in which the Scheme related expenses shall be met are clearly set out at Clause 1.1.6 read with Clauses 1.4.20 and 7.8.4 of the Scheme.*
- c. In this regard, Clause 1.1.6, 1.4.20 and 7.8.4 of the Scheme reads as under:*
  - i. All costs, charges and expenses pertaining to amalgamation of the Transferor Company with DCMSR, pursuant to this Scheme and any other expenses or payment for liabilities pertaining to the Transferor Company prior to the Effective Date shall be borne out of the Surplus Assets (as defined below) of the Transferor Company. Any deficit thereof, i.e. such costs, charges or expenses (pertaining to amalgamation of the Transferor Company with DCMSR) exceeding the Surplus Assets, shall be borne in the manner provided in this Scheme. Further, any surplus thereof, i.e. such costs, charges or expenses (pertaining to amalgamation of the Transferor Company with DCMSR) being*





less than the Surplus Assets, shall be returned to the shareholders of the Transferor Company (as on the Record Date (as defined below)).

ii. "Surplus Assets" means all assets of the Transferor Company (including cash and cash equivalents) other than the investments made in DCMSR by the Transferor Company.

Except as otherwise expressly provided in this Scheme, each of DCMSR, Resultant Company 1 and Resultant Company 2 shall pay their respective costs, expenses, charges, fees, taxes, duties, levies and other incidental expenses arising out of or incurred in connection with the filing, approval and/or implementation of this Scheme, in equal proportion. Notwithstanding, anything contained in this Clause, all costs, expenses, charges, fees, taxes, duties, levies and other incidental expenses arising out of or incurred in connection with the filing, approval and/or implementation of Part III of this Scheme shall be borne solely by the shareholders of the Transferor Company in the manner provided in this Scheme.

d. That the manner and mode of discharge by each of the Petitioner Companies of the expenses related to the Scheme are a matter of internal arrangement between the Petitioner Companies and do not, in the respectful submission of the Petitioner/Transferor Company, have any bearing or effect on the aspect of consideration for sanction of the Scheme by this Hon'ble Tribunal."

### **III. Income Tax department**

i. The Income Tax Department has also filed the reports on 07.07.2025, stating following observations with respect to proposed Composite Scheme of Arrangement of the companies, which reads thus:-





a) **With respect to Transferor Company:** The Income Tax Department, vide its report dated 28.04.2025, has stated that department has no objection to the proposed Scheme.

b) **With respect to the Transferee Company/Demerged Company:** The Income Tax Department, vide its report dated 28.04.2025, has raised no objection to the Composite Scheme of Arrangement of the Companies, however, it has furnished the details of the pending demands qua the Transferee Company, which are as under :-

S. No.	AY	Demand Section	Date of order	Demand outstanding
1	2018-19	154	20.12.2024	Rs. 24,41,20,240/-
2	2019-20	115-O	30.03.2021	Rs. 2,55,34,780/-
3	2024-25	154	14.04.2025	Rs. 19,38,200/-
Total				Rs. 27,15,93,220/-

c) **With respect to Resultant Company No.1 & 2:** The Income Tax Department, vide its reports dated 19.05.2025 and 01.05.2025 respectively, has stated that it has no objection to the proposed Scheme.

ii. The Petitioner Companies filed their respective affidavits in response to the report of the IT department and espoused that the scheme would not have any adverse impediment on the IT department with regard to the recovery of any demand payable, any proceedings pending under the Income Tax Act, 1961 and any income tax/penalty as a result of on-going/future proceedings. The relevant portions of which reads thus:-





**Affidavit on behalf of the Petitioner/ Transferor Company to the Report dated 28th April, 2025**

“[...]

- i. the sanction of the Scheme shall not be an impediment for the Income Tax Department to recover any demand payable by the Petitioner/Transferor Company;
- ii. that the Petitioner/Transferor Company shall also bear the outcome of any proceedings pending under the Income Tax Act, 1961 (IT Act);
- iii. that the Petitioner/Transferor Company undertakes to pay any income tax/penalty as a result of on-going/future proceedings under the IT Act.

*I further state that with respect to the matters as set out at (i) to ii) above, the Petitioner/Transferee Company being the successor company upon the Scheme being made effective has also filed with this Hon'ble Tribunal, an Affidavit of Undertaking and the Petitioner/Transferor Company craves leave to refer and rely upon the said Affidavit of the Petitioner/Transferee Company at the time of hearing of the present Company Petition.”*

**XXXX**

**Affidavit on behalf of the Petitioner/ Transferee Company/DCMSR to the Report dated 28th April, 2025 of the Income Tax Department**

“[...]

- a. the rights of the Income Tax Department to recover from the Petitioner/Transferee Company/DCMSR, demands payable by the Petitioner/Transferor Company shall not in any manner abate and all such demands shall be raised as against the Petitioner/Transferee Company/DCMSR;
- b. that the Petitioner/Transferee Company/DCMSR shall bear the outcome of proceedings pending against the Petitioner/

Transferor Company under the Income Tax Act, 1961 (IT Act); and



C. that the Petitioner/Transferee Company/DCMSR shall make payment of income tax/penalty as raised against the Petitioner/Transferor Company with respect to the on-going or future proceedings against the Petitioner/Transferor Company under the IT Act."

XXXX

**Affidavit on behalf of the Petitioner/ Resultant Company 1 to the Report dated 19th May, 2025 of the Income Tax Department**

"[...]

- i. that all assessment proceedings and appeals of whatsoever nature by or against the Petitioner/Resultant Company 1 pending on the Effective Date of the Scheme shall be continued and/or enforced by or against the Petitioner/Resultant Company 1;
- ii. that the sanction of the Scheme by this Hon'ble Tribunal shall not be an impediment to the rights of the Income Tax Department to determine the tax implications under the Scheme in accordance with the provisions of the Income Tax Act, 1961 (IT Act).
- iii. that the provisions of the IT Act shall prevail over any clause of the Scheme which is contrary to the applicable provisions of the IT Act. I further state that the Scheme has been drawn up to comply with inter-alia, the conditions relating to "Demerger" as specified under the IT Act including Section 2(19AA) and other relevant provision of the IT Act. The Scheme further provides that the provisions of the IT Act shall prevail if any term or provision of the Scheme are found to be or interpreted to be inconsistent with any of the provisions of



the IT Act. In this regard, Clause 7.3.2 of the Scheme is reproduced herein-below :-



"This Scheme has been drawn up to comply with the conditions relating to "amalgamation" and "demerger" as specified under the tax laws, including Section 2(1B) and Section 2(19AA) and other relevant provisions of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of each of the companies involved in this Scheme, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders."

**XXXX**

**Affidavit on behalf of the Petitioner/ Resultant Company 2 to the Report dated 1st May, 2025 of the Income Tax Department.**

"[...]

- i. that all assessment proceedings and appeals of whatsoever nature by or against the Petitioner / Resultant Company 2 pending on the Effective Date of the Scheme shall be continued and/or enforced by or against the Petitioner /Resultant Company 2;
- ii. that the sanction of the Scheme by this Hon'ble Tribunal shall not be an impediment to the rights of the Income Tax Department to determine the tax implications under the Scheme in accordance with the provisions of the Income Tax Act, 1961 (IT Act).





*iii. that the provisions of the IT Act shall prevail over any clause of the Scheme which is contrary to the applicable provisions of the IT Act. I further state that the Scheme has been drawn up to comply with inter-alia, the conditions relating to "Demerger" as specified under the IT Act including Section 2(19AA) and other relevant provision of the IT Act. The Scheme further provides that the provisions of the IT Act shall prevail if any term or provision of the Scheme are found to be or interpreted to be inconsistent with any of the provisions of the IT Act. In this regard, Clause 7.3.2 of the Scheme is reproduced herein- below:-*

"This Scheme has been drawn up to comply with the conditions relating to "amalgamation" and "demerger" as specified under the tax laws, including Section 2(1B) and Section 2(19AA) and other relevant provisions of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of each of the companies involved in this Scheme, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders."

## **8. OBSERVATIONS OF THIS TRIBUNAL**

i. As it can be seen from the report of the RD, the Auditor in the Audit Report for the financial year ended 31.03.2024, has made an observation that the lease agreement in respect of the immovable property, being the leasehold land disclosed in the financial statements of the Resulting Company No.1, is yet to be executed. Although it is stated in the petition on behalf of Resulting Company No.1 that execution of the lease deed is pending with the GIDC



authority for consideration, but in case if the GIDC authority does not execute the said lease deed, in such situation it would be open to the RD to file the fresh application for objection, if any, before this tribunal, if it prejudice the scheme of arrangement. It is also made clear that in the event of non-execution of the lease deed the Transferee Company and Resulting Company No.1 shall also file the Revised Financial Statements for the relevant FYs, along with all consequential filings before the ROC and other concerned authorities/stakeholders, duly reflecting the impact of non-transfer of the said property within 30 days of such denial by the GIDC authority.

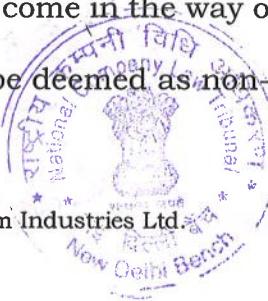
- ii. The Petitioner Companies have replied to all other observations of the ROC/Regional Director. Most of the issues raised in the report of RoC / RD concern the stakeholders viz. shareholders and the creditors. Once, the stakeholders have approved the scheme, this Adjudicating Authority may not avoid approving the same. Nevertheless, the interest of the regulators and the other local authorities need to be taken care of and appropriate direction to ensure the adherence to law would be given.
- iii. It is also made clear that if at any stage the undertakings/commitments made qua the observation made by the RD are not satisfied or flawed, the present order would become non est. Besides, the Applicants would be liable to satisfy the requirement of all concerned local and other authorities and if for satisfaction of such requirement, the scheme of amalgamation / demerger would come in the way, for the purpose of meeting the requirements, the position prior to amalgamation / demerger would be deemed to exist.
- iv. As can be seen from report dated 04.04.2025, the OL has expressed no objection qua the scheme.



v. It can be seen from the report of Income Tax Department that the Department has no objection for the composite scheme of arrangement qua Transferor Company, Transferee Company and Resultant companies No. 1 & 2, but emphasized that the Transferee Company needs to pay the outstanding demand of Rs. 27,15,93,220/-. In the wake, it is made clear that the right of IT Department would not in any manner be affected through this order. Besides, none of the Applicants would be entitled to any benefit in respect of tax liability, on account of approval of scheme of amalgamation / demerger and all the Applicants would be liable to pay the aforementioned amount of Income Tax as they are liable to do so at the stage when scheme of amalgamation / demerger is not approved. If the Income Tax as due is not paid as per the schedule, the present order would become non-est.

vi. This tribunal hereby directs that any liability, whether existing or arising hereafter, pertaining to the Petitioner companies, shall be borne by the transferee company, Resulting companies no. 1 & 2 in accordance with their respective liabilities. With respect to the liability of Transferor Company it shall be borne by the transferee company after the amalgamation.

vii. The Income Tax Department would retain the authority to pursue its investigation or inquiry or scrutiny, as deemed necessary even after the composite scheme of arrangement among the petitioner companies. In this regards it can be seen that the Petitioner companies have also duly filed affidavits dated 17<sup>th</sup> July 2025. For the purpose of investigation, all the Applicants would be deemed in existence. If at any stage, the scheme of amalgamation / demerger would come in the way of investigation, the present order as also the scheme would be deemed as non-est.



viii. It is further directed that any term contrary to the provisions of Section 6 of Companies Act, 2016 contained in the scheme would be non est.

ix. The sanctioned Composite Scheme of Arrangement shall be binding on the Transferor Company, Transferee Company and Resulting Company No. 1 & 2 and their Shareholders and Creditors. The Petitioner Companies shall remain bound to comply with the statutory requirements in accordance with law. Besides the present order, it would not affect any of the pending investigation/ proceedings/ inquiry qua any of the applicants and/ or their promoters/ directors/KMPs/ any other staff associated with the affairs of the companies.

x. After considering the reports, we are of the considered view that the Scheme is not prejudicial to the interest of the shareholders and creditors of the Petitioner Companies.

xi. While approving the Scheme as above, it is clarified that this Order should not be construed as an order in any way granting exemption from payment of Stamp Duty, Taxes or other statutory dues, if any, and payment in accordance with law or in respect to any permission/compliance with any other requirement, which may be specifically required under any law. Further the approval of the Scheme would in no manner affect the tax treatment of the transactions under the Income Tax Act, 1961 or serve as any exemption or defence for the Petitioner Companies against tax treatment in accordance with the provisions of Income Tax Act, 1961 and the rules and regulations made thereunder.

xii. Additionally, we issue following directions qua the Petitioner Companies:-

i. The scheme shall be effective from the appointed date i.e., 01.04.2023.



ii. All benefits, entitlements, incentives and concessions under incentive schemes and policies that Transferor Company and Demerged Undertakings (Chemical and Rayon undertaking) of Demerged Company are entitled, including under Customs, Excise, Service Tax, VAT, Sales Tax, GST and Entry Tax and Income Tax laws, subsidy receivables from Government, grant from any governmental authorities, direct tax benefit/exemptions/ deductions, shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to the Transferee Company, Resulting Company No. 1 and Resulting Company No. 2 respectively, as if the and Transferee Company and Resulting Companies no. 1 & 2 were originally entitled to all such benefits, entitlements, incentives and concessions;

iii. That all the property, rights and entitlement of the Transferor Company and Demerged Undertakings of Demerged Company pertaining to the Business be transferred, without further act or deed, to the Transferee Company, Resulting Company No. 1 and Resulting Company No. 2 respectively, and accordingly the same shall pursuant to Sections 230 to 232 of the Companies Act, 2013, be transferred to and vested in the Transferee Company, Resulting Companies no. 1 & 2 respectively for all the estate and interest of the Companies but subject nevertheless to all charges now affecting the same. However, the fate of the property, which is subject matter of lease regarding which the RD has made observation, would abide by the provisions of relevant local law and the orders of local / state authorities in respect thereof.



iv. All contracts of the Transferor Company and Demerged Company in respect to its Demerged undertakings, which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Transferee Company, Resulting Company no. 1 and Resulting Company no. 2 respectively and be in full force and effect in favour of the Transferee Company and Resulting Companies no. 1 & 2 and may be enforced by or against it as fully and effectually as if, instead of the Transferor Company and Demerged Company, the Transferee Company and Resulting Companies no. 1 & 2 had been a party or beneficiary or obliged thereto;

v. All the employees of the Transferor Company and Demerged Company with respect to its demerged undertakings, shall be deemed to have become the employees and the staff of the Transferee Company, Resulting Company no. 1 and Resulting Company no. 2 respectively with effect from the Appointed Date, and shall stand transferred to the Transferee Company and Resulting Companies no. 1 & 2 respectively without any interruption of service and on the terms and conditions no less favourable than those on which they are engaged by the Transferor Company and Demerged Company, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits;

vi. All liabilities of the Transferor Company and Demerged Company with respect to its demerged undertakings, shall pursuant to the provisions of section 232(4) and other applicable provisions of the Company Act, 2013,



to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations etc. as the case may be, of the Transferee Company and Resulting Companies no. 1 & 2 respectively and shall be exercised by or against the Transferee Company and Resulting Companies no. 1 & 2 in accordance with their respective liability, as if it had incurred such liabilities.

vii. All proceedings now pending by or against the Transferor Company and Demerged Company with respect to its Demerged undertakings be continued by or against the Transferee Company and Resulting Companies no. 1 & 2 respectively.

viii. The Income Tax Department shall have the liberty to determine the tax implications arising from the Composite Scheme under the provisions of the Income Tax Act, and such determination shall prevail over the terms of the Scheme. In the event of any tax liabilities arising in respect of the Transferor Company, the Transferee Company shall be responsible and liable for the same; and in respect of the Demerged Undertakings of the Demerged Company, the Resulting Companies No. 1 and 2 respectively shall be liable.

ix. The Transferee Company is directed to comply with the provisions of Section 232(3)(i) of the Companies Act in this regard to the fee payable on its revised authorized share capital.

x. As per the aforesaid directions, formal orders in Form No. CAA-7 of Companies (Compromises, Arrangements and Amalgamations) Rules,





2016 be issued after the filing of the Schedule of Properties within three weeks from the date of receiving a certified copy of this order by the petitioners.

- xii. That any person interested shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.
- xiii. It is hereby clarified that the present Order shall not entitle the Transferee Company or the Resulting Companies No. 1 and 2 to any exemption from the requirement of obtaining any license/permit/registration/quota/clearance/concession or grant that may be required by them from the Central Government/State Government/ Local Authority/Sectoral Regulator, or any other authority constituted under any law for the time being in force.
- xiv. That the Petitioner Companies shall, within 30 days after the date of receipt of this order, cause a certified copy of this order to be delivered to the Registrar of Companies for registration in the prescribed form.
- xv. The stakeholders if felt affected by the fate of lease referred to by RD MCA would be entitled to raise their objection in this regard against the approval of the scheme within three months of adverse effect of the fate of lease deed if any.

**9. The Company Petition 17/ND/2025 for Composite Scheme of Arrangement is allowed and disposed of, in terms of above order.**

Sd/-  
**(RAVINDRA CHATURVEDI)**  
MEMBER (T)



Sd/-  
**(ASHOK KUMAR BHARDWAJ)**  
MEMBER (J)