

S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
21.05.2026 AT 10:30 A.M.**

**CP(CAA) No.02/230/HDB/2026
Connected to
CA (CAA) No.38/230/HDB/2025
U/s 230 of Companies Act**

IN THE MATTER OF:

**KM Power Pvt Ltd (Transferor Co.) and
KM Power Madhavaram Pvt Ltd (Transferee Co.1)
and KM Power Velpanur Pvt Ltd (Transferee Co.2)**

...Petitioners

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

ORDER

Orders pronounced, recorded vide separate sheets. In the result, this Petition is allowed.

**Sd/-
MEMBER (T)**

**Sd/-
MEMBER (J)**

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, COURT - II**

**CP (CAA) No.02/230/HDB/2026
Connected with
CA (CAA) No.38/230/HDB/2025**

[U/s 230 to 232 of the Companies Act, 2013]

**IN THE MATTER OF SCHEME OF DE-MERGER
BETWEEN**

KM POWER PRIVATE LIMITED

(Transferor Company/Demerged Company)

And

KM POWER MADHAVARAM PRIVATE LIMITED

(Transferee Company 1/Resulting Company 1)

And

KM POWER VELPANUR PRIVATE LIMITED

(Transferee Company 2/Resulting Company 2)

And

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. M/s. KM Power Private Limited

Having registered office at:6-3-883/3,
Punjagutta, Hyderabad-500 082,
Telangana, India.

Rep. by its Director, Mr. Govindareddygari Vikram Reddy

....1st Petitioner/Demerged/Transferor Company

2. M/s. KM Power Madhavaram Private Limited

Having registered office at:6-3-883/3, 201/B,
R.K. Plaza Punjagutta, Hyderabad,
Telangana, India - 500 082.

Rep. by its Director, Mr. Haribabu Kambalapadu Ediga

....2nd Petitioner/Resulting/Transferee Company - 1

3. M/s. KM Power Velpanur Private Limited

Having registered office at:6-3-883/3, 201/B,
R.K. Plaza Punjagutta, Hyderabad,
Telangana, India - 500 082.

Rep. by its Director, Mr. Prathap Kambalapadu Ediga

....3rd Petitioner/Resulting/Transferee Company - 2

Date of Order:21.05.2026

CORAM:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

Counsel/Parties Present:

For the Petitioners : Mr. L. Dhanamjay Reddy, PCS
For the Regional Director : Ms. Kusum Yadav and
Mr. Gokulnath, Deputy Directors
from RD office.
For the Income Tax Department : Ms. Rakshitha, Ld. Counsel O/o.
Ms. B. Sapna Reddy, Ld. Counsel
for the Income Tax Department.

[**PER: BENCH**]

ORDER

1. This is a Joint Company Petition filed under Section 230 and 232 of the Companies Act, 2013 in the matter of Scheme of De-Merger of M/s.KM Power Private Limited (1st Petitioner/Demerged/Transferor Company), M/s.KM Power Madhavaram Private Limited (2nd Petitioner/Resulting/Transferee Company -1) and M/s.KM Power Velpanur Private Limited (3rd Petitioner/Resulting/Transferee Company -2) and their respective Shareholders and Creditors with effect from the Appointed Date.
2. The Registered Offices of the Petitioner Companies are situated in the State of Telangana.
3. The Brief facts of the case:
 - a. **Details of the Demerged/Transferor Company:**
M/s. KM Power Private Limited (Demerged/Transferor Company) was incorporated on 28th October, 1999 with CIN: U40109TG1999-PTC032766.
 - b. The objects of the Transferor Company are set out in the Memorandum of Association. They are briefly as under:

- i. To generate, harness, develop, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fields for the purpose of light heat, motive power and for other purpose for which electric energy can be employed.
 - ii. To carry on and generate power supply either Hydro, Thermal, Gas air any type of liquid fuel, or through renewable energy sources such as solar, photovoltaic, magnate, windmill and/or any other means.
 - iii. To transmit, distribute, supply and sell such power directly or through transmission lines and facilities of central/state Government or private Companies or Electricity Boards to industries and to center/state Government, other consumers of Electricity including for captive consumption for any industrial projects promoted by this company or promote companies and to develop, generate accumulate power at any other place or places and to transmit distribute, sell and supply such power to electric utilities for retransmission, distribution or end uses of any category directly. A copy of the Memorandum and Articles of Association of the Transferor Company is filed as **Exhibit No.1, Page Nos.28-42.**
- c. The Authorized Share Capital of the Demerged/Transferor Company is Rs.14,20,00,000/- divided into 1,42,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.12,25,49,220/- divided into 1,22,54,922 Equity Shares of Rs.10/- each as on 31.03.2025.
- Subsequent to the above date and till the date of filing the Petition, there has been no change in the issued, subscribed and paid up share capital of the Transferor Company. A copy of the audited financial statements for the financial years 2024-2025 is filed as **Exhibit-II, Page Nos.43-82.**
- d. **Details of the Transferee/Resulting Company-1:**
M/s. KM Power Madhavaram Private Limited (Transferee/ Resulting Company-1) was incorporated on 15th June, 2020 with CIN: U40300TG2020PTC140848.
- e. The main objects for which the Transferee Company-1 are set out in the Memorandum of Association. They are briefly as under:

- i. To generate, harness, develop, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fields for the purpose of light heat, motive power and for other purpose for which electric energy can be employed.
 - ii. To carry on and generate power supply either Hydro, Thermal, Gas air any type of liquid fuel, or through renewable energy sources such as solar, photovoltaic, magnate, windmill and/or any other means.
 - iii. To transmit, distribute, supply and sell such power directly or through transmission lines and facilities of central/state Government or private Companies or Electricity Boards to industries and to center/state Government, other consumers of Electricity including for captive consumption for any industrial projects promoted by this company or promote companies and to develop, generate accumulate power at any other place or places and to transmit distribute, sell and supply such power to electric utilities for retransmission, distribution or end uses of any category directly. A copy of the Memorandum and Articles of Association of the Transferee Company-1 is filed as **Exhibit – III, Page Nos.82-98.**
- f. The Authorized Share Capital of the Transferee/Resulting Company-1 is Rs.10,00,000/- divided into 1,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.1,00,000/- divided into 10,000 Equity Shares of Rs.10/- each as on 31st March 2025.

Subsequent to the above date and till the date of filing the Petition, there has been no change in the issued, subscribed and paid up share capital of the Transferee Company-1. A Copy of the Audited Balance Sheet as at 31st March 2025 is filed as **Exhibit – IV, Page Nos.99-109.**

- g. **Details of the Transferee/Resulting Company-2:**
M/s. KM Power Velpanur Private Limited (Transferee/Resulting Company-2) was incorporated on 16th June, 2020 with CIN: U40108TG2020PTC140884.
- h. The main objects for which the Transferee Company-2 are set out in the Memorandum of Association. They are briefly as under:

- i. To generate, harness, develop, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fields for the purpose of light heat, motive power and for other purpose for which electric energy can be employed.
- ii. To carry on and generate power supply either Hydro, Thermal, Gas air any type of liquid fuel, or through renewable energy sources such as solar, photovoltaic, magnate, windmill and/or any other means.
- iii. To transmit, distribute, supply and sell such power directly or through transmission lines and facilities of central/state Government or private Companies or Electricity Boards to industries and to center/state Government, other consumers of Electricity including for captive consumption for any industrial projects promoted by this company or promote companies and to develop, generate accumulate power at any other place or places and to transmit distribute, sell and supply such power to electric utilities for retransmission, distribution or end uses of any category directly. A copy of the Memorandum and Articles of Association of the Transferee Company-2 is filed as **Exhibit – V, Page Nos.110-124.**
- iv. The Authorized Share Capital of the Transferee/Resulting Company-2 is Rs.10,00,000/- divided into 1,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.10,00,000/- divided into 1,00,000 Equity Shares of Rs.10/- each as on 31st March 2025.

Subsequent to the above date and till the date of filing the Petition, there has been no change in the issued, subscribed and paid up share capital of the Transferee Company – 2. A Copy of the Audited Balance Sheet as on 31st March 2025 is filed as **Exhibit-VI, Page Nos.125-135.**

4. **Overview of the Scheme:**

This Scheme of Arrangement is presented under Sections 230 to 232 the Companies Act, 2013 (including any statutory modifications or re-enactments or amendments thereof) and other applicable provisions of the Companies Act, 2013/Companies Act, 1956 and the rules made thereunder (to the extent applicable), read with Sections 2(1B) and/or 2(19AA) of the Income-tax Act, 1961, as may be applicable, of KM

POWER PRIVATE LIMITED and demerger and transfer of MADHAVARAM PROJECT into KM POWER MADHAVARAM PRIVATE LIMITED (Transferee/Resulting Company-1) and VELPANUR PROJECT into KM POWER VELPANUR PRIVATE LIMITED (Transferee/Resulting Company-2).

5. **Rationale of the Scheme:**

The Scheme will enable Demerged Company and Resulting Companies for decentralization of operations, the management of all the companies have decided to demarcate the power generation and distribution activities into three separate units. And the appointed date of the said Schem of De-Merger is 1st April, 2025. In the said circumstances the Scheme of De-Merger is filed.

KM Power Private Limited (Demerged Company) after the proposed Demerger will exclusively focus on operations of power plant of Unit I situated at Guntakandala Village in the state of Andhra Pradesh.

KM Power Madhavaram Private Limited (Resulting Company-1) will exclusively focus on operations of power plant of Unit III situated at Madhavaram Village in the state of Andhra Pradesh and

KM Power Velpanur Private Limited (Resulting Company-2) will exclusively focus on operations of power plant of Unit II situated at Velpanur Village in the state of Andhra Pradesh.

Hence, it is proposed to Demerge the Unit III and Unit II Division of KM Power Private Limited into KM Power Madhavaram Private Limited and KM Power Velpanur Private Limited for business synergy and to achieve higher growth in business.

6. The Board of Directors of the Petitioner/Demerged Company/Resulting Companies 1 and 2 have on 19th July, 2025 passed resolution(s) approving the Scheme of De-Merger between M/s.KM Power Private Limited (Demerged/Transferor Company) and M/s.KM Power Madhavaram Private Limited (Resulting/Transferee Company 1) and M/s.KM Power Velpanur Private Limited (Resulting/Transferee Company 2) and the Extract of the certified true Copies of resolutions passed by the Board of Directors of each of the aforesaid Companies are filed as **Exhibit-VII (a), Exhibit-VII (b), Exhibit-VII (c)** respectively, **Page Nos.136-138.**

7. It is submitted that the Scheme of De-Merger has been circulated to all the equity shareholders and creditors of the Petitioner Companies and

the shareholders and creditors have appraised themselves of the Scheme of De-Merger. The Petitioner Companies have received consents from all the shareholders by way of depositing individual affidavits, whose shareholding constitute 100% of overall equity paid up capital and from all the creditors by way of No objection Certificate (NOC). Further this Hon'ble Tribunal dispensed with the meetings of the Shareholders and Creditors of Demerged/Transferor Company (KM Power Private Limited) and the meetings of Shareholders and Creditors of Resulting/Transferee Company 1 (KM Power Madhavaram Private Limited) and the meetings of shareholders and creditors of Resulting/Transferee Company-2 (KM Power Velpanur Private Limited). Vide its common orders dated 11.11.2025 in Application CA (CAA) No.38/230/HDB/2025. The said orders are filed as **Exhibit-VIII, Page Nos.139-148.**

“As the meetings of shareholders and creditors have been dispensed with, the requirement of publication of advertisement in Newspaper for convening such meetings also been dispensed with.”

8. The Scheme will enable Transferor Company and Transferee Companies – 1 and 2 to rationalize and stream line their finance and management administration and will equip them to face the increasing competition in the Global Energy Market. The Effective date of the Scheme of De-Merger is 01st April, 2025.
9. The Scheme of De-Merger of the Petition is filed as **Exhibit-IX, Page Nos.149-189.** Item wise details in respect of the Scheme (page-wise) are given below:

<p>Part I - Definitions and Interpretation I. Definitions II. Share Capital III. Object and Rationale of the Scheme IV. Date of Taking effect and Operative Date</p>	<p>151-159</p>
<p>Part II deals with Part II-A and Part II-B Part II – A deals with the demerger of Madhavaram Project of KM Power Private Limited into KM Power Madhavaram Private Limited (Transferee/Resulting Company-1) and V. Transfer and Vesting of the Demerged Undertaking (Madhavaram Project) Part II – B deals with the demerger of Velpanur Project of KM Power Private Limited into KM Power Velpanur Private Limited</p>	<p>160-179</p>

<p>(Transferee/Resulting Company-2)</p> <p>VI. Transfer and Vesting of the Demerged Undertaking (Velpanur Project)</p> <p>VIII. Reorganisation of Share Capital of the Companies</p> <p>A. Reduction of Share Capital of the Demerged Company</p> <p>B. Authorized Equity Share Capital of the Resulting Companies</p> <p>C. Consideration</p> <p>IX. Accounting Treatment</p> <p>X. Staff, Workmen & Employees</p> <p>XI. Legal Proceedings</p> <p>XII. Business and Property in Trust for KM Power Madhavaram Private Limited and KM Power Velpanur Private Limited</p> <p>XIII. Conduct of Business</p> <p>XIV. Saving of Concluded Transaction</p>	
<p>Part III – General Terms and Conditions</p> <p>XV. Application to National Company Law Tribunal</p> <p>XVI. Modification or Amendments to the Scheme</p> <p>XVII. Scheme Conditional on Approvals/Sanctions</p> <p>XVIII. Binding Effect</p> <p>XIX. Costs</p> <p>Schedule – I</p> <p>Details of Assets of Demerged Undertaking Madhavaram Project of KM Power Private Limited</p> <p>Schedule – II</p> <p>Details of Assets of Demerged Undertaking Velpanur Project of KM Power Private Limited</p> <p>Schedule – III</p> <p>KM Power Private Limited (Post Demerger Balance Sheet)</p> <p>KM Power Madhavaram Private Limited (Post Demerger Balance Sheet)</p> <p>KM Power Velpanur Private Limited (Post Demerger Balance Sheet)</p>	<p>180-189</p>

10. Mr. Navin Khandelwal, Registered Valuer filed the copy of Valuation Report as **Exhibit-X, Page Nos.190-205** of the Petition.

11. **Consideration:**

- i. The Scheme is intended to restructure and demerge Madhavaram Project from the KM Power Private Limited (Demerged Company) into KM Power Madhavaram Private Limited and Demerge Velpanur Project from the KM Power Private Limited (Demerged Company) into KM Power Velpanur Private Limited in a more efficient manner consistent with the diverse needs of business.

- ii. As the consideration of the Demerger of Madhavaram Project into KM Power Madhavaram Private Limited Resulting Company/Transferee Company-1 shall issue and allot 4338179 equity shares of Rs.10 each to the shareholders of KM Power Private Limited (demerged company/transferor company) on proportionate basis.
 - iii. As the consideration of the Demerger of Velpanur Project into KM Power Velpanur Private Limited Resulting Company/Transferee Company-2 shall issue and allot 3578998 equity shares of Rs.10 each to the shareholders of KM Power Private Limited (demerged company/transferor company) on proportionate basis.
 - iv. The Scheme of De-Merger will not affect adversely the financial position of the Applicant Company/Transferor/Demerged Company or that of the other Transferee/Resulting Companies. And the rights and interests of the members, employees and creditors of Transferee/Resulting Companies and the transferor Company will not prejudicially affected by the “Scheme of De-Merger”.
12. The rights and interests of the members, employees and creditors of Transferor Company and the Transferee Companies-1 and 2 will not prejudicially be affected by the “Scheme of De-Merger”.
 13. The Transferor and Transferee Companies – 1 and 2 are unlisted company and hence do not require to obtain “No Objection” from any Stock Exchange for the Scheme of De-Merger.
 14. Upon the Scheme becoming effective, De-Merger of the Transferor Company with the Transferee Companies-1 and 2 shall be accounted in the books of accounts of the Transferee Companies-1 and 2, in accordance with the method of accounting, in accordance with applicable Accounting Standards, as amended from time to time.
 15. No investing proceedings under the Companies Act, 2013 are pending against the Transferor and Transferee Companies – 1 and 2.
 16. As per the directions of this Tribunal vide order dated 09.01.2026, the Petitioner Companies issued notices to the Statutory Authorities.

17. Notices were served individually to all the concerned regulatory authorities i.e., Regional Director (SER), Registrar of Companies (RoC), Income Tax Authorities for intimating the Scheme of De-Merger.
18. The Regional Director, vide his Report/Affidavit dated 12.03.2026 filed on 13.03.2026, has not objected to the proposed Scheme, but has made certain observations. In response to the observations made by the RD, the Petitioner Companies have filed Reply/Affidavit dated 14.04.2026 filed on 20.04.2026. The Regional Director vide his report dated 20.04.2026 filed on 21.04.2026 has submitted further observations in response to the Reply/Affidavit of Petitioner Companies dated 14.04.2026 filed on 20.04.2026. The details are given below:

Para Nos.	Regional Director's Observations	Petitioner Companies Reply Affidavit	Regional Director's further Observations
3(a) to (c), (g), 5(a), (b) & (d)	It is submitted by the Petitioner Companies that the report filed by the office of the Regional Director (SER) reiterates the facts on record and hence need not be traversed.		
3(d)	That as per Balance Sheet of the demerged company at Note 2.10, the company has given advance for purchase of land Rs.3.35 crores as at 31.03.2025 and Rs.6.60 lakhs as at 31.03.2024. Whereas, as per Note No.2.9, property description "Under Land" as on 31.03.2024, 31.03.2025 it is shown as	The Demerged Company has complied with the Accounting Standard 10- Accounting for Fixed Assets and Accounting Standard 16- Borrowing Costs. Fixed Assets comprising Property, Plant and Equipment are valued at historical cost less depreciation. With reference to Land under Note No.2.9 amounting to Rs.1,27,48,853/- we state that land is valued at historical cost and the land was purchased long back. The Company has not borrowed any funds towards advance for purchase of land amounting to Rs.3.35 crores. The Company has given the advance out of internal accruals, hence the Accounting Standard 16 – Borrowing Costs is not	The reply of the Petitioner Companies may kindly be considered by the Hon'ble Tribunal.

National Company Law Tribunal, Hyderabad Bench, Court-II

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	Rs.1,27,48,853/-. In this regard, the demerged company may be directed to show the compliance of AS-10 & AS-16.	applicable in the instant case and capitalization of borrowed cost is not applicable.	
3 (e)	That the Scheme was recommended by CA Navin Khandelwal, Indore vide their valuation report dated 25.07.2025 and whereas, the demerged and resulting companies 1 & 2 are registered in the State of Telangana.	<p>With reference to the observation regarding the valuation report issued by CA Navin Khandelwal, Indore dated 25.07.2025, we respectfully submit the following:</p> <p>As per the provisions of Section 247 of the Companies Act, 2013, where a valuation is required in respect of any property, stocks, shares, debentures, securities, goodwill, or any other assets or net worth of a company, such valuation shall be conducted by a Registered Valuer.</p> <p>Further, in accordance with the rules framed thereunder and regulations issued by the Insolvency and Bankruptcy Board of India, a Registered Valuer must:</p> <ul style="list-style-type: none"> • Be duly registered with IBBI, • Possess a valid and active registration number, and • Conduct valuation in compliance with applicable valuation standards. <p>It is submitted that the law does not prescribe any geographical restriction with respect to the place of residence or practice of the Registered Valuer. A valuer, once registered with IBBI, is authorized to undertake valuation assignments anywhere in India, irrespective of the location of the companies involved.</p> <p>Accordingly, the valuation report dated 25.07.2025 issued by CA Navin Khandelwal, Indore is valid, provided that the valuer holds a valid registration as a Registered Valuer under Section 247 of the Companies Act, 2013 and is compliant with IBBI regulations.</p>	The reply of the company may kindly be considered by the Hon'ble Tribunal.

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3 (f)	That as per the Cash Flow Statement of the demerged company for the year ended 31.03.2025, the company has given loans to the tune of Rs.3,00,00,000/- for investment activities. In this regard, the demerged company may be directed to clarify whether such loans are forming part of demerged company or the same are proposed to be transferred to the resulting companies.	Rs.300,00,000 in the year of 2024-25 for Advance for Purchase of Commercial Land. As per agreement they have not completed the project, so we have recovered Rs.325,00,000 in the year of 2025-26 and the same will remain with the Demerged Company.	The reply of the company may kindly be looked into by the Hon'ble Tribunal.
3 (h)	That the Hon'ble Tribunal may direct the Petitioner Companies involved in the scheme to comply with rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013 with respect to filing of order for confirmation of scheme to be filed in form No.INC-28 with the O/o.RoC, by the petitioner companies.	We hereby undertake to file Form No.INC-28 in respect of filing of order passed by the Hon'ble National Company Law Tribunal with the Registrar of Companies.	The Petitioner Companies have undertaken to comply with the same.
4	With reference to this Directorate's letter dated 22.01.2026, issued to the Addl. Commissioner of	We hereby clarify that we have submitted copy of the Joint petition together with Scheme of merger with Commissioner of Income Tax, Hyderabad, till date we have not received any demand notice from them,	The Petitioner Companies have undertaken to comply with the same.

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	<p>Income Tax, Hyderabad, till date no reply/comments in the matter has been submitted to this Directorate. The Hon'ble Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking that, if any demand arises from the Income Tax Department with respect to Demerged Company and Resulting Companies, the petitioner companies are ready to pay the said statutory dues.</p>	<p>however we hereby undertake to pay income tax liability that may arise in future with respect to Transferor Company.</p>	
<p>5 (c)</p>	<p>That the Authorized Capital of the Demerged Company shall be reduced to Rs.4,50,00,000/- consequent upon demerger and the Authorized Capital of the Resulting Company-I and Resulting Company-II shall be increased as per Part-VII (A) & (B) of the Scheme. In this regard, the Resulting Companies I & II may be directed to comply with the provisions of Section 232(3)(i) of the Companies Act, 2013 and pay the differential fee after</p>	<p>Regarding Authorized Share Capital of Demerged Company shall reduce to Rs.4,50,00,000 consequent upon demerger and the Authorized Share Capital of Resulting Company-1 and Resulting Company-2, we hereby furnish and undertake that the Resulting Company-1 and Resulting Company-2 shall pay differential registration and stamp duty payable for increase in Authorized Share Capital of Resulting Company-1 and Resulting Company-2. Consequent to the demerger after deducting the fee and Stamp Duty already paid by the Demerged Company.</p>	<p>The Petitioner Companies have undertaken to comply with the same.</p>

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	setting off the fee already paid by the Demerged Company.		
5 (e)	That as per Clause 10.1 of the Scheme, it is stated that all the permanent staff, workmen and employees in service of the Demerged Undertaking in Madhavaram Project and Velpanur Project on the Effective Date shall be deemed to have become permanent staff, workmen and employees of Resulting Companies 1 and 2. In this regard, Resulting Companies 1 & 2 may be directed to furnish an undertaking before the Hon'ble Tribunal stating that the interests of the employees are being protected by the Resulting Companies.	While scrutiny of our Company Petition in Connection with Scheme of Demerger between M/s. KM Power Private Limited, (Transferor /Demerged Company) with M/s.KM Power Madhavaram Private Limited (Transferee/ Resulting Company-1) and KM Power Velpanur Private Limited – (Transferee/ Resulting Company-2), Regional Director (RD) has made some observations and advised us to submit an affidavit to the effect that there will be no retrenchment of any employee who were in service as on the Appointed Date. Accordingly, we hereby submit the affidavits as Enclosed.	No further observations.
5 (f)	That along with the Scheme the Petitioner Companies vide Schedule-I, have furnished the details of landed property of the Demerged Company pertaining to Madhavaram Project and Velpanur	Schedule – I: Landed Properties – The lands were purchased in 2002-03 and 2003-2004 for Project Construction of Madhavaram Project and Velpanur Project respectively and Registered the Lands in the name of KM Power Private Limited. The lands which are not registered in the name of the company will be transferred to the Resulting Company-1 and Resulting Company-2, by way of suitable agreements.	The reply of the company may kindly be considered in this regard by the Hon'ble Tribunal.

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	<p>Project which contains certain Patta Lands as well as the details of land not registered in the name of the company. In this regard, Petitioner Companies may be directed to furnish detailed clarification before the Hon'ble Tribunal as to how the lands which are not registered in the name of the company are being transferred through the present scheme.</p>		
<p>5 (g)</p>	<p>That vide Schedule-III attached to the Scheme, the Demerged Company has furnished the details of assets and liabilities as on 1.4.2025 that are to be transferred to the Resulting Companies I and II. As seen from the Schedule III, the paid-up capital of the Demerged Company is also divided among the shareholders of the Resulting Companies 1 and 2. In this regard, the Petitioner Companies may be directed to furnish the details of the shareholders and the percentage of change</p>	<p>(a) As per the Post Demerger Balance sheet (Schedule III) and as per consideration of the Demerger of Madhavaram Project into KM Power Madhavaram Private Limited Resulting Company/ Transferee Company – 1 shall issue and allot 4338179 equity shares of Rs.10 each to the shareholders of KM Power Private Limited (demerged company/transferor company), the details of pre and post shareholding of KM Power Madhavaram Private Limited Resulting Company/ Transferee Company – 1 is given in Page Nos.6 & 7. (b) As per the Post Demerger Balance sheet (Schedule III) and as per the consideration of the Demerger of Velpanur Project into KM Power Velpanur Private Limited Resulting Company/ Transferee Company-2 shall issue and allot 3578998 equity shares of Rs.10 each to the shareholders of KM Power Private Limited (demerged company/ transferor company) is given in Page No.8.</p>	<p>The reply of the company may kindly be considered in this regard by the Hon'ble Tribunal.</p>

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	in the shareholding consequent upon approval of the Demerger.		
5 (h)	That the Demerged Company is transferring Long term loans and advances of Rs.1,85,00,000/- to Resulting Company 1 and Rs.1,50,00,000/- to Resulting Company 2. In this regard, the Petitioner Companies may be directed to furnish the details of the same before the Hon'ble Tribunal.	Transferring the Advance for Purchase of Land - We have been given Rs.185.00 lacs and Rs.150.00 lacs for Construction of Madhavaram Project and Velpanur Project respectively in the year of 2006-07 after making the payment. Advance Purchase of Land given details are as under: Resulting Company – 1: 1. B. Baskar Reddy – 165.00 2. V. Panduranga Reddy – 20.00 ----- Total 185.00 ----- Resulting Company – 2: 1. B. Lakshmanna Goud – 50.00 2. E. Lakshmanna Goud – 20.00 3. G. Pullaiah - 50.00 ----- Total 150.00 -----	The reply of the company may kindly be considered by the Hon'ble Tribunal.
5 (i)	That as seen from the petition, the Demerged Company has one secured creditor namely HDFC Bank for an amount of Rs.9,90,000/- as on 8.4.2025. In this regard, the Petitioner Companies has furnished NOC dated 29.08.2025, obtained from the Charge Holder. However, the Petitioner Companies may be directed to furnish with regard to the	With reference to the observation regarding the secured creditor and treatment of charged assets, the Petitioner Companies respectfully submit as under: It is submitted that the Demerged Company has one secured creditor, namely HDFC Bank, for an amount of Rs.99,00,000/- as on 08.04.2025. In this regard, the Petitioner Companies have already furnished the No Objection Certificate (NOC) dated 29.08.2025 obtained from the charge holder. In view of the above: • The said borrowing does not form part of the liabilities pertaining to the undertaking proposed to be demerged under the Scheme. • The loan, along with the corresponding security/charged	The reply of the company may kindly be considered by the Hon'ble Tribunal.

	<p>charged assets stating that the charged assets shall remain with the Demerged Company (remaining undertaking) or the same are being transferred to the Resulting Companies.</p>	<p>assets, shall continue to remain with the Demerged Company (i.e., the remaining undertaking).</p> <ul style="list-style-type: none"> • There is no transfer of such liability or charged assets to the Resulting Companies under the Scheme. <p>Accordingly, the rights and interests of the secured creditor remain fully protected, and there is no adverse impact arising out of the Scheme. The Petitioner Companies request that the above clarification may kindly be considered and taken on record.</p>	
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19. Hence, from the above reports of the RD, it can be understood that there are no tenable objections and that the queries posed to the company was also answered. Hence, the reply to the observation as sought by the Regional Director (RD) would stand complied.

20. **OBSERVATIONS BY INCOME TAX DEPARTMENT:**

In respect of M/s. KM Power Private Limited (Transferor Company/Demerger Company) and M/s. KM Power Velpanur Private Limited (Transferee /Resulting Company 2):

The Income Tax Officer, Ward – 2(1), Hyderabad filed its Affidavits on 28.01.2026 (21.01.2026) and 20.04.2026 (07.04.2026) has stated that as per the available records of the office, there is **NIL** demand outstanding in the case of **M/s. KM Power Private Limited (Transferor Company/Demerger Company)** and **M/s. KM Power Velpanur Private Limited (Transferee/Resulting Company 2)**. However, in case of any adverse finding or tax implication arise in future, the Transferee Company shall be liable for the same as per GAAR provisions / Income Tax Act, 1961.

21. From the above Affidavits of the Income Tax Department, it can be understood that there are no tenable objections against the Scheme of De-Merger.

22. We have heard the PCS for the Petitioner Companies and perused the material papers on record. Considering the entire facts and circumstances of the case and on perusal of the Scheme, Report of the Regional Director, Income Tax Officer, Ward-2(1), Hyderabad and reply/undertakings of the Petitioner Companies thereon, and the documents produced on record, we consider the Scheme of De-Merger is fair and reasonable and not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under Sections 230 to 232 of the Companies Act, 2013.

ORDER

23. After hearing the PCS for the Petitioner Companies and after considering the material on record, the following order is passed by this Tribunal:
- i. The Scheme of De-Merger (Page Nos.149-189) of the Petition filed by the Petitioner Companies is hereby sanctioned with appointed date as 01.04.2025 shall be binding on all the equity shareholders, secured creditors and unsecured creditors of the Transferor/Demerged Company & Transferee/Resulting Companies 1 and 2.
 - ii. While approving the Scheme, we make it clear that this order should not be construed as an order in anyway granting exemption from payment of stamp duty, taxes or any other charges, if any, payable, in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law.
 - iii. The whole of the assets, property, rights and Liabilities of the Transferor Company be transferred to Transferee Companies 1 and 2 without the requirement of any further act or deed to the Transferee Companies.
 - iv. We direct the Petitioner Companies involved in the Scheme to comply with all the observations pointed out by the Regional Director and Income Tax Officer, Ward-2(1), Hyderabad, if any.

- v. We direct the Petitioner Companies involved in the Scheme to preserve the books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of the provisions of Section 239 of the Companies Act, 2013.
- vi. We direct the Petitioner Companies involved in the Scheme to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme, the Petitioner Companies shall not be absolved from any of its statutory liabilities, in any manner.
- vii. We direct the Petitioner Companies involved in the Scheme, to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Petitioner Companies within 30 days after the date of receipt of certified copy of the order, shall cause certified copy to be delivered in the Form INC-28 to the Registrar of Companies concerned for registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Petitioner Companies.
- viii. We direct the Petitioner Companies involved in the Scheme directed to take all consequential and statutory steps required in pursuance of the approved Scheme of De-Merger under the provisions of the Companies Act, 2013 and submit necessary compliance and undertaking relating to the objections raised by the Regional Director (SER), MCA, Government of India, Hyderabad.
- ix. All the legal proceedings pending by/or against the Transferor Company shall be continued by/or against the Transferee Companies.
- x. In case of any adverse finding or tax implications arising in future on approval of the Scheme is subject to final decision of the Tax Authorities concerned and the decision of the Tax Authorities concerned shall be binding on the Petitioner Companies.

- xi. The Transferee Companies are directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.
- xii. The sanction of the Scheme by this Tribunal shall not forbid the Revenue Authority from taking appropriate recourse for recovering the existing and previous tax liabilities of the Transferor Company and Transferee Companies.
- xiii. The Petitioner Companies shall until the completion of the Scheme of De-Merger, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by the Chartered Accountant or a Cost Accountant or a Company Secretary to the effect that the Scheme of De-Merger is being complied in accordance with the orders of this Tribunal as required under Section 232(7) of the Companies Act, 2013.
- xiv. All concerned shall act on a copy of this order along with Scheme duly authenticated by the Deputy/Assistant Registrar of this Tribunal.
- xv. Any person shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.

Accordingly, the Company Petition bearing CP(CAA)No.02/230/HDB/2026 is allowed and stands disposed of.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Apoorva

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)