NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT-I), CHANDIGARH

CA (CAA) No. 19/Chd/Pb/2026
(1st Motion)

[Under Section 230 to 232 of 'The Companies Act, 2013 read with The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and National Company Law Tribunal Rules, 2016.]

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN:

Essen Forge Private Limited

with its registered office at

Vishwakarma Road, Industrial Area-C, V.P.O Kanganwal,

Ludhiana, Punjab - 141017

CIN: U27310PB1996PTC017704

PAN: AAACE6808K

E-mail: essenforge@yahoo.com

…Applicant Company No. 1/ Demerged Company

And

Essen Autoforge Private Limited

with its registered office at

Plot No. B/B 54, Phase-VII, Focal Point,

Ludhiana, Punjab - 141001

CIN: U34300PB2004PTC027628

PAN: AABCE4342D

E-mail: essenauto@yahoo.com

……Applicant Company No. 2/ Resulting Company

Order delivered on: 10.07.2026

Coram: **SH. KHETRABASI BISWAL, HON'BLE MEMBER (JUDICIAL)**
SH. SHISHIR AGARWAL, HON'BLE MEMBER (TECHNICAL)

PRESENT:-

For the Applicant-Company : Mr. Shubham Gupta, Advocate

ORDER

This is a joint First Motion Application filed by Essen Forge Private Limited (Applicant Company No. 1/ Demerged Company) and Essen Autoforge Private Limited (Applicant Company No. 2/ Resulting Company), herein collectively referred to as the Applicant Companies, under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (the Act) read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the Rules) in relation to the Scheme of Arrangement between the Applicant Companies, seeking appropriate directions for dispensation from the requirement of convening the meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the Applicant Companies, to dispense with the requirement of issue and publication of notice for the same and for further directions for filing the Second Motion Petition seeking sanctioning of the Scheme of Arrangement. The said Scheme of Arrangement is attached as Annexure A-3 of the Application.

BRIEF FACTS

2. The Applicant Company No. 1 was incorporated on 08.02.1996 as a Private Limited Company under the jurisdiction of the Registrar of Companies, Punjab and Chandigarh. The Registered Office of the Demerged Company is currently being maintained at Vishwakarma Road, Industrial Area-C, V.P.O Kangalwal, Ludhiana, Punjab - 141017, under the jurisdiction

of the Registrar of Companies, Punjab and Chandigarh. The Copy of Master Data, PAN, Certificate of Incorporation of Applicant Company No. 1 are attached as Annexure A-1 (Colly.) of the Application.

3. The Applicant Company No. 2 was incorporated on 08.11.2004 as a Private Limited Company under the jurisdiction of the Registrar of Companies, Punjab and Chandigarh. The Registered Office of the Company is currently being maintained at Plot No. B/B 54, Phase VII, Focal Point, Ludhiana, Punjab - 141001 under the jurisdiction of Registrar of Companies, Chandigarh and Punjab. The Master Data, PAN along with Certificate of Incorporation of Applicant Company No. 2 are attached as Annexure A-2 (Colly.) of the Application.

4. The Applicant Companies stated that the subject matter of the present Application is within the jurisdiction of this Bench as both the Applicant Companies have their registered offices in Punjab which falls within the territorial jurisdiction of the present Bench.

5. The Applicant Company No. 1 has its main objects as set out in Clause-III(A) of its Memorandum of Association which are reproduced as below:

> *1. To carry on the business of manufacturing, processing, forging, casting, refining, repairing, machining, buying, selling, importing, exporting, or otherwise dealing in wholesale or in retail in all kinds of ferrous, non-ferrous and other metal forging, castings and other allied products including all kinds of automobile parts, railway components, cycles and cycle parts, building and hardware materials, metal Furniture, hand tools, machine tools, agriculture implements, construction equipments, engineering products, rubber processing and tyre, tube*

manufacturing machinery and other industrial machinery, components and accessories.

2. *To carry on the business of manufacturing, processing, melting, rolling, re-rolling, casting, buying, selling, importing, exporting, or otherwise dealing in wholesale or in retail in all kinds of metal ingots, blooms, billets, slabs, rounds, channels, squares, beams, joists, flats, hardware goods and building material items, railway tracks and components all kinds of ferrous, non-ferrous and other metal.*
3. *To carry on the business of manufacturing, processing, casting, refining, buying, selling, importing, exporting, or otherwise dealing in wholesale or in retail in all kinds of iron, steel, bronze, aluminium and other metal products, tools, accessories, implements and plant and machinery.*
4. *To carry on the business of technical and engineering consultants, contractors, machinery designers and to enter into contracts for setting up of all kinds of plants and equipment.*

6. The Memorandum of Association of the Applicant Company No. 1 authorises Amalgamation or Arrangement with any other Company in Object Clause III(B). The same is reproduced hereinbelow:

1. *To enter into any arrangement or agreement or contract with any person, association firm or corporation whether India or outside, Jor technicians, or for such other purpose that may seem beneficial and conducive to the object of the company.*
2. *To acquire and undertake all or any part of the business, property, liabilities and rights of any persona, firm or company carrying on any business which this company is authorized to carry on or be processed of property suitable for the purpose of the company.*

23. *Subject to the provisions of Companies Act, 2013, to amalgamate with or take any other company or companies*

> *having objects altogether or in part similar to those of this company.*

Copy of Memorandum and Articles of Association of the Applicant Company No. 1 are attached as Annexure A- 5 of the application.

7. The Authorised Share Capital of the Applicant Company No. 1 as per its latest Audited Balance Sheet dated 31.03.2025 is Rs. 1,00,00,000/- divided into 10,00,000 Equity Shares of Rs. 10/- each and issued, subscribed and paid-up share capital of Rs. 97,24,000/- divided into 9,72,400 equity shares of Rs. 10/- each fully paid up. A copy of Latest Audited Financial Statements for the year ended 31.03.2025 and Latest Provisional Financial Statements for the period ending 31.12.2025 of the Applicant Company No. 1 are attached as Annexure A-6 and A-7 respectively of the application.

8. The Board of Directors of the Applicant Company No. 1 has approved and adopted the Scheme at their meeting held on 12.01.2026. Certified True Copy of the Board Resolution passed by Board of Directors of Applicant Company No. 1 is attached as Annexure A-8 of the application.

9. The Applicant Company No. 2 has its main objects as set out in Clause-III(A) of its Memorandum of Association which are reproduced as below:

> *To carry on the business of manufacturing, importing, exporting, buying, selling all kinds of forged, automobile parts, tractor parts, combine parts, machine parts, engine parts and accessories thereof.*

10. The Memorandum of Association of the Applicant Company No. 2 authorizes Amalgamation or Arrangement with any other Company in Sub-clause 1 of Object Clause III(B). The same is reproduced hereinbelow:

> *1. To enter into any arrangement or agreement or contract with any person, association firm or corporation whether in India or outside, for technicians, or for such other purpose that may seem beneficial and conducive to the objects of the Company.*
>
> *2. To acquire and undertake all or any part of the business, property, liabilities and rights of any persona, firm or company carrying on any business which this company is authorized to carry on or be possessed of property suitable for the purpose of the company.*
>
> *22. To amalgamate with or take any other company or companies having objects altogether or in part similar to those of this company.*

Copy of Memorandum and Articles of Association of the Applicant Company No. 2 are attached as Annexure A- 16 of the application.

11. The Authorised Share Capital of the Applicant Company No. 2 as per its latest Audited Balance Sheet dated 31.03.2025 is Rs. 80,00,000/- divided into 8,00,000 Equity Shares of Rs. 10/- each and issued, subscribed and paid-up share capital of Rs. 74,09,500/- divided into 7,40,950 equity shares of Rs. 10/- each fully paid up. A copy of the latest Audited Financial Statements for the year ended 31.03.2025 and latest Provisional Financial Statements for the period ending 31.12.2025 of the Applicant Company No. 2 are attached as Annexure A-17 and A-18, respectively, of the Application.

12. The Board of Directors of the Applicant Company No. 2 has approved and adopted the Scheme at their meeting held on 12.01.2026. Certified True

Copy of the Board Resolution passed by the Board of Directors of Applicant Company No. 2 is attached as Annexure A-19 of the application.

13. The Applicant Companies further stated that the auditor of the applicant companies has certified that the proposed scheme complies with the provisions of the Section 133 of the Companies Act, 2013. The certificate of the statutory auditor for compliance to Section 232(2) is attached as Annexure A- 27 (Colly.) of the application.

14. As per the rationale of the Scheme of Arrangement, the proposed Scheme of Arrangement propounds for Arrangement by way of Demerger of the demerged undertaking of the Demerged Company into the Resulting Company, inter-alia, having the following benefits:

> *4.1 The Demerged Company is an industrial undertaking engaged in manufacturing of cast and forge products. The Autoforge Business of the Demerged Company includes casting, forging and manufacturing of high precision machined auto parts and speciality products.*
>
> *4.2 The Auto Forge Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate in the hands of the Resulting Company in the fast-growing Automobile Parts forging market whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Auto Forge Business from the Remaining Business (as defined hereinafter) of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:*

a) *The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Auto Mobile manufacturing, push for Electric Vehicles (EVs) and Make in India and infrastructure creation along with rapid digitalization present immense opportunities for the Auto Forge Business going forward, though distinct from the other businesses of the Demerged Company.*

b) *In light of the distinctive and specialised profile of the auto parts forging industry, the Auto Forge Business in the hands of the Resulting Company would enable unlocking of higher value, growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.*

c) *The Resulting Company is an ongoing concern already engaged in the business of auto parts manufacturing and speciality manufacturing. The Demerged and Resulting Company currently have overlapping portfolios of products and processes, that are intended to be segregated into the Demerged and Resulting Companies in order to reduce duplicity, increase focus, introduce economies and improve managerial output.*

d) *The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the rapidly expanding auto-parts industry.*

e) *The Scheme would unlock value of the Auto Forge Business for existing shareholders of the Demerged Company through higher growth driven valuation of their shares in the Resulting Company, along with the option and flexibility to remain invested in a pure play auto parts focused entity.*

f) *The Scheme will ensure long term stability and strategic support to the Resulting Company and also enable the leveraging of cross synergies between the two Companies, reducing costs and moving towards a more synchronised and channelized efforts in respective product lines.*

15. The key terms of the Scheme of Arrangement have been enlisted hereunder for quick reference of the Hon'ble Tribunal:

a) ***Appointed Date:*** *Clause 5(iii) of the Scheme provides the Appointed Date to be 1st April, 2026 or such other date as may be mutually agreed by the Companies, or as may be directed by the Tribunal;*

b) ***Demerged Undertaking:*** *Clause 5(ix) of the Scheme states the Demerged Undertaking to be all the businesses, undertakings, activities, operations and properties of the Demerged Company related to the Autoforge Business;*

c) ***Effective Date:*** *Clause 5(xi) provides that Effective Date to be the last of the dates when all the conditions and matters referred to in Clause 25 of the Scheme have occurred or have been fulfilled, obtained or waived;*

d) ***Transfer & Vesting of the Business:*** *Clause 9 of the Scheme lays down the detailed transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company;*

e) ***Employees:*** *Clause 10 of the Scheme provides that the Employees of the Demerged Undertaking of the Demerged*

Company shall become the Employees of the Resulting Company upon the Scheme becoming effective. The terms and conditions of employment be no less favourable than those applicable to them for their employment in the Demerged Company;

f) ***Consideration:*** *Clause 18 of the Scheme provides for consideration and discharge of consideration of the Scheme and provides that upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up equity Shares and whose names appear in the register of members, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title on the Record Date in the following manner: "****for every 138 Equity Shares of face and paid-up value of Rs. 10 each held in the Demerged Company, 174 Equity share of face and paid-up value of Rs. 10 in the Resulting Company****",*

g) ***Conditionality of the Scheme:*** *Clause 25 of the Scheme lays down conditions to be satisfied for the Scheme to be effective from the Appointed Date.*

16. It is submitted that the Scheme of Arrangement proposed by the Applicant Companies is compliant with the provisions of Section 133 of the Companies Act, 2013. The statutory auditors of both Applicant Companies have certified that the accounting treatment proposed in Clause 19 of the Scheme is in compliance with the applicable Accounting Standards notified under Section 133 of the Act. The said Certificates are annexed to this Application as Annexure A-27 (Colly).

17. The Applicant Companies further submitted that the scheme is not prejudicial to the interest of Shareholders and Creditors of both the Applicant Companies. It is further submitted that the Scheme will be beneficial to both the Applicant Companies and their respective Shareholders and Creditors and even public at large.

18. The Applicant Companies submitted that the proposed Scheme of Arrangement does not envisage any Reduction of Share Capital and is not a Scheme of Corporate Debt Restructuring. Accordingly, the Creditor's Responsibility Statement and other requirements under Sections 230(2)(b) and 230(2)(c) of the Companies Act, 2013 are not applicable to the present Scheme. The affidavits deposing the same are annexed as Annexure A-29 (Colly.) of the Application.

19. The Applicant Companies also submitted that no investigation or proceedings are pending against the Applicant Companies under the Companies Act, 2013 or under the Companies Act, 1956. The affidavits to that effect are annexed as Annexure A-28 (Colly.) of the Application.

20. The Applicant Companies submitted that they are not governed by any specific sectoral regulator. Therefore, no notice is required to be issued

to any sectoral regulator except the statutory authorities as applicable. Affidavit with regard to the same is annexed as Annexure A-30 (colly.) of the Application.

21. The Applicant Companies have submitted, on affidavit, that no approval from the Competition Commission of India is required in respect of the present Scheme, as the Scheme does not envisage any combination requiring such approval under the Competition Act, 2002. Further, the Rules made under the Competition Act, 2002 lay down a specific exemption in case of demerger of Companies. The affidavit with regard to Non-Applicability of approval from Competition Commission of India is annexed as Annexure A-31 (colly.) of the Application.

22. The post arrangement capital structure of the Applicant Companies along with Affidavits thereof is annexed as Annexure A-32(colly.).

23. The Applicant Companies have furnished the following documents:

(i) Master data, PAN, Certificate of Incorporation of Applicant Company No. 1 and Applicant Company No. 2 are attached as Annexure A-1 (Colly.) and A-2 (Colly.) respectively of the application.

(ii) Proposed Scheme of Arrangement (Annexure A-3 of the application).

(iii) Valuation report by Registered Valuer (Annexure A-4 of the application).

(iv) True Copy of Memorandum and Articles of Association of Applicant Company No. 1 and Applicant Company No. 2 are attached as Annexure A-5 and A-16, respectively of the Application.

(v) Audited and Provisional Financial Statements of Applicant Company No.1 are attached as Annexure A-6 and A-7 of the application.

(vi) Audited and Provisional Financial Statements of Applicant Company No.2 are attached as Annexure A-17 and A-18 of the application.

(vii) Board Resolution dated 12.01.2026 of Applicant Company No. 1 and Applicant Company No. 2 (Annexure A-8 and A-19 respectively of the application).

(viii) Auditor-certified List of Equity Shareholders and the Certificate issued by the Auditor certifying that Applicant Company No. 1 has NIL Preference Shareholders are attached as Annexure A-9, and the respective consents obtained from the Equity Shareholders by way of affidavits are attached as Annexure A-10 (Colly.).

(ix) Auditor-certified list of Secured Creditors of Applicant Company No. 1 is attached as Annexure A-11 and the respective consents obtained from the Secured Creditors by way of affidavits are attached as Annexure A-12 (Colly.).

(x) Auditor-certified list of Unsecured Creditors of Applicant Company No. 1 is attached as Annexure A-13 and the respective consents obtained from the Unsecured Creditors by way of affidavits are attached as Annexure A-14 (Colly.).

(xi) Auditor-certified List of Equity Shareholders and the Certificate issued by the Auditor certifying that Applicant Company No. 2 has NIL Preference Shareholders are attached as Annexure A-20, and the respective consents obtained from the Equity Shareholders by way of affidavits are attached as Annexure A-21 (Colly.).

(xii) Auditor-certified list of Secured Creditors of Applicant Company No. 2 are attached as Annexure A-22 and the respective consents obtained from the Secured Creditors by way of affidavits are attached as Annexure A-23 (Colly.).

(xiii) Auditor-certified list of Unsecured Creditors of Applicant Company No. 2 is attached as Annexure A-24 and the respective consents obtained from the Unsecured Creditors by way of affidavits are attached as Annexure A-25 (Colly.).

(xiv) List of Directors of Applicant Company No. 1 is attached as Annexure A-15.

(xv) List of Directors of Applicant Company No. 2 is attached as Annexure A-26.

(xvi) Auditors' certificate certifying compliance of the Scheme to the Accounting Treatment, Affidavit of No Legal Proceedings, Affidavit of Compliance of Section 230, Affidavit of Non-Applicability by Sectoral Regulators, Affidavit of Non-Applicability of CCI and Affidavit of Post Arrangement of Capital Structure are attached as Annexure A-27, A-28, A-29, A-30, A-31 and A-32.

ANALYSIS AND FINDINGS:

24. We have heard the Ld. Counsel for the Applicant Companies and have perused the material available on record carefully.

25. This Application was filed by the Applicant Companies praying for dispensation from the requirement of convening the meetings of Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of both the Applicant Companies, and also for dispensation from the requirement of issue and publication of notice for the same. It is observed that consent affidavits of all Equity Shareholders of Applicant Company No. 1 and Applicant Company No. 2 holding 100% in number and value have been duly filed. The consent affidavits of Secured Creditors holding 100% in number and value, and of Unsecured Creditors holding 93.2% and 93.3% in value of Applicant Company No. 1 and Applicant Company No. 2, respectively, have also been filed. The Scheme of Arrangement has been approved by the respective Boards of Directors of the Applicant Companies vide resolutions dated 12.01.2026. The Applicant Companies have also filed a certificate from their statutory auditor

confirming that the proposed Scheme complies with the provisions of Section 133 of the Companies Act, 2013.

CONCLUSION

26. Having considered the facts and objects of the Scheme as stated in the Application and the materials available on record, we are inclined to dispose of the Company Application bearing CA(CAA) No. 19/Chd/Pb/2026 with the following directions:

a) The meeting of the Equity Shareholders of Applicant Company No. 1 and Applicant Company No. 2 be dispensed with, as the consent of the Equity Shareholders of both Applicant Companies holding 100% in number and value have been received by way of affidavits.

(b) The meeting of the Secured Creditors of Applicant Company No. 1 be dispensed with, as Applicant Company No. 1 has 3 Secured Creditors, and 100% in number and value have given their consent by way of affidavits.

(c) The meeting of the Unsecured Creditors of Applicant Company No. 1 be dispensed with, as Applicant Company No. 1 has 117 Unsecured Creditors and creditors representing 93.2% in value have furnished their consent by way of affidavits.

(d) The meeting of the Secured Creditors of Applicant Company No. 2 be dispensed with, as Applicant Company No. 2 has 2 Secured Creditors, and 100% in number and value have given their consent by way of affidavits.

(e) The meeting of the Unsecured Creditors of Applicant Company No. 2 be dispensed with, as Applicant Company No. 2 has 110 Unsecured Creditors and creditors representing 93.3% in value have furnished their consent by way of affidavits.

27. In view of the above, the First Motion Application stands allowed, with liberty to the Applicant Companies to file a Second Motion Petition under Rule 15 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

28. With the aforesaid directions, **CA (CAA) No. 19/Chd/Pb/2026** stands ***allowed and disposed of***.

Sd/-	**Sd/-**
(SHISHIR AGARWAL)	**(KHETRABASI BISWAL)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Yuvraj