

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
[Through Physical hearing/VC Mode (Hybrid)]

ITEM No. 1
CP (CAA) No. 28/BB/2025

IN THE MATTER OF:

Sirius Zip Fasteners Pvt Ltd
Vs

... Petitioner

Petition under Sec 230-232 of CA 2013

Order delivered on: 22.05.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For Petitioner : Shri Muniraj C.N., PCS

ORDER

CP (CAA) No. 28/BB/2025, is allowed and disposed off vide separate order.

File be consigned to record room

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU

(Hybrid mode)

C.P. (CAA) No.28/BB/2025

U/s. 230 to 232 of the Companies Act, 2013 read with the Companies
(Compromises, Arrangements and Amalgamations) Rules, 2016

IN THE MATTER OF SCHEME OF:

1. M/s. Sirius Zip Fasteners Private Limited

No.T1-109, Parappana Agrahara Main Road,

Sai Meadows, Kudlu,

Bengaluru – 560 068

... Petitioner No.1/Transferor Company

AND

**2. M/s. Mercury Management And Technical
Services Private Limited**

No.T1-109, Parappana Agrahara Main Road,

Sai Meadows, Kudlu,

Bengaluru – 560 068

... Petitioner No.2/Transferee Company

Order delivered on: 22.05.2026

Coram: 1. Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
2. Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Counsels Present:

For the Petitioner Companies : Shri Natesh K., PCS
For the ROC & RD : Shri Venkatesh Prasad R.
For the Income-tax Department : Shri Ganesh R. Ghale, Adv.

ORDER

1. This second motion Joint Petition is filed on **25.04.2025** by the
Petitioner Companies under afore-quoted provisions for sanction of

Scheme of Merger between the Petitioner Companies w.e.f. the Appointed date or such other date as determined in terms of the Scheme so as to be binding on the shareholders and creditors of all the Companies U/s. 232 of the Act.

2. In the First Motion Application bearing **C.A. (CAA)No.29/BB/2024** filed by the Petitioner Companies, the meetings of the Equity Shareholder of the Applicant Companies, Secured and Unsecured Creditors of the Applicant Company No.1 were dispensed with vide order dated 26.02.2025.

3. When the Petition was listed on 04.07.2025, through Video Conferencing, the following directions were issued: -

"...4. In view of the above, issue notice to the authorities specified in Section 230(5) for submitting their representation if any.

5. (a) Petitioner(s) are directed to take steps for issuance of notice to the Central Government, through the Ministry of Corporate Affairs to the Jurisdictional Regional Director(s), Ministry of Corporate Affairs.

(b). Notices to the Regional Director(s) to be sent on rd.ser@mca.gov.in.

(c). Notice to the RoC to be sent on roc.bangalore@mca.gov.in.

(d). Notice to the Official Liquidator to be sent on ol.bangalore@mca.gov.in.

(e). Notice to the Income Tax Authorities to be sent on bangalore.pccit@incometax.gov.in

(f). Notice to the Statutory Regulators/Sectoral Regulators, if applicable, be issued.

6. Notice is also directed to be published in two prominently circulating national daily newspapers namely "Business Standard" in English Edition and "Kannada Prabha" in Kannada Edition. In terms of Rule 7 of the Companies (Companies Arrangements and Amalgamation) Rules, 2016.

7. All the authorities on receipt of the notice, are directed to file their representation, if any, within 30 days from the date of receipt of the notice. In case, no representation is received, it will be presumed that they have no objection to the proposal."

4. Pursuant thereto the Petitioner Companies have filed copies of proof of service of notice vide diary No.4787 dated 01.09.2025 along with copies of paper publication carried out.
5. The main objects, dates of Incorporation, authorized, issued and paid-up share capitals, rationale of the scheme and interest of employees have already been considered while passing the first motion order dated 26.02.2025.
6. The Board Resolutions of the Petitioner Companies dated 15.12.2023, respectively approving the Scheme are annexed as **Annexures J & K**.
7. The Certificate of Statutory Auditors of the Petitioner Companies have been filed to the effect that the proposed accounting treatment as specified in the Scheme and as reproduced in **Annexure P & Q** to the Petition is in compliance with Accounting Standards notified under Section 133 of the Act, as amended from time to time along with the rules made thereunder, and other generally accepted accounting Principles, as applicable.
8. Affidavits have been filed on behalf of the Petitioner Companies to state that there are no other Sectoral Regulators, No Corporate Debt Restructuring is involved and No Investigations, Litigations or Proceedings pending against the Petitioner Companies or the Directors thereof before any Statutory Authority are pending.
9. The audited financials as on 31.03.2024 and unaudited financial statements of the Petitioner Companies as on 28.02.2025 are attached as **Annexures D, E, H & I** respectively to the Petition.
10. As per the Scheme, the "**Appointed Date**" means **01.04.2023** or such other date as the Tribunal may direct.
11. The Valuation Report is attached as **Annexure M** to the Petition.

12. REPORT OF THE RD/ROC :

Pursuant to the notice, the Regional Director (RD) and the Registrar of Companies (ROC) have filed their Common report dated 12.12.2025 wherein following observations are made:

- a. That as per the latest shareholders list attached to the last Annual Return filed as on 31/03/2024 of the Transferor Company, Mercury Management and Technical Services Private Limited (Transferee Company), holds major Equity Shares of 99.73% in the Transferor Company and as per the latest shareholders list attached to the last Annual Return filed as on 31/03/2024 of the Transferee Company, Mr. Ravindranath N, an individually holds the major Equity Shares of 99.99% in the Transferee Company.
- b. That as per Clause 1(ii) of Part A of the Scheme, the Appointed date is 01st April, 2023. Since, both the Transferor and Transferee Companies have filed Annual Returns and Balance Sheets for the Financial Year 2023-24, the Petitioner Companies may be asked to change the Appointed date to 1st April, 2024.
- c. That as per MCA records, there are Common Directors in the Petitioner Companies.
- d. That as per MCA records, the Transferor Company has open charges. Hence, the Company has to obtain and furnish No Objection Certificate/s from the concerned charge holder/s to the Tribunal before the Scheme is allowed.
- e. That as per para 17 of Hon'ble NCLT, Bengaluru Bench order dated 26.02.2025, the meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferor Company has been dispensed with and since there are no Secured Creditors and Unsecured Creditors in the Transferee Company, no meeting was convened.
- f. That as per Clause 5 of Part B of the scheme, the shares held by the Transferee (the majority shareholder) in the Transferor

Company shall be cancelled and the Transferee company shall pay of the other minority shareholders of the Transferor company whose name appears in the Register of Members or to their respective heirs or the successors-in-title, as the case may be, in the following manner:

"Each of the Minority Shareholders shall be entitled to be paid Rs.21.62 per share (Based on the valuation of the Transferor Company by a registered valuer). Further, Mr. Ramesh Gnanashekar, one of the minority shareholders holding 3,500 Shares in the Transferor Company has been missing and is not reachable; therefore, the transferee Company shall transfer the amounts payable to him as per the scheme to the Investor Education and Protection Fund (IEPF) Account as per the applicable provisions of the Companies Act, 2013 or shall be dealt with in the manner as may be specified by the NCLT and this activity by the Transferee Company falls under ambit of purchase of minority shareholding under the provisions of section 236 of the Act. The Company may be directed to provide compliance of all the provisions of this section as there is nothing in the Scheme mentioned regarding the compliance of this section apart from the valuation report.

Further, it is to be clarified if there are any dissenting minority shareholders, and what measures have been kept in place by the Company in such a situation".

- g. That as per the latest Audited Financial Statements for the year ending 31/03/2024, the Transferor Company is a profit-making entity and the Transferee Company is loss making entity.
- h. As per Note no.7 of the Financial Statements for the year ending 31.03.2024, the Transferor Company has undisputed statutory due to the tune of Rs. 36.44 lakhs. The Transferor Company may be directed to furnish an undertaking to Hon'ble NCLT to the

effect that it will settle the statutory dues immediately, if not settled so far.

- i. That as per Note no. 6 and 5 of the Audited Financial Statements for the year ending 31.03.2024, both the Transferor and Transferee Companies have total outstanding dues to Micro, Small and Medium Enterprises to the tune of Rs.32.52 lakhs and 1.50 lakhs respectively exist. The Companies may be asked to show as to how it has complied with the Micro, Small and Medium Enterprises Development Act, 2006 and may be directed to furnish an undertaking to the Hon'ble NCLT to the effect that it will settle the dues as per the said Act immediately, if not settled so far.
- j. That as per the Financial Statements for the year ending 31.03.2024, the Transferor Company has Foreign Exchange Transactions. The company may be asked to submit the relevant approvals and compliances made under FEMA/ RBI regulations before the Scheme is allowed.
- k. That as per Clause 6(a) of Part B of the Scheme provides for Clubbing of Authorized Share Capital wherein it is stated that the authorized share capital of the Transferee Company shall automatically stand combined without any payment of stamp duty and fees. This term in the Scheme is not in line with the provisions of Section 232(3)(i) of the Companies Act, 2013. In this regard, the Transferee Company shall comply with the provisions of the Section and pay the difference of fee, after setting off the fee already paid by the Transferor Company on its respective capital.
- l. That as per the latest shareholders list attached to the last Annual Return filed as on 31/03/2024 of the Transferor Company, Mercury Management and Technical Services Private Limited (Transferee Company), holds major Equity Shares of 99.73% in the Transferor Company and as per the latest

shareholders list attached to the last Annual Return filed as on 31/03/2024 of the Transferee Company i.e. Mercury Management and Technical Services Private Limited, Mr. Ravindranath N, an individually holds the major Equity Shares of 99.99% in the Transferee Company. Hence, as per section 90 of the Act read with Rule framed therein, Mr. Ravindranath N was required to file Form BEN - 1 with the Transferor company and Transferor company was required to file Form BEN-2 with the Registrar within the time framed therein, and the Transferor Company was required to issue notice in Form BEN- 4 to the Beneficial Owner and if Beneficial Owner fails to give information, the Transferor Company should apply to the Tribunal. It is seen from the records that the Company has not filed BEN-2 and hence has violated the provisions of section 90 of the Act read with relevant Rules. The Transferor Company may be directed to show compliance of section 90, and in the case of non-compliance file an adjudication application before Registrar of Companies.

- m. That the object clauses of the Transferee Company need to be suitably altered so as to enable it to carry out the objects carried out by the Transferor Companies post sanction of the Scheme by complying with the applicable provisions of the Companies Act, 2013 and also by filing relevant e-forms.
- n. That the Accounting Treatment as mentioned in the Scheme needs to be as per the prescribed Accounting Treatment in the Companies Act, 2013 and the applicable Accounting Standards issued from time to time.
- o. That the Petitioner Companies are required to comply with the provisions of Section 239 of the Companies Act, 2013 with respect to preservation of books and papers of Amalgamated Company. The Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking in this regard.

- p. That as per Section 240 of the Companies Act, 2013, the liability in respect of offences committed under the Companies Act by the Officers in default or directors of or any person in connection to the Transferor Company prior to merger, amalgamation or acquisition shall continue after such merger, amalgamation, or acquisition.
- q. That there are no open Complaints, no Prosecution, Technical Scrutiny/ Inquiry, Inspection, and Investigation pending in this office against the Transferor and Transferee Companies.
- 4. The report of the Official Liquidator has been filed with Hon'ble NCLT on 02-09-2025 (Copy enclosed) may kindly take on record of the report/ further report of the official Liquidator containing observations if any, before the approval of the scheme.
- 5. With reference to this Directorate's letter dated 11.08.2025, issued to the Addl. Commissioner of Income Tax, Bangalore, till date no reply/ comments in the matter has been submitted to this Directorate. The 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 Transferor Companies and Transferee Company, Transferee Company is ready to pay the said dues as per rules.
- 6. On examination of the contents of the scheme and replies of the petitioner companies apart from the observations stated in para 3 above, the observation of the Deponent is as under:
 - a. That both the companies are having different class of equity shares.
 - b. That the Appointed Date mentioned in the Scheme is 01-04-2023 which is too old and hence, the Appointed Date may be directed to change to a latest date. The Petitioner Companies have filed Annual Return and Balance Sheets up to 31-03-2024.

- c. That the objects of both the companies are not similar. Hence, Transferee Company may be directed to amend the objects suitably post merger of the companies and file necessary e-form with RoC.
- d. That as per Clause 4(a) of the Scheme, it is stated that upon the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company without any break or interruption in their service. In this regard, the Transferee Company may be directed to furnish an undertaking before the Tribunal.
- e. That as per Clause 5(a) of the Scheme, it is stated that upon the Scheme becoming effective, the shares held by the Transferee Company (the majority shareholder) in the Transferor Company shall be cancelled and the Transferee Company shall pay off the other minority shareholders of the Transferor Company and each of the Minority shareholders shall be entitled to be paid Rs.21.62 per share as per the valuation report.
- f. That as per Clause 5(b) of the Scheme, it is stated that Mr. Ramesh Gnanashekar, one of the minority shareholders holding 3,500 shares in the Transferor Company has been missing and is not reachable and the Transferee Company shall transfer the amounts payable to him as per the scheme to the Investor Education and Protection Fund (IEPF) Account as per the applicable provisions of the Companies Act, 2013 or shall be dealt with in the manner as may be specified by NCLT. In this regard, the Transferee Company may be directed to furnish an undertaking before the Tribunal with regard to transfer of the amount to IEPF Account.

- g. That as per Clause 6 of the Scheme, it is stated that upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company. In this regard, the Transferee Company may be directed to comply with the provisions of Section 232(3)(i) of the Companies Act, 2013 and pay the differential fee after setting of the fee already paid by the Transferor Company.
- h. That as per Clause 7 of the Scheme, it is stated that the name of the Transferee Company shall stand changed from Mercury Management and Technical Services Private Limited to its new name Sirius Zip Fastners Private Limited. The Transferee Company may be directed to apply for change of name and file necessary e-form with ROC for effecting the name change, post sanction of the Scheme of Amalgamation.
- i. That as per Clause 1(a) of Part-C of the Scheme, it is stated that upon the Scheme becoming effective, the Transferee Company shall account for Amalgamation in accordance with the "pooling of Interest Method of Accounting" laid down by AS-14 prescribed under Section 133 of the Act as amended from time to time.
- j. That as seen from the Master Data of the Petitioner Companies, the Transferor Company has one open charge. Hence, the Petitioner Companies may be directed to furnish NOC obtained from the charge holder.
- k. That as per the Balance Sheet of the Petitioner Companies certain dues payable towards MSME. Hence, the Petitioner Companies may be directed to settle the dues if not settled so far.
- l. That as per the Balance Sheet of the Transferee Company as at 31-03-2024, it is stated that the company has sold its

Panoli Unit in its entirety on going concern basis by way of slump sale to Madura Coats Private Limited w.e.f. 1-7-2022. In this regard, the Transferee Company may be directed to provide the details of the slump sale along with the details of accounting of the same.

- m. That as seen from the Balance Sheet of the Transferee Company, it is observed that Sirius Zip Fasteners Private Limited (Transferor Company) is the subsidiary of the Transferee Company.
 - n. That as per the Shareholding Pattern of the Transferee Company, Development Trust, which is ultimate Holding Company is having both Class A and Class B equity shares.
 - o. That as seen from the Balance Sheet of the Transferee Company as at 31-03-2024, the company has entered into Business Transfer Agreement with Madura Coast Private Limited. The Transferee Company may be directed to furnish the details of the Business Transfer Agreement.
7. That apart from the observations made at Para No.3 & 6, it is submitted that the Regional Director has sent letter dated 11-08-2025 to the Petitioner Companies calling for further information, however, the Petitioner Companies have not furnished any reply and the letters addressed to the Petitioner Companies have been returned by Postal Authorities with Postal Remarks as "No such person in this address". Subsequently, the Directorate has sent an email to the Petitioner Companies on 17-11-2025 advising them to submit their replies and till date no reply received from the Petitioner Companies. It is not known as to whether the Petitioner Companies are maintaining the Registered Offices at the address available as per Master Data maintained by the MCA and thereby, the Petitioner Companies have violated the provisions of Section 12 of the Companies Act,

2013. In this regard, Registrar of Companies, Bangalore will be directed to take action for non-maintaining of Registered Office.

12.1 REPLY FILED BY THE PETITIONERS:

The Petitioner Companies have filed their common reply to the aforesaid report vide Diary No.640 dated 11.02.2026, stating as under: -

- 1. Regarding observation in Para No.3 (a) of the Common report:** It is submitted that the shareholding pattern of both the Transferor and Transferee Companies is correctly reflected in the respective Annual Returns filed with the Registrar of Companies. Necessary disclosures have been duly made and there is no violation of the provisions of the Companies Act, 2013. Hence, no further compliance is required.
- 2. Regarding observation in Para No.3 (b) of the Common report:** the Petitioners submit that the Appointed Date was fixed based on commercial rationale. However, the Petitioners undertake to revise the Appointed Date to 1st April, 2024 or such date as may be directed by the Tribunal.
- 3. Regarding observation in Para No.3 (c) of the Common report:** It is submitted that the presence of common directors is permissible under the Companies Act, 2013 and does not adversely affect the Scheme. Necessary disclosures have been duly made. Hence, no further compliance is required.
- 4. Regarding observation in Para No.3 (d) of the Common report:** The Charge of the Transferor Company is duly satisfied. No Objection Certificate from the Charge-Holder and Memorandum of Satisfaction of Charge issued by MCA are enclosed herewith as Annexure 1. Hence, no further compliance is required.

- 5. Regarding observation in Para No.3 (e) of the Common report:** It is submitted that the meetings were dispensed with pursuant to the Order of this Tribunal. Hence, no further compliance is required.
- 6. Regarding observation in Para No.3 (f) of the Common report:** It is submitted that the valuation has been carried out by a registered valuer and minority shareholders shall be paid in accordance with the Scheme and applicable provisions including Section 236 and IEPF Rules. All the shareholders including minority shareholders have given their consent for the Scheme in the form affidavit and the same has been duly submitted before the Hon'ble Tribunal while seeking dispensation of the meetings of the Equity Shareholders of the Petitioner Companies. Based on which consents, the Tribunal has passed order dispensing with the meetings of the Equity Shareholders of the Petitioner Companies. There were no dissenting shareholders in the Petitioner Companies. The amount of Rs.75,670/- dues to one Mr. Ramesh Gnanashekar holding 3,500 Shares (@Rs.21.62 per share) in the Transferor Company shall be transferred to IEPF Account by the Transferee Company on sanction of the proposed Scheme by the Tribunal and the said shareholder would be entitled to receive the said amount from the IEPF Account, if he requires. Hence, no further compliance is required.
- 7. Regarding observation in Para No.3 (g) of the Common report:** It is submitted that the Scheme is based on long term commercial considerations and synergies, and financial position alone does not invalidate the Scheme. Hence, no further compliance is required.
- 8. Regarding observation in Para No.3 (h) of the Common report:** The Transferor Company being a going concern would have such dues in every Financial Statement at the end of each

Financial Year, which would be paid within the due dates subsequent to 31st March. Following were the Statutory Dues in the Financial Statements of the Transferor Company for the FY 2023-2024:

Sl. No.	Other Current Liabilities	Amount (Rs. In Lakhs)
1	Statutory Liabilities (PF, ESI, GST and TDS in respect of March 2024)	16.53
2	Gratuity payable	19.91
	Total	36.44

The above said statutory dues were duly paid in full within the due dates subsequently. Proof of payment of aforesaid Rs.36.44 Lakhs is enclosed as Annexure-2. Hence no further compliance is required.

- 9. Regarding observation in Para No.3 (i) of the Common report:** It is submitted that all the provisions of MSME Act, 2006 are duly complied. The Transferor and Transferee Companies have fully duly paid MSME dues of Rs.32.52 Lakhs and 1.50 Lakhs respectively subsequently within due dates. Proof of payment of aforesaid amounts are enclosed herewith a Annexure – 3. Hence, no further compliance is required.
- 10. Regarding observation in Para No.3 (j) of the Common report:** It is submitted that all foreign exchange transactions have been carried out in compliance with FEMA and RBI regulations. No approvals and filings under FEMA/RBI Guidelines were required as they were import of raw materials in the usual course of business.
- 11. Regarding observation in Para No.3 (k) of the Common report:** The Transferee Company undertakes to comply with Section 232 (3) (i) of the Companies Act, 2013 and pay differential fees after set-off, if any.

12. Regarding observation in Para No.3 (I) of the Common

report: It is submitted that the observation is misconceived and no contravention of Section 90 of the Companies Act, 2013 has occurred. Mercury management and Technical Services private Limited is the Holding Company of Sirius Zip Fasteners Private Limited (Transferor Company) in the Transferee Company, though the shares stand recoded in the name of an individual, the said individual holds the shares solely in his capacity as a Trustee of a public/charitable trust and not in his individual or beneficial capacity.

The beneficial interest in the shares is held by the beneficiaries of the trust, which comprise the general public/an indeterminate class of persons. No individual beneficiary has any fixed, determinable or identifiable beneficial interest in the shares, nor does any individual exercise significant influence or control.

Section 90 of the Companies Act, 2013 read with Rule 2(1)(h) of the Companies (Significant Beneficial Owners) Rules, 2018 is attracted only where an identifiable individual holds beneficial interest of 10% or more or exercises significant influence or control, directly or charitable trusts with indeterminate beneficiaries, no individual qualifies as a Significant Beneficial Owner.

The Trustee holds the shares purely in a fiduciary and representative capacity and does not derive any economic benefit or control for his personal benefit. Trustee shareholding per se does not trigger the provisions of Section 90.

In absence of any individual qualifying as a Significant Beneficial Owner, filing of Forms BEN-1, BEN-2, issuance of BEN-4 or initiation of adjudication proceedings under Section 90(11) does not arise.

Accordingly, the observation under para 3(1) may kindly be dropped and no adjudication proceedings are required.

- 13. Regarding observation in Para No.3 (m) of the Common report:** The Transferee Company undertakes to suitably amend its Memorandum of Association post sanction of the Scheme and file necessary e-forms.
- 14. Regarding observation in Para No.3 (n) of the Common report:** It is submitted that the accounting treatment prescribed in the Scheme is in conformity with Section 133 and applicable accounting standards. Hence, no further compliance is required.
- 15. Regarding observation in Para No.3 (o) of the Common report:** The Petitioner undertake to comply with the provisions of Section 239 of the Companies Act, 2013 regarding preservation of books and records.
- 16. Regarding observation in Para No.3 (p) of the Common report:** It is submitted that liabilities, if any, under Section 240 shall continue as per law and the scheme does not seek to dilute statutory liabilities. Hence, no further compliance is required.
- 17. Regarding observation in Para No.3 (q) of the Common report:** It is submitted that there are no pending investigations, prosecutions or inspections against the Petitioners as on date. Hence, no further compliance is required.
- 18. Regarding observation in Para No.6 (a) of the Common report:** It is submitted that the Scheme adequately addresses the treatment of different classes of equity shares and is in compliance with applicable law.
- 19. Regarding observation in Para No.6 (b) of the Common report:** It is submitted that the Appointed Date was fixed based on commercial rationale. However, the Petitioners undertake to revise the Appointed Date to 1st April, 2024 or such date as may be directed by the Tribunal.

- 20. Regarding observation in Para No.6 (c) of the Common report:** The Transferee Company undertakes to suitably amend its Memorandum of Association post sanction of the scheme and file necessary e-form.
- 21. Regarding observation in Para No.6 (d) of the Common report:** The Transferee Company undertakes that all employees of the Transferor Company shall continue in service without break or interruption. Para 14(iv) – Staff, Workmen and Employees of the Scheme clearly states the same.
- 22. Regarding observation in Para No.6 (e) of the Common report:** It is a statement of fact. Hence, no further compliance is required.
- 23. Regarding observation in Para No.6 (f) of the Common report:** The Transferee Company undertakes to transfer a sum of Rs.75,670/- due to one Mr. Ramesh Gnanashekar holding 3,500 Shares (@21.62 per share) in the Transferor Company to IEPF Account on sanction of the proposed Scheme by the Tribunal. Further, the said shareholder would be entitled to receive the said amount from the IEPF Account, if he requires. Hence no further compliance is required.
- 24. Regarding observation in Para No.6 (g) of the Common report:** The Transferee Company undertakes to comply with Section 232 (3) (i) of the Companies Act, 2013 and pay differential fees after set-off, if any.
- 25. Regarding observation in Para No.6 (h) of the Common report:** The Transferee Company undertakes to comply with all applicable provisions of the Companies Act, 2013 relating to name change and shall file necessary e-forms post sanction of the scheme.
- 26. Regarding observation in Para No.6 (i) of the Common report:** It is submitted that the accounting treatment prescribed

in the Scheme is in conformity with Section 133 and applicable Accounting Standards.

- 27. Regarding observation in Para No.6 (j) of the Common report:** The Charge of the Transferor Company is duly satisfied. No objection Certificate from the Charge-Holder and Memorandum of Satisfaction of Charge issued by MCA are enclosed as Annexure-1. Hence, no further compliance is required.
- 28. Regarding observation in Para No.6 (k) of the Common report:** It is submitted that all the provisions of MSME Act, 2006 are duly complied. The Transferor and Transferee Companies have fully duly paid MSME Dues of Rs.32.52 Lakhs and 1.50 Lakh respectively subsequently within due dates. Proof of payment of aforesaid amounts are enclosed herewith as Annexure 3.
- 29. Regarding observation in Para No.6 (l) of the Common report:** Business Transfer Agreement between Madura Coats Private Limited and the Transferee Company is the Agreement of Slump Sale of Panoli Unit is enclosed as Annexure-4. Hence, no further compliance is required.
- 30. Regarding observation in Para No.6 (m, n) of the Common report:** it is statement of fact. Hence, no further compliance is required.
- 31. Regarding observation in Para No.6 (o) of the Common report:** Business Transfer Agreement between Madura Coats Private Limited and the Transferee Company is enclosed as Annexure 4. Hence no further compliance is required.
- 32. Regarding observation in Para No.7 of the Common report:** It is submitted that the compliance under Section 12 is duly made. Photographs of the Registered Offices of both the Petitioner Companies are annexure – 5.

13. REPORT OF THE OFFICIAL LIQUIDATOR:

Pursuant to the notice, **the Official Liquidator** has filed report dated 02.09.2025 making following observations:

- a) **In para 4 of the OL report:** The appointed date proposed is 01.04.2023. Since the Appointed date being old, the scheme may be allowed from 01.04.2024. As per MCA's Master data, the Transferor Company has filed its latest Balance Sheet as at 31.03.2024 and has furnished a copy of audited Balance Sheet as at 31.03.2024.
- b) **In para 10 of the OL report:** An undertaking may be obtained from the Petitioner Company that they will pay applicable stamp duty and other charges to the State Government within a reasonable time of 6 months.
- c) **In para 11 (a) of the OL report:** The Board of Directors of Transferor Company has approved the scheme on 15.12.2023. The Transferor Company vide their letter dated 06.06.2025 have informed that as on 30.11.2024 there are 5 Equity Shareholders and 4 Unsecured Creditors with payables to the tune of Rs.50,60,467/- and have given their consents to the Scheme. As per Master data of MCA 21, there is one Secured Creditor for Secured charge of Rs.40,60,000/-.
- d) **In para 11 (b) of the OL report:** As per Balance sheet as at 31.03.2024, both Transferor and Transferee Companies have dues of the MSME. The Transferee Company needs to settle the MSME dues as per the MSME Act.
- e) **In para 11 (c) of the OL report:** From the Financial Statement of the Transferor Company for the F.Y. ending 31.03.2023 and 31.03.2024 it is observed that the Company is a going concern and has Revenue from operations to the extent of Rs.17,99,93,000/- and Rs.16,39,32,000/- respectively.
- f) **In para 11 (d) of the OL report:** As per the Financial Statements of the Transferor Company No.1 as at 31.03.2024 Rs.6,18,48,000/- is shown towards employees benefit expenses.

As per Clause 4 of Part 'B' of the Scheme: Staff Workmen and Employees:

a. Upon the Scheme becoming effective, all staff, workmen and employees of the Transferor Company, in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company, without any break or interruption in their service and on the terms and conditions of their employment which are not less favourable than the terms of employment that were subsisting with reference to the Transferor Company as of the Effective Date”.

g) As per Clause 5 of Part 'B' of the Scheme: Consolidation and Issue of Shares:

a. Upon the Scheme becoming effective, the shares held by the Transferee Company (the majority shareholder) in the Transferor Company shall be cancelled and the Transferee Company shall pay off the other minority shareholders of the Transferee Company whose name appears in the Register of Members or to their respective heirs or the successors-in-title, as the case maybe, in the following manner:

‘Each of the Minority Shareholders shall be entitled to be paid Rs.21.62 per share (Based on the valuation of the Transferor Company by a registered valuer.)’

13.1 **REPLY FILED TO THE REPORT OF OL:**

The Petitioner Companies have filed following reply to OL report on 28.03.2025:

i. **Reply to para 11 (a) of the OL report:** It is submitted that the secured loan of Rs.40,60,000/- referred to in the observation

has been duly settled and repaid in full long ago. The said charge does not subsist in the books of accounts or the audited financial statements of the Transferor Company. The continued appearance of the said charge on the MCA website is purely due to a technical error in the MCA system and not reflective of any existing liability. The Company will take appropriate steps to have the said technical anomaly rectified with the Registrar of Companies.

- ii. **Reply to para 11 (b) of the OL report:** It is submitted that all dues payable to MSME creditors, as reflected in the financial statements of both the Transferor and Transferee Companies as at 31.03.2024, have since been duly settled in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. There are no outstanding dues payable to any MSME entity as on date.
- iii. **Reply to para 11 (c) of the OL report:** It is submitted that the Transferor Company, being engaged in active business operations, has continued as a going concern up to the date of the proposed amalgamation. The Scheme of Amalgamation has been formulated with the intent to achieve operational efficiency, resource optimization, and better management synergy between the Transferor and Transferee Companies. The amalgamation will result in the consolidation of business activities under a unified structure, thereby strengthening the financial and operational position of the merged entity.
- iv. **Reply to para 11 (d) of the OL report:** It submitted that the amount of Rs.6,18,48,000/- shown under employee benefit expenses in the financial statements of the Transferor Company as at 31.03.2024 represents legitimate payments and provisions made towards the employees during the ordinary course of business.

Further, as rightly noted by the Hon'ble Official Liquidator, Clause 4 of Part 'B' of the Scheme explicitly provides that upon the Scheme becoming effective, all employees of the Transferor Company shall become employees of the Transferee Company without any break or interruption in their service, and on the same terms and conditions of employment as applicable prior to the amalgamation. The Transferee Company hereby confirms its commitment to comply fully with the said clause.

- v. **Reply to para 11 (e) of the OL report:** It is submitted that Clause 5 of part 'B' of the Scheme has been duly formulated in accordance with the applicable provisions of the Companies Act, 2013 and the valuation report issued by a registered valuer. Upon the Scheme becoming effective, the shares held by the Transferee Company in the Transferor Company shall stand cancelled, and the minority shareholders of the Transferor Company shall be paid consideration of Rs.21.62 per share, as stipulated. The mechanism for payment and extinguishment of such shares shall be implemented strictly in accordance with the approved Scheme and under the supervision of this Tribunal.

14. REPORT OF THE INCOME TAX DEPARTMENT:

14.1. TRANSFEROR COMPANY:

On being notified, the Income Tax Department has filed report on 03.09.2025, stating that

- a. there is no ongoing assessment pending for Transferor Company.
- b. As per the demand analysis module of ITBA, there is no outstanding demand as on date, and
- c. no proceedings are pending in the case of assessee. It is further stated that the Company has filed its Return of Income from A.Y.2007-2008 to A.Y. 2024-25 as per CPC 2.0.

14.2. TRANSFEREE COMPANY:

Despite the notice being duly served and sufficient time having been provided, no report has been filed by the I.T. Department for the Transferee Company.

- 15.** Heard the Ld. PCS/Counsels for the represented parties and carefully perused the pleadings of the parties and entire material on record.
- 16.** The reports of Statutory Authorities and their replies by the petitioner companies have been reproduced above in detail pursuant whereof the departments have not raised further concerns or queries. The requisite undertakings have been furnished and certification completed. Perceptibly the concerned Govt departments are satisfied by the responses on behalf of the Petitioners that take care of their concerns including regarding future treatment. There thus remains no impediment to the approval of Scheme. The petitioner companies having already submitted their audited financial statements to ROC for the year ending on 31.03.2024 and no change in valuation has been reported, the appointed date shall be deferred by one year from the proposed date.
- 17.** Accordingly, **the Scheme of Amalgamation** as annexed at **Annexure-A in respect of the Petitioner Companies is hereby approved with the Appointed date as 01.04.2024** and it is directed that the Scheme is binding on all the directors, shareholders, and creditors of the Petitioner Companies. While approving the Scheme, it is clarified that this order should not be construed as an order in anyway granting exemption from payment of any stamp duty, taxes, or any other civil/criminal liability, charges and payment in accordance with law or in respect of any permission/compliance or anything to be done in legal compliance.

AND THIS TRIBUNAL DOES FURTHER ORDER:

- (i) That the Petitioner Companies do, within 30 days of receipt of this Order, cause a certified copy to be delivered to the Registrar of Companies, Karnataka for registration.
- (ii) The Petitioner Company is directed to comply with the provisions of Section 170A of the Income Tax Act, 1961 within the stipulated period. The records of Transferor and Transferee Companies shall be preserved as per the undertakings furnished by them in the manner and for the duration as prescribed under section 239 of the Companies Act, 2013.
- (iii) That any person interested shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.
- (iv) The approval/sanctioning of the Scheme shall not be construed as an exemption from any of the provisions under the Income Tax Act, 1961, the Companies Act, 2013 or any other applicable statute and that the authorities concerned therein shall be at liberty to take appropriate action, in accordance with law.
- (v) The GSTIN and PAN of transferor company shall be surrendered to the respective Government Departments within one month.
- (vi) The Petitioner Companies have given various undertakings in response to observations made by the Statutory Authorities, which are all accepted. They shall remain bound by the terms thereof and committed to ensure meticulous compliance in letter & spirit.

18. Registry is directed to issue formal Orders in Form No. CAA-7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, on the Transferee Company on filing Schedule of the Properties i.e.

- (i) freehold properties and
- (ii) leasehold properties of the Transferor Company, by way of an affidavit.

19. Accordingly, **C.P. (CAA) No.28/BB/2025 is allowed and disposed of.**

20. Copy of this Order be communicated to the Petitioner Companies through their representing Counsel.

-Sd-

**RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

-Sd-

**SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**