



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **06.05.2026** THROUGH VIDEO CONFERENCING

PRESENT: HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER : CA(CAA)/79(CHE)2025
PETITION NUMBER : CP(CAA)/95/CHE/2025
NAME OF THE PETITIONER(S) : Sundaram Auto Components Ltd
NAME OF THE RESPONDENTS :
UNDER SECTION : Sec 230-232 of CA, 2013

ORDER

Present: Ld. Counsel Shri. Vishnu Jayaram for the Petitioner.

None for the RD / OL and Income Tax Department.

Vide separate order pronounced in Open Court, scheme is approved.

Petition is disposed of.

File be consigned to records.

Sd/-

(VENKATARAMAN SUBRAMANIAM)
MEMBER (TECHNICAL)

MG

Date: 06.05.2026

Sd/-

(SANJIV JAIN)
MEMBER (JUDICIAL)



**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH - I, CHENNAI**

CP(CAA)/95(CHE)2025 in CA(CAA)/79/CHE/2025

Under Sections 230 to 232 of the Companies Act, 2013

In the matter of *Scheme of Arrangement (Amalgamation)*

Of

SUNDARAM AUTO COMPONENTS LIMITED

A COMPANY INCORPORATED UNDER COMPANIES ACT 1956

HAVING ITS REGISTERED OFFICE AT "CHAITANYA",

No. 12, KHADER NAWAZ KHAN ROAD,

\NUNGAMBAKKAM, CHENNAI 600 006,

TAMIL NADU, INDIA

... First Petitioner / Transferor Company

And

TVS MOTOR COMPANY LIMITED,

CIN: L35921TN1992PLC022845

AND HAVING ITS REGISTERED OFFICE AT "CHAITANYA",

No. 12, KHADER NAWAZ KHAN ROAD, NUNGAMBAKKAM,

CHENNAI 600 006, TAMIL NADU, INDIA

... Non-Petitioner/ Transferee Company

And

Their Respective shareholders and creditors

Order pronounced on 6th May, 2026

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)

VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)



For Petitioner : Pawan Jhabakh, Advocates
For Regional Director : Avinash Krishnan Ravi, Advocate
For Official Liquidator : Shri. Pola Raghunathan,
Official Liquidator in person
For Income Tax Department : Raj Jhabakh, Advocate

ORDER

(Heard through –Hybrid mode-)

1. Under consideration is the petition i.e., CP(CAA)/95(CHE)2025 in CA(CAA)/79/CHE/2025 filed by **Sundaram Auto Components Limited** (hereinafter referred to as “**Transferor Company**”) and **TVS Motor Company Limited** (hereinafter referred to as (“**Transferee Company**”) along with their respective shareholders under Section 230-232 of Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the Scheme of Arrangement (Amalgamation) (hereinafter referred to as the “**SCHEME**”) proposed by the Companies herein with the Shareholders. The Scheme is appended as “*Annexure –A1*” at *Page Nos. 39 – 60* of the petition.

2. 1st Motion Application – In Brief

2.1. The Petitioner Companies had filed the First Motion Application vide CA(CAA)/79/CHE/2025 seeking directions as follows



	EQUITY SHAREHOLDERS	PREFERENCES SHAREHOLDERS	SECURED CREDITORS	UNSECURED CREDITORS
TRANSFEROR COMPANY	To Dispense with the meeting	NA	To Dispense with the meeting	To Dispense with the meeting
NON APPLICANT / TRANSFEREE COMPANY	To Dispense with the meeting	To Dispense with the meeting	To Dispense with the meeting	To Dispense with the meeting

2.2 Based on the Application moved under Sections 230-232 of the Companies Act, 2013, this Tribunal, vide order dated **05.12.2025** dispensed with the meetings of equity shareholders, preference shareholders, secured creditors and unsecured creditors of the Petitioner Companies.

2.3 Subsequently, the second motion petition was filed on **19.12.2025** for the sanction of Scheme of Arrangement (Amalgamation).

2.4 This Tribunal vide order dated 07.01.2026 directed the Petitioner Companies to issue notice to the Regional Director, Registrar of Companies, Income Tax Authorities, Official Liquidator and other sectoral regulators. The Petitioners were also directed to issue notice in Business Standard – All India Edition (English) & Makkal Kural (Tamil) in terms of Rule 7 of the Companies (Companies Arrangements and Amalgamation) Rules, 2016.

2.5 In compliance of the order dated 07.01.2026, the Petitioners filed Affidavit of Service dated 24.02.2026 vide S.R.No. 806 evidencing proof of service. A perusal of the same discloses that the Petitioner Companies effected paper publications as directed by the Tribunal in Business Standard – All India Edition (English) and Makkal Kural



(Tamil) on 17.01.2026. It is also seen that notices have been also served to

S.No	Statutory authorities	Date of Notice
1.	Regional Director, Southern Region, Chennai	14.01.2026
2.	Registrar of Companies, Chennai	14.01.2026
3.	Income Tax Department	14.01.2026
4.	Official Liquidator	14.01.2026

3. RATIONALE OF THE SCHEME

3.1. Clause C of the Scheme enumerates the object and rationale of the Scheme which is extracted as under:

“C. Rationale

With the objective of simplifying the group structure, it is proposed to consolidate the assets and liabilities of the Transferor Company with the Transferee Company, its holding company. The rationale and the benefits of the amalgamation of the Transferor Company with the Transferee Company, are as follows:

(i) Streamlining of the corporate structure and consolidation of assets and liabilities of the Transferor Company with the Transferee Company, leading to synergies of operations and resulting in the expansion and long-term sustainable growth, which will enhance value for various stakeholders of the Transferee Company;



(ii) Simplification of corporate structure by reducing the multiplicity of legal and regulatory compliances through rationalization;

(iii) Reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances, cost savings and elimination of duplicate expenses; and

(iv) Achieve optimal and efficient utilization of capital, enhance operational and management efficiencies.

Accordingly, the Scheme is in the interest of the Parties involved and their respective stakeholders."

4. SEQUENCE OF EFFECTIVENESS OF THE SCHEME

4.1. In terms of Clause 8 of the Scheme, upon the Scheme becoming effective, there shall be no consideration issued since the Transferor Company is a wholly owned subsidiary of the Transferee Company and the share capital of the Transferee Company will be cancelled. Clause 8 is extracted as under:

"8. CONSIDERATION

8.1 Since the Transferor Company is wholly owned subsidiary of the Transferee Company, upon amalgamation of the Transferor Company with the Transferee Company, no consideration shall be issued by the Transferee Company.

8.2 Upon the Scheme becoming effective, the entire share capital of the Transferor Company held by the Transferee Company along with its nominees, shall stand cancelled without any further application, act, or deed."



4.2. Clause 11 provides for the dissolution without winding up of the Transferor Company upon the Scheme becoming effective as extracted below:

“11. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up and the Board and any committees thereof shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company shall be deemed to be struck off from the records of the RoC.”

5. REGIONAL DIRECTOR

5.1. On issuance of notice, the Regional Director, (*hereinafter referred to as 'RD'*) Southern Region, Chennai filed his report on 02.03.2026 vide S.R. No. 897. Relevant observations in the Report are:

Para	Observations
4	As per Clause 1.1 of Part 1 of the Scheme "Appointed Date" means opening hours of 01.04.2025 or such other date as may be approved by the Board of Parties. The petitioner companies may be directed to fix the appointed date as 1st April 2025 which is as per Section 232(6) of the Companies Act, 2013 and the Ministry's General Circular No. 09/2019 dated 21st August 2019 or such other date as may be approved by this Tribunal.
5	Clause 5 of Part II of the Scheme provides that with effect from the Effective Date, all employees of the Transferor Company, If any, shall become employees of the Transferee Company on



	<p>terms and conditions no less favourable than those on which they are engaged by the Transferor Company without interruption in service. The accumulated balances, if any, standing to the credit of and in favour of the aforesaid employees in the existing provident fund, gratuity fund superannuation fund, national pension scheme and any other fund of which they are members, as the case may be, will be transferred to the funds. nominated by the Transferee Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund, national pension scheme account and other fund respectively of the Transferor Company and such funds shall be held for the benefit of the employees transferred under the Scheme.</p>
6	<p>Clause 8 of Part II of the Scheme provides that since the Transferor Company is wholly owned subsidiary of the Transferee Company, upon amalgamation of the Transferor Company with the Transferee Company, no consideration shall be issued by the Transferee Company.</p> <p>Upon the Scheme becoming effective, the entire share capital of the Transferor Company held by the Transferee Company along with its nominees, shall stand cancelled without any further application, act, or deed.</p>
7	<p>Clause 9 of Part II of the Scheme provides that in the books of the Transferee Company:</p> <p><i>“On the Scheme taking effect, the Transferee Company shall account for amalgamation in its books of account with effect from the Appointed Date as under:</i></p>



9.1.1. Notwithstanding anything else contained in the Scheme, the Transferee Company shall account for the amalgamation of the Transferor Company in accordance with the Pooling of Interest Method of accounting as laid down in Appendix C of Indian Accounting Standards ("ind AS") 103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, In its books of accounts such that,

9.1.2. The Transferee Company shall record the assets and liabilities, if any, of the Transferor Company vested in it pursuant to this Scheme, at the carrying values as appearing in the consolidated financial statements of the Transferee Company.

9.1.3. The identity of the reserves of the Transferor Company shall be preserved and the Transferee Company shall record the reserves of the Transferor Company in the same form and at the carrying amount as appearing in the consolidated financial statements of the Transferee company;

9.1.4. Pursuant to the amalgamation of the Transferor Company with the Transferee Company, intercompany balances between the Transferee Company and the Transferor Company, if any, appearing in the books of the Transferee Company shall stand cancelled,

9.1.5. The value of all investments held by the Transferee Company in the Transferor Company shall stand cancelled pursuant to amalgamation

9.1.6. The surplus/deficit, if any arising after taking the effect of clause 9.1.2, clause 9.1.3 and clause 9.1.5, after adjustment of clause 9.1.4 shall be transferred to Capital Reserve in the financial statements of the



	<p><i>Transferee Company and should be presented separately from other capital reserves with disclosure of its nature and purpose in the notes.</i></p> <p><i>9.1.7. In case of any difference in accounting policy, between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies;</i></p> <p><i>9.1.8. Comparative financial Information In the financial statements of the Transferee Company shall be restated for the accounting Impact of the merger, as stated above as if the merger had occurred from the beginning of the comparative period. However, if a business combination had occurred after that date, the prior period information shall be restated only from that date;</i></p> <p><i>9.1.9. For accounting purpose, the Scheme will be given effect on the date when all substantial conditions for the transfer of the Transferor Company are completed; and</i></p> <p><i>9.1.10. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards applicable to the Transferee Company.</i></p> <p><i>9.2. As the Transferor Company shall stand dissolved without being wound up, upon the Scheme becoming effective, hence no accounting treatment is being prescribed under this Scheme in the books of the Transferor Company."</i></p>
8	<p>Clause 11 of Part II of the Scheme provides that on the scheme becoming effective, the Transferor company shall stand dissolved without being wound up and the Board and any committees thereof shall without any further act, Instrument or deed be and</p>



	<p>stand discharged. On and from the Effective date, the name of the Transferor company shall be struck off from the records of the ROC.</p>
9	<p>Clause 12 of Part II of the Scheme provides that upon the effectiveness of the Scheme, the aggregate amount of authorised share capital of the Transferor Company as on the Effective Date will be reclassified altered and combined with the authorised share capital of the Transferee Company as on the Effective Date and accordingly the authorised share capital of the Transferee Company shall stand reclassified altered and increased without any further act, Instrument or deed on the part of Transferee Company Including payment of stamp duty and fees to RoC.</p> <p>For this purpose, the filing fees and stamp duty already paid by the Transferor Company on its authorized share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.</p> <p>Consequentially, the existing capital clause contained in the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified, reclassified and amended pursuant to Sections 13, 61 and 64 of the Act and Section 232 and other applicable provisions of the Act</p>
12	<p>As per report of RoC Chennai there are 7 equity shareholders in</p>



	<p>the transferor company, however the company has filed MGT-6 but not filed BEN-2. The company may clarify the same.</p>
13	<p>ROC has observed from the audited Balance Sheet year ended 31.03.2024 of Transferor company, that there are disputable dues amounting to Rs. 3.41 Crores from FY 2008-09 to FY 2017-18 pending before CIT(Appeals). 2.16 Crores and 0.10 Crores for FY 2016-17 pending before GST Appellate Authority (Salem), 11.80 Crores and 1.18 Crores for FY 2017-18 pending before GST Appellate Tribunal, 34.62 Crores and 15.93 Crores for FY 2017-18 pending to be filed before appellate authority, 1.29 Crores for FY 2017-18 pending to be filed with the AP High Court and 0.42 Crores pending to be filed for FY 2019-2020 with the Transferor company as on 31.03.2025. The company may be directed to provide present status of appeals.</p>
14	<p>Chartered Accountant has certified that there is one Secured Creditor in the Transferee company, however, as per MCA portal there are 3 (Three) active charges in the Transferee Company created with SIPCOT (2 Nos) and State Bank of India (1 No). In this regard, the Transferee company may be directed to submit documentary proof for having satisfied the open charges pending with State Bank of India and also file necessary e-form CHG-4 with Registrar and file compliance report in this matter.</p>
15	<p>As per the board's report of the Transferor company for the financial year 2024-25, the Board on 28th February 2025 has declared dividend of Rs.84/- per share absorbing a sum of</p>



	Rs.100.27 Crores, however, the total income of the company for the said year is 0.97 Crores and profit before tax is Rs.6.98 Crore. Hence, the dividend of Rs.100.27 Crores appears disproportionate to operational income. The company may clarify the same.
16	The petitioner companies may be directed to undertake to comply with the provisions of Section 240 of the Companies Act, 2013 and provisions of Section 232(3)(1) of the Companies Act, 2013.17. The Transferee Company may be directed to file amended MoA containing amendment to the Capital Clause for record purposes with the Registrar of Companies, with respect to Increase Its authorised capital.
17	The Transferee Company may be directed to file amended MoA containing amendment to the Capital Clause for record purposes with the Registrar of Companies, with respect to Increase Its authorised capital.

5.2. It is stated by the RD that, after examining the scheme, he has decided not to make any objection to the Scheme of Amalgamation except the submissions made at para 4,12,13,14,15,16 and 17 of the Report and has left it to this Tribunal to pass order on merits.

5.3. In the Joint Affidavit dated 10.03.2026 vide S.R.No. 997 the Petitioners, in response to the observations of the RD have submitted as below:



Para	Observations
4	The Appointed Date for the Scheme has been fixed as 1 st April 2025, as expressly defined under Clause 1.1 of the Scheme of Amalgamation. Further, it is confirmed that the Boards of the respective entities involved in the Scheme have not approved or adopted any other Appointed Date.
12	The Transferor Company has filed the e-Form BEN 2 vide SRN: AC2415319 dated 23 rd February 2026.
13	The status of the GST cases remains in line with the disclosures made in the audited financial statements for the year ended 31 st March 2025, and there have been no material developments, updates, or orders received from the GST authorities after those disclosures. It is further submitted that all the stakeholders are protected and that any pending legal proceedings would continue in the Transferee Company (Clause 6 of the Scheme).
14	<p>The Transferor Company has created a charge in favour of State Bank of India (SBI) for Rs. 1000 Crores, including both fund based and non-fund-based facilities which can be availed by the Transferor Company. However, as on date, the Transferor Company has availed only the non-fund-based facilities viz. Letter of Credit and Bank Guarantees which have been classified as Contingent Liabilities by the Transferor Company.</p> <p>The above information has been duly recorded in the Auditors Certificate on the Secured Creditors dated 16th September 2025. Hence, State Bank of India (SBI) was not a secured creditor as on date of making the application before the Tribunal and NOC was not required to be obtained from SBI. However, the facility</p>



	remains available and hence the charge created in their favour shall continue until the continuance of such facility.
15	As per Section 123 (3) of the Companies Act, 2013, the Board of Directors may declare interim dividend out of the surplus in the profit and loss account, or the profits of the financial year for which interim dividend is sought to be declared; or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend Hence, the Transferor Company utilised the accumulated balance in the Surplus in Profit and Loss account viz. Retained Earnings. Therefore, the dividend declared during the FY 2024-25 was in compliance with the provisions of the Companies Act, 2013.
16	The Petitioner Companies undertake to comply with the provisions of Section 240 of the Companies Act, 2013 and Section 232(3)(1) of the Companies Act, 2013.
17	The Transferee Company undertakes to file the amended Memorandum and Articles of Association containing amendment to the Capital Clause for record purposes with the Registrar of Companies, with respect to increase its authorized capital.

6. OFFICIAL LIQUIDATOR

6.1. The Official Liquidator, (*hereinafter referred to as 'OL'*) has filed the Report on 02.03.2026 vide S.R. No. 884. It is stated the Scheme involves the merger of the wholly owned subsidiary with the holding company; the financial statements were verified by the Official



Liquidator himself without taking any assistance from Chartered Accountants. The observations made by the OL in his Report are as below,

Para	Observations
3(i)	Cause 5.1 of the Scheme seeks to protect the employees of the Transferor Company only if they are in service on effective date, and hence, this Tribunal may direct the companies to submit an undertaking to the effect that there would be no retrenchment of any employee who were in service as on Appointed Date as well except in the event of their resignation on their own before the Effective Date.
3(ii)	Clause 7.1 (Taxes / Duties / Cess) of the scheme provides auto modification of content of the scheme, post its sanction by this Tribunal. Such auto modification of the content of the scheme to be in compliance with Income Tax Law etc., without the previous specific approval / sanction of this Tribunal will be in violation of section 231(1)(b) of the Companies Act, 2013 as every modification / auto modification of the content of the Scheme requires specific approval by this Tribunal. Hence, this Tribunal may direct the companies to delete / modify the Clause 7.1 of the Scheme by way of amendment to the Scheme proposed, so as to ensure that no such auto amendment / modification of the Scheme provided for in the scheme or takes place, post its sanction by this Tribunal or to submit an undertaking to this Tribunal to the effect that such auto modification of the content of the scheme will not be operative automatically or be implemented without specific prior approval of this Tribunal received by the companies under section 231(1)(b) of the Companies Act, 2013.



3(iii)	Rule 37(6) of SEBI (LODR) Regulations provides exemption to obtain NOC from Stock Exchanges / SEBI if scheme solely provides for merger of Wholly owned subsidiary with Holding Company provided, draft scheme shall be filed with Stock Exchanges for the purpose of disclosure. Hence the proof of filing draft scheme with Stock Exchanges needs to be furnished to this Tribunal, since Transferee Company is a listed entity
--------	---

6.2. It is stated that the Official Liquidator is of the opinion that the affairs of the Transferor Company appear **to have not been conducted in a manner prejudicial** to the interest of its members or to public interest **subject to representation at para 3 above.**

6.3. In response to the observations made by the OL, the Petitioner Companies have made the following submissions in the Joint Affidavit filed on 10.03.2026 vide S.R. No. 998:

Para	Observations
3(i)	The Petitioner Companies have undertake that there would be no retrenchment of any employee who were in service of the Transferor Company as on Appointed Date (1.04.2025) as well, except in the event of their resignation on their own before the Effective Date.
3(ii)	The Transferor and Transferee Companies undertake that any auto modification of the content of the scheme will not be implemented without prior approval of this Tribunal as the /Transferor and Transferee Companies are bound to approach this Tribunal.



3(iii)	The Petitioner Companies have furnished the copy of the present scheme before the respective Stock exchanges (NSE & BSE) and the same has been annexed as Annexure 13B and Annexure 13C of Volume-3 (Page No: 462-464) of the typeset of documents filed in the second motion company petition stage.
--------	---

6.4. DEPARTMENT OF INCOME TAX

6.4.1. On service of notice, the Commissioner of Income Tax, CC-3(1) entered appearance and submitted his observations by a Memo dated 10.02.2026 vide S.R.No. 580.

6.4.2. In the letter dated 04.02.2026, the Income Tax Officer, Central Circle 3(1), Chennai has stated that the Scheme is as per the provisions of Section 2(1B) of the Income Tax Act. The Transferor company is the wholly owned subsidiary of the Transferee Company. Hence, there is no objection for the proposed scheme of amalgamation.

6.4.3. The Transferor Company has filed returns of income up to A.Y. 2025-26. However, post amalgamation, if the return of income filed by the transferor company gets selected for scrutiny, the Transferee Company shall continue the proceedings initiated in the case of the Transferor company, if any. If, post amalgamation, any information suggesting escapement of income is received by this office relating to the PAN of the Transferor Company for any period prior to the appointed date/effective date, the Department shall initiate such proceedings for assessment of the same in the case of the Transferee



Company and the Transferee Company shall not have any objection for the same and shall pay the demand, if any, that may arise on account of such assessment proceedings.

6.4.4. Based on the aforesaid letter, Income Tax Department, has filed Memo dated 10.02.2026 vide S.R. No. 580.

6.4.5. It is stated that the requirement to send notice to the concerned department is a procedural requirement and as such does not impact the right of the Department to proceed in accordance with the provisions of the Income Tax Act, 1961. Therefore, this Tribunal, may take the objections on record without prejudice to the rights of the Department to take appropriate proceedings under the provisions of the Income Tax Act, 1961 to protect the interest of the Government revenue including the right to reopen the assessment. It is submitted that by filing this Memo and the report of the Assessing Officer, the Income Tax Department shall not have deemed to waive its rights to undertake all proceedings under the Income Tax Act, 1961.

6.4.6. Reliance is placed on the judgment of the Hon'ble Supreme Court in *Marshall Sons & Co India Ltd Vs Income Tax Officer (AIR1997SC1763 & MANU/SC/0407/1997)*, wherein the Hon'ble Supreme Court in para 17 held as under:

"We, however, make it clear that we have not expressed any opinion on the plea of the learned Counsel for the Revenue that the amalgamation itself is a device designed to evade the taxes legitimately payable by the



subsidiary company. If the Income Tax authorities think that, they are entitled to raise this question in the proceedings under the Income Tax Act, it is open to them to do so by way of a separate proceeding according to law."

(emphasis is ours)

6.4.7. It is stated that in line with the judgment of Hon'ble Supreme Court, the Income Tax Department reserves its right to proceed against the Petitioner Companies through independent proceedings under the provisions of the Income Tax. It is reiterated that filing of the present memo shall not in any manner amount to waiving its rights to proceed against the Petitioner Companies and pass orders in accordance with law.

7. VALUATION REPORT

7.4.1. Since the Scheme involves the Amalgamation of the wholly owned subsidiary company with a holding company, there is no consideration being issued. Accordingly, there is no valuation report.

8. ACCOUNTING TREATMENT

8.1. The Petitioner Companies have stated that the Statutory Auditors of the Petitioner Companies have examined the Scheme and certified that the accounting treatment specified in the Scheme is in accordance with the accounting principles laid down under Section 133 of the Companies Act, 2013. The Auditor's Certificate of the Transferor



Company in relation to the Accounting Treatment proposed in the Scheme of Amalgamation is placed at *Pgs. 465 – 466* of the Petition as *Annexure A14A*. The Auditor's Certificate of the Transferee Company in relation to the Accounting Treatment proposed in the Scheme of Amalgamation is placed at *Pgs. 467 – 469* of the Petition as *Annexure A14B*.

9. **OBSERVATIONS OF THIS TRIBUNAL**

9.1. This Tribunal refers to the case of *Mahaamba Investments Ltd- Vs- IDI Limited [(2004) 118 Comp Cas 295]* and *Andhra Bank Housing Finance Limited -Vs- M/s Andhra Bank. [(2004) 118 Comp Cas 295]*, it was held that there was no necessity of filing of a separate petition by the Transferee Company if the merger is of a wholly owned subsidiary and its parent/holding company. This Tribunal in the case of *Sunfast TVS Limited and others CP(CAA)/30&31(CHE)/2023* and *Sundaram Infotech Solutions Limited and others (CP/135/CAA/2017 in CA/60/CAA/2017)* has dispensed with filing a separate petition by the Transferee Company since it was merger is of a wholly owned subsidiary and its Parent/Holding Company. Accordingly, it is not necessary that a separate petition be filed by the Transferee Company or that the Transferee Company be a party to the present petition.

9.2. **REGIONAL DIRECTOR**

Appointed Date



9.2.1. With respect to the submission of the Regional Director (RD) that no Appointed Date other than 01.04.2025 should be approved, the Petitioners have furnished an undertaking to this effect. Accordingly, the Appointed Date shall be 01.04.2025, in terms of Clause 1.1 of the Scheme.

Declaration of Significant Beneficial Ownership

9.2.2. The RD has pointed out that while Form MGT-7 has been filed for FY 2024-25, the disclosure of significant beneficial owner in Form BEN-2 is not filed. In this regard, it is observed that the Petitioners have filed Form BEN-2 dated 23.02.2026 vide SRN AC2415319 in compliance with Section 90(4) of the Companies Act, 2013, read with Rules 4 and 8 of the Companies (Significant Beneficial Owners) Rules, 2018. As per the said form, there are no Significant Beneficial Owners in the Transferor Company.

Status of pending litigation

9.2.3. With respect to the pending GST disputes, it is observed that the Company has made adequate disclosures in Note No. 36(i) to the Financial Statements for the year ended 31.03.2025.



Rupees in crores

36 Other Disclosures

(i) Contingent Liabilities

Details	31st March 2025	31st March 2024
(a) Claims against the company not acknowledged as debt		
(i) Income Tax	3.41	3.46
(ii) Goods and Service Tax**	28.48	6.70
(b) Other money for which the company is contingently liable on bill discounting with bank	-	-
(c) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	2.38
(ii) Estimated Indemnity amount on account of tax paid due to interpretational difference in GST tax rate	15.94	15.94
(iii) On Investments	-	-
Total	47.83	28.48

The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

** excluding interest at applicable rates thereon

9.2.4. It is further seen from paragraph vii(b) of Annexure A to the Independent Auditor's Report for the year ended 31.03.2025 that the pending disputes have been considered by the Statutory Auditor, and the Company has received an unqualified audit report.



- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Excise Duty and Cess which have not been deposited on account of dispute as at 31st March 2025 other than the following on account of dispute, as given below.

Name of the statute/ (Nature of dues)	Period of Due	Demand Amount – Rs. In Crores *	Amount paid under protest/ Deposit against appeal – Rs. In Crores	Forum where dispute is pending
Income Tax Act, 1961	FY 2008-09 to FY 2018-19	3.41	-	Assessing Officer and Commissioner of Income Tax (Appeals)(CIT(A)), Chennai.
Goods and Service Tax, 2017	FY 2017-18	2.16	0.10	GST Appellate Authority, Salem.
Goods and Service Tax, 2017	FY 2017-18	11.80	1.18	Appeal order rejected by Additional commissioner (ST), Chittoor, AP. Appeal to be filed with GST Appellate Tribunal, on its formation.
Goods and Service Tax, 2017	FY 2017-18	34.62	15.93	To be filed to appellate authority
Goods and Service Tax, 2017	FY 2017-18	1.29	-	Writ petition filed in the Hon'ble AP High Court via Ref.Writ Petition No.28050/2023
Goods and Service Tax, 2017	FY 2019-2020	0.42	-	Appeal application filed (APL-01) - JC (Appeal), Salem.

*excluding interest at applicable rates thereon

9.2.5. Further, Clause 6 of the Scheme provides adequate protection to the interests of the GST and Income Tax Departments by stipulating that all proceedings pending as on the Effective Date shall continue and be prosecuted against the Transferee Company. Since adequate disclosures have been made with regard to the pending disputes in the Audited Financial Statements, no further directions are required.

Status of pending charges

9.2.6. The RD has sought a No Objection Certificate (NOC) from SBI on the ground that, as per the master data, an open charge is pending in favour of SBI. In response, the Petitioners have submitted that although a charge has been created, no loans have been availed as on



the date of filing of the Petition, and only Letter of Credit (LoC) and Bank Guarantee (BG) facilities have been obtained.

9.2.7. It is seen from Note 15 of the Audited Financial Statement for FY 2024-25, that there are no loans due to be payable to banks or SIPCOT and accordingly, that the Auditor has certified that there are NIL secured creditors as on 30.06.2025. Note 15 is extracted as under:

15. Long Term Borrowings				Rupees in crores	
Description	Frequency	No. of instalments due	Maturity	As at 31-03-2025	As at 31-03-2024
Secured:					
Term loan from bank	Repayable in 12 equal Quarterly instalments INR 3.5 Cr starting Feb 2025	12	24- Nov- 2027	-	47.56
Term loan from SIPCOT	Repayable in single instalments INR 5.80Cr on April 2029	1	01- April- 2029	-	3.33
Total Borrowings				-	50.89
Less : Current Maturities of long-term borrowings (Refer Note No. 18)				-	7.25
Total Long-term Borrowings				-	43.64
Details of securities created:					
(i) Term loan from banks -Exclusive charge on land and building and paripasu charge on plant and equipment					
(ii) Term loan from banks -Equitable mortgage of immovable properties of the company					
(iii) Term loan from SIPCOT- First charge on the specific plant and equipment					
Description	Currency	Amount	Rate of Interest		
Term loan from bank	INR	15 Crores	8.95% (T-Bill 30 days +2.98)		
Term loan from bank	INR	42 Crores	9.25% (MCLR 6 Month)		
Term loan from SIPCOT	INR	5.80 Crores	0.1% per Annum		

9.2.8. Therefore, we find that the need for obtaining NoC does from SBI does not arise



Declaration of Dividend

9.2.9. The RD has submitted that the dividend of Rs. 100.27 Crores for FY 2024-25 appears disproportionate to the Profit Before Tax (PBT) of Rs. 6.98 Crores for the financial year 2024–2025. In response, the Petitioners have submitted that, in terms of Section 123(3) of the Companies Act, 2013, declaration of interim dividend out of retained earnings is permissible.

9.2.10. It is observed that for FY 2024–2025, although the income is Rs. 0.97 Crores, the total Reserves and Surplus (including General Reserves, Securities Premium, and Retained Earnings) as of the previous financial year 2023–2024 amounts to Rs. 134.17 Crores. Upon adding the profits for FY 2024–2025, the total amount available for distribution is Rs. 157.35 Crores. After the declaration of dividend, the balance reserves stand at Rs. 57.08 Crores. Note 13 from the financial statement is as under:

B. OTHER EQUITY						
Particulars	Reserves and Surplus			Other Reserves		Total
	General Reserve	Securities Premium Reserve	Retained Earnings	Equity Instruments Fair Value through Other Comprehensive Income	Hedging Reserve	
Balance as at April 1, 2023	8.05	294.32	91.44	0.31	-	394.12
Profit for the period 2023-24	-	-	19.25	-	-	19.25
Other comprehensive income for the year 2023-24	-	-	0.66	(0.52)	-	0.14
Reduction of Share premium	-	(277.38)	-	-	-	(277.38)
Sub-total A	8.05	16.94	111.35	(0.21)	-	136.13
Less : Distribution to shareholders						
2023-24 first and final dividend paid	-	-	1.96	-	-	1.96
Dividend distribution tax paid	-	-	-	-	-	-
Sub-total B	-	-	1.96	-	-	1.96
Balance as at March 31, 2024 C = (A - B)	8.05	16.94	109.39	(0.21)	-	134.17
Profit for the period 2024-25	-	-	23.61	-	-	23.61
Other comprehensive income for the year 2024-25	-	-	(0.84)	0.21	-	(0.43)
Sub-total D	8.05	16.94	132.36	-	-	167.35
Less : Distribution to shareholders						
2024-25 first and final dividend paid	-	-	100.27	-	-	100.27
Sub-total E	-	-	100.27	-	-	100.27
Balance as at March 31, 2025 F = (D - E)	8.05	16.94	32.09	-	-	57.08

Nature and purpose of reserves:



9.2.11. Further, the Statutory Auditor has certified that the dividend declared and paid by the Company is in accordance with Section 123 of the Companies Act, 2013.

9.2.12. Accordingly, no prima facie discrepancy is found in the declaration of dividend.

Undertaking submitted by the Petitioners

9.2.13. The Petitioners have undertaken to comply with the provisions of Section 240 and Section 232(3)(i) of the Companies Act, 2013. They have also undertaken to file the amended Memorandum of Association (MoA) and Articles of Association (AoA). In view of the same, no further directions are required in this regard.

9.3. OFFICIAL LIQUIDATOR

9.3.1.1. The Petitioner Companies have undertaken that there shall be no retrenchment of any employee in the Demerged Undertaking or the Transferor Company who was in service as on the Appointed Date, i.e., 01.04.2025, except in the event of voluntary resignation by such employee prior to the Effective Date.

9.3.1.2. The Petitioner Companies have undertaken that no alteration or modification to the contents of the Scheme shall be made post sanction without the specific and prior approval of this Tribunal.



9.3.1.3. **In view of undertaking submitted by the Petitioners, no further directions are required to be issued.**

9.3.1.4. It is seen that Petitioner Companies have filed a copy of the Scheme before BSE and NSE vide letters dated 12.09.2025 in compliance with Rule 37(6) of SEBI (LODR) Regulations and the same has been annexed as Annexure 13B and Annexure 13C of the Petition.

9.4. INCOME TAX AUTHORITIES

9.4.1. The Income Tax Department has submitted its no objection vide Memo dated 10.02.2026 vide S.R. No. 580.

9.4.2. Further, in the Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi has made the following observations with regard to the right of the IT Department in the Scheme of Amalgamation,

“taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision in RE: Vodafone Essar Gujarat Limited v. Department of Income Tax (2013)353 ITR 222 (Guj) and the same being also affirmed by the Hon’ble Supreme Court and as reported in (2016) 66 taxmann.com.374(SC) from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15,2015 that the Department is entitled to take out



appropriate proceedings for recovery of any statutory dues from the transferor or transferee or any other person who is liable for payment of such tax dues, the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned."

9.4.3. Hence, the Income tax Department is at liberty to undertake appropriate recovery proceedings in accordance with law.

Conclusion:

9.5. After analyzing the Scheme in detail, this Tribunal is of the considered view that the scheme as contemplated amongst the Petitioner Companies seems to be *prima facie* beneficial to the Company and will not be in any way detrimental to the interest of the shareholders of the Company. In the absence of any other objections having been placed on record before this Tribunal and since all the requisite statutory compliances having been fulfilled, this Tribunal sanctions the Scheme.

9.6. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners.



9.7. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

10. **THIS TRIBUNAL DO FURTHER ORDER:**

- (i) That the entire business and undertaking of the Transferor Company shall, under the provisions of Section 230 to 232 of the Companies Act, 2013, without further act or deed, be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company.
- (ii) That all the assets of the Transferor Company shall be transferred to the Transferee Company, without further deed or instrument of conveyance and accordingly the same become the property of the Transferee Company.
- (iii) That all the debts, liabilities, duties and obligations of the Transferor Company shall be transferred to the Transferee Company and accordingly the same become the liabilities and duties of the Transferee Company.
- (iv) That the Appointed date for the Scheme shall be **01.04.2025** as mentioned in *Clause 1.1* of the Scheme.



- (v) That all proceedings now pending by or against the Transferor Companies be continued by or against the Transferee Company.
- (vi) That all the employees of the Transferor Companies in service from the Appointed Date till the date on which the Scheme finally takes effect, shall become the employees of the Transferee Company without any break or interruption in their service.
- (vii) That the Transferee Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company after setting off the fees paid by the Transferor Companies.
- (viii) That the Transferor Companies and the Transferee Company, shall within thirty days of the date of receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration. That as per *Clause 11* of the Scheme, on such certified copy being so delivered, the Transferor Companies shall be dissolved without the process of winding up and the Registrar of Companies shall place all documents relating to the Transferor Company registered with him on the file kept by him in relation to the Transferee Company and the files relating to the said company shall be consolidated accordingly.



(ix) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

11. The Scheme is **approved** subject to the directions issued above.

12. Company Petition *CP(CAA)/95(CHE)2025* in *CA(CAA)/79(CHE)2025* accordingly, stands **disposed of** on the aforementioned terms.

-Sd-
VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-
SANJIV JAIN
MEMBER (JUDICIAL)