

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABADBENCH - II**

CP (CAA) No.13/230/HDB/2024

in

CA (CAA) No.66/230/HDB/2023

[Under Sections 230 to 232 r/w the Companies Act, 2013]

**In the matter of Scheme of Amalgamation
Amongst**

**Pitti Castings Private Limited
(the 'Amalgamating Company 1')**

And

**Pitti Rail and Engineering Components Limited
(the 'Amalgamating Company 2')**

And

**Pitti Engineering Limited
(the 'Amalgamated Company')**

And

Their respective Shareholders and Creditors

Pitti Castings Private Limited

CIN: U27310TG2011PTC077833

having registered office at

4th Floor, Padmaja Land Mark, 6-3-643/401,

Somajiguda, Hyderabad, Telangana, 500082

Represented by its Company Secretary, Ms. Nishitha Agarwal

**.... First Petitioner Company/Amalgamating Company-1
/Transferor Company-1**

Pitti Rail and Engineering Components Limited

CIN: U29100TG2020PLC144524

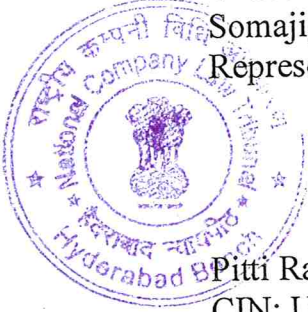
having registered office at

6-3-648/401, 4th Floor, Padmaja Land Mark,

Somajiguda, Hyderabad, Telangana, 500082

Represented by its Director, Mr. M Pavan Kumar

**.... Second Petitioner Company/Amalgamating Company-2
/Transferor Company-2**



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Pitti Engineering Limited
CIN: L29253TG1983PLC004141
having registered office at
4th Floor, Padmaja Land Mark, 6-3-648/401
Somajiguda, Hyderabad, Telangana, 500082
Represented by its Company Secretary & Compliance Officer,
Ms. Mary Monica Braganza

.... Third Petitioner Company/Amalgamated Company-3
/Transferee Company

Date of order:03.10.2024

CORAM:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)
Sri Sanjay Puri, Hon'ble Member (Technical)

Counsel/Parties present:

For the Petitioner : Ms. Anita Dugar, Counsel
For Regional Director : Ms. Kusum Yadav, Assistant Director
For Official Liquidator : Mr. Vasantrao Meshram, Assistant OL

[PER: BENCH]

ORDER

1. This is a Joint Petition filed by the Transferor Companies and Transferee Company, under Section 230 - 232 and other applicable provisions of the Companies Act, 2013 praying for the sanction of the Scheme of Amalgamation ("Scheme") of M/s. Pitti Castings Private Limited ("Transferor Company-1") and M/s. Pitti Rail and Engineering Components Limited ("Transferor Company-2") with M/s. Pitti Engineering Limited ("Transferee Company"), their respective shareholders



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and creditors in terms of the Scheme of Amalgamation (“Scheme”).

2. The Registered Offices of the Transferor Companies and the Transferee Company are situated in the State of Telangana.

3. Briefly, the facts are as follows:

1.1. M/s. Pitti Castings Private Limited (“**Transferor Company-1**”), was incorporated on December 07, 2011 with CIN: U27310TG2011PTC077833 and is engaged in the business of manufacturing of high-quality casting in grey iron, ductile iron, low carbon and alloy steel grades (“Castings Business”).

(Copy of the Memorandum and Articles of Association of the Transferor Company-1 is filed at Annexure–A, at Page Nos. 77-99 of the Petition).

1.2. The authorized, issued, subscribed and paid-up share capital of the First Petitioner/Transferor Company-1 as on 09.06.2023 is as follows:

Particulars	Amount (in INR)
Authorized Capital	
12,44,62,500 equity shares of INR 10 each	1,24,46,25,000
1,23,30,000 Non-Cumulative Non-Participating Compulsory Redeemable Preference Shares of INR 10 each	12,33,00,000
Total	1,36,79,25,000
Issued, Subscribed and Paid-up Capital	



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12,44,62,500 equity shares of INR 10 each	1,24,46,25,000
1,23,30,000 Non-Cumulative Non-Participating Compulsory Redeemable Preference Shares of INR 10 each	12,33,00,000
Total	1,36,79,25,000

There is no change in the issued, subscribed and paid-up capital of the First Petitioner Company from 09.06.2023 till the date of filing of the Petition with the NCLT.

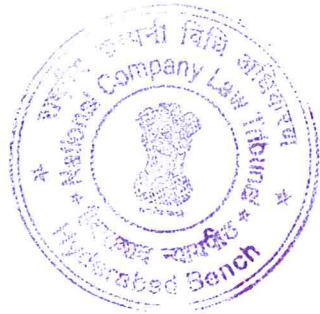
(Copy of the audited statement of accounts as on March 31, 2023, and unaudited statement of accounts as on December 31, 2023 of the First Petitioner Company are filed at Annexure-B and Annexure-C, at Page Nos.100-155 of the Petition).

- 2.1. M/s. Pitti Rail and Engineering Components Limited (“Transferor Company-2”) was incorporated on 05.10.2020 with CIN: U29100TG2020PLC144524 and is engaged with the object to manufacture engineering products and components.

(Copy of the Memorandum and Articles of Association of the Transferor Company-2 is filed at Annexure–D, at Page Nos.156-183 of the Petition).

- 2.2. The authorized, issued, subscribed and paid-up share capital of the Second Petitioner/Transferor Company-2 as on 09.06.2023 is as follows:

Particulars	Amount (in INR)
Authorized Capital	
1,00,000 equity shares of INR 10 each	10,00,000



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Total	10,00,000
Issued, Subscribed and Paid-up Capital	
1,00,000 equity shares of INR 10 each	10,00,000
Total	10,00,000

There is no change in the issued, subscribed and paid-up capital of the First Petitioner Company from 09.06.2023 till the date of filing of the Petition with the NCLT.

(Copy of the audited statement of accounts as on March 31, 2023, and unaudited statement of accounts as on December 31, 2023 of the Second Petitioner Company are filed at Annexure-E and Annexure-F, at Page Nos.184-230 of the Petition).

- 3.1. M/s. Pitti Engineering Limited (“Transferee Company”) was incorporated on 17.09.1983, as Pitti Laminations Private Limited with CIN: L29253TG1983PLC004141. The Company was converted into a public limited company on 29.12.1992. The name of the Company was changed from Pitti Laminations Limited to Pitti Engineering Limited and a fresh Certificate of Incorporation dated 08.05.2018 was issued by the Ministry of Corporate Affairs, Office of Registrar of Companies, Hyderabad. The Company is engaged in manufacturing of engineering products of iron and steel including electrical steel laminations, stator and rotor core assemblies, sub-assemblies, pole assemblies, die-cast rotors, press tools and high precision machining of various metal components.

(Copy of the Memorandum and Articles of Association of the Transferee Company is filed at Annexure-G, at Page Nos.231-281 of the Petition).

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- 3.2. The authorized, issued, subscribed and paid-up share capital of the Third Petitioner/Transferee Company as on 09.06.2023 is as follows:

Particulars	Amount (in INR)
Authorized Capital	
6,00,00,000 equity shares of INR 5 each	30,00,00,000
Total	30,00,00,000
Issued, Subscribed and Paid-up Capital	
3,20,50,067 equity shares of INR 5 each	16,02,50,335
8,300 equity shares forfeited of INR 5 each	41,500
Total	16,02,91,835

The equity shares of the Third Petitioner Company are listed on BSE Limited and National Stock Exchange of India Limited (hereinafter collectively referred to as the “Stock Exchanges”)

There is no change in the issued, subscribed and paid-up capital of the First Petitioner Company from 09.06.2023 till the date of filing of the Petition with the NCLT.

(Copy of the audited statement of accounts as on March 31, 2023, and unaudited statement of accounts as on December 31, 2023 of the Third Petitioner Company are filed at Annexure-H and Annexure-I, at Page Nos.282-424 of the Petition).

Rationale for the Proposed Scheme of Amalgamation:

Amalgamation of Amalgamating Company 1 with Amalgamated Company:

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PEL had acquired shares in PCPL originally with an objective to ensure vertical integration of businesses which would provide increased opportunities and better margins to PEL. However, due to operational and financial reasons, PEL could not complete the consolidation historically.

With a view to now achieve vertical integration and broaden its footprint across the supply chain, PEL has strategically decided to integrate the Castings Business with its operations.

The implementation of this Scheme will result in the following synergies:

1. Enhance PEL's control over the supply and inventory management of its raw materials Amalgamation would help with a unified approach on supply chain management and consequent synergies leading to optimization of resource utilization, reduced finance cost, operational cost, reduced duplication of administrative efforts and better procurement policies and prices, for the combined business.
2. Allow PEL to gain access to long-term contracts by bolstering an entire integrated process helping them cover the end-to-end supply chain.
3. Enhance PEL's margins and profitability and reduction in related party transactions of PEL which would enhance value for all its stakeholders.
4. Help PEL to diversify its business and provide PEL with access to a new set of customers and industries.



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In view of the aforesaid, the Board of Directors of PEL and PCPL have considered it desirable and expedient to integrate the business of PCPL by way of amalgamation. Such an amalgamation is expected to be in the best interest of both Companies, their respective shareholders, creditors, employees and other stakeholders.

Amalgamation of Amalgamating Company 2 with Amalgamated Company:

PRECL was incorporated as a Wholly Owned Subsidiary of PEL for the purpose of undertaking a greenfield project in relation to the manufacture of railway and engineering components. Since PEL has undertaken the said business through Brown field project, there is no longer need of a separate corporate entity.

The Scheme is expected to provide the following benefits:

The amalgamation will result in simplifying the corporate structure and elimination of duplication in administrative cost and multiple record keeping thus resulting in cost savings.

5. Board Resolution:

The Board of Directors of the Petitioner Companies vide their resolution dated 15.06.2023, approved the Scheme of Amalgamation (“Scheme”) between M/s. Pitti Castings Private Limited (“Transferor Company-1”) and M/s. Pitti Rail and Engineering Components Limited (“Transferor Company-2”) with M/s. Pitti Engineering Limited (“Transferee Company”), their respective shareholders and creditors. The appointed date is 01.04.2023.



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(Copies of the Board Resolutions of the Transferor Company-1 and Transferor Company-2 and Transferee Company, approving the Scheme of Amalgamation (Scheme) are filed at Annexure-J, Annexure-K and Annexure-L at Page Nos.425 to 437 of the Petition).

6. The Board of Directors of the First Petitioner Company has authorized any of their directors of the company secretary, the Second Petitioner Company has authorized any of their directors and the Third Petitioner Company has authorized any of their directors, chief financial officer or company secretary and compliance officer for the purpose of obtaining the approval of the Scheme.
7. The salient/material features of the proposed Scheme of Amalgamation are detailed in Page Nos.17 to 34 of the Petition.
8. It is submitted that the Applicant Companies complied with all the directions issued in the Order dated 09.02.2024 passed in CA(CAA)No.66/230/HDB/2023, which are detailed in Page Nos.44 to 47 of the Petition.

(Copy of the Order dated is 09.02.2024 is filed at Annexure-Q at page Nos.503-523 to the Petition).

9. Copy of Affidavit of service reporting notice of meeting to the Unsecured Creditors of the First Petitioner Company and the notice sent to the statutory authorities. Copy of notice sent to the statutory authorities by the Second Petitioner Company. Copy of Affidavit of service reporting notice of meeting to the Unsecured Creditors and Equity Shareholders of the Third Petitioner Company and the notice sent to the statutory authorities.

(All the above stated copies are filed at Annexure-R, Annexure-S and Annexure-T at Page Nos.524-604 of the Petition).



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10. As per the directions of this Tribunal vide order dated 26.04.2024, the Petitioner Companies issued notices to the Statutory Authorities.
11. Notices were served individually to all the concerned regulatory authorities i.e., Regional Director (SER), Registrar of Companies (RoC), Official Liquidator, Hyderabad, Income Tax Authorities for intimating the Scheme of Amalgamation.
12. The Regional Director (SouthEastern Region), Ministry of Corporate Affairs, Hyderabad has filed its Report on 24.09.2024 and Reply Affidavit filed on 24.09.2024.
13. In response to the observations made by the Regional Director's Report filed on 24.09.2024, the Petitioner Companies have given necessary undertakings and clarifications through their Reply Affidavit which was filed on 24.09.2024. The observations made by the Regional Director and the clarifications and undertakings given by the Petitioner Companies are summarized in the table below:

Page & Para Nos.	Regional Director's Report filed on 24.09.2024 / observations	Reply Affidavit filed on 24.09.2024 by the Petitioner Companies
Page 2 Para 4	This Directorate has received letter No. ROC/HYD/Amal/-004141 /230-232/2023-24/1250 dated 28.08.2024 from the Registrar of Companies, Telangana, Hyderabad pointing out certain observations as under-	
Page 2 Para 4 (a)	As per clause 1.7 of the Scheme, the Appointed date for the proposed scheme is 01.04.2023.	
Page 2 Para 4 (b)	The Amalgamated company is a Public Limited Listed Company and hence take necessary steps for the compliance under the provisions of Securities and Exchange Board of India Act, 1992. The amalgamated company being a listed company may be directed to take necessary approval and comply with the listing agreements, Stock Exchange liabilities and SEBI guidelines and circulars with regard to the new shares being issued/allotted upon amalgamation.	

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Page & Para Nos.	Regional Director's Report filed on 24.09.2024 / observations	Reply Affidavit filed on 24.09.2024 by the Petitioner Companies
Page 2 Para 4 (c)	Amalgamating companies and Amalgamated company may be directed to comply with provisions under Foreign Exchange Management Act, 1999 and other applicable provisions, if any required to be complied with.	
Page 3 Para 4 (d)	Hon'ble Tribunal may be pleased to direct the petitioner companies to preserve its books of Accounts and papers and records and shall not be disposed off without the prior permission of the Central Government in terms of the provisions of section 239 of the Companies Act, 2013.	
Page 3 Para 4 (e)	Hon'ble Tribunal may be pleased to direct the petitioner companies to ensure statutory compliance of all applicable laws and on sanctioning of the present scheme, the applicant company shall not be absolved for any of its statutory liabilities in any manner.	
Page 3 Para 4 (f)	The Transferee Company shall pay the difference fee and stamp duty payable on the increase in Authorized capital after deducting such fees and duties paid by the Transferor Company before the merger.	
Page 3 Para 3 (g)	Hon'ble Tribunal may be pleased to direct the petitioner companies involved in the Scheme to comply with Rule 17(2) of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 with respect to filing of order for confirmation of Scheme to be filed in e-form No.INC- 28 with the O/o.ROC, by the petitioner company.	The copy of order of the Hon'ble NCLT, Hyderabad bench confirming the Scheme of Amalgamation will be filed in Form INC-28 with the office of the Registrar of Companies, Hyderabad in compliance with the rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013.
Page 3 Para 5	The Directorate has received report of the Official Liquidator vide Report No.32 of 2024 dated 30.08.2024 pointing out certain observations vide para 22(a) to (g) of its report. Hon'ble Tribunal may be pleased to direct the Petitioner Companies to comply with the observations pointed out by the Official Liquidator, before the scheme is allowed.	
Page 3 Para 6	With reference to this Directorate's letter dated 18.06.2024, issued to The Addl. Commissioner of I. Tax, Hyderabad, till date no reply/comments in the matter has been submitted to this Directorate. In this regard, Hon'ble Tribunal may be pleased to direct the Petitioner Companies to furnish an undertaking that, if any demand arises from the Income Tax Department with respect to Transferor Companies and Transferee Company, Transferee Company is ready to pay the said statutory dues.	
Page 4 Para 7	On examination of the contents of the scheme, replies of the petitioner companies and apart from the observations stated in para 8 above, the observation of the Deponent is as under:	

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Page & Para Nos.	Regional Director's Report filed on 24.09.2024 / observations	Reply Affidavit filed on 24.09.2024 by the Petitioner Companies
Page 4 Para 7 (a)	As per Clause 12 of the Scheme, it is stated that the Authorized Share Capital of the Amalgamating Company 1 and Amalgamating Company 2 shall be deemed to have been reclassified into equity shares of Rs.5/- and shall stand transferred to and be amalgamated with the authorized share capital of the Amalgamated Company without any further act, instrument or deed on the part of the Amalgamated Company, including payment of stamp duty and fees payable to the relevant Registrar of Companies which is not correct. In this regard, the Amalgamated 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 off the fee already paid by the Amalgamating Company 1 & 2. The Transferee has filed an affidavit in this regard on 24.09.2024 (copy enclosed as Annexure-A).	The Amalgamated Company shall file an application with office of the Registrar of Companies, Hyderabad indicating the revised/increased authorized share capital and proof of payment of differential stamp duty and registration fee due on revised/increased authorized share capital after setting of that fee already paid by the Transferor Company in compliance with provisions of section 232(3)(i) of the Companies Act, 2013.
Page 4 Para 7 (b)	As per Clause 13.1 of the Scheme, it is stated that upon the Scheme coming into effect and in consideration of the amalgamation of Amalgamating Company 1 with Amalgamated Company, the Amalgamated Company shall issue one equity share of Rs.5/- each fully paid-up for every 55 equity shares of Rs.10/- fully paid of Amalgamating Company Further as per Clause 13.3 of the Scheme, it is stated that the Amalgamated Company holds equity shares and redeemable preference shares in the Amalgamating Company 1 and upon the Scheme becoming effective, all the equity shares and redeemable preference shares issued by Amalgamating Company 1 shall stand cancelled and extinguished and in lieu thereof, no allotment of any shares in Amalgamated Company shall be made. In this regard, the petitioner Transferee company may be directed to furnish the details of reclassification of shares and also its shareholding pattern on post approval of the Scheme.	
Page 5 Para 7 (c)	As per Clause 13.12 of the Scheme, it is stated that the Amalgamating Company 2 being wholly owned subsidiary of Amalgamated Company, all the equity shares issued by Amalgamating Company 2 and held by Amalgamated Company shall stand cancelled and extinguished in lieu thereof, no allotment of any shares in Amalgamated Company.	
Page 5 Para 7 (d)	The Amalgamating Company 1 and Amalgamated Company have related party transactions during the last two years. In this regard, both the petitioner companies may be directed to show the compliance of the provisions of Section 188 of the Companies Act, 2013 and furnish an undertaking with regard to the compliance of the above provisions before the Hon'ble NCLT.	The Amalgamated Company, Amalgamating Company 1 and Amalgamating Company 2 has complied with provisions of section 188 of the Companies Act, 2013 with regards to related party transactions.

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Page & Para Nos.	Regional Director's Report filed on 24.09.2024 / observations	Reply Affidavit filed on 24.09.2024 by the Petitioner Companies
Page 5 Para 7 (e)	As seen from the latest Balance Sheet of the Amalgamating Company 1 and Amalgamated Company, that both of the companies owes huge dues towards MSME. Hence, the Amalgamated Company may be directed to furnish an undertaking with regard to settlement/crystallisation of the dues as and when demand is made by the said Statutory Authorities.	
Page 5 Para 7 (f)	The Amalgamated Company being a listed company, the Amalgamated Company may be directed to comply with the observations made by the NSE Ltd/ BSE limited as per the observations made in their letter dated 26-10-2023.	The Amalgamated Company shall comply with applicable SEBI regulation including SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and approvals/intimation required to be made to stock exchanges for the merger and shall also comply with all the directions issued by the BSE and NSE at the time of issuance of 'no objection' letter to the Amalgamated Company for the merger.
Page 6 Para 7 (g)	The Amalgamated Company being a Listed Public Company shall comply with the SEBI Guidelines and Circulars issued from time to time and furnish an undertaking before the Hon'ble NCLT in this regard.	
Page 6 Para 7 (h)	There are disputed and undisputed statutory dues payable by the Amalgamating Company 1. In this regard, the Amalgamated Company shall furnish an undertaking with regard to payment of statutory dues payable by the Amalgamating Company 1 stating that the dues will be settled as and when demand is made by the Statutory Authorities.	

Hence, from the above report of the RD, it can be understood that there are no tenable objections raised and that the queries posed to the companies were also answered. Hence, the direction as sought for by the Regional Director (RD) would stand complied.

4.

The Official Liquidator (OL) made certain observations in his report filed on 02.09.2024 and further observations filed on 25.09.2024. In response, the petitioner companies filed their reply affidavit on 02.09.2024. The observations made by the Official



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Liquidator and the undertakings given by the Petitioner Companies are summarized in the table below:

Page and Para Nos.	Observations of the Official Liquidator report filed on 02.09.2024	Reply Affidavit to the report of the official liquidator filed by petitioner companies on 02.09.2024	Further Observations of the Official Liquidator filed on 25.09.2024
Page 8 Para 22 (1)	That, the Clause 9.1 of Part- II of the Scheme seeks to protect the staff and employees of Amalgamating Company 1 and Amalgamating Company 2 only if they are in service as on the Effective Date. Hence, this Hon'ble Tribunal may be pleased to direct the Amalgamating Companies and Amalgamated Company to submit an undertaking to this Hon'ble Tribunal to the effect that there would be no retrenchment of any employee who were in service as on Appointed Date (i.e. 01-04-2023) as well.	The Petitioner Companies have submitted an Affidavit undertaking that there shall be no retrenchment of any employee who were in services of the Amalgamating Company 1 and Amalgamating Company 2 as on the Appointed Date.	No further observations
Page 8 Para 22 (2)	That as per Clause 14.1 of Part-II of the Scheme "Upon the Scheme coming into effect, the Amalgamated Company shall account for the amalgamation in its books of accounts, in accordance with the "Pooling of Interest Method" as laid down by Ind AS- 103 "Business Combinations", notified under Section 133 of the Companies Act, 2013, as part of the Companies (Indian Accounting Standard) Rules, 2015". Hence, this Hon'ble Tribunal may be pleased to direct the Amalgamating Companies and Amalgamated Company to submit an undertaking to the effect that "they will not deviate from the provisions of Indian Accounting Standard (Ind AS) -103 (Business Combinations).	The Petitioner Companies have submitted an Affidavit undertaking that the Petitioner Companies shall not deviate from the provisions of Indian Accounting Standard (Ind AS) — 103, (Business Combinations).	No further observations
Page 8 Para 22 (3)	That, Clause 12.1(ii) of Part — II of the Scheme provides for clubbing of Authorized Capital. However, as per the Clause, the authorized share capital of the Amalgamated Company shall automatically stand increased without any further act or deed on the part of the Amalgamated Company, including payment of stamp duty and RoC 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 Amalgamated Company shall comply with the provisions of the aforementioned section and pay the difference fee, if any, after setting off the fee already paid by the Amalgamating Companies on its respective capital.	The Petitioner Companies have submitted an Affidavit undertaking that the Petitioner Companies shall pay the differential stamp duty and registration fee, if any, due on revised / increased authorized capital after setting off the fee already paid the Amalgamating Company 1 and Amalgamating Company 2 prior to merger.	No further observations

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Page and Para Nos.	Observations of the Official Liquidator report filed on 02.09.2024	Reply Affidavit to the report of the official liquidator filed by petitioner companies on 02.09.2024	Further Observations of the Official Liquidator filed on 25.09.2024
Page 9 Para 22 (4)	That, as per Clause 18.1 of Part-II, upon this Scheme becoming effective, the Amalgamating Company 1 and Amalgamating Company 2 shall stand dissolved without being wound up without any further act by the parties.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations
Page 9 Para 22 (5)	That, as per the information submitted by the Amalgamating Company 2 vide letter dated 01/04/2024, the Equity shares of 1,00,000 of Amalgamating Company 2 are held by the Amalgamated Company directly and through its nominees. Hence, the Amalgamating Company 2 is the wholly owned subsidiary of the Amalgamated Company.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations
Page 9 Para 22 (6)	That, as per the Financial Statements as at 31-03-2023, the Amalgamating Company 2 has no income from Revenue except other income of Rs.1.60 lakhs (Interest on deposits) and accumulated loss is Rs.5.16 lakhs. The Amalgamating Company 2 has not taken any loan from borrowers. The Amalgamating Company 2 has shown Rs.0.26 lakhs as "Other" under the head of "Other Financial Liabilities".	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations
Page 9 Para 22 (7)	That, as per Note 2.3 of the Financial Statements of Amalgamating Company 1 as at 31-03-2023 an amount of Rs.41.25 lakhs has been shown as "Term Loan GECL from Banks" under the head of "Secured Loans". In this regard, the Amalgamating Company 1 had vide letter dated 24-06-2024 submitted that the Term Loan was granted by TATA Capital Financial Services Limited under Guaranteed Emergency Credit Line (GECL) to provide funding under the GECL Scheme for operation/restart of business in view of COVID-19 crisis is secured by second charge of hypothecation of all present and future fixed assets and current assets of the company.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations
Page 9 Para 22 (8)	That, as per Note 2.5 of the Financial Statements of Amalgamating Company 1 as at 31-03-2023 an amount of Rs.882.96 lakhs has been shown as "Unsecured Loan - From Related parties". In this regard, the Amalgamating Company 1 had vide letter dated 24-06-2024 submitted that the unsecured loan was interest free received in multiple tranches during the year FY 2022 from Shri Akshay S Pitti, Director, for working capital purpose / general corporate purpose and repaid in the financial year 2022-23.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations



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Page and Para Nos.	Observations of the Official Liquidator report filed on 02.09.2024	Reply Affidavit to the report of the official liquidator filed by petitioner companies on 02.09.2024	Further Observations of the Official Liquidator filed on 25.09.2024																
Page 10 Para 22 (9)	That, as per Note 2.18 of the Financial Statements of Amalgamating Company 1 as at 31-03-2023 an amount of Rs.6.48 lakhs has been shown as "Profit on sale of fixed assets" under the head of "Other Income". In this regard, the Amalgamating Company 1 had vide letter dated 24-06-2024 submitted the details of assets sold and the said sale is in the ordinary course of business and none of the directors were interest in the said sale.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations																
Page 10 Para 22 (10)	That, as per Point No.(vii) of Annexure - A attached to the Audit Report dated 09-06-2023 as well as Note 2.25 of the Financial Statements of the Amalgamating Company 1, an amount of Rs.143.85 lakhs has been shown as Central Excise liability for which appeals are pending with CESTAT pertaining to FY 2008-09 and FY 2009-10 in Bangalore Tribunal. In this regard, the Amalgamating Company 1 had vide letter dated 24-06-2024 submitted that stay has been granted for the recovery of pre-deposit of the demand, interest and penalty by the CESTAT and the appeal has been allowed in favour of the Amalgamating Company 1. Further, the Amalgamating Company 1 has submitted that any pending litigation would be continued and enforced by or against the Amalgamated Company in the same manner and extent as would have been enforced by or against the Amalgamating Companies.	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations																
Page 10 Para 22 (11)	That, as per Point No.1.14 of Notes to Financial Statements as well as Note 2.33 of the Financial Statements of the Amalgamating Company 1, an amount of Rs.17,677.79 lakhs has been shown as segment revenue and the company has considered the business segment as the primary segments for disclosure and Geographical segment recognized as secondary segment. In this regard, Amalgamating Company 1 had vide letter dated 24-06-2024 submitted that the business operations of the Amalgamating Company 1 being manufacturing of castings has been identified as the primary segment of operations as per Accounting Standards 17 and reported in accordance with the same. The secondary segment of the Amalgamating 1 has been identified on the basis of Geography as per Accounting Standards 17 and reproduced below for ease of reference:	The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.	No further observations																
	<table border="1"> <thead> <tr> <th>S.No</th><th>Segement Revenue</th><th>Year 2022-2023 (INR Lakhs)</th><th>Year 2021-2022 (INR Lakhs)</th></tr> </thead> <tbody> <tr> <td>a)</td><td>India</td><td>17,677.79</td><td>16,109.95</td></tr> <tr> <td>b)</td><td>Outside India</td><td>-</td><td>-</td></tr> <tr> <td></td><td>Total</td><td>17,677.79</td><td>16,109.95</td></tr> </tbody> </table>	S.No	Segement Revenue	Year 2022-2023 (INR Lakhs)	Year 2021-2022 (INR Lakhs)	a)	India	17,677.79	16,109.95	b)	Outside India	-	-		Total	17,677.79	16,109.95		
S.No	Segement Revenue	Year 2022-2023 (INR Lakhs)	Year 2021-2022 (INR Lakhs)																
a)	India	17,677.79	16,109.95																
b)	Outside India	-	-																
	Total	17,677.79	16,109.95																



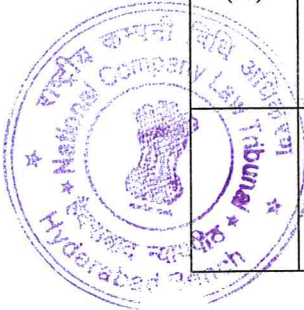
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National Company Law Tribunal, Hyderabad Bench –II

CP (CAA) No.13/230/HDB/2024
in
CA (CAA) No.66/230/HDB/2023
Date of Order:03.10.2024

Page and Para Nos.	Observations of the Official Liquidator report filed on 02.09.2024				Reply Affidavit to the report of the official liquidator filed by petitioner companies on 02.09.2024		Further Observations of the Official Liquidator filed on 25.09.2024
Page 11 Para 22 (12)	That, as per the Financial Statements as at 31.03.2023 of the Amalgamated Company, the following are the dues of Income Tax and Service Tax which have not been deposited as of 31.03.2023:				The Amalgamated Company undertakes that any income tax implications arising from the merger of the Amalgamating Company 1 and Amalgamating Company 2 with itself shall be taken care by the Amalgamated Company.		No further observations
Sl.No	Name of Statute	Nature of Dues	Amount in (INR Lakhs)	Amount paid under Protest (INR Lakhs)	Period to which the amount relates	Forum where the dispute is pending	
1	Income Tax Act, 1961	Income Tax	5.14	1.03	AY 2018-19	Commissioner of Income Tax, Hyderabad	
2	Income Tax Act, 1961	Income Tax	923.08	184.62	AY 2017-18	Commissioner of Income Tax, Hyderabad	
3	Income Tax Act, 1961	Income Tax	38.24	7.65	AY 2020-21	Commissioner of Income Tax, Hyderabad	
4	CGST Act, 2017	Goods and Service Tax	4.59	-	FY 2017-18	Superintendent of Central tax, Aurangabad	
5	Finance Act, 1994	Service Tax	54.11	-	FY 2008-09 to 2010-11	CESTAT, Bangalore	
6	Finance Act, 1994	Service Tax	14.44	-	FY 2011-12	CESTAT, Bangalore	
Hence, the tax implications, if any, due to merger needs to be complied by the Amalgamated Company.							
Page 11 Para 22 (13)	That, as per the information furnished by the Amalgamating Company 1 and Amalgamated Company, vide letters dated 24.06 the following amounts have been spent under Corporate Social Responsibility (CSR):				The Petitioner Companies have submitted that this is factual statement and therefore no response is required to be provided.		No further observations
	Name of the Company	Amount Spent in FY 2020-21 (in lakhs)		Amount Spent in FY 2021-22 (in lakhs)		Amount Spent in FY 2022-23 (in lakhs)	
	Amalgamating Company 1	Not applicable		Not applicable		3.65	
	Amalgamated Company	50.15		138.86		21.61	



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National Company Law Tribunal, Hyderabad Bench –II

CP (CAA) No.13/230/HDB/2024
in
CA (CAA) No.66/230/HDB/2023
Date of Order:03.10.2024

Page and Para Nos.	Observations of the Official Liquidator report filed on 02.09.2024	Reply Affidavit to the report of the official liquidator filed by petitioner companies on 02.09.2024	Further Observations of the Official Liquidator filed on 25.09.2024
Page 12 Para 22 (14)	That, the Amalgamated Company is a listed company and as per the information provided by them vide letter dated 24/06/2024 NSE and BSE had made certain observations on the Scheme of Amalgamation. In this regard, the Amalgamated Company may be pleased to clarify about the compliance of observations of NSE and BSE to this Hon'ble Tribunal.	The Petitioner Companies have submitted Affidavit stating that BSE and NSE have provided their 'no-objection' to the Scheme vide letters dated 26-10-2023, respectively and the Amalgamated Company hereby undertaken that it has complied with all the directions/observations and submitted all the required information as mentioned in the said letters.	The company has submitted reply. The same may be perused and decided on merits.

The Official Liquidator (OL) accepted the submissions made by the Petitioners and did not raise any objections for accepting the Scheme of Amalgamation of the Petitioner Companies.

14. Accounting Treatment Certificate:

It is submitted that the proposed Scheme is in conformity with the accounting standards as prescribed under Section 133 of the Companies Act, 2013. A copy of the Certificate issued by **M/s.Talati & Talati LLP**, Chartered Accountants, Statutory Auditors of the 3rd Petitioner/Transferee Company certifying that the accounting treatment as specified in the Scheme, is in compliance with the relevant Act and SEBI Guidelines and the Master Circular, including the applicable accounting standards and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Company.

(A copy of the Independent Auditor Certificate certifying the accounting treatment contained in the Scheme is filed at Annexure-O at Page Nos.471-476 of the Petition).



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[Handwritten signature]

15. Consideration:

Upon the Scheme coming into effect and in consideration of the amalgamation of Amalgamating Company 1 with Amalgamated Company and subject to the provisions of this Scheme, the Amalgamated Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis, to each shareholder of the Amalgamating Company 1, whose names are recorded in the register of members as Member including index of beneficial owners maintained by the Amalgamating Company 1 as on the Record Date, as follows:

“01 (One) equity share of PEL of INR 05/- each, fully paid-up for every 55 (Fifty-Five) equity shares of PCPL of INR 10/- each, fully paid-up (“Share Exchange Ratio”)”

16. No-Objection:

The Third Petitioner Company had made an application on June 26, 2023 for obtaining no-objection letters from the Stock Exchanges under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015 (as amended from time to time) for the proposed Scheme among First Petitioner Company, Second Petitioner Company and the Third Petitioner Company and their respective shareholders and creditors, under section 230 to 232 of the Companies Act, 2013 and the rules framed thereunder. The Stock Exchanges have issued observation letters respectively giving in-principal approval to the Scheme and granting permission for filing an application /petition with this Tribunal after processing and communication of comments / observations on the Scheme by SEBI / Stock Exchanges.



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(A copy of the letter issued by the Stock Exchanges are filed at Annexure N1 and N2 respectively at Page Nos.464-470 of the Petition).

17. Valuation Report:

The First Petitioner Company, The Second Petitioner Company and the Third Petitioner Company have received a Share Exchange Report dated June 15, 2023, along with a corrigendum to the Share Exchange Report dated 24 July 2023, issued jointly by Mr. Niranjan Kumar, Registered Valuer – Securities or Financial Assets (Registered Valuer Registration No. IBBI/RV/06/2018/10137) and SSPA & Co., Chartered Accountants, Registered Valuer – Securities or Financial Assets (Registered Valuer Registration No. IBBI/RV-E/06/2020/126).

(A copy of the Valuation Report along with the addendum are filed as Annexure P1 and Annexure P2 respectively at Page Nos.477-502 of the Petition).

18. Copy of the Chairman's report on the Unsecured Creditors meeting of the First Petitioner Company, Second Petitioner Company and Chairman's report on the equity shareholders meeting of the Third Petitioner Company.

(All the above stated copies are filed at Annexure-U, Annexure-V and Annexure-W at Page Nos.605-675 of the Petition).

19. We have heard the Learned Counsel for the Petitioner Companies and perused the material papers on record. Considering the entire facts and circumstances of the case and on perusal of the Scheme, Report of the Regional Director, reply/undertaking of the Petitioner Companies thereon, report of the Official Liquidator, and the documents produced on record, we consider the Scheme



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of Amalgamation is fair and reasonable and not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under Sections 230 to 232 of the Companies Act, 2013.

ORDER

20. After hearing the Learned Counsel for the Petitioner Companies and after considering the material on record, the following order is passed:

- i. The Scheme of Amalgamation, which is filed at Annexure-M at Page Nos. 438-463 of the petition is hereby sanctioned and confirmed with appointed date as 01.04.2023 and shall be binding on all the members, employees, creditors, concerned statutory, regulatory authorities and all other stakeholders of the Petitioner Companies.
- ii. While approving the Scheme, we make it clear that this order should not be construed as an order in anyway granting exemption from payment of stamp duty, taxes or any other charges, if any, payable, in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law.
- iii. The whole of the assets, property, rights and Liabilities of the Transferor Company shall be transferred without the requirement of any further act or deed to the Petitioner/Transferee Company.
- iv. We direct the Petitioner companies to comply with all the observations pointed out by the Regional Director and Official Liquidator, if any.



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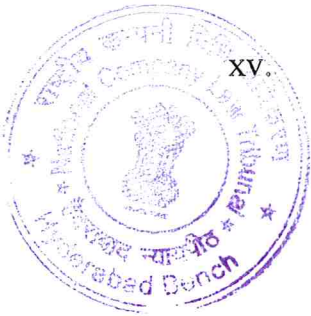
- v. We direct the Petitioner Companies to preserve the books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of the provisions of Section 239 of the Companies Act, 2013.
- vi. We direct the Petitioner Companies to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme, the Petitioner Companies shall not be absolved from any of its statutory liabilities, in any manner.
- vii. We direct the Petitioner Companies involved in the Scheme, to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Petitioner Companies within 30 days after the date of receipt of certified copy of the order, shall cause certified copy to be delivered in the Form INC-28 to the Registrar of Companies concerned for registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Petitioner Companies.
- viii. The Petitioner Companies are further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Amalgamation under the provisions of the Companies Act, 2013 and submit necessary compliance and undertaking relating to the objections raised by the Regional Director (SER), MCA, Government of India, Hyderabad and Official Liquidator, Hyderabad.



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- ix. All the legal proceedings pending by/or against the Transferor Company shall be continued by/or against the Transferee Company.
- x. The tax implications, if any, arising out of the Scheme is subject to final decision of the Tax Authorities concerned and the decision of the Tax Authorities concerned shall be binding on the Transferee Company.
- xi. The Transferee Company is directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.
- xii. The sanction of the Scheme by this Tribunal shall not forbid the Revenue Authority from taking appropriate recourse for recovering the existing and previous tax liabilities of the Transferor Company and Transferee Company.
- xiii. We direct the Transferee Company to comply with the provisions of Section 2(41) of the Companies Act, 2013, if applicable.
- xiv. The Transferor Company shall be dissolved without going through the process of winding up.
- xv. The Petitioner Companies shall until the completion of the Scheme of Amalgamation, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by the Chartered Accountant or a Cost Accountant or a Company Secretary to the effect that the Scheme of Amalgamation is being complied in accordance with the orders of



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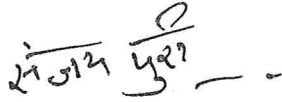
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National Company Law Tribunal, Hyderabad Bench –II

CP (CAA) No.13/230/HDB/2024
in
CA (CAA) No.66/230/HDB/2023
Date of Order:03.10.2024

this Tribunal as required under Section 232(7) of the Companies Act, 2013.

- xvi. All concerned shall act on a copy of this order along with Scheme duly authenticated by the Deputy/Assistant Registrar of this Tribunal.
- xvii. Any person shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.
- xviii. Accordingly, the Company Petition bearing CP(CAA) No. 13/230/HDB/2024 is allowed and stands disposed of.



SANJAY PURI
MEMBER (TECHNICAL)

Apoorva



RAJEEV BHARDWAJ
MEMBER (JUDICIAL)




04/10/24
Deputy Registrar / Assistant Registrar / Court Officer
National Company Law Tribunal, Hyderabad Bench.

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस नंबर (CP(CAA) No.13/230/HDB/2024.
दिनांक 3/10/24
कॉपी तैयार करने का दिनांक 4/10/24
COPY MADE READY ON 4/10/24