



SRIKALAHASTHI PIPES LIMITED

Regd. Office & Works: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, A.P.,
Ph.:08578 286650 to 55; Fax: 286657/88 E-mail : companysecretary@srikalahasthipipes.com
Website : www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391



SPL/SECY/SE/2020-21

November 23, 2021

The Manager-Dept. of Corporate Services
Bombay Stock Exchange Limited
Regd. Off: Floor 25, P.J.Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 513605

The Manager-Dept. of Corporate Services
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051
Symbol: SRIPIPES

Dear Sir,

Sub: Disclosure under Regulation 30(1) read with Regulation 30(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited and their respective shareholders and creditors

This is to inform you that the National Company Law Tribunal, Amaravati Bench has vide its order dated November 22, 2021 approved the Scheme of Amalgamation of the Company with Electrosteel Castings Limited (“transferee company”) with effect from the Appointed Date of 1st October, 2020. A copy of the said order dated 22nd November, 2021 is enclosed. The corresponding order of the National Company Law Tribunal, Cuttack Bench in relation to the Transferee Company, Electrosteel Castings Limited, is awaited.

The Scheme will become effective upon filing of the certified copy of the orders of the Hon’ble NCLT Amaravati Bench and Cuttack Bench with the respective Registrar of Companies.

This is for your information and records.

Thanking you,

Yours faithfully,
For SRIKALAHASTHI PIPES LIMITED

G. KODANDA PANI
Company Secretary

Encl: as above.



**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Video Conference)**

PRESENT: JUSTICE TELAPROLU RAJANI – MEMBER JUDICIAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 22.11.2021 AT 10.30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CP(CAA)/2/AMR/2021 Connected with CA(A) Merger & Amalgamation/4/230/AMR/2021
NAME OF THE COMPANY	Srikalahasthi Pipes Ltd (Transferor Co.)
NAME OF THE PETITIONER(S)	Srikalahasthi Pipes Ltd (Transferor Co.)
NAME OF THE RESPONDENT(S)	
UNDER SECTION	230

Counsel for Petitioner(s):

Ries

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

Counsel for Respondent(s):

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Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

ORDER

CP (CAA)/2/AMR/2021 is allowed, scheme approved, vide separate orders.

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**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT HYDERABAD**

**CP (CAA) No.02/230/AMR/2021
Connected with
CA (A) Merger & Amalgamation No.4/230/AMR/2021**

**In the matter of
Companies (Compromises, Arrangements and Amalgamation)
Rules, 2016**

And

**Scheme of Amalgamation
Under Section 230 to 232 of the Companies Act, 2013**

And

M/s. Srikalahasthi Pipes Limited,
Rachagunneri Village,
Srikalahasthi Mandal, Chittoor District,
Andhra Pradesh - 517641

.... Petitioner/Transferor Company

Date of Order: 22.11.2021

CORAM

Justice Telaprolu Rajani, Member Judicial.

Appearance:

For the Petitioner : Mr.D.N.Sharma, Advocate

Per: Justice Telaprolu Rajani, Member Judicial

ORDER

1. M/s Srikalahasthi Pipes Limited (herein after referred to as Transferor Company/Petitioner) filed the present Petition under Section 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 seeking for sanction of the proposed Scheme of Amalgamation ('the

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Scheme') between the Petitioner and M/s. **Electrosteel Castings Limited** (Transferee Company).

2. The Registered Office of the Petitioner is situated at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh and registered office of the Transferee Company is situated at Rathod Colony, Rajgangpur, Sundergarh, Odisha. The Petitioner and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes, etc.
3. The Petitioner filed an application before this Tribunal seeking direction for convening the meetings of Equity Shareholders, Secured Creditors and unsecured creditors of the Petitioner. This Tribunal by virtue of the order dated 30.04.2021 allowed the application, pursuant to which notices were sent to all the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner. Notice was also advertised in Andhra Jyothi in Telugu on 16.05.2021 and in Business Standard in English on 17.05.2021.
4. Notices were served on Central Government through the Regional Director (SER), Registrar of Companies (RoC), Andhra Pradesh, Official Liquidator, Hyderabad, Assistant Commissioner of Income Tax, Circle -1(1), Principal Chief Commissioner of Income Tax having jurisdiction over the Petitioner, the Secretary, Securities Exchange Board of India (SEBI), Bombay Stock Exchange Limited (BSEL), National Stock Exchange of India Limited, stock exchanges where equity shares of the Petitioner is listed and the Competition Commission of India.
5. Meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner were held on 16.06.2021

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through video conferencing and other audio visual means with Mr.V.B.Raju, Advocate as the Chairperson and Mr.A Kuldeep, PCA acted as Scrutinizer of the meeting. The Scheme was approved by requisite majority of the Equity Shareholders and unanimously by Secured Creditors and Unsecured Creditors of the Petitioner.

6. In response of notices sent by the Petitioner, the Official Liquidator has submitted his report making certain observations which are as follows:

- a. *That, the Transferee Company comes under the jurisdiction of Hon'ble National Company Law Tribunal, Cuttak and hence, this Hon'ble Tribunal may sanction the scheme subject to the orders to be obtained from Hon'ble National Company Law Tribunal, Cuttak as well.*
- b. *That, the Clause 11.1 of Chapter-2 of the Scheme seeks to protect the employees of the Transferor Company who are in service as on the effective date and accordingly, this Hon'ble Tribunal may be pleased to direct the Transferor Company to submit an undertaking by way of affidavit (duly notarized) to this Hon'ble Tribunal to the effect that there would no retrenchment of any employee who were in service as on Appointed Date (i.e. 01-10-2020) as well.*
- c. *That, the Clause 19.10 of Chapter-2 of the Scheme disclosed that the Board of Directors may adopt any other accounting treatment for the Amalgamation in consultation with the auditors, which is contradictory to Clause-19.1 of the*

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Accounting Treatment, wherein it shall be account for as per the "Pooling of Interest Method" under Indian Accounting Standard (Ind AS) 103. Hence, this Hon'ble Tribunal may be pleased to direct the Transferor Company to delete the Clause 19.10 of Chapter-2 of the Scheme or submit an undertaking by way of an affidavit (duly authorized) not to deviate from the provisions of Ind AS 103 – Pooling of Interest Method.

- d. That as per Clause (v) of Annexure-A of the Auditor's Report dated 01.06.2020 of Transferor Company for the financial year ended 31.03.2020, it has been stated by the Auditor that 'the Company has not accepted any deposits during the year'.*
- e. The Transferor Company is a Listed Company and it is amalgamating with the Transferee Company, which was also a listed Company, hence NoC of SEBI, Stock Exchange on which equity shares of the Company are listed to be submitted.*

7. The Petitioner filed rejoinder stating that in response to the observations made by the Official Liquidator, an affidavit of compliance is submitted and is enclosed as Annexure-B. A copy of the observation letters from the BSE Limited and National Stock Exchange of India Limited to Petitioner and Transferee Company are also filed. It is also stated that the Petitioner was directed by the Tribunal to submit an undertaking by way of an affidavit and letters from the Stock Exchanges where the Companies are listed.
8. The 1st observation in the Official Liquidator report is only with regard to the jurisdiction which is admitted by the Official Liquidator.

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As regards, the 2nd observation the affidavit filed by the Petitioner is to the effect that in terms of Clause 11.1 of Chapter-2 of the Scheme of Amalgamation of the Petitioner with **M/s.Electrosteel Castings Limited (Transferee Company)** and their respective Equity Shareholders, Security Creditors, Unsecured Creditors and all permanent employers who were on payrolls of the Petitioner including key managerial personnel engaged on contract basis and contract labourers and interns/trainees of the Petitioner as on the appointed date i.e., 01.10.2020 and continue shall become employees of the Transferee Company with effect from the said date i.e., 01.10.2020 without any interruption of service as a result of the amalgamation of the Petitioner. The undertaking is also rendered to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Petitioner.

9. With regard to observation at Para -22 (c) of the OL report, an undertaking is given by the Petitioner that it shall not deviate from the provisions of Ind AS 103, relating to Pooling of Interest Method, as prescribed under Section 133 of the Companies Act, 2013 and shall comply with the same in pursuant to the said scheme.
10. With regard to observation at Para-22 (d) that need not be any reply since it only testifies that the Petitioner has not accepted any deposits during the financial year ending by 31.03.2020. With regard to the observation at Para -22 (e) of the OL Report, it is submitted that as per the provisions of Regulation 94 of SEBI (Listing of Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No.CFD/DIL3/CIR/2017/21, dated 10.03.2017 issued by SEBI, as amended, modified or replaced from time to time, the stock exchanges are required to issue observation letter or No-objection

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letter to the listed entity on a draft scheme of arrangement after receipt of comments from SEBI. Both the Petitioner and Transferee Company have obtained requisite observation letters dated 25.02.2021 from the BSE Limited and the National Stock Exchange of India Limited, stock exchanges where the shares of the Petitioner and Transferee Company are listed. The Copies of the said observation letters are also enclosed.

11. After the said rejoinder filed by the Petitioner, the OL filed further report which shows that all the observations were accepted as being met with by the Petitioner. With regard to observation at Para -22 (e) it is stated that clarification is given by the petitioner and hence the same may be decided on merits. Income Tax Department did not raise any objections.

12. The Regional Director (SER), has filed report with following observations:

3). *This Directorate has received report by way of letter No.ROCV/MNR/Amal/230/013391/2021/691 dated 12.10.2021 from the Registrar of Companies, Andhra Pradesh, Vijayawada with respect to Petitioner by pointing out certain observations as under:*

I. *One complaint dated 13.11.2020, received from kondur Rama Linga Raju, Kondur Suseela Raju, Narendra Laxmandesai, POA holder and M/s. Innova Securities & Investments Limited Director which was closed and advised to approach NCLT, Amaravathi Bench, Hyderabad and enclosed copy of the complaint filed on 13.11.2021 and from the said complaint they have inter-alia submitted that:*

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“(a) On October 05, 2020 the Boards of Transferor Company and Transferee Company approved the proposed scheme of amalgamation according to which 59 shares of Transferee Company face value RS.1 it to be issued for every 10 shares of face value of Rs.10 of Transferor Company. Transferee Company has reported consolidated shareholders funds of Rs.2881 crores as on 31.03.2020, which is the most important basis, on which the exchange ratio is arrived at.

(b) We submit that the exchange ratio must be revised to take into account the doubtful/non recoverable nature of the following amounts included as assets in arriving at the above amount of Rs.2881 crores as consolidated shareholders funds.

**RS.1289 Crores being 5 years old claims relating the Parbatpur Coal Bloc, which continues to be shown as fixed asset and, are not likely to be recovered into.*

** Rs.95.00 Crores being interest and finance cost incurred on Parbatpur Coal Block, which continues to be shown as current assets.*

** Rs.295 Crores representing cost of to Elaevoor factory land and building mortgaged by Transferee Company and taken over by lender but continues to be shown as Asset in Transferee Company.*

None

- (c) *As reflected in the Annexure to the letter, if the non-recoverable amounts are reduced from the consolidated shareholders' funds of Transferee Company, the comparable book value clearly shows that the exchange ratio should be at least 108 shares of Transferee Company (face value of Rs.1) for 10 shares of Transferor Company (face value of Rs.10)*
- (d) *Fact that the exchange ratio is detrimental to the interests of Transferor Company, is proven beyond doubt, as Gouri Shankar Rathi, Director sold his entire Transferor Company Holdings of 20,194 shares on June 11, 2020 and Ashutosh Agarwal sold all his SPL Shares except 25 shares on September 10, 2020 and promoter group of Transferee Company bought 12.18 million shares of Transferee Company between 21st August and September 29, 2020”.*
- (e) *The Complainants have urged to institute a detailed forensic verification of the basis and veracity of claims and changes of recovery of amounts and sustainability of Transferee Company right to take back the property and direct the companies to revise the exchange ratio and give justice to small shareholders of Transferor Company.*
- Hon'ble Tribunal may be pleased to consider the above submission and to direct the Petitioner Transferor Company to furnish*

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their comments on the complaint filed by the above complaints and also the complaints may be provided an opportunity of being heard for redressal of their grievances before the Hon'ble NCLT Amaravati Bench, before the mater is disposed off by the Tribunal.

- II. *Hon'ble Tribunal may be pleased to direct the Petitioner Company(s) 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 provisions of Section 239 of the Companies Act, 2013.*
- III. *Hon'ble Tribunal may be pleased to direct the Petitioner Company(s) to ensure statutory compliance of all applicable laws and also on sanctioning of the present scheme the applicant company shall not be absolved for any of its statutory liability in any manner.*
- IV. *Hon'ble Tribunal may be pleased to direct the Petitioner Company(s), involved in the scheme to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules 2013 with respect to filing of order for confirmation of scheme to be filed in Form NO.INC-28 with the concerned office of Registrar of Companies by the Petitioner Company.*
- V. *Hon'ble Tribunal may be pleased to direct the Petitioner Transferor Company to furnish an undertaking that the Transferee Company shall file an application with ROC office indicating the*

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revised authorized capital and proof of paying prescribed fees due on revised capital after setting of that fee already paid by Transferor Company.

4. *This Directorate has received letter No.OL/Hyd/230/Srikalahasthi Pipes/91/AR-1/2021/374 dated 18.10.2021 from the Official Liquidator, Hyderabad with respect to Transferor Company by pointing out certain observations vide para 15 & 22 of its report. Hon'ble Tribunal may be pleased to direct the Petitioner Transferor Company to comply with the observations pointed out by the Official Liquidator, before the scheme is allowed.*
5. *As per para 4.1 of Chapter-1 of the proposed scheme the appointed date has been stated as 01.10.2020. Company has selected as the appointed date as 01.10.2020, however, the reasons for selecting appointed date in the middle of the year has not been stated by the Petitioner Company. Further, the Transferor Company had filed its latest Annual Return and Balance Sheet for the year ended 2020-21 (i.e. Annual Return 09.08.2021 and Balance Sheet 31.03.2021). Hence, Hon'ble Tribunal my be pleased to direct the Petitioner Transferor Company to amend the appointed date from 01.10.2020 to 01.04.2021 and to file the amended scheme, duly certified.*
6. *As per the details of shareholders furnished by the Petitioner Transferor Company, there are NRI, Foreign Portfolio Investors. Hon'ble Tribunal may be pleased to direct the Petitioner Transferor Company to state how*

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the Company has complied with the provisions of RBI/FEMA, with supporting documents, duly certified.

7. *The Transferor and the Transferee Companies are a listed Companies and listed with BSE & NSE. As per Annexure-O to the reply, Transferor Company has enclosed the observation letter of BSE & NSE dated 25.02.2021 regarding draft scheme of amalgamation, pointing out certain observations as under:*

- (a) SEBI vide Adjudication Order dated 31.03.2016 has imposed penalty of Rs.1.00 Crore on Electrosteel Castings Limited (Transferee Company) for alleged violation of Clause 36 of the erstwhile Listing Agreement. Electrosteel Castings Limited has filed an appeal before the Hon'ble Supreme Court of India, which is pending as on date. Company shall ensure dissemination of the said information of Hon'ble NCLT.*
- (b) Company shall ensure that additional information/undertakings, if any, submitted by the Company, after filing the scheme with the Stock Exchanges, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges”.*
- (c) Company shall duly comply with various provisions of the Circular.*
- (d) Company is advised that the observations of SEBI/Stock Exchanges and Undertaking submitted by the Company after filing the scheme with Stock*

Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring them to the notice of NCLT.

(e) It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/Stock Exchange. Hence, the Company is not required to send notice for representation as mandate under Section 230(5) of the Companies Act, 2013 to SEBI again for its comments/observations/representations.

8. However, Petitioner Company has not complied with the directions of BSE & NSE vide their observations letter dated 25.02.2021, the details are as under:-

- (a) Petitioner Company has not furnished the outcome of the appeal filed before the Hon'ble Supreme Court of India, as stated at para 11 (a) above.*
- (b) Company to furnish an undertaking that Petitioner Company shall ensure that additional information/undertakings, if any, submitted by the Company, after filing the scheme with the Stock Exchanges, and from the date of receipt of the letter is displayed on the website of the listed company and the stock exchanges.*
- (c) Petitioner Transferor Company has not incorporated the observations in the Petition filed before the Hon'ble NCLT, Amaravati Bench, as directed by BSE & NSE in its letter dated*

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25.02.2021. Thereby, not complied with the directions of BSE & NSE. Further, the petition is silent about issuance of notice to Competition Commission of India and their comments on the subject scheme of merger.

9. With reference to this Directorate's letter dated 07.10.2021, issued to Principal Commissioner of Income Tax, Tirupati, report/comments in the matter has been submitted by Asst. Commissioner of Income Tax, Tirupati dated 13.10.2021 (received on 18.10.2021) stating as under:

S.No	Asst. Year	Demand Outstanding (in Rs.)	Remarks
1	2008-09	24,37,315	Demand existing due to technical reasons and it is under process of rectification
2	2014-15	75,070	
3	2018-19	39,51,920	

However, the assessee has following refund pending to be issued as on date:

S. No.	Asst. Year	Refund Amount (in Rs)	Remarks
1	2017-18	5,21,95,132	Under process

Income Tax Department has stated that considering the above, the assessee has more of refund than the demands. Apart from the liability existing as on today, the department has no objection for amalgamation.

10. With reference to this Directorate's letter dated 07.10.2021 issued to SEBI, Vijayawada, Andhra

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Pradesh, however, till date no report/comments in the matter has been submitted by that office.

Hence, this Hon'ble Tribunal may be pleased to consider the above observations as pointed out above and pass such order or orders as deemed fit and proper in the circumstances, after hearing the Stock Exchange Board of India/BSE and NSE and Competition Commission of India (CCI) and pass such order subject to the Order of the Hon'ble Tribunal Cuttak, to be obtained as the Transferee Company is situated under the jurisdiction of Hon'ble NCLT, Cuttak."

13. The Petitioner has filed rejoinder for the said report of the RD (SER). With regard to the first observation, it is submitted that the Petitioner has received the complaint of Mr.Kondur Rama Linga Raju from the office of the Registrar of Companies, and the compliant from SEBI through stock exchanges and the same was duly replied by email dated 03.02.2021. It is further stated that Mr.Kondur Rama Linga Raju and his associates and M/s. Innova Securities Limited, the Company under his control, have disposed of their shares and are not presently holding any shares in the Petitioner. The list of the shareholders furnished by the Petitioner shows that altogether 7 shareholders have raised objections with regard to the exchange ratio. In the foremost the Counsel submits that the said shareholders are not eligible to raise any objections with regard to the exchange ratio which is fixed at 59:10 since their shareholding is less than 10%.
14. The Counsel also draws the attention of this Tribunal to Section 230(4) of the Companies Act, 2013 which is to the effect that any objection to the compromise or arrangement shall be made only by the shareholders holding not less than 10% of the shareholding or

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having outstanding debt amounting to not less than 5% of the total outstanding debt as per the latest audited final settlement. There is no dispute about the shareholding of objecting shareholders put together being less than 10%. There is also no dispute raised with regard to 6 out of the 7 disputing shareholders disposing of their shareholdings. One Prameelamma Devarajulu out of the said objecting shareholders, still has shareholding in the Petitioner which is 0.0043%. Hence the contention that the objecting shareholders do not have right to raise any objection seems to be well founded. Apart from the above, the Counsel for the Petitioner submits that the register valuer has submitted his report setting forth the parameters and the data on the basis of which the exchange ratio was fixed at 59:10.

15. The RD submits that the observation of the objecting shareholders is that two properties of the Petitioner which were shown as existing were no more and hence the said ratio is not proper. But the fact remains that the said objecting shareholders have only less than 10% shareholding and the majority of the shareholders have approved the said ratio which is based on the registered valuers report. Hence, the said observation does not merit for consideration. The reliance placed by the Petitioner Counsel on the judgement reported in *AIR 1997 SUPREME COURT 506* can also be considered, since the Supreme Court, in the above judgement, held that the court has neither expertise nor jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the Company who have ratified the scheme by requisite majority. He also places reliance on the order of NCLAT in the case of *M/s. RHI India Private Ltd vs. Union of India* in Company Appeal (AT) No.128 of 2020 wherein it was held that in the absence of any objection by SEBI shareholder

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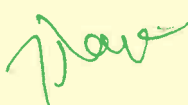
and creditors the commercial wisdom of the shareholders shall not be overlooked.

16. With regard to the observation 2 to 5 the Petitioner has given an undertaking which is admitted by the RD. With regard to observation 4 it is already stated that, the OL has filed his final report raising no objection. With regard to the observation 5 , the Counsel for the Petitioner submits that the appointed date as mentioned in the scheme is in compliance with the general circular no.9/2019 dated 21.08.2019 of the Ministry of Corporate Affairs, which says that the appointed date may precede the date of filing of the Application for the scheme with the NCLT. If the appointed date is significantly antedated beyond a year from the date of filing the justification of the same will have to be specifically brought out in the scheme. In the instant case the application was filed with this Tribunal on 05.03.2021 which is well within one year from 01.10.2020 and hence there is no requirement to change the appointed date. He also submits that the appointed date has been duly approved by the shareholders of the Petitioner by requisite Company and unanimously by the secured creditors and unsecured creditors of the Petitioner, in the respective meetings held pursuant to the order of this Tribunal and appointed date has been approved by all the concerned pursuant to the order of the NCLT, Cuttack Bench.
17. It is also stated that both the Petitioner and Transferee Company have obtained observation letters from stock exchanges and they have not objected to the said appointed date and also obtained approval of the Competition Commission of India.
18. The Regional Director does not raise any further objection or raise any counter arguments to the said submissions. Hence the same can

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be accepted. With regard to the observation at Paragraph 6 of the Regional Director report, the Petitioner's counsel submits that the Petitioner has allotted shares to NRI's at the time of IPO after taking necessary approval from RBI. The copies are also enclosed. Hence, the said objection stands complied with. With reference to the objection at Paragraph 7 and 8 of the RD, it is submitted that an appeal was filed before the Hon'ble Supreme Court which relates to the Transferee Company and not the Petitioner and the same is disclosed in Paragraph 12 of the Company Petition and since the matter concerns the Transferee Company the outcome of the same has not been furnished. However, the Petitioner undertakes to ensure that the requisite information/undertakings if submitted by the Petitioner between filing of the scheme with the stock exchanges and until date of receipt of observation letter will be displayed on its website and would be filed with the stock exchanges. It is further submitted that the Petitioner has duly disclosed the observations of the SEBI in paragraph 12 of the Company Petition and hence the directions of the BSE Limited and National Stock Exchange of India Limited stand complied with.

19. The RD contends that the BSE Ltd has not given no objection but a perusal of the letter given by the BSE Ltd would show that though no objection was not explicitly given, it was impliedly given which can be understood when it is said that they have no adverse observation with limited reference to those matters having bearing on listing, delisting, continuous listing, requirements within the provisions of listing agreements, so as to enable the Petitioner to file the scheme with Hon'ble NCLT. Rule 8 (3) of Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, do not require a no objection from the authorities mentioned thereon. It only requires the



authorities to make representations. When such representation is only that they have no adverse observation, it amounts to having no objection. Hence, the same can be considered as the BSE Ltd giving no objection for the same. The said letter has considered the comments made by the SEBI vide its letter dated 24.02.2021 with regard to the penalty of Rs.1 Crore on Transferee Company for alleged violation of clause 36 of the erstwhile listing agreement and observed that the ECL has filed an appeal before Hon'ble Supreme Court of India which is pending as on date. It only required that the Petitioner shall ensure the dissemination of the said information to the NCLT. The disclosures which are observed as to be made before the NCLT in the said letter are found to have been made by the Petitioner.

20. The Petitioner is stated to have duly disclosed the fact about issuance of notice to Competition Commission of India and receipt of the approval from them at the paragraph 13 of the Petition. With regard to the observation at paragraph 9 of the RD report it can be seen that a refund of Rs.5,21,95,132/- is admitted and that the demand outstanding is only Rs.39,51,920/- hence the said observation need not be considered. As regards the observation at Paragraph 10, the Counsel submits that the Petitioner and Transferee Company have obtained observation letters from the stock exchanges in which their shares are listed which also includes comments from SEBI on the proposed scheme of amalgamation. They also obtained approval from the Competition Commission of India and the copies of the said letters are annexed to the Company Petition. It is submitted that the Petitioner has duly complied with all the requirements under the Companies Act in relation to Amalgamation and sought to sanction the scheme of Amalgamation.

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21. In the light of the above settled position of Law, I do not find any reason to deprive the Petitioner and Transferee Company of the benefit of amalgamation of the Transferor and Transferee Companies which is intended for the beneficial growth of the Companies.

ORDER

The CP (CAA) No.2/230/AMR/2021 is disposed of with the following directions:-

- a) The Scheme of Amalgamation (enclosed with the Petition at Page No.26 to 59) with appointed date as 01.10.2020 is hereby sanctioned. The same shall be binding on the Petitioner and their respective Shareholders, Secured Creditors, Unsecured Creditors/Trade Creditors, Employees and all concerned.
- b) This order shall not be construed as an order granting exemption from payment of stamp duty or taxes or any other charges and fees if payable, or from any applicable permissions that may have to be obtained or compliances that may have to be made under law.
- c) All concerned shall act on a copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the certified copy of this order along with the Scheme forthwith.
- d) The Petitioner is directed to take appropriate steps to submit the said Scheme to Registrar of Companies within 30 days from the date of receipt of copy of this order.
- e) The Petitioner is directed to issue newspaper publication with respect to approval of Scheme of Amalgamation, in the same newspapers in which previous publications were issued.

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- f) The Petitioner is 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 Official Liquidator and the Regional Director (SER), MCA, GoI, Hyderabad.

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**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**

Swamy Naidu