IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

CP (CAA) NO.16/ALD/2026
IN CA (CAA) NO.05/ALD/2026
(SECOND MOTION)

(An Application filed under Sections 230 - 232 of the Companies Act, 2013, read with Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016, and other applicable provisions)

<u>IN THE MATTER OF SCHEME OF ARRANGEMENT OF:</u>

K M SUGAR MILLS LIMITED
company incorporated under the Companies Act, 1956
<u>Having Its Registered Office At:</u>
76, Eldeco Greens, Gomtinagar,
Lucknow - 226010, Uttar Pradesh, India
PAN- AAACK5545P
CIN- L15421UP1971PLC003492

……..Applicant No.1/ Demerged Company

AND

KM SPIRITS AND ALLIED INDUSTRIES LIMITED
company incorporated under the Companies Act, 2013
<u>Having Its Registered Office At:</u>
76, Eldeco Greens, Gomtinagar,
Lucknow - 226010, Uttar Pradesh, India
PAN- AAGCK9739H
CIN- U15100UP2018PLC101321

……..Applicant No.2/ Resulting Company

Order Pronounced on:19.08.2026

Coram:

Mr. Praveen Gupta	:	Member (Judicial)
Mr. Ashish Verma	:	Member (Technical)

Appearances:

Sh. Afnaan Siddiqui with Ms. Suman Kumar Jha & Sh. Vaibhav Khurana, Advs.	:	*For the Petitioner Companies*
Sh. Amit Mahajan, Sr. S.C. with Sh. Niraj Kumar Singh, Adv., and Sh. Utkarsh Malviya, Advs.	:	*For the Income Tax Deptt.*
Sh. Mohd. Akhtar, STA	:	*For the R.D.*
Sh. Ashish Tiwari, STA	:	*For the O.L. Alld*

ORDER

1. This is a joint second motion petition filed by the Petitioner Companies above named under Sections 230 & 232 of the Companies Act, 2013, read with Rule 15 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, for time being in force, for sanction of the Scheme of Arrangement (hereinafter be referred to as "the Scheme") involving demerger of the 'Distillery Division' (hereinafter referred as "Demerged Undertaking") of KM Sugar Mills Limited (hereinafter referred as "Petitioner No. 1/ Demerged Company") into KM Spirits and Allied Industries Limited (hereinafter referred as "Petitioner No. 2/ Resulting Company").

2. The main objects, date of incorporation, and authorized and paid-up share capital of the Demerged Company and Resulting Company, rationale of the scheme and required statutory compliances have been discussed in the first motion order dated 24.03.2026.

3. The first motion petition was initially filed by the Petitioner Companies vide Company Application No. 5/ALD/2026, seeking directions of this Tribunal to dispense with the requirement of convening the meetings of the secured creditors of the Demerged Company as well as equity shareholders unsecured creditors and secured creditors of the Resulting Company for the purpose of considering and approving the Scheme of Arrangement. It was further prayed by the Petitioner Companies to convene separate meetings of the Equity Shareholders and Unsecured Creditors of the Demerged Company under the supervision of this Tribunal for the purpose of considering and approving the proposed Scheme. Accordingly, this Tribunal, vide its order dated 24.03.2026, allowed the above-mentioned prayers.

4. The report of the Chairperson dated 30.05.2026 on the meeting of Unsecured creditors of the Resulting Company was filed within the stipulated period stating that the scheme was unanimously approved by the Unsecured Creditors, present and voting. The voting result as submitted in the Chairperson's Report is reproduced as under:

<u>Equity Shareholders</u>

Mode	**No. of Members Voted**	**Number of valid votes cast in favour of resolution**	**% of total number of valid votes cast in favour**

Remote e-voting prior to the meeting	38	5,80,99,694	99.99%
E-voting at the meeting	NIL	NA	NA
Total	38	5,80,99,694	99.99%

Unsecured Creditors

Sl. No.	Particulars	No. of Voters	Voted	Value of Votes	% of Votes
1.1	Un-secured Creditors present in the meeting through video conferencing	21	16	2,24,18,449	-
1.2	Un-secured Creditors present in the meeting and voted through e-voting system in the meeting	–	–	–	–
1.3	Un-secured Creditors present in the meeting who had already voted through remote e-voting during the prescribed period before the meeting	16	16	2,18,64,582	100%
1.4	Un-secured Creditors present in the meeting who abstained from voting	5	0	5,53,867	-
2.1	Un-secured Creditors who did not attend the meeting but cast their votes through remote e-voting during the prescribed period before the meeting	69	69	2,78,09,463	100%
3.1	**Total Votes Cast in the meeting and through remote e-voting before the meeting considered for the purpose of this Report [1.2+1.3+2.1]**	**85**	**85**	**4,96,74,045**	**100%**
4.1	**Invalid Votes**	–	–	–	–
5.1	**Total Valid Votes**	**85**	**85**	**4,96,74,045**	**100%**
6.1	**Votes Against**	–	**0**	–	**0%**
7.1	Votes Against as % of total valid votes cast	–	–	–	**0%**
8.1	**Votes in Favour**	**85**	**85**	**4,96,74,045**	**100%**
9.1	Votes in Favour as % of total valid votes cast	–	–	**100%**	**100%**

5. This Tribunal vide its order dated 11.06.2026 directed to issue notice of the Company Petition/ Scheme of Arrangement to the Statutory Authorities, viz., (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi; having address B-2 Wing, 2nd Floor, Pt. Deen Dayal Antodaya Bhawan, CGO Complex, Lodhi Road, New Delhi-110 003 and email id-rd.north@mca.gov.in (b) the Registrar of Companies, Ministry of Corporate Affairs, Uttar Pradesh; having address 2nd Floor, Kendriya Bhawan, GPOA, Fazal Ganj, Kanpur-201 812, Uttar Pradesh and email id – roc.kanpur@mca.gov.in; (c) National Stock Exchange of India Limited (d) Bombay Stock Exchange Limited (collectively called "Stock Exchanges") (e) the Jurisdictional Income Tax Department by mentioning the PAN of the Company along with the copy of this petition in soft copy as well as hard copy. Additionally, this Tribunal further directed to issue notice to the Income Tax Department through the Principal Chief Commissioner of Income Tax, (Lucknow), 6th Floor, Pratyaksh Kar Bhawan, 57, Ram Tirath Marg, Lucknow-226 001 and Email ID: lucknow.pccit@incometax.gov.in, mentioning the Assessing Officer with whom the Petitioner companies are associated as per the PAN of the Petitioner Companies.

6. Furthermore, this Tribunal directed to issue a notice of hearing by making paper publication in this respect in "Financial Express" (English) and "Jan Satta" (Hindi).

7. In compliance thereof, each Petitioner companies have filed Affidavit of Service and Publication on 14.07.2026 confirming that notices have been duly published in "Financial Express" (English) and "Jan Satta" (Hindi) on 07.07.2026, respectively. The Petitioner Companies have also served notice of the Company Petition to the Statutory Authorities through various modes between 17.06.2026 till 22.06.2026.

8. In response to the above stated notice, the Registrar of Companies (RoC), Ministry of Corporate Affairs, U.P., has submitted its report dated 08.07.2026, to the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi, which has been reproduced herein:

"24. Observation, if any:

1. As per Point No.2 of the Preamble of Scheme of Arrangement, Resulting Company i.e. KM SPIRITS AND ALLIED INDUSTRIES LIMITED is Wholly Owned Subsidiary of the Demerged Company i.e. K M SUGAR MILLS LIMITED.

2. Demerged Company i.e., K M SUGAR MILLS LIMITED is listed on BSE and NSE.

3. Transferor and Transferee Companies are Public Limited Companies.

4. Demerged Company i.e. K M SUGAR MILLS LIMITED, demerged its

Distillery Division/Business into the Resulting Company i.e. KM SPIRITS AND ALLIED INDUSTRIES LIMITED on a going concern basis which is define in Part-2 of the Scheme.

5. The report has been prepared based on the documents filed by the companies as well as the documents available in the MCA21 registry."

9. In response to the above stated notice, the Regional Director (RD), Northern Region, Ministry of Corporate Affairs, New Delhi, has filed its Representation Affidavit dated 12.07.2026 which stated as follows:

"9. That as per the report of the Registrar of Companies, the Petitioner Company has filed its Balance Sheet and Annual Return up to the financial year ended on 3 1.03.2025. Neither prosecution has been filed, nor pending in respect of the Petitioner Company as per the report of the Registrar of Companies."

10. In response to the notices, the Income Tax Department has furnished its comments/reports as per the following details:

Sr. No.	**Name of the Company**	**Date of the Reports of the Jurisdictional Tax Department**	**Relevant Excerpt from the Reports submitted by the Jurisdictional Income Tax Department**
1.	KM Sugar Mills Limited (Demerged Company/Petitioner Company No. 1)	30.07.2026	*"That on perusal of records available on ITBA / CPC 2.0 Portal the following details in respect of the Petitioner Company No. 1/Demerged Company i.e. K M Sugar Mills Limited (PAN: AACK5545P) as on date and reflecting on the Portal are as under :-*

Sl. No.	Assessment Year	Demand Section	Date of order	Demand outstanding (In Rs.)
1.	2015-16	154	24.03.2026	4,59,01,363/-
2.	2018-19	270A	08.03.2022	6,50,198/-
3.	2020-21	143(3)	29.10.2023	17,98,550/-
4.	2020-21	270A	16.04.2024	15,42,708/-
5.	2024-25	143(3)	23.03.2026	1,51,245/-

Further appellate proceedings under the Income-tax Act are pending against the K M Sugar Mills Limited (PAN: AAACK5545P) as on the date of swearing of this affidavit.

7. That the Scheme must strictly satisfy all the conditions laid down under Section 2(19AA) of the Act. If the Scheme fails to satisfy any of these conditions at any state, the tax benefit/exemption associated with a "demerger" shall not apply, and the transaction will be subject to applicable Capital Gains Tax and other tax implicants.

8. That the Sanctioning of scheme of Arrangement for Demerger should not, in any manner, prejudice, override, or impede the ongoing or future assessment, reassessment, recovery or penalty proceedings against either the Demerged Company or Resulting Company.

9. That the pursuant to Section 170A/Section 72A of the Income Tax Act, 1961, both the Demerged Company and the Resulting Company must remain jointly and severally liable for any tax liabilities (including interest, penalty or fine) relating to the demerged undertaking for the period prior to the Appointed Date, whether currently quantified or arising in the future.

10. That the carry forward and set-off of accumulated losses and unabsorbed depreciation, if any, transferred to the

			Resulting Company, must strictly comply with Section 72A(4) of the Income Tax Act, 1961, and will be subject to verification by the Assessing Officer during regular assessment. *11. That the Income Tax Department reserves its right to recover any tax dues from the assets of the Demerged Company as well as the Resulting Company in accordance with the law.* *12. That the approval of the Scheme shall not act as an approval for any tax avoidance or tax mitigation strategies, and the Department reserves the right to invoke the General Anti-Avoidance Rules (GAAR) under Chapter X-A of the Income Tax Act, 1961, if applicable.* *13. That it is therefore, most humbly prayed that apart from the above narrated facts, if in the esteemed opinion of this Hon'ble Tribunal any other measure is required to be taken to protect the interest of the Revenue then the same may kindly be incorporated and may kindly be considered to safeguard the interest of the Department before taking a decision in the matter of sanction of Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 as enclosed in the Company Petition."*

11. Pursuant to the aforesaid observation of the Jurisdictional Income Tax Department, the Petitioner Company 1 filed a Rejoinder Affidavit on 04.08.2026 and submitted as follows:

"4. That the abovementioned report filed by the Income Tax Department records certain demands w.r.t. the Petitioner Company 1/ Demerged Company for the relevant assessment years and does not contain any

objection or adverse observation in relation to the Scheme of Arrangement for Demerger.

5. That the Petitioner Company No. 1 / Demerged Company most respectfully submits that, pursuant to the Scheme of Arrangement for Demerger, the Petitioner Company No. 1 / Demerged Company shall continue to exist as a going concern and, therefore, the interests of the Income Tax Department shall not be prejudiced in any manner whatsoever. Further, upon the Scheme becoming effective, all tax liabilities, statutory dues, rights, claims, obligations and all proceedings including assessment, reassessment, appeal, revision, recovery, penalty or any other proceedings, attributable to or arising in relation to the Demerged Undertaking shall stand transferred to and be assumed and discharged by the Resulting Company, in accordance with the provisions of the Scheme, without prejudice to the rights, contentions and remedies available to the Resulting Company under applicable law.

6. That, insofar as the Remaining Business of the Petitioner Company No. 1 / Demerged Company is concerned, the Petitioner Company No. 1 /Demerged Company shall continue to be liable for and shall in the ordinary course of its business and in accordance with applicable law, duly discharge all legitimate tax liabilities and statutory obligations attributable thereto, without prejudice to its rights, contentions and remedies available under law."

12. Additionally, the Petitioner Company No. 1 also filed an Additional Rejoinder Affidavit on 12.08.2026 and submitted as per the following details:

Sr. No.	**Comments of Income Tax Department**	**Current Status of the Case**
1.	Assessment Year-2015-16 Demand Section - 154 Date of Order-24.03.2026 Demand	*A demand of INR 6,50,81,230 vide order dated March 06, 2023 under Section 147 of the Income Tax Act, 1961 ("the Act") was raised by the Income Tax Authority ("Authority"). However, an amount of INR 2,57,47,770 has already been recovered by the Authority by adjustment against refunds of other assessment years. The core issue is*

	Outstanding- INR Rs. 4,59,01,363/-	*disallowance of set-off of / forward losses. The Assessing Officer unabsorbed depreciation brought alleged excess claim of such losses. The Commissioner of Income Tax (Appeals) (NFAC) ("CIT(A)") on an appeal filed by the Demerged Company (Appeal No. NFAC/2014-15/10230071), has vide an order dated April 21, 2026, directed the Jurisdictional Assessing Officer (JAO) to verify the correctness of the carry-forward losses from A.Y. 2007-08 onwards. The Demerged Company has already submitted the complete details of brought forward losses and unabsorbed depreciation (as earlier assessed by the Department) before the JAO for A.Y. 2015-16. The Demerged Company has also clarified that the set-off of losses was based on losses already accepted by the Department in earlier orders and upon verification by the JAO, the demand is expected to be set aside and accordingly, the Demerged Company is expected to receive the refund of INR 2,57,47,770 along with interest under Section 244A. The consequential order under Section 251 of the Act is awaited. Accordingly, the matter is presently pending before the Assessing Officer.*
3.	Assessment Year- 2020-21 Demand Section- 143(3) Date of Order- 29.10.2023 Demand Outstanding-	*A demand under Section 143(3) of the Act by the Authority was raised vide order dated October 28, 2023 pursuant to assessment, disallowing certain deductions claimed by the Demerged Company.* *However, the Demerged Company filed application before the Assessing Officer under Section 154 of the Act for recalculation of the income- tax liability.* *Accordingly, the demand is not crystallised and is under reconsideration at the Assessing Officer's level for recalculation.*

	Rs. 7,98,550/-	
4.	Assessment Year- 2020-21 Demand Section-270A Date of Order- 16.04.2024 Demand Outstanding- Rs. 15,42,708/-	*The matter pertains to a penalty order issued by the Authority in connection with the assessment referred to at Point No. 03 Aggrieved by the said order, the Demerged Company has filed an appeal before the CIT (A). Presently, the appeal no. NFAC/2019-20/10373935 is pending for adjudication before the CIT(A).*
5.	Assessment Year- 2024-25 Demand Section- 143(3) Date of Order- 23.03.2026 Demand Outstanding- Rs. 1,51,245/-	*The complete demand raised by the Authority vide its assessment order dated March 23, 2026 has already been duly paid by the Demerged Company vide Challan No. 29219 dated April 04,2026 of INR 99,875 and Challan No. 56057 dated April 06, 2026 of INR 1,51,600. The payment of Income Tax vide above challans is to be set off against the pending demand.* *A copy of the aforesaid challans along with the copy of order dated March 23, 2026 are annexed herewith and marked as Annexure-02 (Colly).*
		5. That in view of the above, the Petitioner Company 1/Demerged Company respectfully submits that the demands referred by the Income Tax Department are either under proceedings and have not attained finality or have already been paid. The present Scheme of Arrangement for Demerger does not seek to waive or extinguish any tax liability and the

		rights of the Income Tax Department shall remain unaffected."

13. The Petitioner Company No. 1 also filed written submissions to the aforesaid Additional Rejoinder on 12.08.2026 placing on record the order passed by the CIT(A) dated 21.04.2026 in Appeal No. NFAC/2014-15/10230071, wherein the CIT(A) directed the Assessing Officer to verify the correctness of the carry-forward losses from Assessment Year 2007-08 onwards attached as Annexure-1 with the aforesaid submissions, which have been taken on record.

14. Pursuant to the aforesaid observation of the Jurisdictional Income Tax Department, the Petitioner Company No. 2 also filed an Additional Rejoinder Affidavit on 04.08.2026 and submitted as follows:

"3. That the Petitioner Company 2/Resulting Company most humbly submits that, upon the Scheme of Arrangement for Demerger becoming effective, all tax liabilities, statutory dues, rights, claims, obligations and all proceedings, including assessment, reassessment, appeal, revision, recovery, penalty or any other proceedings, attributable to or arising in relation to the Demerged Undertaking, shall stand vested in, be assumed and discharged by the Petitioner Company No. 2 / Resulting Company in accordance with the provisions of the Scheme. The Petitioner Company No. 2 / Resulting Company further undertakes to duly comply with all applicable tax laws and discharge all such liabilities in accordance with law, without prejudice to its rights, contentions and remedies available under the applicable statutes. Accordingly, the interests of the Income Tax Department shall not be prejudiced in any manner whatsoever by virtue of the Scheme."

15. The Income Tax Department also filed its report dated 05.08.2026 stating as follows:

"Kindly refer to your email dated 28.07.2026 requesting submission of the report in the matter relating to the proposed Scheme of Demerger between K M Sugar Mills Limited and K M Spirits and Allied Industries Limited for preparation of the affidavit to be filed before the Hon'ble National Company Law Tribunal, Prayagraj.

In this regard, I am directed to submit the desired report which is as under. The matter has been examined and the records available in this office, including the ITBA portal. have been duly verified. On verification, the following is reported:

1. No assessment or reassessment proceedings are pending in this office against either of the petitioner companies.

2. No penalty or prosecution proceedings are pending in this office against either of the petitioner companies.

3. No adverse information requiring any specific objection to the proposed Scheme of Demerger has been noticed from the records available in this office. Accordingly, based on the records presently available with this office, this office has no objection to the proposed scheme of Demerger between KM Sugar Mills Limited and KM Spirits and Allied Industries Limited."

16. During the course of hearing held on 13.08.2026 with respect to the observations of the Income Tax Department, the Ld. Counsels submitted as follows:

"*3. It is pointed out by the Ld. Counsel representing the Petitioner that a counter affidavit has been filed to the report of the Income Tax Department where in terms of Para No.4 placed at Page No.3, it has been stated that with respect to the outstanding demand for the Assessment Year from 2015-16 till 2020-21, the appeals have been filed before the Appellate Authority and with respect to the outstanding amount for the Assessment Year 2024-25, the amount of Rs.1,51,245/- have since then been paid and the receipt of the payment is also enclosed as Annexure No.2 at Page No.16 of the said affidavit of undertaking. He also states* *that in terms of Para No.5 at Page No.4 of the undertaking, it has been clearly clarified that all outstanding demand, tax liabilities arising out of assessment, reassessment recovery, penalty or any other proceedings shall stand transferred to and to be assumed by the Resulting Company in accordance with the Provisions of the Scheme without prejudice to the rights contentions and remedies available to the Resulting Company under the applicable law.*

4. Ld. Counsel representing the Income Tax Department states that in view of the said undertaking, the interest of the department has been protected."

17. We have heard the Ld. Counsel appearing for the Petitioner Companies as well as the Learned Counsel appearing for the statutory authorities, namely, the Ld. Registrar of Companies, Kanpur, the Learned Regional Director (Northern Region), Ministry of Corporate Affairs, New Delhi, and the Income Tax Department. We have also perused the reports/comments and the replies/objections filed by the aforesaid statutory authorities, along with the responses submitted by the Petitioner Companies.

18. We have also taken note of the fact that no response or representation has been received from the National Stock Exchange and Bombay Stock Exchange till date, it is therefore presumed as per the Rule 8(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 that the said authorities have no objection to the proposed Scheme.

19. Upon consideration of the material available on record, it is observed that the observations made by the Learned Regional Director and the Income

Tax Department have been duly addressed by the Petitioner Companies, and appropriate undertakings have been furnished, wherever required, for ensuring compliance with the directions and observations made by the statutory authorities. The Scheme of Arrangement appears to be in conformity with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and does not appear to be contrary to law or public policy. No surviving objection remains for consideration before this Tribunal. In view of the above, and being satisfied that all the requisite statutory compliances have been duly fulfilled, this Tribunal hereby sanctions the Scheme of Arrangement annexed as Annexure-P/1 to the Petition in terms of the Prayer Clause thereof. The Scheme shall be binding on the Petitioner Companies, their respective shareholders, creditors, and all other concerned persons, in accordance with law.

20. In the result, the proposed Scheme of Arrangement, which is annexed to the Company Petition stands approved and sanctioned, and the same shall be binding on all the Shareholders and Creditors of the above-named Petitioner Companies and also on the Petitioner Companies with effect from the Appointed Date, i.e., 1st day of April, 2026. The Petitioner Companies are required to act upon as per the terms and conditions of the sanctioned Scheme of Arrangement.

21. While approving the Scheme as above, it is clarified that this order should not be construed as, in any way, granting exemption from payment of stamp duty (if any, is applicable), taxes (including Income Tax, GST or any other charges, if any, are applicable) and payment in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law. The Transferee Company shall also comply with the provisions of Section 314(1) of the Income Tax Act, 2025 for filing of modified tax returns if any are required to be filed.

THIS TRIBUNAL DO FURTHER ORDER:

A. With respect to the Demerger of the demerged undertaking from Petitioner Company No. 1/Demerged Company to Petitioner Company No. 2/Resulting Company No. 1:

I. Upon this Scheme becoming effective and with effect from the Appointed Date, any assets relating to the Demerged Undertaking (As specified in the Schedule-Part-I) that are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and acknowledgement of possession pursuant to this Scheme, shall stand transferred and vested as such by the Demerged Company and shall become the property and an integral part of the Resulting Company without any further act, instrument or deed subject to the provisions of this scheme in relation to encumbrances in favour of banks and/or financial institutions, if any.

II. Upon this Scheme becoming effective and with effect from the Appointed Date, all other movable assets of the Demerged Company relating to the business of Demerged Undertaking (As specified in the Schedule - Part -1) excluding those specified in sub-clause 2.2.1, i.e. Sundry Debtors, outstanding loans and advances and other current assets, if any, recoverable in cash or in kind or for value to be received, cash & bank balances and deposits, shall without any further act, instrument or deed, become the property of the Resulting Company.

III. All debts, liabilities, contingent liabilities, duties, loans, borrowings and obligations (including debenture, bonds, notes and other debt securities), secured or unsecured, bank/ performance guarantees, letter of credit including contingent liabilities, whether provided for or not in the books of accounts or disclosed in the balance sheets of the Demerged Company, in relation to and pertaining to the business of Demerged Undertaking (As specified in the Schedule - Part -1), shall without any further act, instrument or deed or wherever required after following the due process prescribed by concerned lenders/creditors, be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Resulting Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company.

IV. Effective date is the date by which the Scheme of Arrangement / Demerger among the Petitioner Companies is completed subsequent to the 2nd motion order passed in respect of all Petitioner Companies vide the order dated 19.08.2026.

V. Upon this Scheme becoming effective and with effect from the Appointed Date, all legal, regulatory, and other proceedings (including those pending before any statutory, quasi-judicial, or judicial authority or tribunal) relating to the Demerged Undertaking, of any nature whatsoever, instituted by or against the Demerged Company and pending as on the Effective Date, shall not stand abated, discontinued, or· prejudicially affected by reason of this Scheme and such proceedings shall be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as they would have been continued, prosecuted and enforced by or against the Demerged Company, had this Scheme not been implemented.

VI. Upon this Scheme becoming effective and with effect from the Appointed Date, the services of all employees of the Demerged Company employed in the Demerged Undertaking shall stand transferred to the Resulting Company, on the same terms and conditions at which these employees were engaged by the Demerged Company without any interruption of service as a result of the transfer.

VII. Upon this Scheme becoming effective/with effect from the Appointed Date and in consideration of transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Part 2 of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot equity shares (hereinafter also referred to as the "New Shares") credited as fully paid up equity shares, to the extent indicated below, on a proportionate basis to the members of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose name appear in the register of shareholders and records of the depository as shareholders of the Demerged Company as on a Record Date, in the ratio as under:

- “l (One) equity share of face value of Rs. 10/- (Rupees Ten) each at par in the 'Resulting Company' for every 5 (Five) Equity Shares of face value of Rs. 2/- (Rupees Two) each held by them in the Demerged Company (“Share Entitlement Ratio")."

VIII. Upon this Scheme becoming effective from the Effective Date, the Petitioner Company No. 2 (Resulting Company) respectively shall comply with the notices issued post arrangement with respect to any income tax proceedings against the Petitioner Company No. 1 (Demerged Company) in respect of Demerged Undertaking of Petitioner Company No. 1 (Demerged Company) pertaining to the period prior to appointed date, for which notices may be issued post arrangement after passing of this order, and to that effect that the Petitioner Company No. 2 (Resulting Company) shall not raise any objection;

IX. That all benefits, entitlements, incentives and concessions under incentive schemes and policies that the Petitioner Company No. 1 (Demerged Company) are entitled in respect of Demerged Undertaking as regards the Customs, Excise, Service Tax, VAT, Sales Tax, GST and Entry Tax and Income Tax laws, subsidy receivables from Government, grant from any governmental authorities, direct tax benefit/exemptions/deductions, shall, to the extent statutorily available and along with associated obligations to respective demerged undertakings, stand transferred to and be available to the Petitioner Company No. 2 (Resulting Company) as if the Resulting Company were originally entitled to all such benefits, entitlements, incentives and concessions.

X. That the assessment under the Income Tax Act will be in accordance with the provisions of the Section 314 (2) of the Income Tax Act, 2025; the Petitioner Company No. 2 (Resulting Company)/Petitioner Company No. 1 (Demerged Company) shall file modified income tax return if any required to be filed pursuant to the scheme as approved by this order in the manner and form as prescribed u/s 314(1) of the Income Tax Act, 2025 within six months from the end of the month of this order.

22. The Petitioner Companies shall supply legible printouts of the Scheme and the Schedule of Assets in an acceptable form to the Registry within three weeks from the date of pronouncement of the order and the Registry will append such printouts, after verification, to the certified copy of the Order.

23. A certified copy of this Order in Form No. CAA 7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 be supplied if applied for, subject to compliance with usual formalities.

24. The Petitioner Companies shall within thirty days of the date of the receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies, Kanpur, for registration and the Registrar of Companies shall place all documents relating to the Scheme on the files kept by their office in relation to the Petitioner Companies.

25. The Resulting Company shall file the revised memorandum and articles of association with the concerned Registrar of Companies and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Resulting Company; after setting off the fees paid by the Demerged Company.

26. All the concerned Regulatory Authorities and other persons to act on a copy of this Order annexed with the Scheme duly authenticated by the Registrar, National Company Law Tribunal, Allahabad Bench, Prayagraj.

27. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

28. Accordingly, the present Company Petition bearing CP (CAA) No.16/ALD/2026 is allowed and stands disposed of.

-Sd-
(Ashish Verma)
Member (Technical)

-Sd-
(Praveen Gupta)
Member (Judicial)

Date: 19.08.2026