

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
BENCH AT MUMBAI**

**CSP NO.1028 OF 2017  
CONNECTED WITH  
CSA NO.767 OF 2017**

In the matter of Companies Act, 2013 (18 of 2013)

AND

In the matter of sections 230 to 232 of the Companies Act, 2013

AND

In the matter of Scheme of Amalgamation between Balaji Amines Limited (Transferee Company) and Bhagyanagar Chemicals Limited (First Transferor Company) and Balaji Greentech Products Limited (Second Transferor Company) and their respective Shareholders and Creditors

**Balaji Amines Limited**, a Company incorporated under the provisions of Companies Act, 1956, bearing CIN: L24132MH1988PLC049387 and having its registered office situated at Balaji Towers, No. 9/1A/1, Hotgi Road, Aasara Chowk, Solapur, Maharashtra - 413224, India, represented by its Whole Time Director, Mr. Gaddam Hemanth Reddy, email:ghr@balajiamines.com, Ph: 2172310824.

....Petitioner/ Transferee Company

**Bhagyanagar Chemicals Limited**, a Company incorporated under the provisions of Companies Act, 1956, bearing CIN: U24110PN1988PLC168219 and

having its registered office situated at  
Balaji Towers, No. 9/1A/1, Hotgi  
Road, Aasara Chowk, Solapur,  
Maharashtra - 413224, India,  
represented by its Director, Mr.  
Gaddam Hemanth Reddy,  
email:ghr@balajiamines.com, Ph:  
2172310824.

....Petitioner/ First Transferor  
Company

**Balaji Greentech Products  
Limited**, a Company incorporated  
under the provisions of Companies  
Act, 1956, bearing CIN:  
U24230PN2005PLC168220 and  
having its registered office situated at  
Balaji Towers, No. 9/1A/1, Hotgi  
Road, Aasara Chowk, Solapur,  
Maharashtra - 413224, India,  
represented by its Managing Director,  
Mr. Gaddam Hemanth Reddy,  
email:ghr@balajiamines.com, Ph:  
2172310824.

....Petitioner/ Second Transferor  
Company

Order delivered on 25<sup>th</sup> January, 2018

**Coram:**

Hon'ble Member B.S.V. Prakash Kumar (Judicial)

Hon'ble Member V. Nallasenapathy (Technical)

For the Petitioner Companies: Mr. Y. Suryanarayana, Advocate, along  
with Mr. Mohit Gurjar, Practising Company Secretary

For Regional Director : P Sheela, Joint Director

For Registrar of Companies : Parvez Naikwadi, Asst Roc.

Per: V. Nallasenapathy (Technical)

1. Heard the Counsel for the Petitioner Companies. Neither any objector has come before this Tribunal to oppose the Scheme nor did any party controvert any of the averments made in the Petition.
2. The Sanction of this Tribunal is sought under sections 230 to 232 of the Companies Act, 2013 to the Scheme of Amalgamation between Balaji Amines Limited (Transferee Company) and Bhagyanagar Chemicals Limited (First Transferor Company) and Balaji Greentech Products Limited (Second Transferor Company) and their respective Shareholders and Creditors.
3. The Learned Counsel for the Petitioner Companies states that the Transferee Company is the holding Company of the First Transferor Company holding 100% of the total paid up equity share capital of the First Transferor Company. The Transferee Company is also the holding Company of the Second Transferor Company holding 66% of the total paid up equity share capital and 100% of the total paid up preference share capital of the Second Transferor Company. He further states that the First Transferor Company and the Transferee Company are engaged in the business akin to that of the Transferee Company as also the business of the Second Transferor Company can be combined keeping in view the synergic advantages resulting out of the amalgamation.
4. The Learned Counsel for the Petitioner Companies further submits that the rationale for the Scheme is as under:
  - a) The Scheme is presented under section 230 to 232 of the Companies Act, 2013 and it provides for amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company, resulting in



consolidation of business of three Companies in one entity and thereby strengthening the position of the amalgamated entity by enabling it to harness and optimize the synergies of equipments and human resources, which is in the best interest of all the Companies and their respective shareholders.

- b)** The Transferee Company is the holding Company of the First Transferor Company holding 100% of the total paid up equity share capital of the First Transferor Company. The Transferee Company is also the holding Company of the Second Transferor Company holding 66% of the total paid up equity share capital and 100% of the total paid up preference share capital of the Second Transferor Company. In view of the fact that the First Transferor Company and the Transferee Company are engaged in the business akin to that of the Transferee Company as also that the business of the Second Transferor Company can be combined keeping in view the synergic advantages resulting out of the amalgamation of the Second Transferor Company, it is proposed to amalgamate both the Transferor Companies and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Companies and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
- c)** The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.

- d)** The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.
  - e)** In order to achieve the objectives as mentioned in clause (a) to (d) above, the Boards of Directors of the Transferor Companies and the Transferee Company have proposed to consolidate the Transferor Companies and the Transferee Company into a Single Company by assimilating the businesses carried on by the Transferor Companies and the Transferee Company.
  - f)** The Scheme shall be beneficial and in the best interests of the shareholders, creditors and employees of the Transferor Companies, the Transferee Company and to the interest of public at large and all concerned
- 5.** The Board of Directors of the Petitioner Companies have approved the Scheme by passing Board Resolution at their respective Board Meetings held on 06.02.2017 and the same are attached to the Company Scheme Petition.
- 6.** The learned counsel for the Petitioner Companies further submits that the Petitioner Companies have complied with all the directions that were passed in Company Scheme Application 767 of 2017 and that the Company Scheme Petition is filed in consonance with sections 230 to 232 of the Companies Act 2013, along with the Order passed in the Company Scheme Application No.767 of 2017, by the Tribunal.



7. The learned counsel for the Petitioner Companies further submits that the Petitioner Companies have complied with all the directions that were passed in Company Scheme Application 767 of 2017 and that they have filed necessary affidavits of compliance with the Tribunal. The Petitioner Companies, through their counsel undertake to comply with all statutory requirements, if any, under the provisions of the Companies Act, 2013, read with relevant rules made thereunder. The said undertaking is accepted.
8. The Regional Director has filed his report dated 09.01.2018, stating that save and except as stated in Para IV (a) to (e) of the Report, it appears that the Scheme is not prejudicial to the interest of the Shareholders and Public. In paragraph IV of the said report the Regional Director has stated as under:
- a) The appointed date as per the provision of Section 232(6) of the Companies Act, 2013 and Clause 1.5 of the Scheme should be 1<sup>st</sup> day of April, 2016*
- b) As regards Para No. 6 of the Scheme the Transferee Company may be allowed in respect of fees payable by the Transferee Company on its Authorised Share Capital, subsequent to the Amalgamation for setting-off the fees paid by the Transferor Companies on its authorized Share Capital in accordance to the provision of Section 232 (3) (i) of the Companies Act, 2013.*
- c) In addition to compliance of AS-14 (IND AS-103), the Transferee Company shall pass such Accounting Entries, which are necessary in connection with the Scheme to comply with other applicable accounting standards such as AS-5 (IND AS-8) etc.*

*d) The Tax Implication, if any arising out of the Scheme is subject to final decision of Income Tax Authorities. The approval of the Scheme by this Hon'ble Court may not deter the Income Tax Authorities to scrutinize the tax Returns by the Transferee Company, after giving effect to the Scheme. The decision of the Income Tax Authority is binding on the Petitioner Company.*

*e) Since the Transferee Company is a listed Company, therefore, it has to comply with the observation/conditions as mention by the BSE and NSE in their letter dated 22.05.2017 and 24.05.2017, respectively.*

**9.** In so far as the Observation of the Regional Director, as stated in Paragraph IV (a) of the Report is concerned, the Petitioner Companies through their legal counsel submit that the appointed dated shall be 01<sup>st</sup> day of April, 2016.

**10.** In so far as the Observation of the Regional Director, as stated in Paragraph IV (b) of the Report is concerned, the Petitioner Companies through their legal counsel, undertakes to comply with the provisions of section 232(3)(i) of the Companies Act, 2013.

**11.** In so far as the Observation of the Regional Director, as stated in Paragraph IV (c) of the Report is concerned, the Petitioner Companies through their legal counsel, undertakes to pass such accounting entries which are necessary in connection with the Scheme to comply with the other applicable accounting standards such as AS-5 (IND AS -8) etc., in addition to compliance of AS-14 (IND AS – 103).

**12.** In so far as the Observation of the Regional Director, as stated in Paragraph IV (d) of the Report is concerned, the Petitioner Companies through their legal counsel, undertakes to comply with all the applicable provisions of the Income Tax Act



and all tax issues, if any, arising out of the Scheme will be met and answered in accordance with law.

- 13.** In so far as the Observation of the Regional Director, as stated in Paragraph IV (e) of the Report is concerned, the Petitioner Companies through their legal counsel, undertakes to comply with the observations/conditions as mentioned by BSE Limited and National Stock Exchange of India Limited in their observation letters dated 22.05.2017 and 24.05.2017, respectively.
- 14.** The Observations made by the Regional Director have been explained by the Petitioner Companies in paragraphs 9 to 13 above. The clarifications and the undertakings given by the Petitioner Companies are hereby accepted.
- 15.** The Official Liquidator has filed his report in the Company Scheme Petition No. 1028 of 2017 on 23.01.2018, inter-alia, stating that the affairs of the Transferor Companies have been conducted in a proper manner and that the Transferor Companies may be ordered to be dissolved without winding up by this Tribunal.
- 16.** From the material on record the scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose this scheme.
- 17.** Since all the requisite statutory compliances have been fulfilled the company scheme petition No. 1028 of 2017, filed by Petitioner Companies made absolute in the terms of prayer clause (a) to (e) of the Company scheme Petition.
- 18.** The Companies to lodge a copy of this order and the scheme duly authorized by the deputy director National Company Law Tribunal, Mumbai Bench, with the concerned superintendent of stamps for the purpose of adjudication of stamp duty payable, if



any, on the same within 60 days from the date of receipt of this order.

- 19.** The Petitioner Companies are directed to file a copy of this order along with the copy of the scheme with concerned registrar of Company electronically along with E- Form INC-28, in addition to Physical copy within 30 days from the date of issuance of the order by the registry.
- 20.** The Petitioner Companies to pay cost of Rs.25,000/- Each to the Regional Director, Western Region, Mumbai. The Transferor Companies in CSP NO. 1028 / 2017, to pay a sum of Rs.25,000/- each to the Official Liquidator, High Court, Bombay. The costs to be paid within 4 weeks from the date of the receipt of the Order.
- 21.** All authorities concerned to act on a copy of this Order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.

Sd/-

V. Nallasenapathy  
Member (T)

Sd/-

B.S.V. Prakash Kumar  
Member (J)