

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH-V**

**COMPANY SCHEME PETITION NO. 200 OF 2023**

**IN**

**COMPANY SCHEME APPLICATION NO. 48 OF 2023**

**(Under Sections 230-232 of the Companies Act, 2013)**

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

**AND**

In the matter of Sections 230,231,232  
and other applicable provisions of the  
Companies Act, 2013 read with Rule 3  
of the Companies (Compromises,  
Arrangements, Amalgamations)  
Rules, 2016, also read with Rules  
11,23 and 34 of the National Company  
Law Tribunal Rules, 2016

**AND**

In the matter of Scheme of  
Amalgamation between Novi Digital  
Entertainment Private Limited  
(**Petitioner No. 1/Transferor  
Company**) and Star India Private  
Limited (**Petitioner No. 2/Transferee  
Company**) and their respective  
shareholders

**Novi Digital Entertainment Private )**

**Limited )**

A company incorporated under the )

Companies Act, 1956 having its registered )

address at Star House, Urmi Estate, 95, )

Ganpatrao Kadam Marg, Lower Parel (W), )

Mumbai – 400 013.

**... Petitioner No. 1/  
Transferor Company**

**AND**

**Star India Private Limited** )  
A company incorporated under these )  
Companies Act, 1956 having its registered )  
office at Star House, Urmi Estate, 95 )  
Ganpatrao Kadam Marg, Lower Parel (W), ) **... Petitioner No. 2/**  
Mumbai – 400 013. ) **Transferee Company**

Order Dated:15.05.2024

**CORAM:**

Madhu Sinha                      Reeta Kohli  
Member (Technical)              Member (Judicial)

**APPEARANCES:**

**For the Petitioners:** Mr. Siddharth Ranade, Ms. Kaazvin Kapadia, Mr. Mihir Dalawai i/b TRILEGAL, Advocates for the Transferor and Transferee Companies

**For the Regional Director:** Mr. Altap Shaikh

**ORDER**

1. Heard the Learned Counsel for the Petitioner Companies. Heard Mr. Shaikh for the Regional Director.
2. The sanction of this Tribunal is sought under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the applicable rules and regulations thereunder to the Scheme of Amalgamation between NOVI DIGITAL ENTERTAINMENT PRIVATE LIMITED (Petitioner No. 1/ Transferor Company) and STAR INDIA PRIVATE LIMITED (Petitioner No. 2/ Transferee Company) and their respective shareholders (*annexed as Annexure C @ Pg. No. 84 to the Company Scheme Petition*).
3. An application seeking a copy of the present Scheme [being CA 320 of 2023 in CA(CAA) No. 48 of 2023] by The Indian Performing Rights Society (**IPRS**), was filed and has been dismissed *vide* order dated 9 February 2024. An appeal [being CA(AT) No. 59 of 2024] was filed

before the Hon'ble National Company Law Appellate Tribunal by IPRS challenging the order dated 9 February 2024. The appeal has also been dismissed *vide* order dated 4 April 2024. There are no other objections to the present Scheme.

4. The Petitioner No. 1/Transferor Company is a private limited company incorporated on 29 February 2000 and is *inter alia* engaged in the business of operating and managing audio-visual streaming platform and owns the application 'Disney+ Hotstar'.
5. The authorized share capital and the issued, subscribed and paid-up share capital of the Petitioner No. 1/Transferor Company as on the date of filing the Company Scheme Petition is as under:

PARTICULARS	AMOUNT [INR]
<b>Authorised Share Capital</b>	
2000,00,00,000 equity shares of INR 1/- each	2000,00,00,000/-
<b>TOTAL</b>	<b>2000,00,00,000/-</b>
<b>Issued, Subscribed and Paid-Up Share Capital</b>	
1069,21,07,579 equity shares of INR 1/- each	1069,21,07,579/-
<b>TOTAL</b>	<b>1069,21,07,579/-</b>

6. The Petitioner No. 2/Transferee Company is a private limited company incorporated on 8 February 1994, and is *inter alia* engaged in the business of broadcasting, soliciting advertisements, marketing and distribution of Non-News and Current Affairs TV channel, production and distribution of movies.
7. The details of the share capital structure of the Petitioner No. 2/Transferee Company as on the date of filing the Company Scheme Petition are as follows:

PARTICULARS	AMOUNT [INR]
<b>Authorised Share Capital</b>	
74,50,90,503 equity shares of INR 10/- each	745,09,05,030/-

<b>PARTICULARS</b>	<b>AMOUNT [INR]</b>
<b>TOTAL</b>	<b>745,09,05,030/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
49,38,30,020 equity shares of INR 10/- each	493,83,00,200/-
<b>TOTAL</b>	<b>493,83,00,200/-</b>

8. The Learned Counsel further submits that the rationale of the Scheme is as under:

#### **RATIONALE OF THE SCHEME**

9. The Learned Counsel submitted that the Scheme *inter alia* will result in the following benefits amongst others:
- a. The Scheme seeks to re-structure the audio-visual streaming and broadcasting and distribution business of the Transferor and the Transferee Company which will result in the consolidation of the business and operations of the Transferor Company and the Transferee Company to achieve economies of scale enable synergies, increased operational efficiencies, greater focus on growth and optimal utilization of resources and reduction in cost.
  - b. Leverage the financial, managerial, creative, technological, marketing and sales expertise, relationships with traders and customers and other strengths of the Transferor Company and the Transferee Company, with a view to compete in the market more effectively, thereby strengthening the combined market position and growth prospects, as the Transferor Company and the Transferee Company which will significantly contribute to the future growth and maximizing shareholder' value.
  - c. The proposed amalgamation will help the Transferee Company to rationalize the group structure by reducing legal entity falling under the same ultimate parent company which will result in the better working capital management, achieve tax savings. The financial, managerial and technical resources of the Transferor Company and

the Transferee Company will be merged and pooled together leading to a more effective and centralized management and rationalization of administrative, operational and manpower expenses and overheads which are presently being duplicated because of separation of operations due to separation of entities.

10. Accordingly, the Board of Directors of the Petitioners decided that subject to the directions and sanctions of the appropriate Tribunal as may be required under law and subject to such permission of the Central Government and other Authorities that may be necessary, the Scheme of Amalgamation of NOVI DIGITAL ENTERTAINMENT PRIVATE LIMITED, the Petitioner No. 1/Transferor Company with STAR INDIA PRIVATE LIMITED, the Petitioner No. 2/Transferee Company, be made on the broad basis referred to in the Scheme of Amalgamation.
11. During the period between order dated 8 May 2023 passed in CSA 48 of 2023 and filing of present Company Scheme Petition, the shareholding of the Transferee Company on account of implementation of another scheme of amalgamation between the Transferee Company and Asianet Star Communications Private Limited. In view of this, the share exchange ratio for the Scheme was required to be modified from 1:0.00624 to 1:0.00608. The amended Scheme was placed on record before this Tribunal along with an application to take the same on record being Company Application No. 304 of 2023. The said Company Application has been allowed vide a separate order dated 25 August 2023 and the amended scheme has been taken on record. The amended scheme is also annexed to the present Company Scheme Petition at Annexure C (at page 89). The Petitioner Companies have sought approval of the said amended scheme (hereafter '**Scheme**') annexed at Annexure C to the Company Scheme Petition.
12. The Counsel for the Petitioner Companies submit that the Board of Directors of the Petitioner No. 1/Transferor Company and the Petitioner No. 2/Transferee Company in their Board Meetings held on 8 February 2023 and subsequently in their respective Board Meetings held on 26 June 2023 have approved the Scheme along with the amended share exchange ratio. The copies of the board resolutions are annexed to the

Company Scheme Petition as Annexure J (@Pg. No. 144, Volume I), Annexure K (@ Pg. No. 148, Volume I), Annexure V (@ Pg. No. 252, Volume II) and Annexure W (@ Pg. No. 255, Volume II).

13. The Counsel for the Petitioner Companies further submits that the shareholders of the Petitioner No. 1/Transferor Company and the Petitioner No. 2/Transferee Company have consented to the Scheme along with the amended share exchange ratio. Copies of the consents of shareholders of Petitioner No. 1/Transferor Company and Petitioner No.2/Transferee Company are annexed as Annexure L (@ Pg. No. 151-153 Volume I), Annexure M (@ Pg. No. 154-156, Volume I), Annexure X (@ Pg. No. 258, Volume II) to Annexure EE (@ Pg. No. 279-282, Volume II) to the Company Scheme Petition.
14. The Counsel appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all the necessary requirements as per the directions of this Tribunal. Moreover, the Petitioner Companies undertake to comply with all statutory requirements if any, as required under the Companies Act, 2013 and the Rules made there under, as applicable. The said undertaking given by the Petitioner Companies is accepted.
15. In compliance with the Order dated 8 May 2023, the Petitioner No. 1 Company has filed an affidavit on 26 September 2023 placing on record the written consents of the unsecured creditors representing 95.63% in value of the total unsecured creditors, to the Scheme. Similarly, the Petitioner No. 2 Company has filed an affidavit on 26 September 2023 placing on record the written consents of the unsecured creditors representing 90.52% in value of the total unsecured creditors.
16. The Regional Director, Western Region, Mumbai has filed a Representation on 17 November 2023 (**RD Report**). The Petitioner Companies have filed an Affidavit in Reply to the RD Report on 22 November 2023, and served the Reply on the office of the Regional Director on 25 November 2023. For ease of reference, responses of the Petitioner Companies are set out alongside the observations:

<p align="center"><b>Observation in RD Report dated 17 November 2023</b></p>	<p align="center"><b>Response of the Petitioner Companies vide Affidavit in Reply dated 22 November 2023</b></p>
<p><i>a) Transferee Company should undertake to comply with the provisions of section 232(3)(i) of the Companies Act, 2013 through appropriate affirmation in respect of fees payable by the Transferee Company for increase of share capital on account of merger of transfer of companies.</i></p>	<p><i>As explained in paragraph 2(a) @ Pg. No. 2 of the Reply, the Petitioner Companies have undertaken to comply with Section 232(2)(i) of the Companies Act, 2013.</i></p>
<p><i>b) In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the transferee company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or INA AS-8 etc.</i></p>	<p><i>As explained in paragraph 4 @ Pg. No. 3 of the Reply, the Petitioner Companies in compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, have undertaken to pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.</i></p>
<p><i>c) The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.</i></p>	<p><i>The scheme of amalgamation annexed to the Company Scheme Application [CA(CAA) 48 of 2022] and the scheme of amalgamation annexed to the Company Scheme Petition [CP(CAA) 200 of 2023] is same in all other respects except that the share-exchange ratio in the Scheme annexed to Company Scheme Application [CA(CAA) No. 48 of 2023] was required to be amended basis another scheme of amalgamation between the Transferee Company and Asianet</i></p>

<p style="text-align: center;"><b>Observation in RD Report dated 17 November 2023</b></p>	<p style="text-align: center;"><b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 22 November 2023</b></p>
	<p><i>Star Communications Private Limited. The Scheme was subsequently amended to the limited extent of revising the share-exchange ratio (from 1:0.00624 to 1.0.00608) and there are no other differences between the Scheme annexed to Company Scheme Petition [CA(CAA) No. 48 of 2023] and Company Scheme Petition [CP(CAA) No. 200 of 2023].</i></p>
<p><i>d) The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.</i></p>	<p><i>As explained in paragraph 6 @ Pg. No. 3 of the Reply, the Petitioner Companies have served the captioned Company Scheme Application upon the concerned statutory authorities, including the MIB, as well as served notice of the final hearing of the captioned Company Scheme Petition on the concerned statutory authorities. The Petitioner Companies have also filed the respective Affidavits of Service proving service upon the aforesaid authorities. Copies of the Affidavits of Service are annexed and marked as <b>Annexure -A(Colly)</b> @ Pg. No. 6-50 and <b>Annexure B(Colly)</b> @ Pg. No. 51-75), respectively to the Reply.</i></p>
<p><i>e) Section 232(6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed date from which it shall be effective and the</i></p>	<p><i>As explained in paragraph 7 of the Reply, in terms of the Scheme, the 'Appointed Date' is 1 April 2022. The captioned Company Scheme Application was filed before this</i></p>



<p style="text-align: center;"><b>Observation in RD Report dated 17 November 2023</b></p>	<p style="text-align: center;"><b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 22 November 2023</b></p>
<p><i>scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers. It is submitted that the Petitioners may be asked to comply with the requirements as clarified vide circular no. F. No. 7/12/2019 CL-I dated 21 August 2019 issued by the Ministry of Corporate Affairs.</i></p>	<p><i>Hon'ble Tribunal on 21 February 2023. Accordingly, it is submitted that the Appointed Date is within the one-year period of the date of filing the Company Scheme Application. It is prayed that the 'Appointed Date' be retained as 1 April 2022.</i></p>
<p><i>f) Petitioner Companies shall undertake to comply with the directions of Income tax department, if any.</i></p>	<p><i>As explained in paragraph 8 @ Pg. No. 4 of the Reply, the Petitioner Companies undertake to [a] comply with the directions of the Income Tax department, if any; [b] directions of the concerned sectoral regulators, if any; and [c] comply with rules, regulations, guidelines of RBI, as applicable.</i></p>
<p><i>g) Petitioner Companies shall undertake to comply with the directions of the concerned sectoral regulatory, if any.</i></p>	
<p><i>h) Petitioner Companies has foreign shareholders; hence Petitioner Companies shall undertake to comply with rules, regulations, guidelines of FEMA, FERA and RBI.</i></p>	
<p><i>i)The Petitioner Company states that the Transferee Company shall be in compliance with provisions of Section 2(1B) of the Income Tax Act, 1961. In this regard, the petitioner company shall ensure compliance of all the provisions of Income Tax Act and Rules thereunder;</i></p>	<p><i>As explained in paragraph 9 @ Pg. No. 4 of the Reply, the Petitioner No.2/Transferee Company undertakes to comply the applicable provisions of the Income Tax Act and rules thereunder, more specifically the provisions of Section 2(1B) of the Income Tax Act, 1961.</i></p>

<p style="text-align: center;"><b>Observation in RD Report dated 17 November 2023</b></p>	<p style="text-align: center;"><b>Response of the Petitioner Companies vide Affidavit in Reply dated 22 November 2023</b></p>
<p><i>j)No Form BEN-2 has been filed by any of the Petitioner Company as per records available at MCA21 Portal, hence Petitioner Companies shall undertake to comply with the provisions of Section 90 of Companies Act, 2013 r/w Companies (Significant Beneficial Owners) Amendment Rules, 2019, thereunder and to file Form BEN-2 for declaring name of the significant beneficial owner with concerned ROC.</i></p>	<p><i>As explained in paragraph 10 @ Pg. No. 4 of the Reply, the Petitioner Companies fall under the same ultimate parent company i.e. The Walt Disney Company (TWDC) which is listed on the New York Stock Exchange (NYSE). Further, the immediate shareholders of Petitioner Companies also fall under the group of TWDC. As per publicly available disclosures, the largest two institutional shareholders of TWDC hold 8% and 6% of voting power of TWDC's stock respectively as per the latest reports available on TWDCs website. There is no individual, acting alone or together, or through one or more person(s), holding majority stake, directly or indirectly, in the shares of the Petitioner Companies or in the ultimate holding Company, i.e., TWDC. Hence, the Form BEN-2 does not apply to the Petitioner Companies and therefore has not been filed with the Registrar of Companies.</i></p>
<p><i>k)That the report of the Registrar of Companies, Mumbai in relation to the Transferor Company and Transferee Company which falls within the jurisdiction of ROC, Mumbai has not been received by the Directorate till date. Therefore ROC, Mumbai has been advised to file his report</i></p>	<p style="text-align: center;">-</p>

<b>Observation in RD Report dated 17 November 2023</b>	<b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 22 November 2023</b>
<p><i>separately before Hon'ble NCLT u/s 230(5) of the Companies Act, 2013 along with his observations on the scheme including status of Inquiry/Inspection/Investigations/ follow up action, complaints and Prosecution if any pending against the petitioner companies before deciding the present petition. However, the Directorate reserves the right to file affidavit / report on receipt of ROC, Mumbai report in the matter.</i></p>	

17. The observations made by the Regional Director have been explained by the Petitioner Companies in paragraph 13 above.
18. The Regional Director has also filed a supplementary report dated 1 December 2023. The Petitioner Companies have filed an Affidavit in Reply to the RD Report on 4 December 2023, and served the Reply on the office of the Regional Director on 4 December 2023. For ease of reference, responses of the Petitioner Companies are set out alongside the observations:

<b>Observation in RD Report dated 1 December 2023</b>	<b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 4 December 2023</b>
<p><i>i)The Petitioner Companies falls within the jurisdiction of ROC, Mumbai. It is submitted that no complaint and/or representation regarding the proposed scheme of Arrangement has been received against the Petitioner Companies. Further, the Petitioner</i></p>	<p><i>As explained in paragraph 3 @ Pg. No. 4 of the Reply, the contents of this paragraph do not merit any response.</i></p>

<p style="text-align: center;"><b>Observation in RD Report dated 1 December 2023</b></p>	<p style="text-align: center;"><b>Response of the Petitioner Companies vide Affidavit in Reply dated 4 December 2023</b></p>
<p><i>Companies has filed Financial Statements up to 31 March 2022.</i></p>	
<p><i>ii)Further the ROC Mumbai in its report dated 22 November 2023 has stated that no inquiry, inspection, investigations, prosecutions, technical scrutiny and complaints under Companies Act, 2013 are pending against the Petitioner Companies.</i></p>	<p><i>As explained in paragraph 4 @ Pg. No. 4 of the Reply, the contents of this paragraph do not merit any response.</i></p>
<p><i>iii)As per provisions of section 232(3)(i) of the CA, 2013 where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorized capital shall be set off against any fees payable by the transferee company on its authorized capital shall be set off against any fees payable by the transferee company on its authorized capital subsequent to the amalgamation. Therefore, remaining fee, if any after setting off the fees already paid by the transferor company on its authorized capital, must be paid by the transferee company on the increased authorized capital subsequent to amalgamation.</i></p>	<p><i>As explained in paragraph 5 @ Pg. No. 4 of the Reply, the Petitioner Companies undertake to comply with Section 232(2)(i) of the Companies Act, 2013.</i></p>
<p><i>iv)The Companies should give a declaration that provisions related to Significant Beneficial Ownership have been complied with , if application.</i></p>	<p><i>As explained in paragraph 6 @ Pg. No. 4 of the Reply, the Petitioner Companies fall under the same ultimate parent company i.e. The Walt Disney Company (TWDC) which is listed on the New York Stock Exchange (NYSE). Further, the immediate shareholders of</i></p>

Observation in RD Report dated 1 December 2023	Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 4 December 2023
	<i>Petitioner Companies also fall under the group of TWDC, therefore, there is no individual, acting alone or together, or through one or more person(s), holding majority stake, directly or indirectly, in the shares of the Petitioner Companies or in the ultimate holding Company, i.e. TWDC. Hence, the Form BEN-2 does not apply to the Petitioner Companies and therefore has not been filed with the concerned Registrar of Companies</i>
<i>v) Interest of the Creditor should be protected.</i>	<i>As explained in paragraph 7 @ Pg. No. 4 of the Reply, the Petitioner Companies state that the interest of the creditors will be protected.</i>
<i>vi) It is submitted that the non-compliance of the provisions of the Company law if any by the Companies to the Scheme of merger, if noticed subsequent to merger, necessary regulatory action against the Companies and Officer in default may be taken up in accordance with law.</i>	-

19. The Affidavit dated 22 November 2023 and 4 December 2023 filed by the Petitioner Companies, the clarifications and undertakings given by the Petitioner Companies are accepted by this Tribunal, and the Petitioner Companies are directed to comply with the same.

20. The Official Liquidator (**OL**) has filed his report on 26 October 2023 with certain observations therein. The Petitioner Companies filed their

Affidavit in Reply on 20 November 2023, served upon the OL on 21 November 2023. For ease of reference, responses of the Petitioner Companies are set out alongside the observations:

<p><b>Observation in OL Report dated 26 October 2023</b></p>	<p><b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 20 November 2023</b></p>
<p><i>i)The Transferor Company has not provided sufficient and appropriate information and explanation on the basis or reason for payments made to related parties and compliance thereof, and hence, we are unable to comment on the same.</i></p>	<p><i>As explained in paragraph 9 @ Pg. No. 4-5 of the Reply, the Transferor Company explained that (a) the related party transactions were entered on an arms' length basis and in ordinary course of business, (b) the related party transaction pertaining to certain license fees, rent, marketing expenses and software development costs were for day-to-day operational and working expenses, (c) none of the directors of the Transferor Company and their relatives were interested in any of the related transactions; and (d) related transactions were strictly limited to operational costs that were incurred by the Transferor Company. There was no follow-up/additional queries from the OL.</i></p>
<p><i>ii) The Transferor Company in its reply has failed to provide supporting documents such as Board Resolution approving such borrowings from the Group Company, specific rate of interest charged on such borrowings, purpose of borrowing funds and status of utilization of fund received through such borrowings.</i></p>	<p><i>As explained in paragraph 7 @ Pg. No. 4 of the Reply, the Transferor Company in response to the OL's oral requisition, providing the necessary clarifications on the inter-company loans and the practice followed in recovery/writing off of bad debts from the Transferor Company's books of accounts. The borrowings and inter-company loans available by the</i></p>

<p style="text-align: center;"><b>Observation in OL Report dated 26 October 2023</b></p>	<p style="text-align: center;"><b>Response of the Petitioner Companies vide Affidavit in Reply dated 20 November 2023</b></p>
<p><i>Hon'ble Tribunal may be pleased to require the Transferor Company to provide information on the following:</i></p> <ol style="list-style-type: none"> <li><i>1. Copy of Board Resolution approving such borrowings from the Group Company;</i></li> <li><i>2. Rate of interest charged on such borrowings and whether the same is reasonable or not</i></li> <li><i>3. A copy of the agreement/MOU relating to borrowing funds</i></li> <li><i>4. Status of utilization of borrowings- whether it is used for the purpose enumerated in the Board Resolution and agreement or not.</i></li> </ol>	<p><i>Transferor Company are from the group companies of the Transferor Company.</i></p> <p><i>Further, as explained in paragraph 14 @ Pg. No. 6 of the Reply, the Board of Directors of the Transferor Company vide Board Resolution dated 19 October 2016 had approved the limits of availing of inter- corporate loans from companies up to INR 1750,00,00,000. A copy of the Board Resolution dated 19 October 2016 has been annexed as Annexure H to the Reply.</i></p> <p><i>Further, as explained in paragraph 15 @ Pg. No. 6-7 of the Reply, the rate of interest charged on borrowings to related party has been provided for in the Inter Company Agreement dated 3 March 2022, which has been annexed as Annexure I @ Pg. No. 62-70 to the Reply.</i></p> <p><i>Furthermore, as explained in paragraph 16 @ Pg. No. 7 of the Reply, the funds have been utilised for working capital requirements of the Transferor Company which is in line with the board resolution as well as the terms of the agreements.</i></p>
<p><i>iii)The Transferor Company in its reply has failed to provide supporting</i></p>	<p><i>As explained in paragraph 4 @ Pg. No. 3 of the Reply, the Transferor</i></p>

<b>Observation in OL Report dated 26 October 2023</b>	<b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 20 November 2023</b>
<p><i>documents such as copy of legal notices, details of suits filed before court for recovery, justification note for write off and Board Resolution approving such write off. The Hon'ble Tribunal may be pleased to require the Transferor Company to clarify on this and provide supporting documents in support of reply and also to provide clarification that related party is not beneficiaries of such write off.</i></p>	<p><i>Company provided all information pertaining to the last 5 financial years to the OL on 12 July 2023, including a summary of bad debts as on 31 March 2023, detailed note on the process followed for recovery of bad debts, litigation involving the Transferor Company, all audited financial statements, description of accounting practices and details of all purchase and sale transactions. A copy of the letter dated 12 July 2023 is annexed as Annexure B @ Pg. No. 19-34 to the Reply. It is further stated on behalf of the Transferor Company that there is no write-off of any related party debts.</i></p> <p><i>Further, as explained in paragraphs 18-19 @ Pg. No. 7-8 of the Reply, the Transferor Company follows a system of writing-off bad debts basis a regular review process. The CTC/Controllershship team performs regular review of the outstanding receivable balances in co-ordination with the Business team. The Business team then makes reasonable collection efforts (which may include sending follow-ups to the customers, sending legal notices, fixing a payment plan, signal de-activation, deal restructuring, etc.) before proposing a write-off in the books of</i></p>



<b>Observation in OL Report dated 26 October 2023</b>	<b>Response of the Petitioner Companies <i>vide</i> Affidavit in Reply dated 20 November 2023</b>
	<p><i>accounts. In the event such efforts of the business to collect the receivables fails, a detailed justification note is prepared by the Business team for approving the write-offs. After the proposal for writing-off any bad debt is placed, there is a 3-step internal approval process; being first approval by the Head of the Business team, which is reviewed by the Head of the Collections team and the Head of the Controllership Team, after which the final approval for writing of the bad debt is taken from the Head of the Finance Team or the Chief Financial Officer. Once the write-off has been approved, it is booked against the allowance for credit losses in the period they are deemed uncollectible, if the provision is already made. In cases where the provision is not made, the write-off is booked directly to the Profit &amp; Loss Account.</i></p> <p><i>Furthermore, as explained in paragraph 20 @ Pg. No. 8 in the Reply, there is no requirement for passing a Board Resolution for approving write-offs under the provisions of the Companies Act, 2013.</i></p>

21. From the material on record and after perusing the clarifications and submissions of the Petitioner Companies to the RD Report and the Report of the Official Liquidator, the Scheme appears to be fair and reasonable and does not violate any provisions of law and is not contrary to public policy.
22. Since all the requisite statutory compliances have been fulfilled, the Company Scheme Petition No. 200 of 2023 filed by the Petitioner Companies is made absolute in terms of prayer clauses (a), (b) and (c) of the Company Petition. Thus, the Scheme annexed at Annexure C to the Company Scheme Petition is sanctioned with the Appointed Date fixed as **1 April 2022**.
23. The Petitioner No. 1/Transferor Company to be dissolved without winding up.
24. The Petitioner Companies are directed to lodge a copy of this order along with the sanctioned Scheme duly certified by Deputy/Assistant/ Joint Registrar of this Tribunal, attached thereto, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, within 60 days from the date of receipt of the certified copy of this order along with the sanctioned Scheme attached thereto.
25. The Petitioner Companies are directed to file copy of the certified copy of this order along with a copy of the sanctioned Scheme attached thereto with the concerned Registrar of Companies, electronically, along with e-form INC-28 within 30 days of receipt of certified copy of this order along with the sanctioned Scheme from the registry, duly certified by the Deputy/Assistant/Joint Registrar of this Tribunal.
26. All concerned authorities to act on a copy of this order along with the sanctioned Scheme, duly certified by Deputy/Assistant/Joint Registrar of this Tribunal.
27. The Petitioner Companies shall be at liberty to apply to this Tribunal for any directions that may be necessary with regard to the implementation of the Scheme.

28. Accordingly, CP No. 200 of 2023 is **allowed**. File to be consigned to record.

29. Ordered accordingly.

**SD/-**

**Madhu Sinha**

**Member (Technical)**

/Aakansha/

**SD/-**

**Reeta Kohli**

**Member (Judicial)**