

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING  
HELD ON **09.05.2024** THROUGH VIDEO CONFERENCING

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**PRESENT:** HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)  
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

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**APPLICATION NUMBER** : CA(CAA)/25 & 26/2023  
**PETITION NUMBER** : CP(CAA)/50(CHE)/2023  
**NAME OF THE PETITIONER(S)** : Seyoon Teknologies Pvt Ltd  
**NAME OF THE RESPONDENTS** : VEL Castings Pvt Ltd  
**UNDER SECTION** : Sec 230-232 of CA, 2013

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**ORDER**

Present: None for the Applicant.

Vide separate order announced in Open Court, the scheme is approved.

File be consigned to records.

**Sd/-**

**(VENKATARAMAN SUBRAMANIAM)**  
MEMBER (TECHNICAL)

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**Sd/-**

**(SANJIV JAIN)**  
MEMBER (JUDICIAL)

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH - I, CHENNAI**

**CP (CAA)/50(CHE) 2023 in CA (CAA)/25&26/CHE/2023**

*Under Sections 230 to 232 of the Companies Act, 2013  
In the matter of Composite Scheme of Amalgamation*

Of

**SEYOON TEKNOLOGIES PRIVATE LIMITED**

CIN: U35999TN2018PTC122263

137 Sidco Industrial Estate Thirumazhisai,  
Thiruvallur, Chennai- 600 124.

*...Applicant /Transferor Company*

*And*

**VEL CASTINGS PRIVATE LIMITED**

CIN: U27310TN2013PTC092992

S-40 SIPCOT Industrial Complex, Phase-III  
Ranipet, Vellore- 632 405.

*...Applicant/Transferee Company*

*And*

**Their Respective shareholders and creditors**

*Order pronounced on 09<sup>th</sup> May 2024*

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**SANJIV JAIN, MEMBER (JUDICIAL)**

**VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

*For Applicant(s): Ms. Chinna Abraham, Advocate.*

**ORDER**

*(Heard through –VC-)*

This Company Petition has been filed by the Petitioner Companies  
above named for approval of the Scheme of Amalgamation of SEYOON

**TEKNOLOGIES PRIVATE LIMITED** (for brevity “Transferor Company”) with **VEL CASTINGS PRIVATE LIMITED** (for brevity “Transferee Company”) under section 230-232 of Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity ‘the Rules’) (hereinafter referred to as the ‘SCHEME’) pursuant to the Scheme proposed by the Petitioner Companies. The said Scheme is attached as **A1** along with the petition typeset.

**2. 1<sup>ST</sup> MOTION APPLICATION – IN BRIEF**

2.1. The Transferor Company and Transferee Company had filed the First Motion Application vide CA(CAA)/25&26/(CHE)/2023 seeking directions as follows

	<b>EQUITY SHAREHOLDERS</b>	<b>PREFERENCE SHAREHOLDERS</b>	<b>SECURED CREDITORS</b>	<b>UNSECURED CREDITORS</b>
<b>TRANSFEROR COMPANY</b>	To dispense with	Not Applicable	To Order Meeting	To Order Meeting
<b>TRANSFEREE COMPANY</b>	To dispense with	To dispense with	To Order Meeting	To Order Meeting

2.2. Based on such application moved under Sections 230-232 of the Companies Act, 2013, directions were issued by this Tribunal, vide order dated **19.06.2023** and meetings of the equity shareholders and Preference Shareholders were dispensed with. Meetings were ordered to be held for the secured creditors &

unsecured creditors and the chairperson appointed has filed the report before this Tribunal.

Subsequently, the second motion petition was filed before this Tribunal by the petitioner companies on 28.09.2023 for sanction of the Scheme of Amalgamation by this Tribunal.

### **3. RATIONALE OF THE SCHEME**

3.1. The Transferor Company and Transferee Company are under the control of a common promoter group. The Transferee Company along with its promoter group of companies are in a position to, and do exercise control over the Transferor Company. The Business of the Transferor Company and that of the Transferee Company are complementary to each other.

3.2. The Directors of the Transferor Company and Transferee Company are of the opinion that the proposed amalgamation of the Transferor Company with Transferee Company by way of combining the activities and operations into a single company would be advantageous and lead to strong capability in effectively meeting future challenges of a competitive business environment in the following manner:

- i) Enable consolidation of the business of the Transferor Company and Transferee Company into one entity which will facilitate focused growth, operational efficiency,

integration and better supervision of the business of the group and optimal allocation of capital.

- ii) Enable synergy benefits due to economies of scale by combining all the functions, related activities and operations.
- iii) The Transferee Company is currently engaged in the manufacture and sale of grey iron castings. Hence, combining the business of the Transferee Company with that of the Transferor Company will help the Transferee Company to produce improved products for its customers and derive better collaborative benefits.
- iv) Resources of Transferor Companies and Transferee Company in the form of managerial and technical expertise can be combined for increased operational efficiency.
- v) Enable forward integration of product and technology and pooling of resources of the Transferor company with the resources of the Transferee company to their advantage, resulting in a stronger balance sheet and net worth to meet future investment requirements.
- vi) Enabling future growth and more efficient financial and investment management and providing a compelling business purpose for the Amalgamated company.

- vii) Increased competitive edge over competitors and garner greater visibility in the market.
- viii) Enable smooth implementation of policy changes at a higher level from a management perspective and shall also help enhance the efficiency and control of the entities.
- ix) The Transferor Company currently sources material from Transferee Company and value addition being done independent of the resources available at the Transferee Company. Combining the technology capabilities of each of the entities and utilizing the same in providing end-to-end portfolio of solutions to the customers. The amalgamation will result in better and improved service levels at a better price to the end customers.
- x) Since the primary vendor of the Transferor Company is the Transferee Company, an amalgamation of the two entities would provide good business rationale to save administrative costs and hassles in running two separate companies.
- xi) Financial strength of Transferee Company provides stability for all stake holders including that of the creditors of the Transferor Company and this would bring about continued strength in the operations of the Transferor Company upon the Scheme being effective.
- xii) The Transferor Company business requires deep commitment and long-standing service record in the

market and hence the amalgamation with Transferee Company entails such synergies.

xiii) The scheme envisages merger of Transferor Company as a going concern from the Appointed Date thereby ensuring that the interest of all stake holders, including creditors, and employees, are protected from that date onwards.

xiv) The rationale for continuing the Transferor Company as separate entities no longer exists and hence it is considered prudent to merge the entities and protect the interest of all stake holders.

3.3. Given that the business of the Transferor Company and the Transferee Company complement each other and combination of such companies would lead to business continuity along with commercial, operational and administrative synergies (as explained above) leading to maximizing stakeholders' value, the Board of Directors of the respective companies believe that the amalgamation should have an Appointed Date of 01 April 2022, in order to reflect and represent, through a uniform financial statement, the true financial strengths of the amalgamated entity.

3.4. In view of the aforesaid, the Board of Directors of the Transferor Company and the Transferee Company have considered and approved this Scheme of Amalgamation and

have, accordingly, proposed the Amalgamation (as hereinafter defined) of the Transferor Company with the Transferee Company as an integral part of the Scheme under the provisions of Sections 230 to 232 of the Companies Act, 2013.

4. In the second motion application filed by the Petitioner Companies, this Tribunal vide order dated **11.10.2023** directed the Petitioner Companies to issue notice to the Statutory / Regulatory Authorities viz. (i) Regional Director (Southern Region), Chennai (ii) ROC, Chennai, (iii) Official Liquidator (iv) the Jurisdictional Income Tax Department, and other sectoral regulators, who may govern the working of the respective companies, as well as for paper publication to be made in "Business standard", English (All India Edition) and "Malai Malar" Tamil- Evening paper (Tamil Nadu Edition).

5. In compliance to the said directions issued by this Tribunal, the Petitioner Companies filed an affidavit of service before the Registry of this Tribunal on 21.11.2023. A perusal of the same discloses that the Petitioner Companies effected paper publications as directed by the Tribunal in "Business standard", English (All India Edition) and "Malai Malar" Tamil- Evening paper (Tamil Nadu Edition) on 03.11.2023 respectively. It is also seen that notices have been also served to



S.No	Statutory authorities	Date of Notice
1.	Regional Director, Southern Region, Chennai	27.10.2023
2.	Registrar of Companies, Chennai	27.10.2023
3.	Official Liquidator	27.10.2023
4.	Income Tax Department	27.10.2023

6. Pursuant to the service of notice of the petition, the following statutory authorities have responded as follows:

7. **STATUTORY AUTHORITIES**

7.1. **REGIONAL DIRECTOR**

7.1.1 On issuance of notice, the Regional Director, (*hereinafter referred to as 'RD'*) Southern Region, Chennai has filed his report before this Tribunal vide SR.No.268 on 16.01.2024 and the same is as follows:

Para	Observations
8	That Clause 5.4 of Part B of the Scheme has stated about protection of staff, workmen and employees of the Transferor Company All the employees who are in employment as on the effective date shall become the employees of the Transferee Company from the Appointed date or their respective joining date, whichever is later and, subject to the provision of this scheme, on terms and conditions not less favorable than

	those on which they are engaged by the Transferor Company and without any interruption or break in service as a result of the Amalgamation of the Transferor Company
9	That as per Clause 5.9 of Part B of the Scheme, upon the Scheme coming into effect and in consideration of the transfer and vesting of the Scheme, the Transferee Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Transferor Companies, whose name is recorded in the register of members as member of the relevant Record Date respectively, ie., 1 (One) equity share of INR 331.27/- (Rupees Three Hundred and Thirty One point Two Seven Only) each, to the equity shareholders of the Transferor Company as on the Record Date for every 1.59425 (One point Five Nine Four Two Five) equity shares of INR 207.79/- (Rupees Two Hundred and Seven point Seven Nine Only) each held by the equity shareholders of the Transferor Company, in consideration for the amalgamation. ("Amalgamation Share Entitlement Exchange Ratio").
10	That Clause 5.9.2 of Part B of the Scheme provides for clubbing of Authorized Share Capital of the Companies, as such the Authorized Share Capital of the Transferor Company shall stand altered and merged with the Authorized Share Capital of the Transferee Company. Hence, upon merger of capital, the revised authorized share capital of the Transferee Company stand be Rs. 21,96,24,500 (Rupees Twenty-One Crores Ninety-Six Lakhs Twenty Four Thousand Five Hundred Only) divided into 12,71,245 (Twelve Lakhs Seventy-One

	Thousand Two Hundred and Forty- Five Only) Equity Shares of INR 100/- (Rupees Hundred Only) each, 2,25,000 (Two Lakh Twenty-Five Thousand Only) Compulsory Convertible Cumulative Preference Shares of Rs. 100 (Rupees Hundred Only) each and 7,00,000 (Seven Lakh Only) Redeemable Preference Shares of Rs.100 (Rupees Hundred Only) each. It is prayed that the Tribunal may direct the Companies involved in the Scheme to alter Clause 5 of the Scheme accordingly and also to pay the difference in fee / stamp duty on proposed increase of Authorized Share Capital and to file the amended Memorandum of Association.
12	That Clause 5.13 of Part B of the Scheme provides for dissolution of the Transferor Company, without being wound up.
13	That as per the report dated 5.1.2024 of ROC, Chennai, the Transferor Company and Transferee Company are regular in filing their statutory returns and filed up to financial year ending 31st March 2023. ROC, Chennai vide report dated 5.1.2024 has further stated that there are no prosecution/complaint/inspection or investigation pending against the Transferor Companies.

7.1.2. It is stated by the RD that, after examining the scheme he has decided not to make any objection except in para 10, to pay the difference in the stamp duty to the Scheme and has left it to this Tribunal to pass order on merits.

7.1.3. In response to the objections raised by the RD, an affidavit has been filed before this Tribunal on 20.02.2024 vide

SR No. 879, undertaking to pay the differential fees if any on receipt of the order.

## 7.2. OFFICIAL LIQUIDATOR

7.2.1. In relation to the Official Liquidator, (*hereinafter referred to as 'OL'*) to whom the notice was issued, he has filed the Report before this Tribunal on 17.01.2024 vide SR.No.275. It is stated in the report that, they have appointed M/s R Subramanian & Co., Chartered Accountants from the panel maintained by their office to verify into the affairs of the Transferor Company. The OL in the report filed before this Tribunal has observed as follows;

Para	Observations
4(iv)	That there are 2 secured creditors in Transferor Company as on 31/12/2022. The meeting of the secured creditors were held as per the directions of this Tribunal and as per Scrutinizer's report dated 19/09/2023 the 2 secured Creditors have voted in favour of the proposed Scheme of Amalgamation and their outstanding amount is Rs.4,36,15,346/-
4(v)	There are 130 unsecured creditors in the Transferor Company as on 31/12/2022. The meeting of the unsecured creditors of the Transferor company was conducted as per the directions of the Hon'ble NCLT, Chennai. As per the Scrutinizer's report, 97 unsecured creditors having outstanding amount of Rs.25,06,36,074/- have voted in favour of the proposed scheme of amalgamation and 1

	unsecured creditor having outstanding amount of Rs.15,792/- have voted against the proposed Scheme of Amalgamation The percentage of total votes casted in favour of the resolution as a proportion to total unsecured creditors as on 31/12/2022 is 99.24%.
4(viii)	That as per the scheme of Amalgamation, "Provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirements fund or benefits and any other funds or benefits (collectively referred to as the "funds") created by the Transferor company for its employees is concerned, the Funds and such of the investments made by the Funds that are being transferred in terms of this scheme shall be held for their benefit pursuant to this scheme. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the transferee company, either be continued as separate funds of the transferee company for the benefit of the employees of the transferor company or be transferred to and merged with other similar funds of the transferee company. It is clarified that the services of the employees of the Transferor company will be treated as having been continuous and not interrupted for the purpose of the said fund or funds
4(viii)	There are not contingent liabilities in the Transferor Company based on the verification of the audited financial statements of such company for FY 2022-23.
4(ix)	That upon verification from the records of the Registrar of Companies the Transferor Company has filed the returns with the ROC on regular basis.

4(x)	That upon review of the Income tax portal and GST Portal, there are no pending demands/orders against Transferor Company. The Company has been regular in filing such returns.
4(xi)	That the auditor has further affirmed that there are no material observation on review of the audited Financial Statements of the Transferor Company for the year ended 31/03/2023 and on the books and accounts till 30th November 2023 for the FY 2023-24.
4(xii)	That the auditor has concluded that according to the information and explanation given to them that the affairs of the Transferor Company has not conducted prejudicial to all the Stake holders and there are no transactions evoking suspicion or which would involve misfeasance and diversion of funds on the part of the Directors of the Transferor Company.

7.2.2. The Official Liquidator has sought to take on record the above observations and consider the report of the Chartered Accountant and has also sought to fix the remuneration payable to the Auditor who has investigated into the affairs of Transferor Company. In this regard, this Tribunal hereby directs the Transferor Company to pay a sum of **Rs.40,000 + GST (if applicable) (Rupees Forty Thousand Plus GST)** to the Official Liquidator for the payment of fees payable towards the Auditor who has investigated into the affairs of the Transferor Company.

### 7.3. OTHER STATUTORY AUTHORITIES

7.3.1. On Notice being served to the Income tax department vide order dated 1.10.2023, there is no representation from the Department of Income Tax. This Tribunal in terms of Section 230(5) of the Companies Act, 2013 presumes that the Department of Income Tax does not have any objection to the sanction of the Scheme. Deemed Consent.

7.3.2. In Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi has made the following observations with regard to the right of the IT Department in the Scheme of Amalgamation,

*“taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision in RE: Vodafone Essar Gujarat Limited v. Department of Income Tax (2013)353 ITR 222 (Guj) and the same being also affirmed by the Hon’ble Supreme Court and as reported in (2016) 66 taxmann.com.374(SC) from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15,2015 that the Department is entitled to take out appropriate proceedings for recovery of any statutory dues from the transferor or transferee or any other person who is liable for payment of such tax dues, the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned.”*

## 8. VALUATION REPORT

8.1. The Learned Counsel for the Petitioner Companies has invited the attention of this Tribunal to the Valuation Report obtained from one SANJEEV ADITYA, Registered Valuer, wherein it has been recommended by the Independent Valuer that :

*1 (One) equity share of INR 331.27/- (Rupees Three Hundred and Thirty One point Two Seven Only) each, to the equity shareholders of the Transferor Company as on the Record Date for every 1.59425 (One point Five Nine Four Two Five) equity shares of INR 207.79/- (Fees Two Hundred and Seven point Seven Nine Only) each held by the equity shareholders of the Transferor Company, in consideration for the amalgamation. ("Amalgamation Share Entitlement Exchange Ratio"*

## 9. ACCOUNTING TREATMENT

9.1. The Learned Counsel for the Petitioner Companies has stated that the Statutory Auditors of the Petitioner Companies have examined the Scheme and certified that the Petitioner Companies have complied with proviso to Section 230 (7) / Section 232 (3) and the Accounting Treatment contained in the proposed Scheme of Arrangement is in compliance with the Applicable Indian Accounting Standards. The Certificates issued by the Statutory Auditors certifying the Accounting Treatment of



the Petitioner Companies are placed at **Page No. 152** of the typed set filed along with the Application.

9.2 It is stated that, no investigation proceedings are pending against the Transferor or Transferee Companies under the provisions of the Companies Act, 1956 or the Companies Act, 2013 and no proceedings against the petitioner companies for oppression or mismanagement have been filed before this Tribunal or erstwhile Company Law Board.

## **10. OBSERVATIONS OF THIS TRIBUNAL**

10.1. After analyzing the Scheme in detail, this Tribunal is of the considered view that the scheme as contemplated amongst the petitioner companies seems to be *prima facie* beneficial to the Company and will not be in any way detrimental to the interest of the shareholders of the Company. In the absence of any other objections having been placed on record before this Tribunal and since all the requisite statutory compliances having been fulfilled, this Tribunal sanctions the Scheme of Arrangement appended as A1 with the Company Petition as well as the prayer made therein.

10.2. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners.

10.3. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

**11. THIS TRIBUNAL DO FURTHER ORDER:**

- (i) That all properties, right and interest of the Transferor Company shall, pursuant to section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company.
- (ii) That all the liabilities, powers, engagements, obligations and duties of the Transferor Company shall pursuant to

Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to the Transferee Company and accordingly the same become the liabilities and duties of the Transferee Company.

- (iii) That the Appointed date for the Scheme shall be **1<sup>st</sup> April 2022** as mentioned in clause 1.3 of Part A of the SCHEME itself. Further the Appointed date is within one year from the date of filing of Application.
- (iv) That the Transferee Company do without further application allot to such members of the Transferor Company, as have not given such notice of dissent, as is required by Clause 5.9 of Part-B the Scheme herein the shares in the Transferee Company to which they are entitled under the said Scheme.
- (v) That all proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company.
- (vi) That all the employees of the Transferor Company in service on date immediately preceding the date on which the Scheme finally takes effect shall become the employees

of the Transferee Company without any break or interruption in their service.

- (vii) That the Transferee Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company after setting off the fees paid by the Transferor Company.
  
- (viii) That the Transferor Company and the Transferee Company, shall within thirty days of the date of receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Company shall be dissolved without winding up and the Registrar of Companies shall place all documents relating to the Transferor Company registered with him on the file kept by him in relation to the Transferee Company and the files relating to the said company shall be consolidated accordingly.

- (ix) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

12. Accordingly, the Company Petition stands **allowed** on the aforementioned terms.

**-Sd-**

**VENKATARAMAN SUBRAMANIAM**  
MEMBER (TECHNICAL)

**-Sd-**

**SANJIV JAIN**  
MEMBER (JUDICIAL)

*Vinita Varshini. K*