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CIN: L29220MH1995PLC091091

To,
National Stock Exchange of India Limited,
Exchange Plaza, BandraKurla Complex
Bandra (E), Mumbai-400051

INTIMATION OF ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH ('HON'BLE NCLT') RECEIVED BY US ON 15TH MARCH 2024 FOR CONVEYING THE EXTRA ORDINARY GENERAL MEETING ON 2ND MAY 2023 PURSUANT TO THE SCHEME OF ARRANGEMENT BETWEEN THE EMKAY TAPS AND CUTTING TOOLS LIMITED (DEMERGED COMPANY) AND EMKAY TOOLS LIMITED (RESULTING COMPANY) AND ITS SHAREHOLDERS

Thanking You,

Yours faithfully,
For **EMKAY TAPS AND CUTTING TOOLS LIMITED**

ADITYA
VINOD KOKIL

Aditya Vinod Kokil
Company Secretary and Compliance officer
Membership No.: A59159

IN THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH, COURT-II

C.A. (CAA) / 4 / MB / 2024

In the matter of the Companies Act, 2013

AND

In the matter of Section 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules & regulations framed there under;

AND

In the matter of Scheme of Arrangement between Emkay Taps And Cutting Tools Limited having ('Demerged Company') and Emkay Tools Limited having ('Resulting Company') and their respective shareholders ('Scheme of Arrangement')

DETAILS OF THE APPLICANT COMPANIES:

EMKAY TAPS AND CUTTING TOOLS LIMITED

....the First Applicant Company

EMKAY TOOLS LIMITED

....the Second Applicant Company

.....Collectively known as Applicant Companies

Order delivered on 13.3.2024

Coram:

Anil Raj Chellan

Member (Technical)

Kuldip Kumar Kareer

Member (Judicial)

For the Applicant Companies: PCA, Harsh C Ruparelia

ORDER

Per: Kuldip Kumar Kareer, Member (Judicial)

1. The Professional for the Applicant Companies submits that the present Scheme of Arrangement is for the demerger of the Demerged Undertaking (defined in clause 1.9 of the Scheme of Arrangement) of Emkay Taps And Cutting Tools Limited and vesting of the same in the Resulting Company i.e., Emkay Tools Limited on a going concern basis and consequential issue of New Equity Shares (defined in the Scheme of Arrangement) of the Resulting Company to the shareholders of Emkay Taps And Cutting Tools Limited under Section 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, and Amalgamation) Rules, 2016
2. The Professional for the Applicant Companies submits that the First Applicant Company as per main object clause is incorporated to do following business activity:
 - a. *To takeover the proprietary business of Ajayprakash Kanoria HUF named “Emkay Tools” and to takeover all assets and liabilities as going concern with all rights and obligations of M/s. Emkay Tools, proprietary of Ajayprakash Kanoria HUF.*
 - b. *To carry on the business of manufacturing, import, export, buy, sell and to deal in all kinds of high steel cutting tools, taps, rings and mills, reamers and other machine & cutting tools.*
3. The Professional for the Applicant Companies submits that the Second Applicant Company as per main object clause is incorporated to do following business activity.

- a. *To carry on the business of manufacturing, import, export, buy, sell and to deal in all kinds of high steel cutting tools, taps, rings and mills, reamers and other machine & cutting tools.”*

4. CONSIDERATION / ISSUE OF SHARES

- a. The Professional for the Applicant Companies submits that upon this Scheme becoming effective and in consideration of the demerger of the Demerged Undertaking from the Demerged Company and vesting of the Demerged Undertaking into the Resulting Company in accordance with this Scheme, the Resulting Company, without any further act or deed and without receipt of any cash, shall issue and allot to the shareholders of the Demerged Company as on the Record Date (as may be decided by the board of directors), in the following manner:
- “(One) fully paid up equity share of face value of INR 1/- (Rupee One only) each of Resulting Company for every 1 (One) fully paid up equity shares of face value of INR 10/- (Rupees Ten only) each held in the Demerged Company (“Demerger Share Entitlement Ratio”)”*

5. RATIONALE FOR THE SCHEME:

The Rationale for the Scheme of Arrangement which deals with demerger of the First Applicant Company in the manner set out in this Scheme can provide benefits to the shareholders/stakeholders as under:

- a. Segregation of the businesses will unlock the true potential of each business vertical, which will allow more focused strategy, management bandwidth and attention to execute each business segment’s respective vision.
- b. Strengthening customer service, distribution network and overall economies of scale for all the business verticals.
- c. Provide higher degree of flexibility to evaluate independent business opportunities.

- d. Enhance the financial performance to enable use of assets from its primary mode of business and generate revenues which in turn be strengthening the company's overall financial health over a period of time.
 - e. Effective and streamlined decision making will enable improved business risk management that can help take advantage of risks that are worth taking against potential benefits and prevent unacceptable risks being taken.
 - f. Pursuant to the Scheme, the equity shares issued by the Resulting Company would be listed on National stock exchange of India Ltd. NSE EMERGE SME platform and will unlock the true value of the Demerged Undertaking for the shareholders of the Demerged Company. Further the existing shareholders of the Demerged Company would hold the shares of two listed entities after the Scheme becoming effective; giving them flexibility in managing their investments in the two businesses having differential dynamics.
 - g. The Scheme is in the best interests of the respective entities and their stakeholders including their respective shareholders. Further, the Scheme shall not be prejudicial to the interest of the creditors, since it does not involve any compromise or arrangement with the creditors of the Demerged Company or the Resulting Company.
6. The Professional for the Applicant Companies submits that the Board of Directors, Audit Committee and Committee of Independent Directors, wherever applicable of the Applicant Companies vide their resolution dated 29th June 2023, approved Scheme of Arrangement between the Applicant Companies. The Appointed Date of the Scheme is 1st April 2024.
7. The Professional for the Applicant Companies submits that the First Applicant Company has received an observation letter from the NSE Limited on 22nd September 2023, which is annexed as **Exhibit “26” (Page Nos. 421-424)** to the Company Scheme Application.

8. A meeting of the Equity Shareholders of the First Applicant Company be convened and held on Thursday, 2nd May 2024, at 11:00 a.m. IST at the registered office of the First Applicant Company, for the purpose of considering, and, if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement. In addition to the above, the First Applicant Company shall also provide the facility of remote e-voting to each of its equity shareholders to cast their vote in accordance with Rule 20 of the Companies (Management & Administration) Rules, 2014, and therefore, in accordance thereto, the remote e-voting period shall remain open from Monday, 29th April, 2024 (09:00 a.m) to Wednesday, 1st May 2024 (05:00 p.m).
9. The Professional for the Applicant Companies submits therein that there are 7 (Seven) Equity Shareholders in the Second Applicant Company comprising of 1,00,000 Equity Shares of INR 1 each. The Professional for the Applicant Companies further submits that the Second Applicant Company has obtained consent affidavits from all the Equity Shareholders, which are annexed as **Exhibit “25” (Page Nos. 393-420)**, to the Company Scheme Application.
10. In view of the fact that all the Equity Shareholders of the Second Applicant Company have given consent affidavits for the Scheme, the meeting of the Equity Shareholders of the Second Applicant Company is hereby dispensed with.
11. The Professional for Applicant Companies submits that there is 1 (One) secured creditor of INR 4,37,37,037 (Rupees Four Crore Thirty-Seven Lakh Thirty Seven Thousand Thirty Seven Only) in the First Applicant Company as on 30th September 2023; The certificate by the Statutory Auditors certifying List of Secured Creditors of the First Applicant Company as on 30th September 2023 is annexed as **Exhibit “29” (Page Nos. 428-431)** to the Company Scheme Application. The present Scheme is an arrangement between the Applicant Companies and its shareholders as contemplated in Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013,

as there is no compromise of arrangement with creditors and it does not affect the rights and interests of the Secured Creditors of the First Applicant Company. Further, there is no diminution of liability of any of the Secured Creditors of the First Applicant Company, who will be paid off in the ordinary course of business. Further, The First Applicant Company has also obtained No Objection Certificate from the Secured Creditors of the First Applicant Company, which is annexed herewith as **Exhibit “32” (Page Nos. 436-437)** to the Company Scheme Application. In view of the above, the meeting of the Secured Creditors of the First Applicant Company is hereby dispensed with.

12. The Professional for Applicant Companies submits that there are no Secured Creditors in the Second Applicant Company as on 30th September 2023; therefore, the question of convening and holding the meeting of the Secured Creditors of the Second Applicant Company does not arise. The certificate by the Statutory Auditors certifying the list of creditors as on 30th September 2023 is annexed as **Exhibit “31” (Page Nos. 433-435)** to the Company Scheme Application, according to which there are no Secured Creditors in the Second Applicant Company. In view of the above, the meeting of the Secured Creditors of the Second Applicant Company is hereby dispensed with.
13. The Professional for the Applicant Companies further submits that as on 30th September 2023, there are 48 (Forty-Eight) Unsecured Creditors of INR 2,86,50,334 (Rupees Two Crore Eighty-Six Lakh Fifty Thousand and Three Hundred Thirty-Four Only) in the First Applicant Company and 2 (Two) Unsecured Creditors of INR 2,61,159 (Rupees Two Lakh Sixty-One Thousand One Hundred Fifty-Nine Only) in the Second Applicant Company. The certificate by the Statutory Auditors certifying List of Unsecured Creditors of the First Applicant Company and Second Applicant Company as on 30th September 2023 is annexed as **Exhibit “29” (Page Nos. 428-431) and Exhibit “31” (Page Nos. 433-435)** to the Company Scheme Application. As the First Applicant Company has obtained consents in writing from more than 90% in value of its Unsecured

Creditors as on 30th September 2023, which are filed vide Additional Affidavit in support of Joint Company Scheme Application, the meeting of the Unsecured Creditors of the First Applicant Company is hereby dispensed with. Further, the Second Applicant Company will either procure consent affidavits of at least ninety percent of its Unsecured Creditors as per Section 230(9) of the Companies Act, 2013 and annex the same with the Company Petition or convene and hold the meeting of the Unsecured Creditors of the Applicant Company no. 2.

14. In terms of the meeting to be convened of equity shareholders of the First Applicant Company, it is hereby directed as under:

- i. At least 30 (Thirty) clear days before the said meeting of the equity shareholders of the First Applicant Company to be held as aforesaid, a notice convening the said meeting at the day, date and time as fixed in accordance with the above paras, together with a copy of the Scheme, a copy of the Explanatory statement required to be sent under section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, shall be sent to the equity shareholders as on the closing business hours of Tuesday, 26th March 2024 of the First Applicant Company by electronic mail to their registered e-mail address or registered post or by air mail or by courier or by speed post or by hand delivery, as per the records of the First Applicant Company.
- ii. At least 30 (Thirty) days before the meeting of the Equity Shareholders of the First Applicant Company to be held as aforesaid, a notice convening the said meeting, at the date and time fixed in accordance with above paras be published each in “The Indian Express” in English, and “Loksatta” in Marathi having circulation in Maharashtra, stating that copies of the Scheme and said statement required to be furnished pursuant to Section 230(3) of the Companies Act, 2013 can be obtained free of charge at the

Registered Office of the respective Applicant Companies or by e-mailing the respective Applicant Companies at Companysecretary@emkaytaps.com.

15. The respective Applicant Companies undertakes to:
- i. Issue notice convening meeting of the Equity Shareholders as per Form No. CAA.2 (Rule 6) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;
 - ii. Issue statement containing all the particulars as per Section 230 of the Companies Act, 2013; and
 - iii. Advertise the notice convening meeting as per Form No. CAA.2 (Rule 7) of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016.

The undertaking is accepted

16. Mr. Vipul Joshi, having email id- vipuljoshi.adv@gmail.com, is hereby appointed as the Chairperson for the meeting of the equity shareholder of the First Applicant Company. He shall be paid Rs. 1,50,000/- as fees excluding all applicable taxes.
17. Mr. Roshan Harde, Company Secretary, having office at Business Plaza, Ground Floor, 6 Farmland, Central Bazar, Near Lokmat Square, Nagpur – 440010, Practicing Company Secretary is hereby appointed as a Scrutinizer for the meeting of Equity Shareholders of the First Applicant Company. He shall be paid Rs. 10,000/- as fees excluding all applicable taxes for his service as Scrutinizer
18. The Chairperson appointed for the aforesaid meeting of the First Applicant Company to issue the advertisement and send out the notices of the meeting of the

Equity Shareholders. The said Chairperson of First Applicant shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, as may be applicable for meeting of Equity Shareholders convened and held through video conferencing or other audio-visual mode, in relation to the conduct of the meeting including for deciding procedural questions that may arise at the meeting or at any adjournment thereof or any other matter including, an amendment to the Scheme or resolution, if any, proposed at the meeting by any Equity Shareholder.

19. The quorum for the aforesaid meeting of the Equity Shareholders of the First Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013.
20. The value and number of the equity shares of each equity shareholder of First Applicant Company respectively shall be in accordance with the books/ register of the First Applicant Company or depository records as on the closing business hours of Friday, 26th April 2024 and where the entries in the books/ register/ depository records are disputed, the Chairperson of the meeting shall determine the value for the purpose of the aforesaid meeting and his/her decision in that behalf would be final.
21. The Chairperson of the meeting as aforesaid, shall file a compliance affidavit not less than 7 (Seven) days before the date fixed for holding of the meeting of the Equity Shareholders of the First Applicant Company and report to this Tribunal that the directions regarding the issue of notices and advertisements have been duly complied with, as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
22. The voting for the meeting of the Equity Shareholders of the First Applicant Company on the proposed Scheme shall be allowed by mechanism of e-voting by shareholders or by their respective authorized representative. The voting by authorized representative, in case of a body corporate be permitted, provided that

the authorization duly signed by the person entitled to attend and vote at the meeting is filed with the First Applicant Company, in physical or electronic mode, at its registered office or emailed to the Company Secretary at Companysecretary@emkaytaps.com or to the scrutinizer at mcagsb83@gmail.com, at least 48 (Forty-Eight) hours before the aforesaid meeting, as required under Rule 10 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

23. The Chairperson(s) of the meeting shall report to this Tribunal, the result of the aforesaid meeting within 30 (Thirty) days of the conclusion of the said Meeting of the Equity Shareholders of the First Applicant Company, and the said report shall be verified by the undertaking as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
24. The First Applicant Company is directed to serve notices of present Company Scheme Application along with its enclosures upon : - (i) concerned Income Tax Authority within whose jurisdiction the First Applicant Company is made (i.e. PAN: AAACE4308G, DCIT/ACIT Circle-4, Nagpur) (ii) the Central Government through the office of Regional Director, Western Region, Ministry of Corporate Affairs (iii) Registrar of Companies, Maharashtra at Mumbai, (iv) concerned GST Authority (v) NSE Limited, (vi) Securities and Exchange Board of India, and (vii) Nodal Officer of Income Tax Department i.e. Pr. Chief Commissioner of Income Tax, 3rd Floor, Aaykar Bhawan, Maharishi Karve Road, Mumbai – 400020, e-mail: Mumbai.pccit@incometax.gov.in, with a direction that they may, if they so wish, submit their representations, if any, within a period of thirty days (30) from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the First Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the Scheme.
25. The Second Applicant Company is directed to serve notices of present Company Scheme Application along with its enclosures upon : - (i) concerned Income Tax

Authority within whose jurisdiction the Second Applicant Company is made (i.e. PAN : AAHCE5302K, ITO WARD 4(4), NAGPUR) (ii) the Central Government through the office of Regional Director, Western Region, Ministry of Corporate Affairs (iii) Registrar of Companies, Maharashtra at Mumbai, (iv) concerned GST Authority, and (v) Nodal Officer of Income Tax Department i.e. Pr. Chief Commissioner of Income Tax, 3rd Floor, Aaykar Bhawan, Maharishi Karve Road, Mumbai – 400020, e-mail: Mumbai.pccit@incometax.gov.in, with a direction that they may, if they so wish, submit their representations, if any, within a period of thirty days (30) from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the Second Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the Scheme.

26. The Professional for the Applicant Companies further clarifies that the Applicant Companies will file Company Scheme Petition and comply with the provision of service of notices upon all the regulatory authorities and filing of Affidavit of Service, Chairperson's Report of the Applicant Companies, wherever applicable.
27. That the Professional to file an Affidavit of Service within 30 working days after serving notice to all the regulatory authorities as stated above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.
28. Ordered Accordingly.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

Sd/-

KULDIP KUMAR KAREER
MEMBER (JUDICIAL)