EMKAY TOOLS

EMKAY TAPS AND CUTTING TOOLS LTD.

Registered Office & factory Address: B-27 & B-27/1, M.I.D.C. Industrial Area, Hingna Road, Nagpur-440016 (India)
CIN: L29220MH1995PLC091091

October, 31 2024

To,

National Stock Exchange of India Limited,

Exchange Plaza, Bandra Kurla Complex

Bandra (E), Mumbai-400051

Series: SM

Symbol: EMKAYTOOLS

Ref.: **Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Subject: **Update on the Composite Scheme of Arrangement of Emkay Taps and Cutting Tools Limited (the "Demerged Company" or "ETCTL") and Emkay Tools Limited ("ETL" or the "Resulting Company" or the "Transferee Company") and their respective shareholders ("Scheme")**

Dear Sir/madam,

Further to our letter dated 28.10.2024 in the captioned Scheme and in accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015, this is to update that the Hon'ble National Company Law Tribunal, Mumbai ("NCLT") has vide an order dated 28 October 2024 ("Order") approved the Scheme.

The copy of the Order, as available on the website of the NCLT, is enclosed herewith for your information and records. The certified copy of the Order shall be obtained in due course.

The Scheme envisages demerger of demerged undertaking carried on by the Company through itself and its subsidiaries into ETL and the consequent issuance of equity shares by ETL to all the shareholders of ETCTL in the manner provided for in the Scheme. Further, equity shares of ETL will be listed on the Stock Exchanges.

With this, the Scheme has been approved by all the requisite authorities and procedural formalities in relation to the implementation of the Scheme will be completed in due course. The Record Date for the purpose of determining eligibility of shareholders to get the shares of ETL will be announced separately.

The Scheme will come into effect from the date of filing of the certified copy of Order with the Registrar of Companies (i.e. the 'Effective Date' as per the Scheme).

Thanking You.

Yours Faithfully

For **EMKAY TAPS AND CUTTING TOOLS LIMITED**

ADITYA VINOD KOKIL

Aditya Vinod Kokil

Company secretary &Compliance officer

Encl: As above

NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT-II

9. Company Application/279/2024 and C.P.(CAA)/122(MB)2024 In C.A.(CAA)4(MB)2024

CORAM:

SHRI ANIL RAJ CHELLAN	**SHRI KISHORE VEMULAPALLI**
HON'BLE MEMBER (T)	**HON'BLE MEMBER (J)**

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 28.10.2024

NAME OF THE PARTIES: - **Emkay Taps and Cutting Tools Limited**
IN THE MATTER OF
EMKAY TAPS AND CUTTING TOOLS LIMITED

Section: - 230-232 of Companies Act, 2013

ORDER

C.P.(CAA) 122(MB) 2024 in C.A.(CAA) 4(MB)2024

Presence:-

Mr. Harsh C Ruparelia, CA ... for Petitioner

Ms. Prachi Wazalwar a/w Adv. Arusha Bapat, Adv. ... for Income Tax

Ms. Gouri Killedar, AD (VC) ... for RD

The authorized representative of the Income Tax Department is present through VC and submits that the Income Tax Department has no objection to the scheme. The representative of RD submits that the report of the RD has already been submitted and RD has also no objection for the approval of the scheme. Heard Counsel for the parties for a considerable time. Detailed order will follow vide separate sheet.

--2--

Company Application 279 of 2024

Presence:-

Mr. Harsh C Ruparelia, CA ... for Petitioner

The present Application is filed by the Petitioner for an early hearing of the main matter i.e. C.P.(CAA) 122(MB) 2024 in C.A.(CAA) 4(MB)2024. The present Application has become infructuous since the main matter is heard today. Accordingly, **Company Application 279 of 2024** is **disposed of** having become **infructuous.**

Sd/-	**Sd/-**
ANIL RAJ CHELLAN	**KISHORE VEMULAPALLI**
Member (Technical)	**Member (Judicial)**

Ankit

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT – II
COMPANY SCHEME PETITION NO. C.P. (CAA) / 122 (MB) / 2024
CONNECTED WITH
COMPANY SCHEME APPLICATION NO. C.A. (CAA) / 4 (MB) / 2024

In the matter of the Companies Act, 2013

AND

In the matter of Sections 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

AND

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

Details of the Petitioner Companies:

Emkay Taps and Cutting Tools Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at Plot No. B-27, and B-27/1, MIDC Hingna, Industrial Estate, Nagpur, Maharashtra - 440016, India **CIN: L29220MH1995PLC091091**	}	**... First Petitioner Company / Demerged Company**
Emkay Tools Limited, a public limited company incorporated under the provisions	}	

of the Companies Act, 2013, having its registered office at B-27/1, MIDC Hingna, Industrial Estate, Nagpur, Maharashtra – 440016, India	}	**... Second Petitioner Company / Resulting Company**
CIN: U25939MH2023PLC401627	}	

.... Collectively known as Petitioner Companies

Order delivered on 28th October 2024

CORAM:

Shri. Anil Raj Chellan
Member (Technical)

Shri. Kishore Vemulapalli
Member (Judicial)

Appearances:

For the Petitioner Companies: CA Harsh C. Ruparelia i/b A R C H and Associates, Professional

For the Regional Director: Ms. Gauri Killedar, Authorised Representative on behalf of Regional Director, Western Region.

For the Income-tax Department: Ms. Prachi Wazalwar a/w Ms. Arusha Bapat, Advocates

Order

Per: Coram

1. Heard the Professional for the Petitioner Companies. No objector has come before the Tribunal to oppose the Petition and nor any party has controverted any averments made in the Petition.

2. The sanction of this Tribunal is sought under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ('Act') in the matter of Scheme of Arrangement for demerger between Emkay Taps And Cutting Tools Limited ('Emkay Taps' or 'Demerged Company') and Emkay Tools Limited ('Emkay Tools' or 'Resulting Company') and their respective Shareholders ("the Scheme" or "this Scheme").

3. The Professional for the Petitioner Companies submits that the First Petitioner Company is engaged in the business of manufacturing, import, export, buy, sell and to deal in all kinds of high-speed steel cutting tools, taps, rings and mills, reamers and other machine and cutting tools. The First Petitioner Company is also engaged in the business of production of power through windmills located in Rajasthan and Karnataka.

4. The Professional for the Petitioner Companies submits that the Second Petitioner Company is incorporated for the purpose of engaging in the business of manufacturing threading taps and cutting tools.

5. The Professional for the Petitioner Companies submits that the Board of Directors of the First Petitioner Company and Second Petitioner Company vide their resolution dated 29th June 2023, approved the Scheme of Arrangement between Emkay Taps and Emkay Tools and their respective Shareholders. The Appointed Date for the Scheme is 1st April 2024.

6. The Professional for the Petitioner Companies submits that the Second Petitioner Company is a wholly owned subsidiary of the First Petitioner Company. Accordingly, simultaneous with the issuance of the Equity Shares in accordance with the provisions of the Scheme, the existing shares held by the First Petitioner Company (directly and through its nominees) in the Second Petitioner Company shall

stand automatically cancelled without any further application, act, instrument or deed. The Board of Directors of the First Petitioner Company and the Second Petitioner Company are of the opinion that the Demerger of Business under this Scheme would result in benefit to the Companies and the Shareholders. The de-merger will interalia have the following benefits:

- 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.
- Strengthening customer service, distribution network and overall economies of scale for all the business verticals.
- Provide higher degree of flexibility to evaluate independent business opportunities.
- 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.
- 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.
- 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.
- 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.

7. The Professional for the Petitioner Companies submits that the Company Scheme Petition has been filed in consonance with the order dated 12th February 2024, passed by this Hon'ble Tribunal in C.A.(CAA) / 4 / MB / 2024 (annexed as **Exhibit 16 (Page Nos. 333 – 343))**. The Hon'ble Tribunal had directed to convene the meeting of Equity Shareholders of First Petitioner Company and to obtain consent from the Unsecured Creditors of the Second Petitioner Company (annexed as **Exhibit 21 (Page Nos. 460 – 462))**. Further, the meetings of Equity shareholders of the Second Petitioner Company, secured creditors of the Petitioner Companies and meeting of the Unsecured Creditors of the First Petitioner Company were dispensed with by the Hon'ble Tribunal vide its order. Accordingly, the First Petitioner Company conducted meeting of its Equity Shareholders as per the direction of the Hon'ble Tribunal in its order dated 12th February 2024 on May 2, 2024. The scheme was approved by the requisite majority of the First Petitioner Company. The compliance Affidavit of Service confirming service of NCLT convened meeting's notice to Equity Shareholders (annexed as **Exhibit 22 (Page Nos. 463 – 892))** was submitted with the Hon'ble Tribunal on 24th April 2024. The Chairman's report (annexed as **Exhibit 18 (Page Nos. 383 – 453))** in respect of the aforesaid shareholders meeting was filed on May 30, 2024.

8. The Professional for the Petitioner Companies states that the Petitioner Companies have complied with all the requirements as per directions of the Hon'ble Tribunal. Moreover, the Petitioner Companies undertake to comply with all statutory requirements, if any, as required under the Companies Act, 2013 and the Rules & Regulations made there under. The said undertaking is accepted.

9. The Regional Director, Western Region on behalf of the Central Government has filed its Report dated 25th July 2024 ('Report'). The observations of the Central Government on the Scheme are submitted as paragraph 2 (a) to (l) of the Report. In response to the observation made by the Central Government, the Petitioner Companies have also given necessary undertakings and clarification vide their joint affidavit in reply to observations of the Regional Director, Western Region dated 17th August 2024. The observations made by the Central Government and the clarifications and undertakings given by the Petitioner Companies are summarized in the table below:

Para No.	Observations as per the report of the Regional Director, Western Region dated 25th July 2024	Response of the Petitioner Companies
2(a)	*That on examination of the report of the Registrar of Companies, Mumbai dated 09.07.2024 for Petitioner Companies that the Petitioner Companies falls within the jurisdiction of ROC, Mumbai. It is submitted that no representation regarding the proposed scheme of Arrangement has been received in the matter of Petitioner Company.* *Further, the Petitioner Company has filed Financial Statements up to 31.03.2023.* *The ROC has further submitted that in his report dated 09.07.2024 which are as under:* *i. That the ROC Mumbai in his report dated 09.07.2024 has also stated that No Inquiry, Inspection, Investigations, Prosecutions and Complaints under Companies Act, 2013 are pending against the Petitioner Companies.* *ii. Further ROC has mentioned as follows: -*	As far as the observation of the Regional Director, as stated in 2(a) is concerned, the Petitioner Companies submit as follows: - • The Petitioner Companies submit that as noted by the Registrar of Companies, Mumbai, there is no inquiry, inspection, investigation, prosecutions, or complaints pending against the Petitioner Companies. This is factual information, and no clarification is required for the same. • The Petitioner Companies submit that the First Petitioner Company had served notices along with copy of Company Scheme Application No. C.A. (CAA) / 4 / MB / 2024 upon: (i) concerned Income Tax Authority within whose jurisdiction the First Applicant Company's assessments are made (i.e. PAN: AAACE4308G,

	a. NCLT vide order dated 13.03.2024 has directed the applicant companies to circulate notice to following regulators apart from MCA & ROC. • *Concerned Income Tax Authorities* • *Nodal Authority in the Income Tax Department have respective jurisdiction* • *Concerned GST Authorities* • *NSE* • *SEBI* • *Any other Sectoral Regulatory Authority* *However, the Company has submitted proof of dispatch but has not submitted proof of delivery or the Applicant Companies has not submitted acknowledgement of the same to ROC.* *b. The interest of the creditors should be protected.* *The Petitioner Companies may please be directed to submit a reply on the above observation of jurisdictional ROCs.*	DCIT/ACIT Circle – 4, BSNL RTTC Building, Seminary Hills, Nagpur – 440 006) and (ii) the Central Government through the office of Regional Director, Western Region, Everest, 5th Floor, 100, Marine Drive, Mumbai – 400 002 and (iii) Registrar of Companies, Maharashtra at Mumbai, 100, Everest, Marine Drive, Mumbai – 400002 Maharashtra and (iv) the Goods and Service Tax Authorities – Maharashtra (Jurisdiction – Center) (GSTN - 27AAACE4308G1ZZ), Principal Commissioner, Office of the Assistant Commissioner, Division - Hingna, Commissionerate – Nagpur I, Plot No. 35, Sector – A, CIDCO Layout, Village Renepar, Near Lokmat Press, Buttibori, Nagpur, Maharashtra – 441122 and (v) the Goods and Service Tax Authorities – Maharashtra (Jurisdiction – State) (GSTN-27AAACE4308G1ZZ), Office of the Deputy Commissioner of State Tax (E-003), Wadi-501, 1st Floor, New Building, GST Bhavan, Civil Lines, Nagpur- 440 001, Maharashtra and (vi) the Goods and Service Tax Authorities – Rajasthan (Jurisdiction – Center) (GSTN - 08AAACE4308G1ZZ), Superintendent Central Goods And Services Tax, Range - GST Range - VIII – Jaisalmer, Division - GST Division – B Jodhpur, Commissionerate – Jodhpur, Customs Division, B T Tank Road Jaisalmer, Rajasthan – 345 001

		and (vii) the Goods and Service Tax Authorities – Rajasthan (Jurisdiction – State) (GSTN - 08AAACE4308G1ZZ), Commercial Tax Department (State Tax), Ramgarh Road, Near Central Jail Jaisalmer, Ward-I, Circle-Jaisalmer Jodhpur I, Rajasthan, 345 001 and (viii) the Goods and Service Tax Authorities – Karnataka (Jurisdiction – Center) (GSTN - 29AAACE4308G1ZV), Principal Commissioner of Central Tax, Range – AED3, Division – East Division -3, Commissionerate – Bengaluru East, TTMC/BMTC Building, Old Airport Road, Domlur, Bengaluru (Bangalore) Urban, Karnataka – 560 071 and (ix) the Goods and Service Tax Authorities – Karnataka (Jurisdiction – State) (GSTN - 29AAACE4308G1ZV), The Assistant Commissioner of Commercial taxes, (Department Of Commercial Taxes), Office of the Asst. Commissioner of Commercial Taxes, LGSTO-057, 1st Stage, 2nd block, HBR Layout, Kalyan Nagar Bengaluru-560 043, Karnataka and (x) National Stock Exchange of India Limited (Trading Symbol – EMKAYTOOLS), Exchange Plaza, C-1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 and (xi) Securities and Exchange Board of India (Trading Symbol – EMKAYTOOLS), Chief General Manager / Deputy General Manager, Corporation Finance Department, SEBI Bhavan BKC, Plot

		No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India / SEBI Bhavan II BKC, Plot no. C-7, 'G' Block, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051, Maharashtra, India and (xii) Nodal Officer of Income Tax Department, Principal Chief Commissioner of Income Tax, 3rd Floor, Aaykar Bhawan, Maharishi Karve Road, Mumbai – 400 020, Maharashtra and at e mail: Mumbai.pccit@incometax.gov.in. The Petitioner Companies states that, an Affidavit proving service of notice to Regulatory Authorities was filed with this Hon'ble Tribunal on 25th April 2024. The Petitioner Companies crave leave to rely upon the said Affidavit of Service filed before the Hon'ble Tribunal. • The Petitioner Companies submit that the Second Petitioner Company had served notices along with copy of Company Scheme Application No. C.A. (CAA) / 4 / MB / 2024 upon: (i) concerned Income Tax Authority within whose jurisdiction the Second Applicant Company's assessments are made (i.e. PAN: AAHCE5302K, ITO Ward - 4(4), BSNL RTTC Building, Seminary Hills, Nagpur – 440 006) and (ii) the Central Government through the office of Regional Director, Western Region, Everest, 5th Floor, 100, Marine Drive, Mumbai – 400 002 and (iii) Registrar of Companies, Maharashtra at Mumbai, 100, Everest, Marine Drive, Mumbai – 400 002 Maharashtra

		and (iv) the Goods and Service Tax Authorities - Maharashtra (Jurisdiction – Center) (GSTN - 27AAHCE5302K1ZN), Principal Commissioner, Office of the Assistant Commissioner, Division - Hingna, Commissionerate – Nagpur I, Plot No. 35, Sector – A, CIDCO Layout, Village Renepar, Near Lokmat Press, Buttibori, Nagpur, Maharashtra – 441122 and (v) the Goods and Service Tax Authorities - Maharashtra (Jurisdiction – State) (GSTN - 27AAHCE5302K1ZN), Office of the Deputy Commissioner of State Tax (E-003), Wadi-501, 1st Floor, New Building, GST Bhavan, Civil Lines, Nagpur- 440 001, Maharashtra and (vi) Nodal Officer of Income Tax Department, Principal Chief Commissioner of Income Tax, 3rd Floor, Aaykar Bhawan, Maharishi Karve Road, Mumbai – 400 020, Maharashtra and at e-mail: Mumbai.pccit@incometax.gov.in. The Petitioner Companies states that, an Affidavit proving service of notice to regulatory authorities was filed with this Hon'ble Tribunal on 25th April 2024. The Petitioner Companies crave leave to rely upon the said Affidavit of Service filed before the Hon'ble Tribunal. • The Petitioner Companies state that, as far as the unsecured creditors of the Petitioner Companies are concerned, the present Scheme is an arrangement between the Petitioner Companies and their respective

		shareholders as contemplated under Section 230(1)(b) of the Companies Act, 2013 and not in accordance with the provisions of Section 230(1)(a) of the Companies Act 2013, as there is no Compromise and/or Arrangement with the creditors, as no sacrifice is called for. The rights of the creditors will not be affected as the assets of the Transferee Company post sanctioning the Scheme will be sufficient to pay off all the creditors in the ordinary course of business. Thus, the interest of the creditors is not affected. The Petitioner Companies submit that the Scheme is not detrimental to the interest of creditors of the Companies. The rights of the creditors of the Petitioner Companies are not affected as all the creditors would be paid off in the ordinary course of business. The assets of the Petitioner Companies will be sufficient to discharge its claims and further, proposed Scheme also does not involve any compromise or arrangement with any Creditors of the Petitioner Companies. Hence, the Petitioner Companies affirm that the interest of creditors is duly protected. Therefore, the Petitioner Companies submits that the Company scheme Petition may be decided on merits.
2 (b)	*In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the Petitioner company shall pass such accounting entries which are necessary in connection with the scheme to comply with*	As far as the observation of the Regional Director, as stated in para 2(b) is concerned, the Petitioner Company undertakes 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..	the Companies (Accounting Standards) Rules, 2021, *inter alia* with Accounting Standards such as AS-14 (if applicable), AS-5, etc or other accounting standards, as applicable to the petitioner Companies.
2 (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.*	As far as the observation of the Regional Director, as stated in para 2(c) is concerned, the Petitioner Companies submit and confirm by way of Affidavit that the Scheme enclosed to the Company Scheme Application and Company Scheme Petition are one and the same and there is no discrepancy or deviation.
2 (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.*	As far as the observation of the Regional Director, as stated in para 2(d) is concerned, the Petitioner Company submits that in accordance with Section 230(5) of the Companies Act, 2013 and Order delivered by the Hon'ble NCLT on March ,13, 2024, the Petitioner Companies have served notices to all the relevant regulatory authorities. Details of the same are submitted in para 2(a). Also, the Petitioner Companies have filed Affidavit of Service with the Hon'ble NCLT in this regard. Further, the Petitioner Companies also undertake that any issues arising out of the Scheme will be met and answered in accordance with law, subject to appropriate rights and remedies available to the Petitioner Companies under the applicable law. The Petitioner Companies further affirm that the decisions of such authorities shall be binding on the Petitioner Companies.

2 (e)	*The Hon'ble Tribunal may kindly seek the undertaking that this scheme is approved by the requisite majority of members and creditors as per section 230(6) of the Act in meetings duly held in terms of Section 230(1) read with subsection (3) to (5) of section 230 of the Act and the Minutes, thereof are duly placed before the Tribunal.*	As far as the observation of the Regional Director, as stated in para 2(e) is concerned, the Petitioner Companies submit as follows: - *In respect of shareholders:* • The Petitioner Companies submits that the First Petitioner Company has conducted meeting of its shareholders on Thursday, May 2, 2024, wherein the Scheme was approved with requisite majority. The consolidated report of Scrutinizer on voting conducted in respect of the meeting convened at direction of the Hon'ble NCLT for the meeting of Equity Shareholders of Petitioner Companies are annexed as Exhibit 4 to the joint affidavit in reply to observations of the Regional Director. Further, the minutes of the meeting held on May 2, 2024, is annexed and marked as Exhibit 5 to the joint affidavit. A copy of the report filed by the Chairman in respect of the above is enclosed as Exhibit 6 to the joint affidavit and as Exhibit 18 to Company Scheme Petition. • The Petitioner Companies submit that the Second Petitioner Company has obtained affidavits from all the Equity Shareholders, which are annexed to the Company Scheme Application. Hence, the Hon'ble Tribunal was pleased to dispense with the meeting of the Equity Shareholders of the Second Petitioner Company. *In respect of secured creditors* • The Petitioner Companies submit that the First Petitioner Company has obtained No

		Objection Certificate from the Secured creditors of the First Petitioner Company, which were annexed to the Company Scheme Application. Hence, the Hon'ble Tribunal was pleased to dispense with the meeting of the Secured Creditors of the First Petitioner Company. • The Petitioner Companies submit that the Second Petitioner Company does not have any secured creditors and therefore, the Second Petitioner Company is not required to obtained consent of the secured creditors. *In respect of unsecured creditors* • The Petitioner Companies submit that the First Petitioner Company has obtained consents in writing from more than 90% in value of its unsecured creditors, which were annexed to the Additional Affidavit filed in support of the Joint Company Scheme Application. Hence, the Hon'ble Tribunal was pleased to dispense with the meeting of the Unsecured Creditors of the First Petitioner Company. • The Petitioner Companies submit that the Second Petitioner Company has obtained consents in writing from 100% in value of its unsecured creditors, which is annexed to the Company Scheme Petition. Hence, the Hon'ble Tribunal was pleased to dispense with the meeting of the Unsecured Creditors of the Second Petitioner Company.
2 (f)	*As per Definition of the Scheme, "Appointed Date" means April 1, 2024 or such other date as may be approved by the*	As far as the observation of the Regional Director, as stated in para 2(f) is concerned, Clause 1.4 of the Scheme provides for

	Hon'ble National Company Law Tribunal, Mumbai Bench for Part II of this Scheme; *"Effective Date" means last of the dates on which the conditions and matters referred to in clause 18 of this Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to "coming effect of this Scheme" or "effectiveness of this Scheme" or "Scheme becoming effective" shall mean the Effective Date;* *In this regard, it is submitted that 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 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 of its* *inherent powers.* *Petitioner Companies shall undertake to comply with the requirements as clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.*	Appointed Date, which is a calendar date i.e., April 01, 2024 and Clause 1.10 of the Scheme provides for the Effective Date from which the Scheme shall take effect. Accordingly, the Scheme is in compliance with Section 232(6) of the Companies Act 2013 and also in compliance with the circular no. F. No.7/12/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.
2 (g)	*Petitioner Companies shall undertake to comply with the directions of Income tax department & GST department, if any.*	As far as the observation of the Regional Director, as stated in para 2(g) is concerned, the Petitioner Companies undertake to comply with all the applicable provisions of provisions of the Income-tax Act, 1961, applicable Goods and Service Tax laws, and the directions of the Income Tax department, if any,

		and Goods and Service Tax Department, if any, in connection with the Scheme, subject to appropriate rights and remedies available to the Petitioner Companies under the applicable law.
2(h)	*Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory, if any.*	As far as the observation of the Regional Director, as stated in para 2(h) is concerned, the Petitioner Companies submit that there is no sectoral regulator which governs the activities of the Petitioner Companies, and therefore the question of complying with any directions of sectoral regulator does not arise.
2(i)	*It is submitted that the Petitioner / Demerged Company and Resulting Company has stated that the scheme is in compliance of section 2(19AA), in this regard, petitioner company may be directed to place on record that as how this scheme is in compliance of section 2(19AA) of the Income Tax Act, 1961.*	So far as the observation of the Regional Director, as stated in 2(i) is concerned, it is submitted that the Petitioner Companies submit that the Scheme is in compliance with the provision of section 2(19AA) of the Income-tax Act, 1961, as it complies with all the conditions specified in section 2(19AA).
2(j)	*Petitioner Company shall undertake to provide statements of Assets and Liabilities to be transferred to the Resulting Company.*	As far as the observation of the Regional Director, as stated in 2(j) is concerned, all the assets and liabilities as on the Appointed Date *(as defined in the Scheme)* belonging to the Demerged Undertaking *(as defined in the Scheme)* of the Demerged Company shall be transferred and vested with the Resulting Company, upon coming into effect of the present Scheme. The Petitioner Companies have furnished the indicative statement of Assets and Liabilities at **Exhibit 1** to be demerged and be transferred to the Resulting Company along with the indicative value of such assets and liabilities as on the appointed

<table>
<tr><td></td><td></td><td>date, i.e., 1st April 2024 along with the Affidavit in reply to the observations of the Regional Director. The Petitioner Companies undertake that the liabilities getting transferred on the Effective Date will be taken care by both the Petitioner Companies.</td></tr>
<tr><td>2(k)</td><td>k) Petitioner Demerged Company is Listed Company hence Petitioner Companies shall undertake to comply with the observation letter issued by NSE dated 22.09.2023 also comply with the SEBI(LODR) Regulations, 2016.</td><td>As far as the observation of the Regional Director, as stated in para 2(k) is concerned, the Petitioner Companies submit and confirm that the Petitioner Companies has complied with directions of the observation letter of NSE from time to time, as applicable. Further, the Petitioner Companies undertake to comply with the observation letter issued by the NSE dated September 22, 2023, and also with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016.</td></tr>
<tr><td>2(l)</td><td>l) It is observed from Financial Statements as on 31.03.2023 of Petitioner Companies, details of
shareholding is as follows: -
<table>
<tr><td>Petitioner Company</td><td>Name of Shareholder</td><td>% of shares held</td><td>Remark</td></tr>
<tr><td>Emkay Taps and Cutting Tools Limited</td><td>Nagpur Tools Private Limited</td><td>17.74 %</td><td rowspan="2">No Form BEN – 2 has been filed by the Petitioner Companies</td></tr>
<tr><td>Emkay Tools Limited</td><td>Emkay Taps and</td><td>99.94 %</td></tr>
</table></td><td>As far as the observation of the Regional Director, as stated in para 2(l) is concerned, the Petitioner Companies submits that they have submitted Form-BEN 2 vide SRN AA9743453 and SRN AA9745152. Therefore, it is submitted that the Petitioner Companies are in compliance with the provisions of section 90 of the Companies Act, 2013 read with Companies (Significant Beneficial Owners) Amendment Rules, 2019, thereunder.</td></tr>
</table>

		Cutting Tools Limited		*as per records available at MCA21 Portal*	

10. The observations made by the Regional Director, Western Region on behalf of the Central Government are enlisted herein in Para 9 above along with response of the Petitioner Companies on the observations of the Regional Director, Western Region filed vide affidavit of the Petitioner Companies dated 16th August 2024. The clarifications and undertakings given by the Petitioner Companies in Para 9 above are accepted by this Tribunal.

11. The Assistant Commissioner of Income Tax (TDS) ('ACIT (TDS)'), Circle-1, Nagpur, by virtue of the powers conferred under Section 230(5) of the Companies Act, 2013 to the Income Tax Department on behalf of the Central Government has filed its Report dated 10th August 2024 ('Report'). The observations of the Income Tax Department on the Scheme are submitted as paragraph 4 (i) to (vi), Paragraph 5 and Paragraph 6 of the Report. In response to the observation made by the Income Tax Department, the Petitioner Companies have also given necessary undertakings and clarification vide their joint affidavit in reply to observations of the ACIT (TDS), Cirele-1, Nagpur dated 16th August 2024. The observations made by the Income Tax Department and the clarifications and undertakings given by the Petitioner Companies are summarized in the table below:

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
4(i)	*It should be clarified and undertaken that all pending proceedings against Emkay Taps and Cutting Tools Limited and Emkay Tools Limited shall be continued against the Resultant Company. Therefore, the Scheme should be without prejudice to the rights of the Income Tax (TDS) Department and the Income Tax (TDS) Department is free to proceed against the Resultant Company for all its proceedings.*	As far as the observation of the ACIT (TDS), as stated in para 4(i) is concerned, the Petitioner Companies submits that Para 9.1 (Legal Proceedings) of the Scheme provides for treatment of the pending proceedings against the Petitioner Companies pursuant to demerger. Therefore, it is submitted that all the pending proceedings under the Income-tax Act, 1961 in respect of the Demerged Undertaking shall be automatically and shall be continued against the Resulting Company pursuant to the Scheme. Furthermore, the Income Tax Department shall be free to initiate proceedings as per the provisions of the Income-tax Act, 1961 against the Resulting Company post coming into effect of the Scheme. Therefore, it is submitted that the Scheme is not prejudicial to the rights of the Income Tax Department
4(ii)	*At the moment this scheme is not being examined with reference to the taxation aspect vis-à-vis other such scheme/s, if any. Thus, liberty be given that in future, if it is discovered that this scheme or similar such schemes are in any way acting as a device for tax-avoidance, then the Department will be at liberty to initiate the appropriate course of action as per law.*	As far as the observations of the ACIT (TDS), as stated in para 4(ii), para 4(iii), and para 4(iv) are concerned, the Petitioner Companies submits as follows:

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
4(iii)	*The Income Tax (TDS) Department will be at liberty to examine the aspect of any tax payable as a result of the Scheme and in case it is found that the scheme ultimately results in tax avoidance or is not in accordance to the provisions of the Income Tax Act, then the Department will be at liberty to initiate the appropriate course of action as per law.*	• The Petitioner Companies submit that the Scheme involves demerger of the Demerged Undertaking into the Resulting Company with the intention of achieving the commercial benefits detailed in the Scheme. The Petitioner Companies submit that the Scheme does not involve and shall not result into any tax avoidance or tax evasion, and the demerger envisaged in the Scheme is purely a commercial transaction. The Scheme is not violative of any provisions of the Income-tax Act, 1961. • The Petitioner Companies submit that they have no objection if the Income Tax Department initiateș the appropriate course of action as per law in case it is discovered that this scheme or similar such Schemes are in any way acting as a device for tax-avoidance (subject to the rights and remedies available to the Petitioner Companies under the provisions of the Act).
4(iv)	*It is further requested that the rights of the Income Tax Department should remain intact to take out appropriate proceedings regarding raising of any tax demand against the Resultant Company at any future date and these rights should not be adversely affected in view of the sanction of the Scheme.*	

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
		• The Petitioner Companies submit that there are adequate provisions under the Income-tax Act, 1961 which enable Income Tax Department to independently assess and determine the taxability for the present Petition once it is approved and given effect to, in accordance with the provisions of the Income-tax Act, 1961. The approval of the present Petition does not deter Income Tax Department to scrutinize / asses the tax return filed by the Petitioner Companies or its shareholders after giving effect to the proposed reduction of share capital. The above principle has been categorically upheld by Hon'ble Supreme Court in the case of Department of Income Tax v. Vodafone Essar Gujarat Ltd [SLP No. 29819/2012]. Further, the Petitioner Companies undertakes that they shall provide all the relevant co-operation during the proceedings as may be initiated by the Income Tax Department in this regard. • The Petitioner Companies also undertake that they shall comply with all the applicable provisions of the Income-tax Act, 1961 and requisite tax compliance and discharge all the applicable taxes as is warranted under the Present petition, in accordance with the provisions of the Income-tax Act, 1961.

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
		• Without prejudice to above, the Petitioner Companies also submit that post demerger under the present petition, they shall continue to exist as an income generating operating companies, and shall have sufficient net-worth and assets available to pay any additional income tax liability that may arise under the Act pertaining to the proposed Scheme, and if required, shall make appropriate arrangements to discharge the tax liability arising (subject to the rights and remedies available to the Petitioner Companies under the provisions of the Act).
4(v)	*It should be undertaken that scheme of arrangement will not in any manner affect the ability of the assessee that are due in accordance with the income tax Act and the same shall be paid in accordance with the Income Tax Act.*	As far as the observation of the ACIT (TDS), as stated in para 4(v), is concerned, the Petitioner Companies submits as follows: • The Petitioner Companies hereby undertake that this scheme will not in any manner affect its ability to pay income tax dues that may arise under the provisions of the Income-tax Act, 1961, and the said dues, if any, shall be duly discharged by the Petitioner Companies in accordance with the provisions of the Income-tax Act, 1961.

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
		• Without prejudice to above, the Petitioner Companies also submit that post demerger under the present petition, they shall continue to exist as an income generating operating companies, and shall have sufficient net-worth and assets available to pay any additional income tax liability that may arise under the Act pertaining to the proposed Scheme, and if required, shall make appropriate arrangements to discharge the tax liability arising (subject to the rights and remedies available to the Petitioner Companies under the provisions of the Act).
4(vi)	*In this connection please find attached herewith list of consolidated demand. Further, it is submitted that the following proceedings are pending in respect of Emkay Taps and Cutting Tools Limited (PAN: /AACE4308G). The said proceedings will be continued against the Resultant Company.*	As far as the observation of the ACIT (TDS), as stated in para 4(vi), is concerned, the Petitioner Companies submits as follows: • In respect of the outstanding demand of INR 50,780 in case of the First Petitioner Company, it is submitted that the Petitioner Companies shall take suitable actions for clearing the outstanding demand, including but not limited to filing of rectification, correction, or appeals. Any outstanding demand remaining post the above shall be duly discharged by the Petitioner Companies.

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
		• Without prejudice to above, the Petitioner Companies also submit that post demerger under the present petition, they shall continue to exist as an income generating operating companies, and shall have sufficient net-worth and assets available to pay any additional income tax liability that may arise under the Act pertaining to the proposed Scheme, and if required, shall make appropriate arrangements to discharge the tax liability arising (subject to the rights and remedies available to the Petitioner Companies under the provisions of the Act).
5	*It is reiterated that any sanction to the Scheme of Arrangement and under Sections 230 to 232 of the Companies Act, 2013 should not adversely impact the rights of the Income Tax (TDS) Department for any present or future proceedings. The Department should be at liberty to take appropriate action as per law in case of an event of any Lax-avoidance or violation of Income Tax Law or any other similar issue.*	As far as the observation of the ACIT (TDS), as stated in para 5 is concerned, the Petitioner Companies submits as follows:

Para No.	Observations as per the report of the ACIT (TDS) dated 10th August 2024	Response of the Petitioner Companies
		• The Petitioner Companies reiterate that approval of the present Company Petition shall not deter Income Tax Department to independently scrutinize / assess the tax return filed by the Petitioner Companies. Further, the Petitioner Company also reiterates that it shall provide all the relevant co-operation during the appropriate proceedings as may be initiated by the Income Tax Department in this regard. The rights of the Income Tax Department shall not be adversely impacted by the present Company Petition in respect of any present or future proceedings, and they shall be at a liberty to take appropriate action as per the provisions of the Income-tax Act, 1961. However, the Petitioner Company should be provided with sufficient opportunity to defend its claim under the Act and to take measures in accordance with the Act.
6	*Petitioner Companies should give an undertaking that there is no investigation proceedings is pending against it*	As far as the observation of the ACIT (TDS), as stated in para 6 is concerned, the Petitioner Companies submits that they undertake that there is no inquiry, inspection, investigation, prosecutions, or complaints pending against the Petitioner Companies.

12. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

13. The Professional for the Petitioner Companies further submits that, in consideration of transfer and vesting of the Demerged Undertaking of the Demerged Company to the Resulting Company in accordance with this Scheme, the Resulting Company shall issue and allot to every shareholder of the Demerged Company, holding fully paid up shares in the Demerged Company and whose names appear in the register of members of the Demerged Company on the Record Date or to such of their heirs, executors, administrators or the successors-in-title in the following manner:

"1 fully paid-up Equity Share of INR 1/- each of Resulting Company for every 1 fully paid-up equity shares of INR 10/- each held in the Demerged Company"

14. Since all the requisite statutory compliances have been fulfilled, C.P. (CAA) / 122 (MB) / 2024 connected with C.A.(CAA) / 4 (MB) / 2024 filed by the Petitioner Companies is made absolute in terms of prayer clauses of the said Company Scheme Petition.

15. The Scheme annexed at **Exhibit 10** to the Company Scheme Petition is hereby sanctioned, and the Appointed Date of the scheme is 1st April 2024. It shall be binding on the Petitioner Companies involved in the Scheme and all concerned including their respective Shareholders, Secured Creditors, Unsecured Creditors/Trade Creditors, Employees and/or any other stakeholders concerned.

16. The Petitioner Companies are directed to file a certified copy of this Order along with the copy of Scheme with the concerned Registrar of Companies, electronically in e-form INC-28 within 30 days or an extended timeline with payment of additional fees, as may be applicable, from the date of receipt of the Order duly certified by the Designated Registrar of this Tribunal. The Scheme will become effective on filing of the copy of this order with the concerned Registrar of Companies.

17. The Petitioner Companies shall lodge a copy of this Order along with the Scheme duly certified by designated Registrar of this Tribunal, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, within a period of 30 working days from the date of the receipt of the certified copy of the Order from the Registry of this Tribunal.

18. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the designated Registrar of this Tribunal.

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

20. Any concerned authorities are at liberty to approach this Tribunal for any further clarification as may be necessary.

21. Ordered accordingly. Thus, the Company Scheme Petition with C.P.(CAA) / 122 (MB) / 2024 in C.A.(CAA) / 4 (MB) / 2024 shall stand to be disposed of.

Sd/-	Sd/-
Shri. Anil Raj Chellan	**Shri. Kishore Vemulapalli**
Member (Technical)	**Member (Judicial)**

//Chandrika Sarkar, LRA//