



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

CP(CAA)/72(CHE)/2024 in CA(CAA)/51/(CHE)/2024

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

In the matter of Scheme of Amalgamation among Rane Engine Valve Limited, Rane Brake Lining Limited and Rane (Madras) Limited and their Respective Shareholders

RANE ENGINE VALVE LIMITED

CIN: L74999TN1972PLC006127

HAVING ITS REGISTERED OFFICE AT,
MAITHRI, 132, CATHEDRAL ROAD
CHENNAI, TAMIL NADU – 600086

*...Petitioner Company-1/
First Transferor Company*

And

RANE BRAKE LINING LIMITED

CIN: L63011TN2004PLC054948

HAVING ITS REGISTERED OFFICE AT
MAITHRI, 132, CATHEDRAL ROAD
CHENNAI, TAMIL NADU – 600086

*... Petitioner Company-2/
Second Transferor Company*

And

RANE (MADRAS) LIMITED

CIN: L65993TN2004PLC052856

HAVING ITS REGISTERED OFFICE AT
MAITHRI, 132, CATHEDRAL ROAD
CHENNAI, TAMIL NADU – 600086

*...Petitioner Company-3/
Transferee Company*

Order Pronounced on 24th March, 2025

CORAM:

SHRI. SANJIV JAIN, MEMBER (JUDICIAL)

SHRI.VENKATRAMAN SUBRAMANIAM, MEMBER (TECHNICAL)





For Applicant(s) : Mr. T.K.Bhaskar, Advocate

For RD : Mr. Avinash Krishnan Ravi

For OL : Mr. B. Palani and Ms. Sreekumari

For IT Department : Mr. Raj Jhabakh

ORDER

(Heard through Hybrid Mode)

1. This Company Petition has been filed by the Petitioner Companies above named for approval of the Scheme of Amalgamation among RANE ENGINE VALVE LIMITED (hereinafter "Petitioner Company - 1 / First Transferor Company"), RANE BRAKE LINING LIMITED (hereinafter "Petitioner Company - 2 / Second Transferor Company") AND RANE (MADRAS) LIMITED (hereinafter "Petitioner Company - 3 / 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'), in pursuant to the Scheme proposed by the Petitioner Companies (hereinafter referred to as the 'SCHEME'). The Scheme is annexed at "Page Nos. 1032 - 1075" of the Company Petition typeset i.e., CP/CAA/72/CHE/2024.

2. **FIRST MOTION APPLICATION – IN BRIEF**

The Transferor Company had filed First Motion Application vide CP/CAA/51/(CHE)/2024 seeking directions as follows:



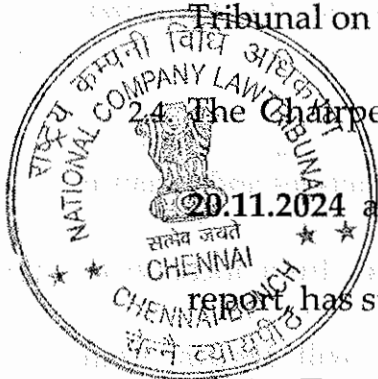


	EQUITY SHAREHOLDERS	PREFERENCE SHAREHOLDERS	SECURED CREDITORS	UNSECURED CREDITORS
TRANSFEROR 1	Convening Meeting	N.A.	Dispense With Meeting	Convening Meeting
TRANSFEROR 2	Convening Meeting	N.A.	Dispense With Meeting	Convening Meeting
TRANSFeree	Convening Meeting	N.A.	Dispense With Meeting	Convening Meeting

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 25.09.2024 read with order dated 01.10.2024 dispensing the meetings of the Secured Creditors of 1st Transferor, 2nd Transferor and Transferee Companies. The meetings of the Equity Shareholders and Unsecured Creditors of 1st Transferor, 2nd Transferor and Transferee Companies were ordered to be convened on 20.11.2024 and 21.11.2024 at the Registered Office of the companies.

2.3. The Tribunal vide Order dated 25.09.2024, appointed Mr. P.S.N. Prasad as Chairperson and Mr. Raymond as the Scrutinizer for the above said meetings. Subsequently, the second motion petition was filed before this Tribunal on 28.11.2024 for sanction of the Scheme of Amalgamation.

2.4. The Chairperson submitted his Report of the above said meetings on 20.11.2024 and 21.11.2024 with the Tribunal. The Chairperson in his report, has stated that the Equity Shareholders and Unsecured Creditors of 1st Transferor, 2nd Transferor and Transferee Companies have





consented in favour of the Scheme. The reports are annexed at Pg.Nos.333-353, 575-594 & 965-984 respectively.

3. RATIONALE OF THE SCHEME

3.1. The rationale and benefits of the Scheme as submitted by the Petitioner Companies would *inter alia* result in the following benefits;

i. The companies to the scheme viz., the Transferor Companies and the Transferee Company are engaged in the manufacturing of auto components parts such as steering gears, braking products, engine valves, etc. and are subject to the same industry risk. Hence, consolidation of all operating businesses under a single listed entity will simplify the group structure.

ii. Consolidation of shareholdings in a single listed entity will align interests of all the shareholder groups and allow them to participate in the growth prospects of a larger diversified auto component player.

iii. Integration of businesses under a common unified platform will enable more coordinated and comprehensive business management with greater focus and attention.

iv. Amalgamation will help achieve revenue and cost synergies and enhance operational, organizational and financial efficiencies from increase in scale of operations. Further, the merged entity will benefit from economies of scale by pooling resources.





- v. The amalgamation will increase product offerings of the combined entity and will diversify its revenue stream.
- vi. Unified approach on customer engagement and service delivery, supply chain management, procurement etc. would enhance operational and financial synergies.
- vii. Optimization of support and administration functions.
- viii. Consolidation of funds and resources would lead to improved availability of capital which could be allocated more efficiently / optimally to pursue growth opportunities under the respective businesses.
- ix. Improved organization capability and leadership, arising from pooling of human capital.

4. In the Second Motion Petition filed by the Petitioner Companies, this Tribunal vide order dated 18.12.2024 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 and (iv) Income Tax Department, and other sectoral regulators,

who govern the working of the respective companies, as well as for paper publication to be made in "Business Standard", English (All India Edition) and "The Hindu Tamil", Tamil (Tamil Nadu Edition).

5. In compliance to the said directions issued by the Tribunal, the Petitioner Companies filed affidavit of service before the Registry of this Tribunal on



27.01.2025 vide Sr. No. 393. A perusal of the same discloses that the Petitioner Companies effected the paper publications as directed by the Tribunal in "Business Standard" (All India Edition) in English and "The Hindu Tamil" (Tamil Nadu Edition) in Tamil on 26.12.2024. It is also seen that notices on behalf of 1st Transferor, 2nd Transferor and Transferee Companies were also served to (i) Regional Director, Southern Region, Chennai on 26.12.2024, (ii) Registrar of Companies, Chennai on 26.12.2024, (iii) Official Liquidator on 26.12.2024 (iv) Income Tax Department, Chennai on 26.12.2024, (v) Securities Exchange Board of India on 26.12.2024, (vi) The Manager, Listing Department, National Stock Exchange of India Limited on 26.12.2024, (vii) Department of Corporate Relations, BSE Limited on 26.12.2024. The proof of the same by way of affidavits have been filed. Pursuant to the service of notice of the petition, following statutory authorities have responded as follows:

6. STATUTORY AUTHORITIES

6.1. REGIONAL DIRECTOR

The Regional Director, Southern Region (hereinafter referred to as 'RD')

Chennai has filed his Report before this Tribunal on 25.02.2025 vide

S.R.No.762. He has stated in Para 12 of the report that clause 10.1 of Part-

III of the Scheme provides that upon the scheme becoming effective and





in consideration of transfer and vesting of the Undertakings of the Transferor Companies with and into the Transferee company, the Transferee company shall, without any further application or deed and without any further payment, issue and allot to all the equity shareholders of the Transferor Companies (whose names appear in the register of members as on the Record Date) in the following manner:

"FOR TRANSFEROR COMPANY 1

9 (Nine) equity shares of M/s. Rane (Madras) Limited (RML) having face value of INR 10/- each fully paid up shall be issued for every 20 (Twenty) equity shares held in M/s. Rane Engine Valve Limited (REVL) having face value of INR 10/- each fully paid up.

FOR TRANSFEROR COMPANY 2

21 (Twenty-one) equity shares of M/s. Rane (Madras) Limited (RML) having face value of INR 10/- each fully paid up shall be issued for every 20 (Twenty) equity shares held in M/s. Rane Brake Lining Limited (RBL) having face value of INR 10/- each fully paid up."

It is stated in para 14 of the RD Report that Clause 13 of Part-III of the Scheme provides that upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the transfer and vesting of the assets, liabilities and reserves of the

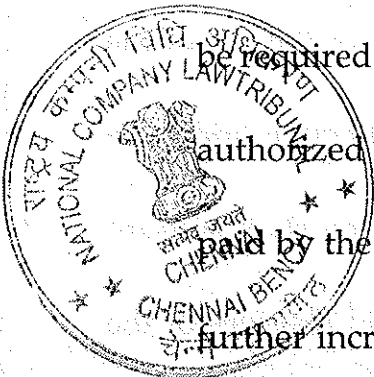




Transferor Companies in its books of accounts as a common control business combination as per "Pooling of Interest Method" prescribed under the Indian Accounting Standard Ind-AS 103 -"Business Combination" notified under Section 133 of the Act read with relevant rules issued thereunder and other applicable Accounting Standards provided under the Act.

6.3. It is stated in para 15 of the RD Report, that Clause 11 of the Scheme provides that upon the Scheme becoming fully effective, the authorized share capital of the Transferor Companies shall stand combined with the authorized share capital of the Transferee Company without any further act, deed, matter or thing. Filing fees and stamp duty, if any, paid by the Transferor Companies on its authorized share capital shall be set off and be deemed to have been so paid by the Transferee Company on the combined authorized share capital. The Transferee Company shall not be required to pay the stamp duty to the extent set off for its increased authorized share capital and accordingly, the Transferee Company shall

be required to pay only the balance stamp duty in relation to its increased authorized share capital after setting off the fees and stamp duty already paid by the Transferor Companies on its authorized share capital. If any further increase of authorized capital is required to issue any shares by





the Transferee Company pursuant to the Scheme, the Transferee Company agrees to pass all resolutions as may be necessary for the said purpose in accordance with law and pay all stamp duty and fee in relation to such increase.

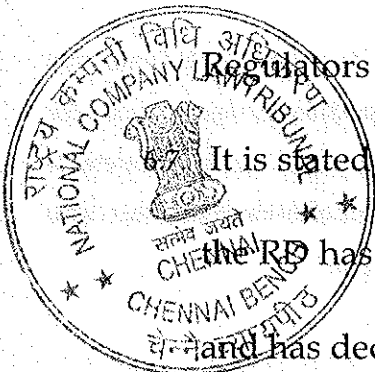
6.4. It is stated in para 16 of the Report that clause 19 of Part-III of the Scheme provides that upon the Scheme becoming effective, the Transferor Companies 1 and 2 shall stand dissolved without winding up on the Scheme becoming effective.

6.5. It is stated in para 17 that as per the report dated 28.01.2025 of ROC, Chennai, the Transferor Companies 1 and 2 and the Transferee Company are regular in filing their statutory returns and have filed up to 31.03.2024. ROC, Chennai has further stated that there is no prosecution/ complaint/ inspection or investigation pending against the Companies involved in the Scheme of Amalgamation.

6.6. It is stated in para 18 of the report that the Petitioner Companies undertake to comply with the provisions as envisaged by other Sectoral

Regulators viz., SEBI/RBI and other NBFCs.

It is stated in para 20 of the RD report that after examining the Scheme, the RD has made certain observations at para 10, 15, 18, 19 of the report and has decided not to make any objections to the Scheme.



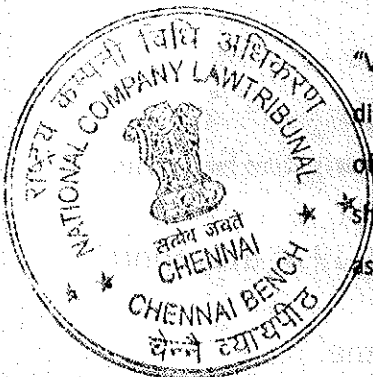


6.8. The Petitioners' have subsequently filed an affidavit on 25.02.2025 in response to the Regional Director's report. The submissions made by the Petitioners' are extracted hereunder:

It is stated in Para 5 of the response that the contents of para 15 of the report is a combined extract of Clauses 11.1 and 11.3 of the Scheme among other provisions, that provides for the authorised share capital of the Transferor Companies to be combined with the authorised share capital of the Transferee Company, among other things. The substantive observation in the said para 15 is, '... Hence, Hon'ble Tribunal may be pleased to direct the Petitioner Company to amend the clause in the MOA & AOA as per provisions of the Companies Act, 2013....'. It is submitted that the Scheme at Clause 11.2 undertakes and already provides for amendment of Clause V of the MoA of the Transferee Company as extracted below:

11.2. Clause V of the Memorandum of Association of the Transferee Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

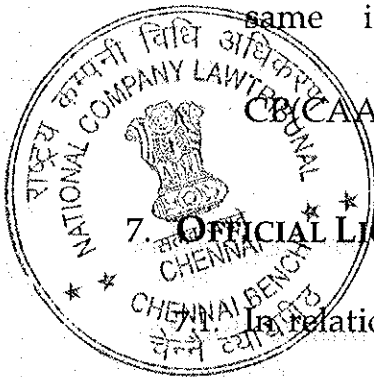
"V. The Authorised Share Capital of the Company is Rs. 58,00,00,000 (Rupees Fifty Eight Crores only) divided into 4,73,50,000 (Four Crores Seventy Three Lakhs Fifty Thousand) Equity shares of face value of Rs.10/- (Rupees Ten only) each and 1,06,50,000 (One Crore Six Lakhs Fifty Thousand) Preference shares of face value of Rs.10/- (Rupees Ten only) each carrying such rate of dividend and other rights as may be decided by the company in general meeting from time to time."





6.9. It is stated in Para 6 of the response that, contents of para 18 of RD Report requires the Petitioner Companies to undertake to comply with the provisions of Section 240 of Companies Act, 2013. Section 240 is extracted as follows, '*...Notwithstanding anything in any other law for the time being in force, the liability in respect of offences committed under this Act by the officers in default, of the transferor company prior to its merger, amalgamation or acquisition shall continue after such merger, amalgamation or acquisition...*'. It is submitted that liability of officers of the Transferor Companies prior to amalgamation, shall continue after such amalgamation by operation of law in terms of Section 240. When a provision of law fastens liability on officers in default of the Transferor Companies, the question of the Transferor Companies undertaking to comply with the same does not arise. Such liability ipso facto attaches to such officers even without any such undertaking.

6.10. The RD has stated that the reply of the Petitioners may be accepted. The same is also recorded in the order dated 26.02.2025 in CP(CAA)/72(CHE)/2024.

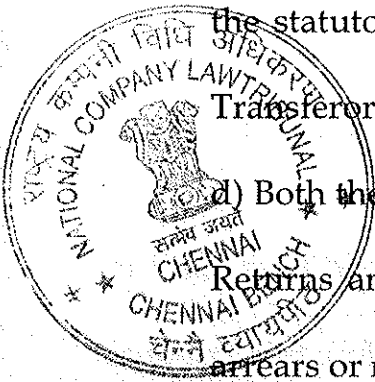


7. In relation to the Official Liquidator, (hereinafter referred to as 'OL') to whom the notice was issued, he has filed the Report before this Tribunal



stating that they have appointed M/s. G. Mukundan & Co., Chartered Accountants firm from the panel list of Chartered Accountants of the Hon'ble High Court, Madras to verify into the affairs of the Transferor Company. It is stated that the Chartered Accountant firm has verified the books and accounts and other records of the above-mentioned Transferor Company and submitted its report on 31.01.2025. The following has been extracted from the Official Liquidator's Report dated 21.02.2025 and it is reported from the Scrutiny/inspection that:-

- a) Both the Transferor Companies have maintained proper books of accounts as per the requirement of the Companies Act, 2013 and in accordance with the generally accepted accounting principles (Ind-AS).
- b) All entries have been made in the statutory registers in accordance with the requirements of the Companies Act, 2013 well within the statutory time prescribed under the Act and no discrepancies were noticed.
- c) It is also observed from the records maintained at the office of the Registrar of Companies that both the Transferor Companies had filed all the statutory returns in time and no case is pending against both the Transferor Companies or any of the directors/officers.
- d) Both the Transferor Companies are regular in filing their Income Tax Returns and other statutory returns and there are no undisputed tax arrears or no other undisputed statutory dues pending.





e) Both the Transferor Companies are regular in complying with the provisions of Employees Provident Fund Act.

f) Both the Transferor Companies have not accepted any deposits from the public.

g) Both the Transferor Companies have no unclaimed or unpaid dividend dues and hence the comments under Section 124 of the Companies Act, 2013 do not arise.

h) Regarding secured creditor in the 1st Transferor Company: There are 5 Secured Creditors in the Transferor company-1 as per MCA Register of Charges. amounting to Rs.212.45 crores. All the 5 Secured Creditors have given their consent to the Scheme vide their respective 'No Objection Certificate'.

i) Regarding secured creditor in the 2nd Transferor Company: There are 2 Secured Creditors in the Transferor company-2 as per MCA Register of Charges amounting to Rs.20.50 Crores. Both the Secured Creditors have given their consent to the Scheme vide their respective 'No Objection Certificate'.

j) Regarding unsecured creditors in the 1st Transferor Company: There were 501 Unsecured Creditors in the Transferor Company-1 whose outstanding value as on 14/11/2024 was Rs.4,117 lakhs. The Tribunal in

CA/CAA/51/CHE/2024 read with IA/CA/190/CHE/2024 and IA/CA/190/CHE/2024, had directed the company to conduct meeting





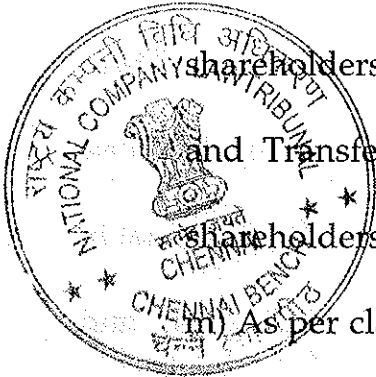
with Unsecured Creditors on 21/11/2024. Accordingly, the meeting was conducted and report of Chairman viz. P.S.N. Prasad has been enclosed.

The Unsecured Creditors at the meeting unanimously approved to the Scheme of Arrangement.

k) Regarding unsecured Creditors in the 2nd Transferor Company: There are 450 unsecured creditors in the Transferor Company-2 whose outstanding value as on 14/11/2024 was Rs.6,764 lakhs. The Tribunal in CA/CAA/51/CHE/2024 read with IA/CAA/190/CHE/2024 and IA/CA/190/CHE/2024, directed the company to conduct meeting with Unsecured Creditors on 21/11/2024. Accordingly, the meeting was conducted and report of Chairman viz. P.S.N. Prasad has been enclosed. The unsecured Creditors at the meeting unanimously approved to the Scheme of Arrangement.

l) All the three companies, i.e. two Transferor Companies, and one Transferee Company are under Common management, having common Directors, common objects, Common Goals, Common Business Interest and are in the same line of operation i.e. Auto Component Industry. The shareholders of the Transferor Company-1 (Rane Engine Valve Limited) and Transferor Company-2 (Rane Lining Limited) will continue as shareholders in the Transferee Company Rane (Madras) Limited.

m) As per clause 7.1 of Part III of the scheme, all the employees of both the Transferor Companies are being absorbed by the Transferee





Company, under similar terms and conditions in such position, rank and designation with the benefit of continuity of services and such other terms and conditions of their employment with the Transferee Company. In their view, the said amalgamation is fair and takes care of the interest of all concerned parties.

n) The Chartered Accountants have inspected the necessary books of accounts, records and the files of both the Transferor Companies as available with the Registrar of Companies, Chennai, Tamil Nadu through the MCA21 portal. The Chartered Accountants have not come across any matter in which the Transferor Companies have contravened the provisions of the Companies Act, 2013. Both the Transferor Companies are regular in filing their statutory returns. The Chartered Accountants were informed that there were no complaints/prosecutions launched against both the Transferor companies and as well as against the Directors of both the Transferor Companies for any violation of the Companies Act, 2013. Both the Transferor Companies have no pending inspections under Section 207 of the Companies Act, 2013.

With regard to consideration, in order to arrive at the fair consideration to be paid to the equity shareholders of the two transferor companies, the following methodology was agreed and arrived at among the Directors of all the three. i.e. the two transferor companies and one transferee company. The joint valuation report dated





09/02/2024, has been given by PWC Business Consulting Services LLP and Bansi S Mehta Valuer LLP, Independent registered valuers.

According to the report, the consideration paid by the Transferee Company Rane (Madras) Limited, to the equity shareholders of:

Rane Engine Valve Limited (Transferor Company-1) is 9 (Nine) equity shares of Rane (Madras) Limited having face value of Rs. 10 each fully paid up to be issued for every 20 (Twenty) equity shares held in Rane Engine Valve Limited having face value of Rs. 10 each fully paid up.

Rane Brake Lining Limited (Transferor Company-2) is 21 (Twenty One) equity shares of Rane (Madras) Limited having face value of Rs. 10/- each fully paid up to be issued for every 20 (Twenty) equity shares held in Rane Brake Lining Limited having face value of Rs. 10 each fully paid up.

In their opinion the payment consideration for amalgamation is fair and reasonable.

p) On scrutiny of records of both the Transferor Companies Rane Engine Valve Limited (Transferor Company-1) and Rane Brake Lining Limited (Transferor Company-2), they have not come across any act of misfeasance by any person who took part in the promotion or formation

of the Company, Diversion of Funds, well as in the conduct of the activities of both the Transferor Companies and also in the amalgamation with the Transferee Company of any past or present



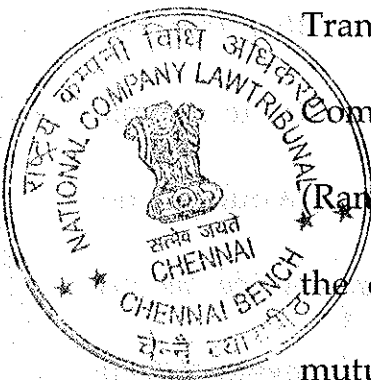


Directors, managers or officers of the company attracting the provisions of Section 339 and 340 of the Companies Act, 2013.

q) Further, the share exchange ratio for amalgamation is fair, and reasonable, position of secured and unsecured creditors of the 1 and 2nd Transferor Companies is secured. The interest of all the employees of both the Transferor Companies have been fully safeguarded.

7.2. In Para 6 of the OL report it is stated that, in accordance with the basis of notice served in CAA-3 and notice of joint petition served on 27/12/2024 to the Official Liquidator by the Transferor Companies and also considering the conclusion made by the Chartered Accountants in their report dated 30/01/2025 detailed above, the representation of Official Liquidator in respect of 1st and 2nd Transferor Companies is as follows:

- i. That, with reference to Clause 3.11 of the Scheme dealing with 'Record Date', leaving it as undetermined and seeking to vest entire power to fix the Record Date completely with the Board of Transferee Company alone without the involvement of Transferor Company, this Tribunal may direct the Transferee Company (Rane (Madras) Limited) to submit undertaking to the Tribunal to the effect that the Record Date would be decided and fixed mutually by the Board of Directors of Transferor and Transferee companies Immediately after sanction of the Scheme and before





dissolution of the Transferor companies on effective date, and subject to compliance of Rules and Regulations of SEBI/LODR in this regard, being a listed entity.

ii. That, with reference Clause 4.2 of the Scheme providing for auto modification of content of the scheme, post its sanction by the Tribunal, it is submitted that such auto modification without previous approval/sanction of the Tribunal will be in violation of section 231(1)(b) of the Companies Act, 2013. Every modification of the content of the Scheme requires approval by the Tribunal. Hence, the Tribunal may direct the Transferor and Transferee Companies to delete/modify the Clause No.4.2 existing in the Scheme by way of amendment to the scheme proposed, so as to ensure that no such auto amendment/modification of the Scheme takes place, post its sanction by the Tribunal.

iii. a. That, the Clause 7.1 of the Scheme seeks to protect the employees of the Transferor Companies only if they are in service immediately preceding effective date, and hence, this Tribunal may direct the Transferor and Transferor Companies to submit undertaking to the Tribunal to the effect that there would be no retrenchment of any employee who were in service as on Appointed Date (i.e. 01.04.2024) as well except in the event of their resignation on their own before the Effective Date.





b. That, the Clause 7.2 and 7.4 of the Scheme refer to retrenchment of such employees (i.e. employees so transferred to transferee company by virtue of the scheme) and accordingly, the Tribunal may direct the Transferee Company to submit, the details of any such proposal of retrenchment of such employees, post transfer of employees, by virtue of the Scheme.

vi. a. That the Statement to be attached to the Notice issued in CAA-2 format to the Equity shareholders and unsecured creditors for their meeting should contain the details of investigation or proceedings if any pending and such details/ disclosure required to be made by each company shall be made in respect of all the companies (apart from giving such details in respect of their company as well in terms of Rule 6(3)(8) of Companies (Comprises, Arrangements and Amalgamations) Rules, 2016 read with Explanation below Rule 6, and however, such information/details of investigation or proceedings if any pending against 24 Transferor Company and Transferee Company were not made part of such Statement attached to the CAA-2 notice issued, *ibid*, by the 1st Transferor Company.



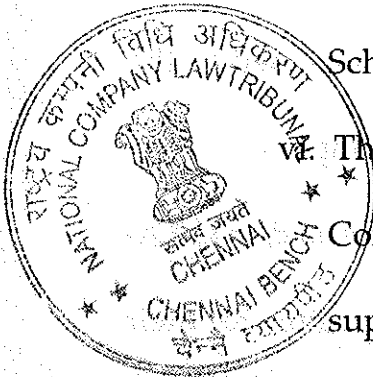
b. That the Statement to be attached to the Notice issued in CAA-2 format the Equity shareholders and unsecured creditors for their meeting should contain the details of investigation or proceedings



if any pending and such details/disclosure required to be made by each company shall be made in respect of all the companies (apart from giving such details in respect of their company as well in terms of Rule 6(3)(8) of Companies (Comprises, Arrangements and Amalgamations) Rules, 2016 read with Explanation below Rule 6, and however, such information/details of investigation or proceedings if any pending against 1st Transferor Company and Transferee Company were not made part of such Statement attached the CAA-2 notice issued, ibid, by the 2nd Transferor Company.

v. That, details of immovable properties in the name of 1st Transferor Company 1st and 2nd Transferor Company are attached to the Scheme in the form of schedule, however, no reference is made anywhere in the content of the Scheme to such schedules given at the end of the scheme. Hence, this Tribunal may direct the Transferor and Transferee companies to amend the scheme giving reference of these schedules appropriately in the content of the Scheme.

That, this Tribunal may direct the Transferor and Transferee Companies to submit the clarification to the calculation basis with supporting documents at Enterprise Level and Group Level that it is within the threshold limits in terms of assets and turnover or





it falls under the exemption category and there is triggering requirement to file Combination Notice with Competition Commission of India (CCI) or they are exempted, as per Section 5 or 6 of the Companies Act, and there is no need to obtain prior approval from CCI before sanction of the scheme by the Tribunal.

7.3. The Petitioners subsequently have filed affidavit on 25.02.2025 in response to the Official Liquidator's report. The submission of the Petitioner's response is extracted hereunder:

7.4. It is submitted in Para 4 of the response that with regards to the contents of para 6(i), the same pertains to Clause 3.11 of the Scheme dealing with Record Date. The statement that the said Clause 3.11 is undermined and seeks to vest the entire power to fix the Record Date completely with the Board of Transferee Company alone without the involvement of the Transferor Companies is misplaced and inconsistent. The said Clause 3.11 of the Scheme is extracted as under:

Clause 3.11: "Record Date" means the date to be fixed by the Board of

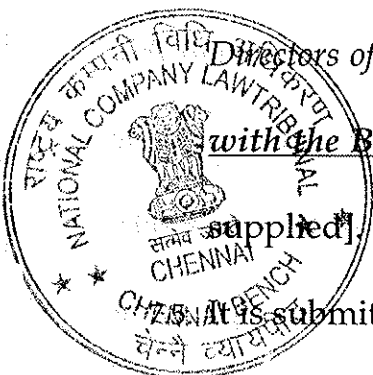
Directors of the Transferee Company or a committee thereof, in consultation with the Board of Directors of the Transferor Companies... [emphasis

supplied]

It is submitted in para 5 of the response that, the said Clause 3.11 is self-

explanatory in as much as it provides that the Record Date shall be fixed

by the Board of Directors of the Transferee Company in consultation





with the Board of Directors of the Transferor Companies. The expression "Effective Date" is defined in Clause 3.6 as follows, "Effective Date" means the last of the dates on which the authenticated copies or certified copies of the Order of NCLT under Sections 230 to 232 of the Act sanctioning the Scheme are filed with Registrar of Companies by the Transferor. Companies and Transferee Company References in this Scheme to date of "coming into effect of the Scheme" or "upon the Scheme becoming effective", or "effectiveness of the Scheme" and other similar expressions shall mean the Effective Date.... With effect from the Effective Date, the two Transferor Companies stand dissolved without the process of winding up in terms of Clause 19 of the Scheme. Prior to the Effective Date, it is the Transferee Company's Board that has to fix the Record Date for determining the shareholders of the two Transferor Companies who would get allotted shares in the Transferee Company. This will be done in consultation with the two Transferor Companies.

7.6. It is submitted in para 6 of the response, that the contents of paragraph 6(ii) of the report, pertain to Clause 4.2 of the Scheme. It is denied that the said Clause 4.2 provides for auto modification of the contents of the Scheme post its sanction by this Tribunal. The observation of the Official Liquidator that such auto modification without previous approval/sanction of this Tribunal will be in violation of Section 231(1)(b) of the Companies Act, 2013 is not tenable. If there is any





modification that is required to be made in accordance with Clause 4.2 of the Scheme, it will be subject to compliance with the parameters of Section 231(1)(b) of the Companies Act, 2013. Therefore, the apprehension of the Official Liquidator is unfounded and without basis and no question of amendment to the Scheme arises.

7.7. It is submitted in para 7 of the response that with regards to the contents of paragraph 6(iii)(a) and (b) of the report, the same pertains to Clause 7.1 of the Scheme that seeks to protect the employees of the Transferor Companies. The Transferor Company 1 submits that there is no proposal for any retrenchment of any employee who were in service as on the Appointed Date, except in the event of their voluntary resignation before the Effective Date. Clauses 7.1 and 7.4 are extracted as under:

"Clause 7.1: On Part III of the Scheme becoming operative, all the executives, staff, workmen and employees in the service of the Transferor Companies immediately preceding Effective Date, and that they shall become the executives, staff, workmen and employees, of the Transferee Company on the

basis that their services shall be deemed to have been continuous and not have been interrupted by reasons of the said transfer. The terms and conditions of service applicable to such executives, staff, workmen and employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately preceding the transfer. In the event of retrenchment of such employees, the Transferee Company shall be liable to pay compensation in





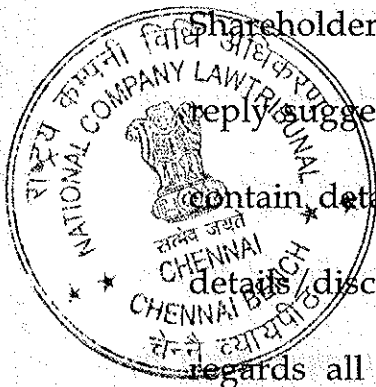
accordance with law on the basis that the services of the employee shall have been continuous and shall not have been interrupted by reason of such transfer.”

[Emphasis Supplied]

“Extract of Clause 7.4: The Transferee Company undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the employees of the Transferor Companies, the past services of such employees with the Transferor Companies shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable...” [Emphasis Supplied]

7.8. It is stated in para 8 of the response that the said provisions are only an enabling provisions to protect the tenure of services of employees of the Transferor Companies until they become the employees of the Transferee Company pursuant to the Scheme. The said Clause does not indicate any intention or plan for retrenchment, which can be done only in accordance with applicable laws.

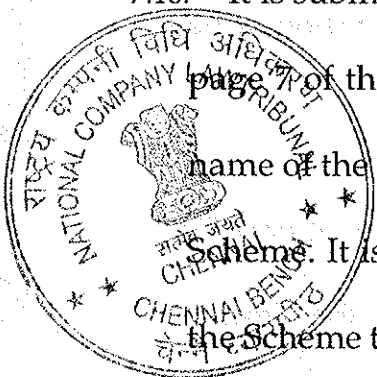
7.9. It is submitted in para 9 of the response that, contents of para 6(vi)(a) & (b) at page 7 of the OL Report are in relation to notices sent to the Equity Shareholders and Unsecured Creditors for their meetings. The para under reply suggests that each notice along with explanatory statement should contain details of investigation or proceedings if any pending and such details/disclosure are to be made by each company in each notice, as regards all companies party to the Scheme. It is submitted that each





individual notice of the Transferor Companies at para 21 thereof discloses that no investigation proceedings are pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1965 against the Company. Further, the First Motion Company Application at paragraph 9 at page 37, Volume 1, states that no investigation proceedings are pending against the Applicant Companies under Sections 210 to 227 or any other provisions of the Companies Act, 2013. No prejudice will be caused to any of the shareholders of any of the other companies due to the purported non-disclosure of investigations/proceedings against other companies. Without prejudice to the same, the Transferor Company I undertakes that there are no investigation or proceedings pending against any of the companies party to the present Scheme under any provisions of the Companies Act, 2013/1956, neither at the time of issuance of the notice, nor as on date of the present reply.

7.10. It is submitted in para 10 of the response, that the contents of para 6(v) at page of the OL Report pertain to details of immovable properties in the name of the 1st and 2nd Transferor Companies attached as a Schedule to the Scheme. It is denied that no reference is made anywhere in the content of the Scheme to such schedules given at the end of the Scheme. It is submitted that the said Schedule of Immovable Properties at pages 1074-1075 at



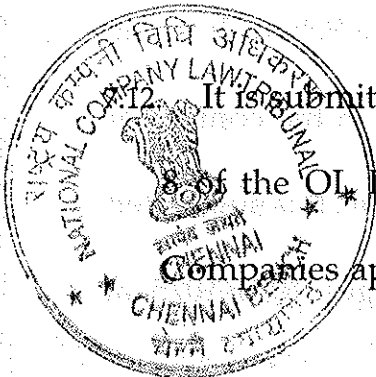


Company Petition Vol.7 (Scheme pages 43-44) form an integral part of the Scheme and cannot be read in isolation.

Provisions in the Scheme refer to the transfer of all the assets and properties of the Transferor Companies. For instance, Clause 3.23 of the Scheme at page 1039 of the Company Petition Vol.7 is an exhaustive definition of "Undertakings", which includes all assets and properties. Further, Clause 6 of the Scheme at page 1043 of the Company Petition Vol.7 contemplates the amalgamation and vesting of the undertaking of the Transferor Companies with and into the Transferee Company. A perusal of the Scheme as whole would reveal that the Schedule of Immovable Properties forms an integral part of the Scheme. Consequentially, there is no question of amending the Scheme to draw reference to the aforesaid Schedules.

7.11. It is submitted in para 11 of response that, the contents of para 6(vi) at page 8 of the OL Report pertain to threshold limits and exemptions under The Competition Act, 2002. It is submitted that such an undertaking has been furnished as part of the First Motion Company Application at pages 908-911 Vol 8. A copy of the same is filed herewith.

It is submitted in para 12 of the response that, the contents of para 7 and 8 of the OL Report, pertain to the fact that the affairs of the Transferor Companies appear to have not been conducted in a manner prejudicial to





the interests of its members or to public interest, and the prayers, which do not require any response.

8. INCOME TAX:

8.1. It is stated that the following letters were provided by Income Tax Department:

- a. Letter dated 22.01.2025 from DCIT, NCC 8(1) pertaining to Rane Brake Lining Ltd., and Rane Madras Limited.
- b. Letter dated 31.01.2025 from ITO CW 5(3) pertaining to Rane Engine Valve Limited.

8.2. Wherein, it is stated that Income Tax Department has no objection to the scheme of amalgamation subject to the condition that Transferee company may be liable to arrears of Rs.23,72,581/- and Rs.6,95,16,763/- with respect to 1st Transferor and 2nd Transferor Companies respectively.

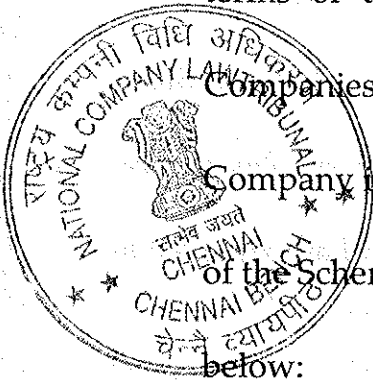
8.3. It is submitted that in response to the IT report, it is stated that in terms of the Scheme, the arrears of tax, if any, of the Transferor

Companies 1 and 2, shall be liable to be discharged by the Transferee

Company in the manner provided for under the provisions of Clause 14

of the Scheme, and in particular, Clauses 14.6, 14.7 and 14.9 are extracted

below:





"Clause 14.6: On and from the Effective Date, all tax assessment, reassessment and recomputation proceedings/ appeals (including application and proceedings in relation to advance ruling) of whatsoever nature by or against the Transferor Companies pending and/or arising and relating to the Transferor Companies shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Companies.

Clause 14.7: Further, all tax proceedings shall not abate or be discontinued nor be in anyway prejudicially affected by reason of amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.

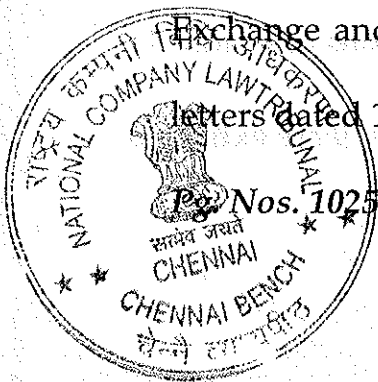
Clause 14.9: Without prejudice to the generality of the above, all benefits, incentives, claims, losses, credits (income tax and other applicable laws) to which the Transferor Companies is entitled to in terms of applicable Tax laws, shall be available to and vest in the Transferee Company from the Effective Date."

9. OTHER STATUTORY AUTHORITIES

9.1. Despite notice having been served on 26.12.2024 and paper publication made on 26.12.2024 in "Business Standard" (All India Edition) in English and "The Hindu Tamil" (Tamil Nadu Edition) in Tamil, there is no representation from the other statutory Authorities viz, National Stock

Exchange and Bombay Stock Exchange and SEBI. However, observation letters dated 18.07.2024 were submitted by BSE and NSE and are annexed at

Nos. 1025 -1031 of the typeset.





9.2. In Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi 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."

10. VALUATION REPORT

The Petitioner Companies have placed the Valuation Report obtained from PWC Business Consulting Services LLP and Bansi S. Mehta Valuers LLP, Registered Valuer with Registration number as IBBI/RV-E/02/2022/158 and IBBI/RV-E/06/2022/172 respectively dated 09.02.2024, wherein the Valuer has

stated that in his opinion, the fair equity share exchange ratio

For Transferor Company 1 as 9:20 [Representing 9 (Nine) equity shares of Transferee Company (of INR 10 /- each fully paid up) for every 20 (Twenty) equity shares of 1st

Transferor Company (of INR 10/- each fully paid up)] and



For Transferor Company 2 as 21:20 [Representing 21 (Twenty-One) equity shares of Transferee Company (of INR 10/- each fully paid up) for every 20 (Twenty) equity shares of 2nd Transferor Company (of INR 10/- each fully paid up)].

11. ACCOUNTING TREATMENT

The Petitioner Companies have stated that the Statutory Auditors of the Petitioner Companies have examined the Scheme and certified that the Transferee Company shall account for the transfer and vesting of the assets, liabilities and reserves of the Transferor Companies in its books of accounts as a common control business combination as per "Pooling of Interest Method" prescribed under the Indian Accounting Standard Ind-AS 103- "Business Combination" notified under Section 133 of the Act read with relevant rules issued thereunder and other applicable Accounting Standards provided under the Act. The Certificates issued by the Statutory Auditors certifying the Accounting Treatment of the 1st Transferor, 2nd Transferor and Transferee Companies are annexed at Pg. Nos. 318-320, 559-562 & 948-950 of this Petition.

12. OBSERVATIONS OF THIS TRIBUNAL

12.1. After analysing the Scheme in detail, this Tribunal is of the considered view that the scheme as contemplated amongst the petitioner company seems to be *prima facie* beneficial to the Company and will not



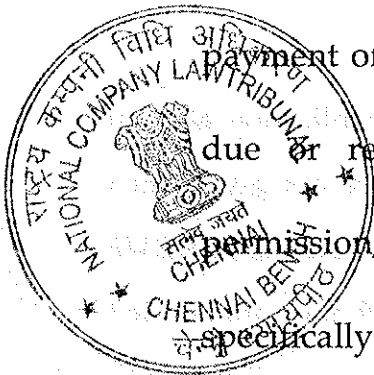


be in any way detrimental to the interest of the shareholders or creditors of the Company. In view of the absence of any other objections apart from Income Tax Department as to liability of the Transferee Company for the arrears of Transferors Companies, having been placed on record before the Tribunal and since all the requisite statutory compliances have been fulfilled, this Tribunal sanctions the Scheme of Amalgamation appended at "Pages 1032-1075" of the Company Petition typeset filed in CP/CAA/72/CHE/2024 as well as the prayer made therein.

12.2. 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.

12.3. 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

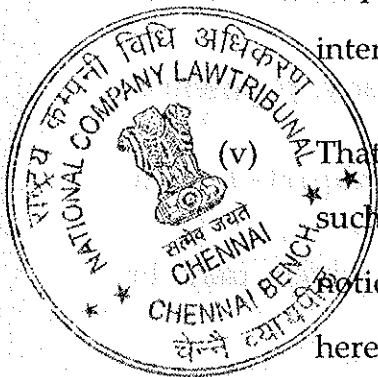
payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.





13. THIS TRIBUNAL DO FURTHER ORDER:

- (i) That all properties, rights and powers of Transferor undertakings be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 232 of the Companies Act, 2013 be transferred to and vested in the Transferee Company for all intents, purposes and interest of the Transferor undertaking subject nevertheless to all changes now affecting the same; and
- (ii) That all the liabilities, (if any) and powers, engagements, obligations and duties of the Transferor undertakings 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 shall become the liabilities and duties of the Transferee Company; and
- (iii) That all proceedings now pending by or against the Transferor undertakings shall be continued by or against the Transferee Company; and
- (iv) That all the services of all the employees of the Transferor Companies employed in the Transferor undertakings shall stand transferred to the Transferee Company on the same terms and conditions at which these employees are engaged by the Transferor Companies without any interruption of service as a result of the transfer; and
- (v) That the Transferee Company do without further application allot to such members of the Transferor Companies, as have not given such notice of dissent, as is required by *Clause 10.1 of Part III the SCHEME* herein the shares in the Transferee Company to which they are entitled under the said SCHEME.





- (vi) That the Transferee Company shall file the revised Memorandum and Articles of Association with the concerned 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.
- (vii) That the Appointed date for the Scheme shall be **01.04.2024**.
- (viii) That the Petitioner Companies, shall within thirty days of the date of the 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 undertakings shall be deemed to be transferred; and
- (ix) That any person interested in the Scheme, shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

14. Accordingly, the Company Petition stands **allowed** on the afore mentioned terms.
Certified to be True Copy



-Sd-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-

SANJIV JAIN
MEMBER (JUDICIAL)

NATIONAL COMPANY LAW TRIBUNAL	
CHENNAI	
Order No. / Date :	CP/CAA/72/2024 dt: 24/03/2025
Certified Copy made Available on :	03/04/2025
Applied for Certified Copy (Applicant / Respondent) on :	25/03/2025
Certified Copy issued on :	03/04/2025

R. Sreemath
 03/04/2025

JOINT REGISTRAR
NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH
CORPORATE BHAVAN, 3rd FLOOR,
29, RAJAJI SALAI, CHENNAI-600 001.