

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH, COURT II

CP(CAA) 140/MB/2022  
CONNECTED WITH  
CA (CAA) 119/MB/2022

*In the matter of*

The Companies Act, 2013;

And

*In the matter of*

Sections 230 – 232 and other relevant provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamation) Rules, 2016;

And

*In the matter of*

Composite Scheme of Arrangement

amongst

Piramal Enterprises Limited (Petitioner Company 1/ Demerged Company/ Amalgamated FS Company)

Piramal Pharma Limited (Petitioner Company 2/ Resulting Company/ Amalgamated Pharma Company)

Convergence Chemicals Private Limited (Petitioner Company 3/ Amalgamating Pharma Company 1)



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Hemmo Pharmaceuticals Private Limited  
(Petitioner Company 4/ Amalgamating  
Pharma Company 2)

PHL Fininvest Private Limited (Petitioner  
Company 5/ Amalgamating FS Company)

and their respective shareholders and  
creditors.

Piramal Enterprises Limited [CIN: L24110MH1947PLC005719]	) )	... Petitioner Company 1 /Amalgamated FS Company/ Demerged Company
Piramal Pharma Limited [CIN: U24297MH2020PLC338592]	) )	... Petitioner Company 2 / Amalgamated Pharma Company/Resulting Company
Convergence Chemicals Private Limited [CIN: U24100MH2014PTC373507]	) )	... Petitioner Company3/ Amalgamating Pharma Company 1
Hemmo Pharmaceuticals Private Limited [CIN: U17100MH1979PTC021857]	) )	... Petitioner Company 4/ Amalgamating Pharma Company 2
PHL Fininvest Private Limited [CIN: U67120MH1994PTC078840]	) )	... Petitioner Company 5/ Amalgamating FS Company

Order delivered on 12.08.2022

*Coram:*

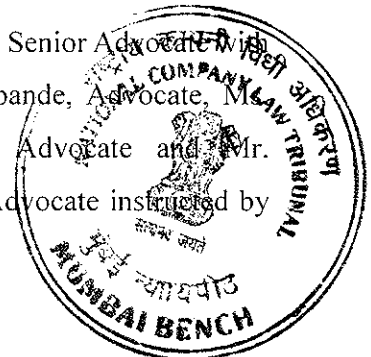
**Hon'ble Member (Judicial) : Justice P.N. Deshmukh (Retd.)**

**Hon'ble Member (Technical) : Mr. Shyam Babu Gautam**

*Appearances (through videoconferencing):*

For the Petitioner Companies :

Mr. Gaurav Joshi, Senior Advocate with  
Mr. Tapan Deshpande, Advocate, M  
Priyanka Mitra, Advocate and Mr.  
Aekaanth Nair, Advocate instructed by



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M/s. Cyril Amarchand Mangaldas,  
Advocates for Petitioner Companies.

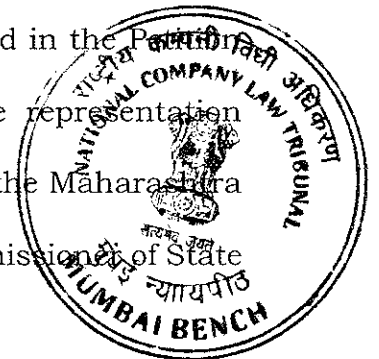
For Regional Director (WR) :

Ms. Rupa Sutar, Deputy Director,  
Office of the Regional Director,  
Mumbai.

**ORDER**

**Per- Shyam Babu Gautam, Member Technical**

1. The Court is convened by videoconferencing.
2. Heard Learned Senior Advocate appearing for the Petitioner Companies and Representative of the Regional Director, Western Region, Mumbai. The Petitioner Companies have not received any objection in relation to the Company Petition, pursuant to the public notice issued on 23<sup>rd</sup> July, 2022.
3. The only representation made before this Tribunal is by way of a letter dated 20<sup>th</sup> June, 2022 from Goods and Services Tax Authority of Petitioner Company 1 ("concerned GST Authority") providing details of pending arrears (recovery status) of Petitioner Company 1 as on 20<sup>th</sup> June, 2022. The Learned Senior Advocate for Petitioner Company 1 submits that the Petitioner Company 1 has submitted in the Petition that all the proceedings mentioned in the representation dated 20<sup>th</sup> June, 2022 have been stayed by the Maharashtra Sales Tax Tribunal, Mumbai, the Joint Commissioner of State

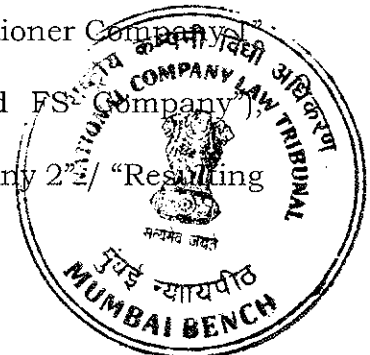


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Tax, Department of Goods and Services Tax and by the Hon'ble High Court of Judicature at Bombay for the respective matters. The Petitioner Company 1 has also submitted that the outcome of the said proceedings will not have any adverse impact on the proposed Scheme if sanctioned by this Tribunal and also that the Petitioner Company 1 will comply with the final outcome of the said proceedings as per the applicable law as in any event, Petitioner Company 1 will continue to exist if the proposed Scheme is sanctioned by this Tribunal. The Petitioner Company 1 has also informed the date of hearing of this Petition to the concerned GST Authority and also informed the above-mentioned facts. The Learned Senior Advocate for the Petitioner Company 1 states that the concerned GST Authority has not raised any further representation.

4. The Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies have filed the present Company Petition under Sections 230-232 of the Companies Act, 2013 ("Act") and other relevant provisions of the Act seeking sanction to the Composite Scheme of Arrangement amongst Piramal Enterprises Limited ("Petitioner Company 1" / "Demerged Company" / "Amalgamated FS Company") / Piramal Pharma Limited ("Petitioner Company 2" / "Resulting



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Company” / “Amalgamated Pharma Company”), Convergence Chemicals Private Limited (“Petitioner Company 3” / “Amalgamating Pharma Company 1”), Hemmo Pharmaceuticals Private Limited (“Petitioner Company 4” / “Amalgamating Pharma Company 2” / “HPPL”), PHL Fininvest Private Limited (“Petitioner Company 5” / “Amalgamating FS Company” / “PFPL”) (Petitioner Company 1, 2, 3, 4, and 5 above are hereinafter collectively referred to as “Petitioner Companies”) and their respective shareholders and creditors (“Scheme” / “Scheme of Arrangement”). The Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies have their registered office in the State of Maharashtra and the subject matter of the Company Petition is within the jurisdiction of this Tribunal.

5. The Learned Senior Advocate for the Petitioner Companies submits that the Board of Directors of the Petitioner Companies in their respective meetings held on 7<sup>th</sup> October 2021 have approved the Scheme. The respective Board Resolutions approving the Scheme for the Petitioner Companies are annexed to the Company Petition.
6. The Learned Senior Advocate for the Petitioner Companies submits that:



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- (a) Petitioner Company 1 is primarily engaged in the business of (i) providing financial services, including wholesale and retail lending services, directly and indirectly; and (ii) the pharmaceutical sector, directly and indirectly, including through its subsidiary, Petitioner Company 2. The equity shares of Petitioner Company 1 are listed on BSE Limited and National Stock Exchange of India Limited.
- (b) Petitioner Company 2 is primarily engaged, directly and indirectly in (i) the business of contract development and organization services, ranging from discovery clinical development to commercial manufacturing of active pharmaceutical ingredients, formulations; (ii) business of manufacturing, selling and distribution of complex hospital generics including inhalation anesthesia injectable anesthesia, intrathecal spasticity and pain management and select antibiotics; and (iii) developing and marketing of consumer healthcare products. The equity shares of Petitioner Company 2 are not listed on any stock exchange. Petitioner Company 2 is a subsidiary of Petitioner Company 1.
- (c) Petitioner Company 3 is primarily engaged in the business of developing, manufacturing and selling



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specialty fluorochemicals. The equity shares of Petitioner Company 3 are not listed on any stock exchange. Petitioner Company 3 is a wholly owned subsidiary of Petitioner Company 2.

(d) Petitioner Company 4 is primarily engaged in the business of manufacturing and development of synthetic peptide, an active pharmaceutical ingredient. The equity shares of Petitioner Company 4 are not listed on any stock exchange. Petitioner Company 4 is a wholly owned subsidiary of Petitioner Company 2.

(e) Petitioner Company 5 is primarily engaged in the business of lending and investment and is a Systemically Important Non-Deposit taking Non-Banking Finance Company, issued a registration certificate no. B-13.01347 dated 26<sup>th</sup> June, 2000, by the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 to commence / carry on the business of non-banking financial institution without accepting public deposits. The equity shares of Petitioner Company 5 are not listed on any stock exchange. Petitioner Company 5 is a wholly owned subsidiary of Petitioner Company 1.



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7. The Learned Senior Advocate for the Petitioner Companies submits that the Scheme of Arrangement *inter alia* provides for:

- a. the transfer by way of a demerger of the Demerged Undertaking (as defined in the Scheme) of Petitioner Company 1 to Petitioner Company 2, the consequent issue of equity shares by Petitioner Company 2 to the shareholders of Petitioner Company 1 in accordance with the Share Entitlement Ratio (as defined in the Scheme) (“Demerger”). Pursuant to the Demerger, the equity shares of Petitioner Company 2, forming part of the Demerged Undertaking of Petitioner Company 1 shall stand cancelled and extinguished;
- b. the amalgamation of Petitioner Company 3 and Petitioner Company 4, both being wholly owned subsidiaries of Petitioner Company 2, into Petitioner Company 2 and consequent dissolution of Petitioner Company 3 and Petitioner Company 4 without winding up and the cancellation of the equity shares of Petitioner Company 3 and Petitioner Company 4 held by Petitioner Company 2 and its nominee shareholder (“Pharma Amalgamations”);





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- c. the amalgamation of Petitioner Company 5, a wholly owned subsidiary of Petitioner Company 1, into Petitioner Company 1 and consequent dissolution of Petitioner Company 5 without winding up and the cancellation of the equity shares of Petitioner Company 5 held by Petitioner Company 1 and joint shareholders (“FS Amalgamation”); and
- d. various other matters consequential or integrally connected therewith;
8. The Learned Senior Advocate for the Petitioner Companies further submits that the rationale and benefits for the Scheme are as follows;
- a. The businesses presently undertaken by Petitioner Company 1 (directly and indirectly) comprise the pharmaceutical business and the financial services business, both of which have different requirements and are operated independent of each other as separate business verticals. The requirements of each business, including in terms of capital, operations, knowledge, nature of risk, competitive advantages and strategies, and regulatory compliances are very distinct when compared with the other. Each of these business verticals are significantly large and mature, and have

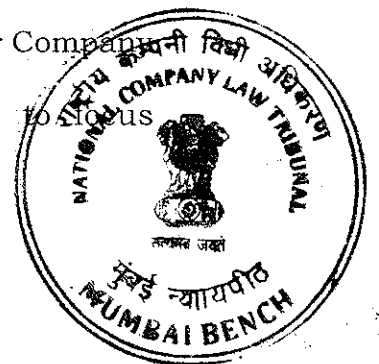


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distinct attractiveness to divergent set of investors, strategic partners and other stakeholders. The depth, scale of operations and growth potential of these distinct businesses has been significantly augmented by the recent transactions undertaken in respect of the pharmaceutical business (being the strategic investment by the Carlyle Group) and the financial services business (being the merger of Dewan Housing Finance Corporation Limited and Piramal Capital & Housing Finance Limited, a wholly owned subsidiary of Petitioner Company 1).

- b. Therefore, in the wake of the aforesaid landmark transactions, this being an opportune time to unlock the potential value of each business vertical, it is proposed through the Scheme, to: (i) completely segregate the pharmaceutical and the financial services businesses and create two strong and distinctive platforms and flagship listed entities; (ii) realign the pharmaceutical business and the financial services business to rationalize, simplify and streamline the group structure with the domestic pharmaceutical business being consolidated under Petitioner Company 2, and Petitioner Company 1 continuing to focus



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primarily on the financial services business directly (with consolidation of the lending business across Petitioner Company 1 and Petitioner Company 5 under Petitioner Company 1 post the merger of Petitioner Company 5 with Petitioner Company 1) and indirectly (including through subsidiaries and associate companies).

- c. The proposed Demerger will not only facilitate pursuit of scale and independent growth plans (organically and inorganically) with more focused management and flexibility as well as liquidity for shareholders (following the listing of the shares of Petitioner Company 2 pursuant to the Scheme) but also insulate and de-risk both the businesses from each other and allow potential investors and other stakeholders the option of being associated with the business of their choice.
- d. In order to comprehensively restructure and streamline the pharmaceutical business in India under Petitioner Company 2, it is also proposed to merge Petitioner Company 3 and Petitioner Company 4, being wholly owned subsidiaries of Petitioner Company 2 engaged in the pharmaceutical business, allowing the pharmaceutical business in India, currently conducted



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by Petitioner Company 2 directly and through its Indian subsidiaries to be consolidated with Petitioner Company 2, which is also expected to enable faster decision making. Allergan India Private Limited, an associate company of Petitioner Company 2, will, however, continue to operate independently in the specialty pharmaceutical sector.

- e. In addition to the above, to restructure the financial services business, it is proposed to merge Petitioner Company 5 with Petitioner Company 1. In addition to the establishment of a distinct platform with dedicated focus on the financial services business as mentioned above, the merger of Petitioner Company 5, being a wholly owned subsidiary of Petitioner Company 1, will enable the consolidation of the lending business across Petitioner Company 1 and Petitioner Company 5 in Petitioner Company 1 and streamlining of the group structure in a manner that results in the creation of a single non-banking financial company (i.e. NBFC) entity which is regulated by the Reserve Bank of India, (subject to requisite approvals) and holds distinct entities engaged in diverse aspects of the financial



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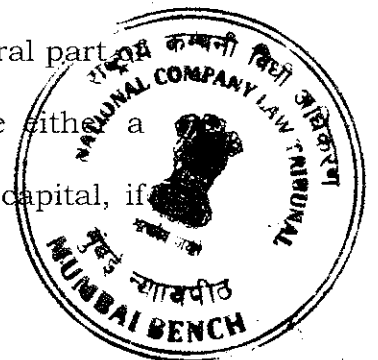
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services business such as housing finance, asset management and merchant banking.

f. In view of the abovementioned reasons and in order to avoid multiplicity of schemes and the consequent increase in cost, time, resources and effort that may have to be expended by the Petitioner Companies, the Tribunal and the Appropriate Authorities (as defined in the Scheme), it is considered desirable and expedient to implement the Scheme as a composite scheme.

g. Accordingly, the Scheme is expected to be in the best interests of the Petitioner Companies and their respective shareholders, and creditors.

9. The Learned Senior Advocate for the Petitioner Companies submits that with regards to Petitioner Company 1 and Petitioner Company 2, in accordance with Clause 20 of the Scheme, pursuant to the Demerger, the equity shares of Petitioner Company 2, forming part of the Demerged Undertaking of Petitioner Company 1 shall stand cancelled and extinguished. The cancellation, as aforesaid, which amounts to a consequent reduction of share capital of Petitioner Company 2, shall be effected as an integral part of the Scheme and the reduction would not involve a diminution of liability in respect of unpaid share capital, if



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any, or payment to any shareholder of any unpaid share capital. Accordingly, since the aforesaid reduction of capital is being sought as part of the Scheme in the present proceedings under Sections 230-232 of the Act, the provisions of Section 66 of the Act will not apply and Petitioner Company 1 and Petitioner Company 2 shall not be required to follow the process under Section 66 of the Act.

10. The clause in the Scheme providing the consideration is reproduced hereinbelow:

*“19. CONSIDERATION FOR DEMERGER*

*19.1 Upon this Scheme becoming effective and in consideration of transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot 95,46,54,800 (Ninety-Five Crores, Forty Six Lakhs, Fifty Four Thousand, Eight Hundred) equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up equity shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Demerger Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Demerger Record Date in the following manner:*

*“for every 1 (one) equity share of face and paid-up value of Rs. 2/- (Two) held in PEL, 4 (Four) equity shares of face and paid-up value of Rs. 10/- (Ten) in PPL” (“Share Entitlement Ratio”).*

*The shares issued by the Resulting Company pursuant to this Clause 19 are hereinafter referred to as “PPL Equity Shares.”*



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11. The Learned Senior Advocate for the Petitioner Companies submits that the Company Petition is filed in consonance with Sections 230 to 232 and other applicable provisions of the Act and the order delivered on 12<sup>th</sup> May, 2022 in CA (CAA) No. 119/MB/2022 (“CAA Order”) read along with the order dated 3<sup>rd</sup> June, 2022 passed in Company Application CA 246/2022 by this Hon’ble Tribunal.
12. The Learned Senior Advocate for the Petitioner Companies submits that the said CAA Order directed the Petitioner Company 1 to convene and hold separate meetings of its equity shareholders, secured creditors (including debenture holders) and unsecured creditors. The Learned Senior Advocate further submits that as directed, the Petitioner Company 1 has convened and held the separate meetings of its equity shareholders, secured creditors (including debenture holders) and unsecured creditors respectively, through video conference / other audio-visual means or general meeting requiring physical presence for the purpose of considering and if thought fit, approving the Scheme. The Chairperson appointed for the said meetings has filed Chairperson’s Report showing the conduct and results of the said separate meetings, which are annexed as Annexures “Y” “Z” and “AA” to the Company Petition.



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13. The Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies have complied with all requirements as per the directions of this Tribunal and have filed necessary affidavits of compliance in this Tribunal. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if any, as required under the Act and the Rules made thereunder. The said undertaking given by the Petitioner Companies, is accepted.
14. Learned Senior Advocate for the Petitioner Companies submits that by an order dated 19<sup>th</sup> July, 2022, this Tribunal admitted the Company Petition and fixed 3<sup>rd</sup> August, 2022 as the date for hearing and final disposal. By the said order, the Petitioner Companies were directed to publish the notice of hearing of the Company Petition, at least 10 (ten) days before the date fixed for final hearing in the newspapers, 'Financial Express' in the English Language and a Marathi translation thereof in 'Loksatta', both circulated at Mumbai. Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies published the notice of hearing of the Company Petition in the said newspapers on 23<sup>rd</sup> July, 2022 and filed an Affidavit of Compliances dated 27<sup>th</sup> July, 2022 evidencing publication in the said newspapers.

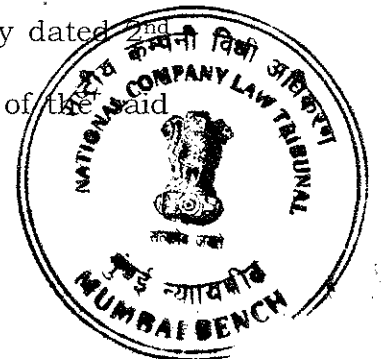




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15. Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies have also served notice of date of hearing and final disposal of the Company Petition upon the concerned statutory authorities, i.e. (i) the Regional Director, Western Region, Mumbai (For the Petitioner Companies); (ii) Official Liquidator, High Court, Bombay (for Petitioner Company 3, Petitioner Company 4 and Petitioner Company 5); and (iii) the concerned GST Authority (for Petitioner Company 1) as per Rule 16(2) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Petitioner Companies have filed Affidavit dated 27<sup>th</sup> July, 2022 evidencing the service of the said notices upon the concerned statutory authorities.
16. Learned Senior Advocate for the Petitioner Companies submits that the Petitioner Companies have complied with all the requirements as per the directions of this Tribunal.
17. The Regional Director, Western Region, Mumbai ("RD") has filed its report dated 1<sup>st</sup> August, 2022 ("Report") submitting that this Tribunal may consider and dispose the case as deemed fit and proper in the facts and merits of the case. The observations of the RD in the Report have been dealt with by the Petitioner Companies in its Affidavit in Reply dated 2<sup>nd</sup> August, 2022 filed in this Tribunal and a copy of the said



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Affidavit was served upon the RD on 2<sup>nd</sup> August, 2022. The observations made by the RD and the reply of the Petitioner Companies in its Affidavit in Reply dated 2<sup>nd</sup> August, 2022 are mentioned hereinbelow:

Sr. No.	Observations in RD Report dated 1 <sup>st</sup> August, 2022 (Para 2)	Petitioner Companies' reply dated 2 <sup>nd</sup> August, 2022
1.	<p><i>2(a)(i) That on examination of the report of the Registrar of Companies, Mumbai dated 12.07.2022 for Petitioner Companies (Annexed as Annexure A-1) that the Petitioner Companies falls within the jurisdiction of ROC, Mumbai. It is submitted that no complaint and /or representation regarding the proposed scheme of Amalgamation has been received against the Petitioner Transferor Company. Further, the Petitioner Companies has filed Financial Statements up to 31.03.2021. The ROC has further submitted that in his report dated 12.07.2022 which are as under :-</i></p> <p><i>i. That the RoC Mumbai in his report dated 12.07.2022 has also stated that no Inquiry, inspection, investigation &amp; prosecution is pending against the subject applicant company and interest of the creditors shall be protected.</i></p>	<p><i>6. So far as the observation in paragraph 2(a)(i) of the Report is concerned, the contents thereof are correct factual observations and thus, does not require any response.</i></p>



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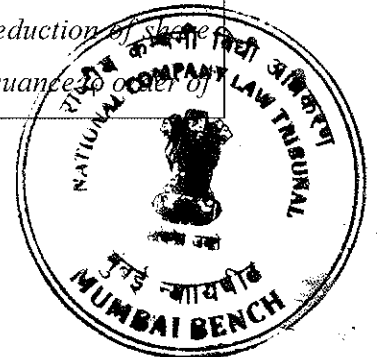
2.	<p><i>2(a)(ii) Further ROC has mentioned as follows: -</i></p> <p><i>a) Petitioner Transferor Company/Demerged Company has issued non-convertible Debentures, and same is outstanding as on the date.</i></p>	<p><i>7. So far as the observation in paragraph 2(a)(ii)(a) of the Report is concerned, the Petitioner Company 1 submits and undertakes that there is no impact of the Scheme on the outstanding non-convertible debentures and interest of the debenture holders of Petitioner Company 1 will be protected.</i></p>
3.	<p><i>2(a)(ii)(b) Paid up Share Capital of Transferor/Amalgamating Company does not match with the scheme and master data.</i></p>	<p><i>8. So far as the observation in paragraph 2(a)(ii)(b) of the Report is concerned, the Petitioner Company 5 submits that its paid-up equity share capital is Rs. 628,68,47,770/- consisting of 62,86,84,777 equity shares of Rs. 10/- each and the same has been correctly mentioned in the Scheme. The share capital details appearing in the master data of the Petitioner Company 5 on the website of Ministry of Corporate Affairs ("MCA") gets auto updated with the details filed in the annual filing forms. The paid-up equity share capital appearing in the master data is Rs. 6,28,68,48,000/-, thereby resulting in the difference of Rs. 230 from the actual paid-up equity share capital. The said difference of Rs. 230 is due to technical system of rounding-off in the XML file, basis the details filed by the Petitioner</i></p>



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		<p><i>Company 5 in the XBRL mode for the financial year ended on March 31, 2021. The amounts reported by the Petitioner Company 5 in the financial statements filed for the year ended on March 31, 2021 were in lakhs and thus the paid-up equity share capital reported in the aforementioned XBRL was mentioned in lakhs i.e. Rs. 62,868.48 lakhs. While processing / taking on record the XBRL file, the said amount was rounded-off to Rs. 6,28,68,48,000/- by the MCA system and the same amount is being reflected in the Company Master Data available on the MCA Portal.</i></p>
4.	<p><i>2(a)(ii)(c) Applicant Company No. 5 is a NBFC Company and Petitioner Companies has served Notice to RBI dated 06.06.2022. Further, RBI has given approval for the Proposed Scheme of Arrangement vide their letter dated 13.12.2021 interalia mentioned that Petitioner Companies shall undertake to ensure compliance of Section 66(1) of the Act, 2013.</i></p>	<p><i>9. So far as the observation in paragraph 2(a)(ii)(c) of the Report is concerned, the Petitioner Company 5 submits that in terms of clause 43 of the Scheme on the Scheme becoming effective, the Petitioner Company 5 shall stand dissolved without being wound-up and without any further act or deed. Further in terms of explanation to Section 230 of the Companies Act, 2013, provisions of section 66 (Reduction of share capital) of the Companies Act, 2013 does not apply to reduction of share capital effected pursuant to order of</i></p>



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		<i>the Tribunal under Section 230 of the Companies Act, 2013.</i>
5.	<i>2(a)(ii)(d) Applicant listed Company No. 1 has served notice to SEBI, BSE and NSE dated 06.06.2022.</i>	<i>10. So far as the observation in paragraph 2(a)(ii)(d) of the Report is concerned, the contents thereof are correct factual observations and thus does not require any response.</i>
6.	<i>2(a)(ii)(e) There is Complaint received against the Demerged Company viz. Piramal Enterprises Limited vide SRN No. I00007283 and is pending as per MCA21 Portal.</i>	<i>11. So far as the observation in paragraph 2(a)(ii)(e) of the Report is concerned, the Petitioner Company 1 submits that complaint neither pertains in connection to the Scheme nor is against the Petitioner Company 1. The Petitioner Company 1 has already provided responses against the complaint. A copy of the email communication between Petitioner Company 1 and Shri. Devendra Sharma is enclosed herewith as Annexure A.</i>
7.	<i>2(a)(ii)(f) As per the MCA21 Portal record there are certain charges showing status of "OPEN" of Applicant Company No. 1, 3, 4.</i>	<i>12. So far as the observation in paragraph 2(a)(ii)(f) of the Report is concerned, the Petitioner Companies submits that the charges pertaining to the demerged undertaking gets transferred to the Resulting Company and the charges of the Amalgamating Companies get transferred to the Amalgamated Company. Further the Scheme does not operate to enlarge the charges, nor shall the Resulting Company or the Amalgamated</i>



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		<p><i>Company be obliged to create any further or additional security after the Scheme has become effective or otherwise. Further the Petitioner Companies undertakes to enter into and execute such deeds, instruments, documents and/ or writings and/ or do all acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the above, if required.</i></p>
8.	<p><i>2(a)(ii)(g) Applicant Company No. 1 having 67 litigations pending as on the date.</i></p>	<p><i>13. So far as the observation in paragraph 2(a)(ii)(g) of the Report is concerned, the Petitioner Company 1, submits that as far as the Petitioner Company 1 is concerned, the present Scheme is a composite arrangement wherein an undertaking of the Petitioner Company 1 is being demerged into the Petitioner Company 2 and the Petitioner Company 5 (a wholly owned subsidiary of the Petitioner Company 1) is being merged with the Petitioner Company 1. Hence the Petitioner Company 1 would continue to survive post the Scheme becoming effective. Further, the Petitioner Company 1 submits and undertakes as under.</i></p>



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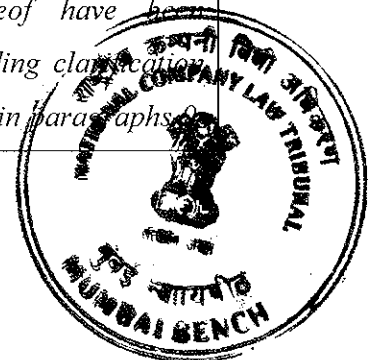
	<p>(a) Clause 12 of the Scheme provides for the treatment of any legal proceedings of the Petitioner Company 1 in relation to the demerged undertaking in the hands of the Petitioner Company 2 and Clause 36 of the Scheme provides for the treatment of any legal proceedings of Petitioner Company 5 in the hands of the Petitioner Company 1. Hence, there are appropriate provisions in Scheme dealing with pending legal proceedings / litigations.</p> <p>(b) To co-operate with the relevant authorities under the applicable laws in relation to the pending litigations and also make necessary payment of legitimate dues in accordance with the applicable law as and when the liability to pay such dues materializes.</p> <p>(c) Pursuant to the Scheme, there is no impact on the rights available to the relevant authorities and the stakeholders under the applicable law in relation to the pending litigations by or against the Petitioner Company 1.</p> <p>(d) The Scheme does not envisage any type of evasion or avoidance of the liabilities of the Petitioner Company 1.</p>
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9.	<i>2(a)(ii)(h) Interest of the Creditor shall be Protected.</i>	<i>14. So far as the observation in paragraph 2(a)(ii)(h) of the Report is concerned, the Petitioner Companies, undertakes to protect the interest of the creditors.</i>
10.	<i>2(b) In respect of above ROC, Mumbai observations, the Directorate has following comments:- i. In respect of ROC observation on Complaint No. I00007283 in respect of Petitioner Company No. 1 on MCA21 Portal, the company has clarified vide their letter dated 19.07.2022 (Annexured as A- 2) to the Directorate that the matter relates to dispute between a shareholder namely Shri. Devendra Sharma of Piramal Glass Limited and prima facie the complaint do not relates to Petitioner Company, since the complaint is appearing in the Petitioner Company No. 1 record of MCA21 Portal, the company may advise to file the reply to concerned ROC on MCA21 Portal.</i>	<i>15. So far as the observation in paragraph 2(b)(i), 2(b)(ii) and 2(b)(iii) of the Report is concerned, the contents thereof have been explained by providing clarification and/or undertaking in paragraphs 9, 11 and 12 above and thus does not require any further response.</i>
11.	<i>2(b)(ii) In respect of the Paid-up share capital of PHL Fininvest Private Limited, 5th Petitioner Company, the paid-up share capital of Rs. 628,68,47,770/- consisting of 628684777 equity share of Rs. 10/-</i>	<i>15. So far as the observation in paragraph 2(b)(i), 2(b)(ii) and 2(b)(iii) of the Report is concerned, the contents thereof have been explained by providing clarification and/or undertaking in paragraphs 9</i>





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	<p><i>each as on 31.03.2021 is matching with the para 28 of the scheme.</i></p>	<p><i>11 and 12 above and thus does not require any further response.</i></p>
12.	<p><i>2(b)(iii) In respect of ROC, Mumbai observation that 67 litigations are pending against applicant company No. 1 (PEL), the Company has replied to the Directorate vide their letter dated 19.07.2022 that there are appropriate provisions in the scheme at clause 12 &amp; 36 for pending legal proceedings for all companies who are involved in the scheme and Petitioner Company (PEL) has undertaken that to cooperate with the relevant authorities with the applicable laws in respect of the pending litigations by or against PEL and also make necessary payments legitimate dues in accordance with applicable laws as and when the liability to pay such dues metalized.</i></p>	<p><i>15. So far as the observation in paragraph 2(b)(i), 2(b)(ii) and 2(b)(iii) of the Report is concerned, the contents thereof have been explained by providing clarification and/or undertaking in paragraphs 9, 11 and 12 above and thus does not require any further response.</i></p>
13.	<p><i>2(c) In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the transferee company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.</i></p>	<p><i>16. So far as the observation in paragraph 2(c) of the Report is concerned, the Petitioner Company 1, and the Petitioner Company 2 undertakes that it shall pass applicable necessary accounting entries in connection with the AS-14 (IND AS-103) and comply with all other applicable Accounting Standards such AS-5 (IND AS-8) etc.</i></p>



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14.	<p><i>2(d) The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.</i></p>	<p><i>17. So far as the observation in paragraph 2(d) of the Report is concerned, the Petitioner Companies undertakes 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 therein.</i></p>
15.	<p><i>2(e) The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.</i></p>	<p><i>18. So far as the observation in paragraph 2(e) of the Report is concerned, the Petitioner Companies submits that it has served notices under the provisions of section 230(5) of the Companies Act, 2013 to all the concerned authorities as directed by the Hon'ble Tribunal which are likely to be affected by the Scheme. Further the Petitioner Companies submits that the approval of the Scheme by the Hon'ble Tribunal would not deter such authorities to deal with any of the issues arising after giving effect to the Scheme. The issues, if any, arising out of the Scheme shall in any event, be subject to final decision of such authorities and the final orders, if any, in any appeals that maybe preferred therein. The Petitioner Companies undertake to this Hon'ble Tribunal that the decision of such</i></p>



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		<i>authorities would be binding on the Petitioner Companies.</i>
16.	<p><i>2(f) As per Definition of the Scheme,</i></p> <p><i>“Appointed Date” means opening of business on April 1, 2022 or such other date as the NCLT may direct/ allow;</i></p> <p><i>“Demerger Record Date” means a mutually agreed date to be fixed by the respective Boards of the Demerged Company and the Resulting Company for the purposes of determining the shareholders of the Demerged Company to whom equity shares of PPL would be allotted pursuant to the Demerger in accordance with Clause 19 of this Scheme;</i></p> <p><i>“Effective Date” means (a) for Part C and Part D, the date or the last date of the dates on which all the conditions and matters referred to in Clause 49.1 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme; and (b) for Part E, the date or the last date of the dates on which all the conditions and matters referred to in Clause 49.2 of the Scheme occur or have been</i></p>	<p><i>19. So far as the observation in paragraph 2(f) of the Report is concerned, the Petitioner Companies submits that it complies 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 by clearly specifying the Appointed Date (i.e. April 1, 2022) in the Scheme and accordingly, the requirements of the said circular have already been completed.</i></p>



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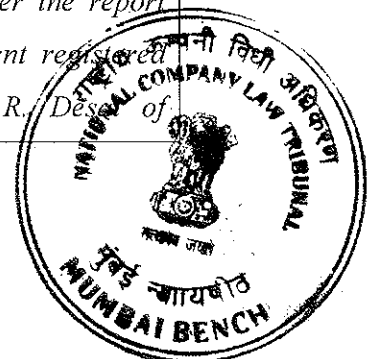
	<p><i>fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to the “date of coming into effect of this Scheme” or “upon the Scheme becoming effective” or “effectiveness of the scheme” shall mean the effective date;</i></p> <p><i>It is submitted that the Petitioners may be asked to comply with the requirements as clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.</i></p>	
17.	<p><i>2(g) Petitioner Companies shall undertake to comply with the directions of Income tax department, if so required. Notice served to Income Tax Department dated 07.06.2022</i></p>	<p><i>20. So far as the observation in paragraph 2(g) of the Report is concerned, the Petitioner Companies submits that the Scheme provides that it shall be in accordance with provisions of Income Tax Act, 1961. The Petitioner Companies have respectively served notice under Section 230(5) of the Companies Act, 2013 on the concerned Income Tax Department and has not received any representation from the concerned Income Tax Department. The Petitioner Companies undertake to comply with the directions of Income Tax Department, if any, in accordance with law.</i></p>



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18.	<p>2(h) <i>Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory, if so required, particularly Petitioner Companies are listed companies, hence guidelines of BSE, NSE and SEBI shall be undertaken to be complied before the approval of the scheme. Further, notice to BSE, NSE and SEBI served by the Petitioner Transferee Company vide letter dated 06.06.2022. The listed Petitioner Company shall undertake to comply with the observations of stock exchanges/SEBI in the matter of subject scheme of arrangements.</i></p>	21. <i>So far as the observation in paragraph 2(h) of the Report is concerned the Petitioner Companies, submits in relation to the Scheme, the Petitioner Companies undertakes to comply with the directions of the concerned regulatory authorities including BSE, NSE and SEBI if any, in accordance with law. Further the Petitioner Company 1 also undertakes to comply with the observations of stock exchanges/SEBI in the captioned matter.</i>
19.	<p>2(i) <i>In respect of Demerged Company (PEL), the Petitioner has furnished statement of Assets and Liabilities (Copy attached as Annexured as A-3) to be transferred to Resulting Company i.e PPL in respect of Pharma Business of PEL, a listed company and it is observed that total Assets of Rs. 494.06 Crores are transferred against liabilities of Rs. 477.18 Crores i.e excess of Rs. 16.88 Crores to PPL. Thus, both the Companies should undertake to service the creditors of the company if scheme is sanction by Hon'ble</i></p>	22. <i>So far as the observation in paragraph 2(i) of the Report is concerned the Petitioner Company 1 and the Petitioner Company 2 undertakes to service their respective creditors after the Scheme becoming effective in the ordinary course of business and as and when the liability to pay their legitimate dues arises. Further, the Petitioner Company 1 and the Petitioner Company 2 submits that the share exchange ratio in the Scheme is as per the report provided by independent registered valuer Shri. Drushti R. Desai of</i>



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<i>NCLT, Mumbai Bench. Further, Hon'ble NCLT, Mumbai Bench may satisfy exchange ratio between PEL &amp; PPL on Pharma Business Demerger as per the valuation report submitted by Shri. Drushti R. Desai, CA registered valuer dated 07.02.2022."</i>	<i>Bansi S. Mehta &amp; Co. Further ICICI Securities, independent SEBI merchant banker have provided their fairness opinion on the share exchange ratio and have stated that the share exchange ratio is fair to the shareholders of the Petitioner Company 1</i>
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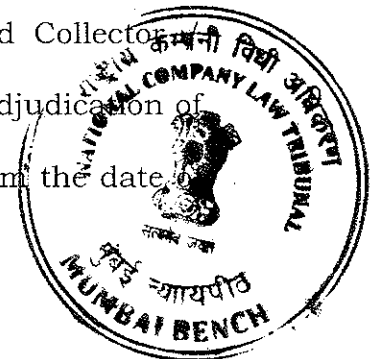
18. The observations made by the RD have been explained by the Petitioner Companies in paragraph 17 above. The Representative of the RD has submitted that the explanation and clarifications given by the Petitioner Companies are found satisfactory and they have no objection to the same. The Affidavit dated 2<sup>nd</sup> August, 2022 filed by the Petitioner Companies setting out the clarifications and undertakings given by the Petitioner Companies are accepted by this Tribunal and the Petitioner Companies are directed to comply with the same.
19. The Official Liquidator, High Court, Bombay ("OL") has filed his Report dated 8<sup>th</sup> July, 2022 stating that the affairs of the Transferor Companies, i.e. Petitioner Company 3, Petitioner Company 4 and Petitioner Company 5, have been conducted in a proper manner.



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20. From the material on record, the Scheme annexed as Annexure A to the Company Petition appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
21. Since all the requisite statutory compliances have been fulfilled, the said Company Petition is made absolute in terms of prayer clauses (a) to (c) thereof.
22. The Scheme is hereby sanctioned with the Appointed Date fixed as 1<sup>st</sup> April, 2022.
23. Petitioner Company 3, Petitioner Company 4 and Petitioner Company 5 to be dissolved without winding up.
24. The Petitioner Companies are directed to file a copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically in e-form INC-28 within 30 days from the date of receipt of the certified copy of this Order by the Petitioner Companies.
25. The Petitioner Companies to lodge a copy of this Order along with the Scheme duly authenticated / certified by the Deputy Registrar or the Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Collector of Stamps and Superintendent of Stamps for the purpose of adjudication of stamp duty payable, if any, within 60 days from the date



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receipt of the certified copy of this Order from the Registry of  
this Tribunal.

26. All concerned regulatory authorities to act on a copy of this  
Order along with Scheme duly certified by the Deputy  
Registrar or the Assistant Registrar, National Company Law  
Tribunal, Mumbai Bench.
27. Any person interested is at liberty to apply to this Tribunal in  
the above matters for any directions that may be necessary.
28. Any concerned authorities are at liberty to approach this  
Tribunal for any further clarification as may be necessary.
29. Accordingly, Scheme is hereby approved  
C.P.(CAA)140/MB/2022 is allowed.

Sd/-

**SHYAM BABU GAUTAM**  
(MEMBER TECHNICAL)

Sd/-

**JUSTICE P.N. DESHMUKH**  
(MEMBER JUDICIAL)



Certified True Copy \_\_\_\_\_  
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