



IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI BENCH (COURT-II)

IN

COMPANY APPLICATION NO. : C.A.(CAA)-103/ND/2024

IN THE MATTER OF SCHEME OF AMALGAMATION OF:

LILY COMMERCIAL PRIVATE LIMITED

Reg. Office at: Flat No. 104
Akashdeep Building, 26-A, Barakhamba Road,
Delhi-110001

No. 1886
Date of Presentation
of application for Copy 6/12/24
No. of Pages 28
Copying Fee ...Applicant No. 1/5 L
Registration & Postage Fee
Transferor Company No. 1
Total 50+250 = 300
Date of Receipt & bcl paid 07
Record of Copy 12/12/24
Date of Preparation of Copy 16/12/24
Date of Delivery of Copy 17/12/24
...Applicant No. 2/

AND

DCM SHRIRAM INDUSTRIES LIMITED

Reg. Office at: Kanchenjunga Building 18,
Barakhamba Road, Delhi-110001

Transferee Company No. 2

AND

JR/DR/AR/Court Officer
National Company Law Tribunal
New Delhi

DCM SHRIRAM FINE CHEMICALS LIMITED

Reg. Office at: 6th Floor, Kanchenjunga Building 18
Barakhamba Road, Delhi-110001

...Applicant No. 3/

Resultant Company 1

AND

DCM SHRIRAM INTERNATIONAL LIMITED

Reg. Office at: 6th Floor, Kanchenjunga Building 18
Barakhamba Road, Delhi-110001

...Applicant No. 4/

Resultant Company 2

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



Order delivered on 06.12.2024



Under Section: 230 to 232 of the Companies Act, 2013 read with the Companies (Compromise, Arrangements, and Amalgamations) Rules, 2016

CORAM:

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)

SH. SUBRATA KUMAR DASH, HON'BLE MEMBER (T)

PRESENT:

For the Applicant : Adv. Anirudh Das

ORDER

The present application has been preferred jointly by **Lily Commercial Private Limited** ("Applicant No. 1/Transferor Company") and **DCM Shriram Industries Limited** ("Applicant No. 2/Transferee Company/ DCMSR") and **DCM Shriram Fine Chemicals Limited** ("Applicant No. 3/Resultant Company 1") and **DCM Shriram International Limited** ("Applicant No. 4/Resultant Company 2") under Section 230(1) of the Companies Act, 2013 ("**Act**") read with Rules 3 and 5 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Rules"), seeking, *inter alia*, the following reliefs:-

"5 .1 In view of the facts and circumstances stated above, the Applicant

Companies respectfully pray that this Hon'ble Tribunal may kindly:

i. Allow the present Application and pass necessary orders towards the sanction of the Composite Scheme of Arrangement amongst Lily Commercial Private Limited and DCM Shriram Industries Limited and DCM Shriram Fine Chemicals Limited and DCM Shriram International Limited and their respective Shareholders and Creditors (ANNEXURE 1 ; to the Company Application and hereinafter "the Scheme") along with consequential directions as deemed fit and





appropriate.

ii. dispense with the convening of the meeting of the Equity Shareholders of the Applicant/Transferor Company, as all the Equity Shareholders of the Applicant/Transferor Company have given written consent by way of Affidavit to the Scheme;

iii. direct convening of the meeting of the Equity Shareholders of the Applicant/Transferee Company/ DCMSR through video conference, to consider the Scheme and consequently pass directions for –

a. grant liberty to the Applicant/Transferee Company/ DCMSR to fix the date of the meeting in consultation with the Chairperson appointed by this Hon'ble Tribunal;

b. issuance of notice of meeting along with Explanatory Statement and other documents required under law to the Equity Shareholders;

c. issuance of notice of meeting by e-mail to those Equity Shareholders whose e-mail address is registered with the Applicant/Transferee Company/DCMSR and issuance of notice by speed post to Equity Shareholders whose e-mail address is not registered with the Applicant/Transferee Company/DCMSR;

d. publication of notice of meeting in the newspapers, namely, THE BUSINESS STANDARD (English Edition) and THE JANSATTA (Hindi Edition);

e. appointing the Chairperson and Alternate Chairperson for the meeting of the Equity Shareholders of the Applicant/Transferee Company/DCMSR;

f. appointing the Scrutinizer for the meeting of the Equity Shareholders of the Applicant/Transferee Company/ DCMSR;

g. fixing the quorum for the meeting of the Equity Shareholders of the Applicant/Transferee Company/ DCMSR and further direct that if the quorum is not present at the commencement of the meeting, the meeting shall be adjourned by 30 minutes and thereafter the Equity Shareholders present shall constitute the quorum.

iv. dispense with the convening of the meeting of the Equity Shareholders of the Applicant/Resultant Company 1 as all the Equity Shareholders of the Applicant/ Resultant Company 1 have given their consent by way of the Affidavit to the Scheme;

v. dispense with the convening of the meeting of the Equity





Shareholders of the Applicant/Resultant Company 2 as all the Equity Shareholders of the Applicant/ Resultant Company 2 have given their consent by way of the Affidavit to the Scheme;

vi. dispense with the convening of the meeting of the Secured Creditors of the Applicant/ Transferee Company/DCMSR as Secured Creditors representing 99.28% of the secured amount payable have given their written consent by way of Affidavit to the Scheme;

vii. direct convening of the meeting of the Unsecured Creditors of the Applicant/Transferee Company/ DCMSR through video conference, to consider the Scheme and consequential pass directions for –

a. grant liberty to the Applicant/Transferee Company/ DCMSR to fix the date of the meeting in consultation with the Chairperson appointed by this Hon'ble Tribunal;

b. issuance of notice of meeting along with Explanatory Statement and other documents required under law to the Unsecured Creditors;

c. Dispense with issuance of notice to Unsecured creditors to whom the amount payable is less than Rs.1,00,000/- as such creditors constitute only 0.31 % of the unsecured amount payable;

d. issuance of notice of meeting by e-mail to those Unsecured Creditors whose e-mail address is registered with the Applicant/Transferee Company/ DCMSR and issuance of notice by speed post to Unsecured Creditors whose e-mail address is not registered with the Applicant/Transferee Company/ DCMSR;

e. publication of notice of meeting in the newspapers, namely, THE BUSINESS STANDARD (English Edition) and THE JANSATTA (Hindi Edition);

f. appointing the Chairperson and Alternate Chairperson for the meeting of the Unsecured Creditors of the Applicant/ Transferee Company/ DCMSR;

g. appointing the Scrutinizer for the meeting of the Unsecured Creditors of the Applicant/Transferee Company/ DCMSR;

h. fixing the quorum for the meeting of the Unsecured Creditors of the Applicant/ Transferee Company/ DCMSR and further direct that if the quorum is not present at the commencement of the meeting, the meeting shall be adjourned by 30 minutes and thereafter the Unsecured Creditors present





shall constitute the quorum

viii. direct that there is no requirement of convening the meeting of the Unsecured Creditors of the Applicant/ Transferor Company, Applicant / Resultant Company 1 and Applicant /Resultant Company 2 as the said Applicant Companies have no Secured Creditors;

ix. direct service of Notice of this Application on the Regional Director, Northern Region, Ministry of Corporate Affairs, B-2 Wing, 2nd Floor, Pt. Deendayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi- 110003;

x. direct service of notice of this Application on the Registrar of Companies, NCT of Delhi and Haryana, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi-110019;

xi. direct service of notice of this Application on the Official Liquidator, 8 th Floor, Lok Nayak Bhawan, Khan Market, New Delhi- 110003.

xii. direct service of Notice of this Application on the Office of the Income Tax Department through the Nodal Office, DCIT (High Court Cell), Room No. 428 and 429, Lawyer Chambers, Block No. 1, Delhi High Court, New Delhi - 110001;

xiii. direct service of Notice of this Application, in respect of the Applicant/Transferor Company, on the Income Tax Officer, Ward 15(1), C.R. Building, ITO, New Delhi - 110002, Email ID: delhi.itol5.l@incometax.gov.in;

xiv. direct service of Notice of this Application, in respect of the Applicant/Transferee Company/DCMSR, on the Income Tax Officer, Circle 7(1), C.R. Building, ITO, New Delhi 110002, Email ID: delhi.dcit7.l@incometax.gov.in;

xv. direct service of Notice of this Application, in respect of the Applicant/Resultant Company 1, on the Income Tax Officer, Ward 4(1), C.R. Building, ITO, New Delhi - 110002, Email ID: delhi.ito4.l@incometax.gov.in;

xvi. direct service of Notice of this Application, in respect of the Applicant/Resultant Company 2, on the Income Tax Officer, Ward 4(1), C.R. Building, ITO, New Delhi - 110002, Email ID: delhi.ito4.1@incometax.gov.in;

xvii. direct service of Notice of this Application by the Applicant/Transferee Company/ DCMSR on the office of the Jt. Chief Controller of Explosives, Ministry of Commerce & Industry, (Petroleum & Explosives Safety Organisation), Government of India, 63/4, A Wing, 2nd floor, Kendralaya (CGO Complex), Opposite, Sanjay Place, Civil Lines, Agra,



Uttar Pradesh - 282002.

xviii. direct service of Notice of this Application by the Applicant/Transferee Company/ DCMSR on the office of the Chief Controller of Explosives, Explosives Department, CGO Complex, 5th, A Block, Seminary Hills, Nagpur, Maharashtra 440006.

xix. direct service of Notice this Application by the Applicant/Transferee Company/ DCMSR on the office of the Zonal Director, Narcotics Control Bureau, Delhi Zonal Unit, West Block No. 1, Wing No. 7, II Floor, R.K. Puram, New Delhi - 110 066.

xx. direct service of Notice of this Application by the Applicant/Transferee Company/ DCMSR on the office of the Director, Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, Udyog Bhawan, Rajpath Area, New Delhi 110011;

xxi. direct service of Notice of this Application on the Securities and Exchange Board of India;

xxii. direct service of Notice of this Application on the BSE;

xxiii. direct service of Notice of this Application on the NSE;

xxiv. Pass such other order(s) as are further deemed necessary, in the facts and circumstances of the case.”

2.1 Lily Commercial Private Limited (Applicant No. 1/ Transferor Company) having CIN No. U65923DL1985PTC306331, is a private limited company, incorporated on 27.03.1985 under the Companies Act, 1956. The registered office of the company is situated at Flat No.404, Akashdeep Building, 26-A, Barakhamba Road, New Delhi- 110001. The Authorised Share Capital of the Company is Rs. 56,00,00,000/- and its Paid-up Share Capital is Rs. 10,95,12,500/-.

2.2 DCM Shriram Industries Limited (Applicant No. 2/ Transferee Company) having CIN No. 174899DL1989PLC035140 is a public limited company, incorporated on 21.02.1989 under the Companies Act, 1956. The





registered office of the company is situated at Kanchenjunga Building, 18, Barakhamba Road, New Delhi- 110001. The Authorised Share Capital of the Company is Rs. 65,00,00,000/- and its Paid-up Share Capital is Rs. 17,39,84,370/-.

2.3. DCM Shriram Fine Chemicals Limited (Applicant No. 3/ Resulting Company No. 1) having CIN No. U24296DL2021PLC387429 is a public limited company, incorporated on 29.09.2021 under the Companies Act, 2013. The registered office of the company is situated at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi -110001. The Authorised Share Capital of the Company is Rs. 25,00,00,000/- and its Paid-up Share Capital is Rs. 20,00,00,000/-.

2.4. DCM Shriram International Limited (Applicant No. 4/ Resulting Company No. 2) having CIN No. U17299DL2022PLC404291 is a public limited company, incorporated on 07.09.2022 under the Companies Act, 2013. The registered office of the company is situated at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi -110001. The Authorised Share Capital of the Company is Rs. 5,00,000/- and its Paid-up Share Capital is Rs. 1,00,000/-.

3. The Composite Scheme of Arrangement amongst Lily Commercial Private Limited (Applicant No. 1/Transferor Company) and DCM Shriram Industries Limited (Applicant No. 2/Transferee Company/DCMSR) and DCM Shriram Fine Chemicals Limited (Applicant No. 3/Resultant Company 1) and DCM Shriram International Limited (Applicant No. 4/Resultant Company 2) and their respective Shareholders and Creditors proposes





inter-alia, the amalgamation of the Applicant No. 1 /Transferor Company into and with the Applicant No. 2/Transferee Company/DCMSR and the consequent transfer by way of demerger of the Chemical Undertaking and Rayon Undertaking of the Applicant No. 2/ Transferee Company/ DCMSR into the Applicant No. 3/Resultant Company 1 and Applicant No. 4/ Resultant Company 2 respectively, pursuant to Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the 2013 Act read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

4. The Registered offices of aforesaid Applicants Companies being in Delhi, they are amenable to the territorial jurisdiction of this Bench.

5. The Applicant Companies have filed their respective Certificates of Incorporation, Copies of Memorandum of Association and Articles of Association inter alia delineating their object clauses and the same is on record. The copy of the Audited Accounts along with the Auditor's Report of all the Applicant Companies for the Financial Year ending 31.03.2024 as well as the unaudited financial statements for Applicant Nos. 1, 3 & 4 as on 30.09.2024 and for Applicant No. 2 as on 30.06.2024 have also been submitted and the same are on record.

6. As far as the present application is concerned, it is seen from the record that the Board of Directors of all the Applicant Companies vide their meetings held on 14th November 2023, have approved the proposed 'composite scheme'. Copies of Resolution of the Board of Directors of Applicant Companies are found on record at Annexure 18 (Colly).





7. The Appointed Date of the Scheme is 1 April 2023, as mentioned in Clause 1.4.2 of Annexure 1.

8. The rationale of the proposed amalgamation and demergers Scheme, as stated by the Applicants read thus:

- a) *“greater management focus on each business vertical (being Chemical Undertaking, Rayon Undertaking and Residual Undertaking);*
- b) *better administrative efficiency;*
- c) *operational rationalization, organizational efficiency and optimum utilisation of resources;*
- d) *focused approach to respective line/ stream of business;*
- e) *ability to leverage financial and operational resources for each business;*
- f) *allows shareholder to have a choice of investment in some and not all the businesses;*
- g) *better price discovery as performance of each business can be evaluated and projected without counter balancing of other businesses;*
- h) *unlocking shareholder value and opportunity for the public shareholders to exploit the individual potential of DCMSR and each of the Resultant Companies, pursuing options of independent joint ventures, collaborations on a sectoral basis i.e., separate ventures for sugar, chemical and rayon and creating a strong and distinctive platform with more focused management teams, which will enable greater flexibility to pursue long term objectives and independent business strategies;*
- i) *providing scope for independent growth, collaboration and expansion of the three segregated business verticals, including for enhancing their valuations and efficient capital allocation;*
- j) *provide diversity decisions regarding use of cash flows and exploring various opportunities;*
- k) *allowing the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking, which are independent, self-sufficient and standalone undertakings (with no critical business inter-dependencies), to continue to function with*





efficiency and efficacy, and synergies with a seamless transition;

- l) streamlining promoter shareholding of DCMSR by eliminating shareholding tiers and simplification of promoter shareholding into a clear structure directly identifiable with the promoters; focused management and direct commitment, attention and long term stable leadership to chemical, rayon and sugar businesses of DCMSR, comprising the Chemical Undertaking, the Rayon Undertaking and the Residual Undertaking, respectively; and
- m) facilitating succession planning in the future in an orderly and strategic manner, without any business disruption, which is key to secure the long-term stability, leadership, transparency and operational clarity of DCMSR and the Resultant Companies.”

9. As per the Valuation Report dated 14.11.2023 submitted by Mr Mukesh Chand Jain Registered Valuer, IBBI Registration No. IBBI/RV/05/2020/13666 attached as Annexure 35 and 36 to the Application, and the Share Exchange and Entitlement Ratio is as given below:

Pursuant to amalgamation of Lily Commercial Private Limited into DCM Shriram Industries Limited (DCMSR)

"1 (One) Equity Share of DCMSR of face value of INR 2/- each fully paid up shall be issued for every 1 (One) Equity Share held by Lily Commercial Private Limited in DCMSR to the shareholders of Lily Commercial Private Limited in proportion to their shareholding in Lily Commercial Private Limited ";

In view of above share exchange ratio, the number of DCMSR shares held by Lily Commercial Private Limited shall stand cancelled.

Pursuant to demerger of the Chemical Undertaking and Rayon Undertaking of DCMSR into the DCM Shriram Fine Chemicals Limited (DSFCL) and DCM Shriram International Limited (DSIL) respectively.

"1 (One) Equity Share of DSFCL of face value of INR 2/- each fully paid up for every 1 (One) equity share of DCMSR of face value of INR 2/- each fully paid up"; and

"1 (One) Equity Share of DSIL of face value of INR 2/- each fully paid up for every 1 (One) equity share of DCMSR of face value of INR 2/- each fully paid up"





10.1 The Applicant Companies have submitted Statutory Auditor's certificates in relation to the proposed accounting treatment of the Applicant Companies qua the proposed scheme, certifying that the scheme is in conformity with the accounting standards under Section 133 of the Companies Act, 2013. The opinion given in the certificates dated 14.11.2023 issued with respect to the Applicant No. 2/ Transferee Company on the accounting treatment pursuant to Part IV, Part V and Part VI of the Scheme are *pari materia* and reads thus: -

“Based on our examination and according to the information and explanations provided to us and appropriate representations obtained from the Company, the proposed accounting treatment specified in Clause 3.7.1 of Part III, Clause 4.7.1 of Part IV and Clause 5.7.1 of Part V of the Proposed Scheme and reproduced in Annexure A to this Certificate, initialed and stamped by us for the purpose of identification only, is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and applicable Ind AS prescribed under Section 133 of the Act and other generally accepted accounting principles in India.”

10.2 Furthermore, the opinion given in the certificates dated 14.11.2023 issued with respect to the Resultant Company No. 1 and Resultant Company No. 2 on the accounting treatment pursuant to Part IV and Part V of the Scheme are *pari materia* and reads thus: -

“Based on our examination and according to the information and explanations provided to us and appropriate representations obtained from the Company, the proposed accounting treatment specified in Clause 4.7.2 of Part IV of the Proposed Scheme and as reproduced in Annexure A to this certificate, initialed and stamped by us for the purpose of identification only, is in conformity with Ind AS 103 'Business Combinations' i.e. the applicable Accounting Standard prescribed under Section 133 of the Act and other Generally Accepted Accounting Principles in India.”

11.1 With respect to the status of the employees of the Transferor Company after its proposed amalgamation into and with DCMSR, the proposed C.A.(CAA)-103/ND/2024
Lily Commercials Pvt. Ltd. and DCM Shriram Industries Ltd.





Scheme states as follows: -

“3.1.2.

[...]

(ix) All employees of the Transferor Company, who are on its payrolls shall become employees of DCMSR with effect from the Effective Date, on such terms and conditions as are no less favourable (including employee benefits such as provident fund, leave encashment and any other retiral benefits) than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer.

With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, DCMSR shall stand substituted for the Transferor Company for all purposes whatsoever, upon this Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by each of the Transferor Company, in accordance with the provisions of applicable laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.

(x) With regard to any provident fund, gratuity fund, superannuation fund or other special fund created or existing for the benefit of such employees of the Transferor Company, it is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of DCMSR. Upon the Scheme becoming effective, DCMSR shall stand substituted for the Transferor Company for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. Any existing provident fund, gratuity fund and superannuation fund trusts created by the Transferor Company for its employees shall be continued for the benefit of such employees on the same terms and conditions until such time that they are transferred to the relevant funds of DCMSR. It is clarified that the services of all employees of the Transferor Company transferred to DCMSR will be treated as having been continuous and uninterrupted for





the purpose of the aforesaid schemes or funds.

DCMSR undertakes to continue to abide by any agreement(s)/settlement(s) entered into with respective employees by any of the Transferor Company. DCMSR agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees, if any, with the Transferor Company, as the case may be, shall also be taken into account, and agrees and undertakes to pay the same as and when payable.”

11.2 With respect to the status of the employees of the DCMSR after the proposed demerger of its chemical undertaking into Resultant Company No. 1, the proposed Scheme states as follows: -

“4.1.2

[...]

(ix) All employees of DCMSR pertaining to the Chemical Undertaking who are on its payrolls, shall become the employees of the Resultant Company 1 without any break or interruption in their services on no less favourable terms (including employee benefits such as provident fund, leave encashment and any other retiral benefits) as applicable to such employees with DCMSR and in accordance with applicable law. The Resultant Company 1 further agrees that for the purpose of payment of any retirement benefit/compensation, incentive contractual and statutory benefit, incentive plans, terminal benefits, such immediate uninterrupted past services with DCMSR, shall also be taken into account and accordingly, shall be reckoned from the date of their appointment with DCMSR. In order to give effect to this provision and to carry out or perform all formalities or compliances, DCMSR and or the Resultant Company 1, as the case may be, shall do all such acts and deeds as may be necessary, or execute such contracts, agreements, deeds or other instruments or obtain necessary approvals, permits, rights and entitlements.”

[...]

4.2.3. The Resultant Company 1 undertakes to engage, upon the Scheme becoming effective, all such employees of DCMSR pertaining to the Chemical Undertaking and who are in the employment of DCMSR as on the Effective Date, on terms and conditions no less favourable than those





on which they are engaged by DCMSR, with continuity of service and without any interruption of service as a result of this transfer.

4.2.4. The Resultant Company 1 undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/employees by DCMSR in relation to or in connection with the Chemical Undertaking. The Resultant Company 1 agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with DCMSR shall also be taken into account and agrees and undertakes to pay the same as and when payable.

4.2.5 In so far as the existing provident fund, gratuity fund and superannuation fund and/or schemes, leave encashment and any other special scheme or benefits, funds or trusts created or existing for the benefit of such employees of DCMSR pertaining to the Chemical Undertaking, is concerned, such proportion of the investments made in the funds and liabilities which are relatable to the transferred employees as on the Effective Date, shall be transferred to the similar funds, if any, created by the Resultant Company 1 and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of the Resultant Company 1, maintained as separate funds by the Resultant Company 1. In the event, that the Resultant Company 1 does not have its own funds/trusts, in respect of any of the above mentioned funds, the Resultant Company 1 may, to the extent permitted by the contracts or deeds or applicable law governing these funds/trusts and subject to necessary approvals and permissions, continue to contribute to the relevant funds of DCMSR, until such time that the Resultant Company 1 create its own funds or decides not to form its own funds, at which time the funds and the investments and contributions pertaining to the transferred employees, shall be transferred to the funds created by the Resultant Company 1 or to the concerned funds of the relevant appropriate authority (such as of the Employees' Provident Fund Organisation) and other funds as the case may be. Where the Resultant Company 1 decides not to form its own funds, and if certain benefits cannot be provisioned for through the funds of relevant appropriate authority, these benefits are to be provided in any other legally compliant manner, and the parties shall, at that time, agree on the mode for transfer of the relevant amounts from the appropriate funds of DCMSR.”

11.3 With respect to the status of the employees of the DCMSR after the proposed demerger of its rayon undertaking into Resultant Company No. 2, the proposed Scheme states as follows:

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“5.1.2

[...]

(ix) All employees of DCMSR pertaining to the Rayon Undertaking who are on its payrolls shall become the employees of the Resultant Company 2 without any break or interruption in their services on no less favourable terms (including employee benefits such as provident fund, leave encashment and any other retiral benefits) as applicable to such employees with DCMSR and in accordance with applicable law. The Resultant Company 2 further agrees that for the purpose of payment of any retirement benefit/compensation, incentive contractual and statutory benefit, incentive plans, terminal benefits, such immediate uninterrupted past services with DCMSR, shall also be taken into account and accordingly, shall be reckoned from the date of their appointment with DCMSR. In order to give effect to this provision and to carry out or perform all formalities or compliances, DCMSR and or the Resultant Company 2, as the case may be, shall do all such acts and deeds as may be necessary, or execute such contracts, agreements, deeds or other instruments or obtain necessary approvals, permits, rights and entitlements.

[...]

5.2.3 The Resultant Company 2 undertakes to engage, upon the Scheme becoming effective, all such employees of DCMSR pertaining to the Rayon Undertaking and who are in the employment of DCMSR as on the Effective Date, on terms and conditions no less favorable than those on which they are engaged by DCMSR, with continuity of service and without any interruption of service as a result of this transfer.

5.2.4 The Resultant Company 2 undertakes to continue to abide by any agreement(s)/settlement(s) entered into with any labour unions/employees by DCMSR in relation to or in connection with the Rayon Undertaking. The Resultant Company 2 agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with DCMSR shall also be taken into account and agrees and undertakes to pay the same as and when payable.

5.2.5 In so far as the existing provident fund, gratuity fund and superannuation fund and/or schemes, leave encashment and ,my other special scheme or benefits, funds or trusts created or existing for the benefit of such employees of DCMSR pertaining to the Rayon Undertaking, is concerned, such proportion of the investments made in the funds and liabilities which are relatable to the transferred



employees as on the Effective Date, shall be transferred to the similar funds, if any, created by the Resultant Company 2 and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of the Resultant Company 2, maintained as separate funds by the Resultant Company 2. In the event, that the Resultant Company 2 does not have its own funds/trusts, in respect of any of the above mentioned funds, the Resultant Company 2 may, to the extent permitted by the contracts or deeds or applicable law governing these funds/trusts and subject to necessary approvals and permissions, continue to contribute to the relevant funds of DCM SR, until such time that the Resultant Company 2 create its own funds or decides not to form its own funds, at which time the funds and the investments and contributions pertaining to the transferred employees, shall be transferred to the funds created by the Resultant Company 2 or to the concerned funds of the relevant appropriate authority (such as of the Employees' Provident Fund Organisation) and other funds as the case may be. Where the Resultant Company 2 decides not to form its own funds, and if certain benefits cannot be provisioned for through the funds of relevant appropriate authority, these benefits are to be provided in any other legally compliant manner, and the parties shall, at that time, agree on the mode for transfer of the relevant amounts from the appropriate funds of DCMSR.”

11.4 With respect to the status of employees of DCMSR other than those transferred to Resultant Companies No. 1 and 2, the proposed Scheme reads thus: -

“6.6 In so far as the existing benefits or funds created by DCMSR for the employees of DCMSR other than the transferred employees pertaining to Chemical Undertaking and Rayon Undertaking are concerned or the employees of the corporate office of DCMSR transferred to the Resultant Company 1 or the Resultant Company 2, in terms of this Scheme, are concerned, the same shall continue and DCMSR shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Residual Undertaking, and the Resultant Companies shall have no liability in respect thereof.”

12. The Applicant companies have furnished the following documents:-

- i. Certificate of Incorporation, Master Data, along with Memorandum and Articles of Association of Transferor Company, Transferee Company, Resultant Company 1,



Resultant Company 2 respectively (Annexures 2(Colly), 6(Colly), 10(Colly), 14(Colly)).

- ii. List of Equity Shareholders of Transferor Company, as on 30.09.2024, along with their Consent Affidavits respectively (Annexure 19, 20(Colly)).
- iii. List of Equity Shareholders of Transferee Company, as on 30.09.2024 (Annexure 23).
- iv. List of Equity Shareholders of Resultant Company 1, as on 30.09.2024, along with their Consent Affidavits respectively (Annexure 27, 28(Colly)).
- v. List of Equity Shareholders of Resultant Company 2 as on 30.09.2024, along with their Consent Affidavits respectively (Annexure 31, 32(Colly)).
- vi. List of Secured Creditors for the Transferor Company marked as annexed 21.
- vii. List of Secured Creditors for the Transferee Company with their Consent Affidavits (Annexure 24 and 25).
- viii. List of Secured Creditors for the Resultant Company 1 (Annexure 29).
- ix. List of Secured Creditors for the Resultant Company 2 (Annexure 33).
- x. List of Unsecured Creditors as on 30.09.2024 of Transferor Company duly certified by the Statutory Auditors (Annexure 22).
- xi. List of Unsecured Creditors as on 30.09.2024 of Transferee Company duly certified by the Statutory Auditors (Annexure 26).
- xii. List of Unsecured Creditors as on 30.09.2024 of Resultant Company 1 duly certified by the Statutory Auditors (Annexure 30).
- xiii. List of Unsecured Creditors as on 09.10.2024 of Resultant Company 2 duly certified by the Statutory Auditors (Annexure 34).
- xiv. Certificates of Statutory Auditors to the effect that accounting treatment proposed in the Scheme conforms to Section 133 of the Companies Act, 2013 by transferee company, resultant company 1 and 2 are attached as Annexure 38-40, 41, 42 of the application respectively.
- xv. Proposed Share Entitlement Ratio of the Transferor Company,





Transferee Company, Resultant Company 1, Resultant Company 2, provided under the Report on Valuation of Shares & Share Exchange Ratio attached as Annexure 35 and 36 of the application.

- xvi. Audited financial statements as on 31.03.2024, of the Transferor Company, Transferee Company, Resultant Company 1, and Resultant Company 2 have been annexed and marked as Annexure 3,7,11, and 15 respectively.

13. The Applicant has stated on Affidavit all the material facts relating to the Applicant Companies in terms of Section 230(2):

a) That there is no investigation or proceedings against the Applicant Companies is pending under the provisions of Sections 206 to 226 of the Companies act 2013 or any other provision of law. It is further submitted that there are no proceedings pending against the Applicant Companies under any other provision of law which has a material adverse effect on the sanction of the Scheme.

b) The shares held by the Transferor Company in the Transferee Company shall stand cancelled. Likewise, the shares held by the Transferee Company in Resultant Company 1 and Resultant Company 2 shall stand cancelled.

c) It is further noted that the Transferor Company, Transferee Company, Resultant Company 1, and Resultant Company 2 have not entered into any Corporate Debt Restructuring arrangement consented to by not less than seventy-five percent of the secured creditors in value. The affidavit to this effect has been submitted by all the applicant companies marked as annexure 46, 47(Colly), 48(Colly) and 49(Colly) respectively.





14. The position of Shareholders and Creditors as also their consent qua the Scheme has been provided in the application in a tabular form which is extracted here below: -

STATUS OF THE EQUITY SHAREHOLDERS, SECURED CREDITORS AND UNSECURED CREDITORS OF THE APPLICANT COMPANIES

| Name of the Company | Equity Shareholders | Secured Creditors | Unsecured Creditors |
|---|---|--|--|
| LILY COMMERCIAL PRIVATE LIMITED [Applicant/ Transferor Company] | 16 All the Equity Shareholders have consented to the Scheme by way of Affidavit. | NIL | NIL |
| DCM SHRIRAM INDUSTRIES LIMITED [Applicant/ Transferee Company/DCMSR] | 64131. Equity Shareholders meeting to be convened. | 8. Amount of INR 477.40 Crores payable to Secured Creditors. Secured Creditors representing 99.28 % of the secured debt have consented to the Scheme by way of Affidavit. | 636. Unsecured Creditors meeting to be convened. Notice to unsecured creditors to whom the amount owed is less than Rs.1 lakh be dispensed with as they constitute only 0.31% in value of the total unsecured amount payable. |





| | | | |
|--|--|-----|-----|
| DCM SHRIRAM FINE CHEMICALS LIMITED (Applicant/Resulting Company 1) | 7. All the Equity Shareholders have consented to the Scheme by way of Affidavit. | NIL | NIL |
| DCM SHRIRAM INTERNATIONAL LIMITED (Applicant/ Resultant Company 2) | 7. All the Equity Shareholders have consented to the Scheme by way of Affidavit. | NIL | NIL |

15. Further, the grounds on which exemptions from meetings for the Applicant Companies has been sought, as stated in the application, reads as follows: -

| | Ground for exemption of meetings of Equity Shareholders | Ground for exemption of meetings of Secured Creditors | Ground for exemption of meetings of Unsecured Creditors |
|---------------------|---|---|---|
| Applicant Company 1 | 100% equity shareholders have given their written consent and approval by way of affidavits approving the Scheme. | NA | NA |
| Applicant Company 2 | NA | 99.28% secured creditors have given their written consent and approval by way of affidavits approving the Scheme. | NA |
| Applicant Company 3 | 100% equity shareholders have given their written consent and approval by way of affidavits approving the Scheme. | NA | NA |
| Applicant Company 4 | 100% equity shareholders have given their written consent and approval by way of affidavits approving the Scheme. | NA | NA |

16. In the wake of the pleadings and documents put forth by the Applicant Companies and the prayer made in the Company Application, it is ordered: -

I. In relation to Applicant Company No. 1/ Transferor Company:

i. The meeting of the equity shareholders is dispensed with keeping in view the consent/ NOC provided by them.





ii. Since there are no secured and unsecured creditors, therefore, there is no scope for convening their meeting.

II. In relation to Applicant Company No. 2/ Transferee Company:

i. The Transferee Company has prayed for convening the meetings of Shareholders and Unsecured Creditors. The meetings of the Shareholders and Unsecured Creditors of the Transferee Company are ordered to be convened in the following manner:

- a. It is directed that a meeting of the Equity Shareholders and unsecured creditors of the Applicant No. 2/Transferee Company/DCMSR be convened through video conference with the facility of remote e-voting in compliance of the MCA General Circular dated 08.04.2020 and 05.05.2022, for the purpose of considering the Scheme.
- b. The Applicant No. 2/Transferee Company/DCMSR shall conduct the meeting of Equity Shareholders on/before 27.01.2025 and unsecured creditors meeting to be conducted on/before 27.01.2025 in consultation with the Chairperson appointed by this Hon'ble Tribunal.
- c. The notice to unsecured Creditors to whom an amount of less than Rs.1,00,000/- is payable, be served by publication in the newspapers i.e., in The Business Standard (English edition) and The Jansatta (Hindi Edition), as such creditors constitute only 0.31% of the unsecured amount payable. They may participate in meeting distantly i.e., through email or otherwise.
- d. As proposed by the Applicants, the details of the time and date of the meeting of the Shareholders/Unsecured Creditors and the quorum of





the meeting is fixed as follows:

| Company details | Meeting type | Total number of Shareholders/Secured/Unsecured creditors | Quorum of the meeting |
|--|---------------------|--|-----------------------|
| Applicant Company/ Transferee Company | Shareholders | 64,131 | 75% in value |
| Applicant Company/ Transferee Company | Unsecured Creditors | 636 | 75% in value |

- e. If the quorum is not complete at the time of the aforesaid meeting, the Chairman shall adjourn that meeting by 30 minutes, and the shareholders present after 30 minutes shall be deemed to constitute the quorum for the said meeting.
- f. As the Applicants have not proposed any names for the nomination of Chairperson, Alternate Chairperson, and Scrutinizer for the meeting, the following appointments are made:

- 1) Ms. Rashmi Chopra, residing at II-31 Nizamuddin East, New Delhi, with mobile no. 09810311218 and e-mail id rashmichopra6897@gmail.com , is appointed as the Chairperson for the meeting of Equity Shareholders as well as Unsecured Creditors to be convened under this order.





- 2) Ms. Devira Gupta Roy, residing at A-109, New Friends colony, with mobile no. 9839666681 and e-mail id devina.roy@dgrlegal.in , is appointed as the Alternate Chairperson for the meeting of Equity Shareholders as well as Unsecured Creditors.
- 3) Ms. Manmeet Kaur Sareen, residing at F-12, Jangpura extension (LGF), New Delhi, with mobile no. 08800624624 and e-mail id manmeet@mkslaw.in , is appointed as the common Scrutinizer for the aforesaid meetings to be convened under this order.
- g. The Chairperson's fee for the aforementioned meeting shall be ₹2,00,000, while the Alternate Chairperson's fee shall be ₹1,00,000. The Scrutinizer's fee is fixed at ₹1,00,000, in addition to reimbursement of any incidental expenses. The Chairperson is required to submit their report within two weeks from the conclusion of e-voting and/or the postal ballot. The fees for the Chairperson, Alternate Chairperson, and Scrutinizer, along with their out-of-pocket expenses, shall be borne by the Applicant Companies.
- h. The Scrutinizer's report shall contain his findings on the directions issued in the foregoing paragraphs.
- i. It is further directed that notice of the said meetings shall be sent by the transferee Company to its respective Unsecured Creditors and Equity shareholders through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meeting, indicating the day, date and time as aforesaid, together with a copy of the scheme, copy of the explanatory statement with share exchange ratio which is required to be sent under the Companies Act,





2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.

- j. It is further directed that along with the notice, transferee company shall also send, a statement explaining the effect of the scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the Scheme of Arrangement on any material interests of the Directors of the Company, if any, as provided under sub-section (3) of Section 230 of the Act.
- k. It is also directed that the Provisional Financial Statements of applicant companies not older than 6 months from the date of the meeting be also circulated for the aforesaid meetings in terms of Section 232 (2) (e) of the Act.
- l. That the transferee Company shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meetings of Equity shareholders and Unsecured Creditors , indicating the day, date and time of the meetings as aforesaid, to be published in “The Business Standard (English Edition) and The Jansatta (Hindi Edition).” The publication shall indicate the time within which copies of the Scheme of Arrangement shall be made available to the concerned persons, free of charge from the registered office of the transferee Company. The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2013, can be obtained free of charge at the registered office of the Applicant Company in accordance with the second proviso to sub-section (3) of Section 230 and Rule 7 of the





Companies (CAA) Rules, 2016. The transferee Company shall also publish the notice of the meeting on its website, if any.

m. Voting shall be allowed on the "Scheme" through electronic means which will remain open for a period as mandated under Clause 8.3 of Secretarial Standards on General Meetings to the Applicant Companies under the Act and the Rules framed thereunder.

n. The Chairperson shall be responsible to report the result of the meetings to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7 (seven) days of the conclusion of the meeting. The Chairperson would be fully assisted by the authorized representative/Company Secretary of the Applicant Companies and the Scrutinizer, who will assist the Hon'ble Chairperson and Alternate Chairperson in preparing and finalizing the report.

ii. Since the Secured Creditors of Transferee company representing 99.8% of the secured debt value, have given their consent to the Scheme, the meeting of the Secured Creditors is dispensed with.

III. In relation to Applicant Company No. 3/ Resultant Company 1:

i. The meeting of the equity shareholders is dispensed with keeping in view the consent/ NOC provided by them.

ii. Since there are no secured and unsecured creditors qua it, therefore, there is no scope for any convening their meeting.

IV. In relation to Applicant Company No. 4/ Resultant Company 2:

i. The meeting of the equity shareholders is dispensed with keeping in view

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Lily Commercials Pvt. Ltd. and DCM Shaream Industries Ltd.





the consent/ NOC provided by them.

ii. Since there are no secured and unsecured creditors qua it, therefore, there is no scope for any convening their meeting

17. The Applicant Companies shall individually, and in compliance with sub-section (5) of Section 230 of the Act and Rule 8 of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016, send notices in Form No. CAA-3. These notices shall be accompanied by a copy of the scheme, an explanatory statement, and the disclosures specified in Rule 6 of the Rules. Subsequently, a copy of the order shall also be sent to the following authorities:

- (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi;
- (b) the concerned Registrar of Companies, NCT of Delhi and Haryana, New Delhi;
- (c) the Official Liquidator;
- (d) the office of Income Tax Department, through the nodal office, DCIT (High Court Cell), Delhi High Court, New Delhi;
- (e) the respective Income Tax officer, in the circle/ward where the Company is assessed;
- (f) Jt. Chief Controller of Explosives, Ministry of Commerce & Industry, (Petroleum & Explosives Safety Organisation), Government of India;
- (g) Chief Controller of Explosives, Ministry of Commerce & Industry (Petroleum & Explosives Safety Organisation), Government of India;
- (h) Zonal Director, Narcotics Control Bureau, Delhi Zonal Unit;
- (i) Director, Secretariat for Industrial Assistance, Dept. of Industrial Policy &



Promotion, Ministry of Commerce & Industry, Govt. of India;

(j) SEBI

(k) NSE

(l) BSE

and to such other Sectoral Regulator(s) governing the business of the Applicant Companies, if any, stating that report on the same, if any, shall be sent to this Tribunal within a period of 30 days from the date of receipt of such notice and copy of the such report shall be simultaneously sent to the Applicant Companies, failing which it shall be presumed that they have no objection to the proposed Scheme.

18. The Applicant Companies shall furnish a copy of the Scheme free of charge within one day of any requisition for the Scheme made by any Unsecured Creditor entitled to attend the meeting as aforesaid.

19. The authorized representative of the Applicant Companies shall furnish an affidavit of service of notice of meeting and publication of advertisement and compliance of all directions contained herein at least a week before the proposed meeting.

20. All the aforesaid directions are to be complied with strictly in accordance with the applicable laws including forms and formats contained in the Rules as well as the provisions of the Companies Act, 2013 by the Applicant Companies.

21. The Court Officer/Registry is directed to send a copy of this order to the Applicant Companies for necessary steps to be taken at their end.





22. The Application is allowed in the aforesaid terms.

Sd/-
(SUBRATA KUMAR DASH)
MEMBER (T)

Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)

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JR/DR/AR/Court Officer
National Company Law Tribunal
New Delhi

(PIU) 16-12-2024

Deputy Registrar
National Company Law Tribunal
CGO Complex, New Delhi-110003

