



VEL/CA/02/11/2018

02.11.2018

The General Manager-Listing National Stock Exchange Limited Exchange Plaza, Bandra-Kurla Complex, Bandra(E), Mumbai- 400051 Fax:- 022-26598235/36 NSE Symbol- VIKASECO	The General Manager-Listing Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street Fort, Mumbai-400001 Scrip Code- 530961
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Subject -NCLT approval for the Scheme of arrangement for Demerger between Vikas Ecotech Limited and Vikas Multicorp Limited

Dear Sir,

This is to inform you that Vikas Ecotech Limited ("VEL" or the "Company") has received approval from the National Company Law Tribunal (NCLT), Principle Bench, New Delhi via. Order dated 31st October, 2018 for its proposed scheme of arrangement for the Demerger of its High-volume 'Trading and Recycled Compounds Division' and its subsequent amalgamation with Vikas Multicorp Limited ("VML"). The copy of Order is attached herewith.

As a result of this scheme, the resultant company, Vikas Multicorp Limited will be listed on the stock exchanges and the shareholders of Vikas Ecotech Ltd. will receive one equity share of VML for every one equity share held in VEL. The scheme of arrangement is effective from 1st April, 2017 and will come into effect on filing of certified copy of NCLT order with the Registrar of Companies NCT of Delhi and Haryana.

As the NCLT approval has come, the Company is taking necessary steps to implement the same and for listing of VML shares with BSE & NSE and will endeavour to list VML shares on the stock exchanges at the earliest.

This is for your information and records.

For Vikas EcoTech Limited
(Formerly Vikas GlobalOne Limited)

(Siddharth Agrawal)
Company Secretary & Compliance Officer



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Application No. 139(PB)/ 2018

Connected with

Company Petition No.- 60 (PB)/ 2018

Coram:

CHIEF JUSTICE (Rtd.) SHRI M.M. KUMAR

HON'BLE PRESIDENT

&

Dr. DEEPTI MUKESH

MEMBER (JUDICIAL)

IN THE MATTER OF:

SECTIONS 230 to 232 OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT

BETWEEN

VIKAS ECOTECH LIMITED

(PETITIONER NO. 1/DEMERGED COMPANY)

AND

VIKAS MULTICORP LIMITED

(PETITIONER NO.2/RESULTING COMPANY)

AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

For the Petitioner(s) :Mr. P. Nagesh, Mr. Suman Kumar Jha &
Mr. Afnaan Siddiqui, Advs.
For the RD (NR) :Ms. Sonam Sharma, Company Prosecutor
For the OL :Mr. Shubham Pandey, Advocate
For the IT Dept :Ms. Lakshmi Gurung, Standing Counsel

MEMO OF PARTIES

VIKAS ECOTECH LIMITED

Having Registered Office at:

34/1 Vikas Apartments,

East Punjabi Bagh, New Delhi- 110026

(PETITIONER NO. 1/DEMERGED COMPANY)

AND

VIKAS MULTICORP LIMITED

Having Registered Office at:

G-1, 34/1, East Punjabi Bagh, New Delhi- 110026

(PETITIONER NO. 2/RESULTING COMPANY)



ORDER

Delivered on: 31.10.2018

1. The present petition is filed jointly by the companies above named jointly for the purpose of the approval of the scheme of arrangement, as contemplated between the companies ,its shareholders and creditors by way of demerger between Vikas Ecotech Limited and Vikas Multicorp Limited under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013(for brevity 'the Act') read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity 'the Rules') in relation to the Scheme of Arrangement (hereinafter referred to as the 'SCHEME') proposed between both the companies and the said Scheme is also annexed as Annexure "P-2" to the petition.

2. From the records, it is seen that the First Motion was jointly filed by the said petitioner companies praying and seeking directions for convening the meeting of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Demerged



Company and for dispensing with the requirement for convening the meeting of the Equity Shareholders of the Resulting Company and also convening the meeting of Secured Creditors and Unsecured Creditors of the Resulting Company filed before this Tribunal vide CA (CAA) - 139(PB)/2017. The said prayers were granted thereby dispensing with the requirement of convening the meetings of the equity shareholders of the Resulting Company and also convening the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Demerged Company and Secured Creditors and Unsecured Creditors of the Resulting Company, vide order dated 08.01.2018.

3. It was further submitted that the petitioner companies in furtherance to order dated 08.01.2018 had filled an application for adjournment of meetings of Secured Creditors of Demerged Company and Resulting Company. This Hon'ble Tribunal vide its order dated 22nd February, 2018 read with 16th March, 2018 and 12th April, 2018 had adjourned the



meeting of Secured Creditors of Demerged Company and Resulting Company on 14th April, 2018.

4. Subsequent to the order of dispensation and/or convening of the meetings in relation to both the Demerged Company and Resulting Company, the Second Motion petition was moved by the Petitioner Companies in connection with the scheme of arrangement, for issuance of notices to the Central Government, Registrar of Companies, NCT of Delhi & Haryana, Regional Director (Northern Region) MCA, Income Tax Authorities, Official Liquidator, as well as other sectoral regulators including SEBI and Stock Exchanges and to such other Objector(s), if any and also for publication of the said scheme. The directions were issued vide order dated 24.05.2018 requiring both the companies to serve notices to the Central Government, Registrar of Companies, NCT of Delhi & Haryana, Regional Director (Northern Region) MCA, Income Tax Authorities, Official Liquidator, as well as other sectoral regulators including

SEBI and Stock Exchanges and also to carry out publication in the newspapers "Indian Express" (English, Delhi Edition) and "Jansatta" (Hindi, Delhi Edition) with respect to the said scheme.

5. The petitioners have filed jointly and separately an affidavit on 21.07.2018 in relation to the compliance of the order dated 24.05.2018 passed by this Hon'ble Tribunal effecting the paper publication in the respective newspapers on 13.07.2018. Further, the notices have been served to Central Government through the Regional Director (Northern Region, MCA), Registrar of Companies (NCT of Delhi & Haryana), Office of the Official Liquidator, Income Tax Authorities, The Securities Exchange Board of India and BSE Limited and National Stock Exchange Limited and the proof of the acknowledgements/receipts are enclosed.

6. That the Regional Director, Northern Region, MCA has filed an Affidavit on 16.04.2018 observing the following objections:

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“7. The deponent respectfully submits that the Transferor Company is a listed company. All listed companies are mandated to follow IND-AS with effect from 1st April, 2017 according to Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. However, in the scheme it is not stated that the Accounting Treatment shall be in accordance with IND-AS 103. The treatment of the differences arising out of the book value of the assets transferred is stated to be transferred to Profit and Loss Account by the demerged company and to general reserve by the resultant company. But according to IND-AS 103, the differences, if any, between the amounts recorded as shares capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the Transferor to Capital Reserve. The Scheme is defective.”



In response to the aforesaid observation, a rejoinder is filed on behalf of the Petitioner Companies dated 30.07.2018, representing the following:

“3. That Regional Director in its report filed before this Hon’ble Tribunal in Para 7 observed that all listed company are mandated to follow IND-AS with effect from 1st April, 2017 according to Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. In this regard our respectful submission is that Neither Accounting Standard (AS)-14 nor does Indian Accounting Standard (IND AS)- 103 provide the accounting treatment for Demerger. Accounting Standard -14 provides the accounting for Amalgamation and Accounting Standard (IND AS)- 103 provide the Accounting treatment for business combination.

The Regional Director thereafter further submitted an affidavit on 23.08.2018 observing that the scheme is deceptive as follows:

“4. In terms of Rules 4(1)(iii) all listed Companies are mandated to follow IND- AS from 1st April,2017. The Demerged Companies is a listed company, hence it is required to follow IND-AS. The Resultant Company is an associate company of the Demerged company as is admitted in the scheme itself wherein it is stated that Vikas Multicorp Limited (Resulting Company) is a group company and a part of the promoter group of Vikas Ecotech Limited (Demerged Company). Hence, in terms of Rule 4(1)(ii)(c) of the Companies (Indian Accounting Standards) Rules, 2015 the Resulting company is also mandated to follow the IND- AS.

The scheme is defective and needs to be properly modified first.

The petitioners have filed their written arguments dated 31.08.2018, clarifying the points raised by the Regional

 Director as follows:

“10. It is respectfully submitted that as the petitioner companies have already undertaken that, if this Hon’ble Tribunal directs that the difference if any being the excess of net value of assets and liabilities of the Demerged Undertaking as recorded by Resulting Company over the new shares issued by the Resulting Company on Demerger should be credited to capital reserve of the Resulting Company, same will be complied by Petitioner Companies. We again reiterate before this Hon’ble Tribunal that provisions of IND AS- 103 is not applicable on Demerged Company and Resulting Company.”

7. Reply on behalf of the Income Tax Department was filed on 28.03.2018 with the following observations:

A.Y.	SECTION	AMOUNT	REMARKS
2008-09	143(1)	23,60,500/-	The demand is due to TDS mismatch. The assessee has intimated this office that a letter has been written to the

			deductor company i.e. M/s Lupin Ltd. for rectification of TDS return. This office also issued a letter to M/s Lupin Ltd. in this regard. It is under verification.
2009-10	143(1)	19,80,580/-	The demand is due to TDS mismatch. The assessee has intimated this office that a letter has been written to the deductor company i.e. M/s Lupin Ltd. for rectification of TDS return. This office also issued a letter to M/s Lupin Ltd. in this regard. It is under verification.
2012-13	250/143(3)	72,89,900/-	The assessee is in appeal in ITAT against the order of Ld. CIT(A).
2010-11 2014-15	143 (1) 250/143(3)	4/- 2,80,920/-	Assessee has paid the demand with interest on 8/10/2018. Hence no demand is outstanding for these years.

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In response to the aforesaid observation, the Petitioner Companies have filed affidavit dated 11.10.2018 wherein the following undertaking/ submissions are given by the petitioners:

- a) That the Demerged Company undertake that after sanctioning of this Scheme of Arrangement, Demerged Company will continue on going concern basis and ensure that the TDS Mismatch should be rectified in income tax department record and if there will be any liability on account of TDS mismatch same will be paid to income tax department.
- b) That the Demerged Company further undertake that appeal for Assessment year 2012-13 amounting Rs. 72.90 Lacs is pending before Income Tax Appellate Tribunal and whatever genuine demand will be ascertained by appellate authority same will be paid to income tax department. Further we have paid the demand of Rs. 4/- and Rs. 2,80,920/- to income tax department and same has been confirmed by the income tax department in its observation letter.



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8. No representation has been made by the Securities Exchange Board of India.
9. The Petitioner Companies have complied with proviso to Section 230 (7) proviso/ Section 232 (3) by filing the certificate of the Statutory Auditor in relation to compliance with the Accounting Standards notified under Section 133, the applicable accounting standard notified by the Central government under the Companies Act, 2013 and the rules framed there under.
10. The Petitioner Companies have submitted that no investigation proceedings are pending against it under section 210 or any other applicable provisions of the Companies Act, 2013.
11. In view of absence of any other objections having been placed on record before this Tribunal and since all the requisite statutory compliances having been fulfilled, this Tribunal deem fit to sanction the scheme of arrangement annexed as



Annexure "P-2" with the Company Petition as well as the prayer made therein.

12. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this court will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners.
13. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any payment in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

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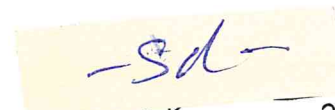
THIS TRIBUNAL DO FURTHER ORDER:


That in terms of the Scheme:

- (1) That all the property, rights and powers of the Demerged Undertaking of the Demerged Company be transferred without further act or deed, to the Resulting company and accordingly the same shall pursuant to section 232 of 2013 Act, be transferred to and vest in the Resulting company for all the intents, purposes and interests of the Demerged Undertaking of the Demerged Company therein but subject nevertheless to all charges now affecting the same; and
- (2) That all the liabilities and duties of the Demerged Undertaking of Demerged Company be transferred without further act or deed, to the Resulting company and accordingly the same shall pursuant to section 232 of the Act, be transferred to and become the liabilities and duties of the Resulting company; and
- (3) That all proceedings now pending by or against the Demerged Undertaking of the Demerged Company be continued by or against the Resulting company; and



- (4) That Petitioner/ Resulting Company shall file within thirty days of the date of the receipt of this order a certified copy of this order with the Registrar of Companies; and
- (5) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.


(M.M. KUMAR)
PRESIDENT 31.10.2018


(Dr. DEEPTI MUKESH)
MEMBER (JUDICIAL)