

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD



ITEM No.301

C.P.(CAA)/50(AHM)2025 in C.A.(CAA)/25(AHM)2025

Under Section 230-232 of Companies Act, 2013

IN THE MATTER OF:

Prima Plastics Limited
Prima Innovation Limited

.....Applicants

Order delivered on: 16/03/2026

CORAM:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

ORDER
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

SANJEEV SHARMA
MEMBER (TECHNICAL)

SHAMMI KHAN
MEMBER (JUDICIAL)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-1, AHMEDABAD**

CP(CAA)/50(AHM)2025

In

CA(CAA)/25(AHM)2025

[Company Petition under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016]

In the matter of Scheme of Arrangement (Demerger)

PRIMA PLASTICS LIMITED

A Company incorporated under the provisions of Companies Act, 1956.

CIN: L25206DD1993PLC001470

Having Registered Office at:

98/4 Prima House, Daman Industrial Estate,
Kadaiya, Nani Daman, Daman – 396210

**.... First Petitioner Company/
Demerged Company**

AND

PRIMA INNOVATION LIMITED

A Company incorporated under the Provisions of Companies Act, 2013.

CIN: U22207DD2024PLC010039

Having Registered Office at:

Survey No. 85/1-2, 86/1,
Daman Industrial Estate, Kadaiya,
Daman, Daman & Diu – 396210

**.... Second Petitioner Company/
Resulting Company**

AND

Their respective Shareholders and Creditors

Order Pronounced on: 16.03.2026



CORAM:

MR. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
MR. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

APPEARANCE:

For the Petitioner Companies : Ms. Dharmishta Raval, Adv.
For the Regional Director : Mr. Shiv Pal Singh, Dy. Director
For the Income Tax Deptt. : Ms. Kinjal Trivedi, Jr. Panel
Counsel

ORDER
(Per: Bench)

1. This joint Company Petition viz., CP(CAA)/50(AHM)/2025 in CA(CAA)/25(AHM)/2025, has been filed by the petitioner companies under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and read with Companies (Compromise, Arrangement and Amalgamations) Rules, 2016 (hereinafter referred to as "**Companies (CAA) Rules, 2016**"), seeking approval of the proposed Scheme of Arrangement (hereinafter referred to as "the Scheme") with effect from **01.07.2024**, being the Appointed Date as mentioned in the Scheme. The said Scheme is annexed as "**Annexure-H**" to the Company Petition (Pg. 351 to 379).
2. Affidavits dated 01.10.2025 in support of the Company Petition, were sworn by Ms. Prachi M. Mankame, the



Company Secretary and Authorized Signatory of the Demerged Company as well as the Authorised Signatory of the Resulting Company, duly authorized vide Board Resolutions dated **12.11.2024** of the Petitioner Companies. The aforesaid affidavits and board resolutions are placed on record along with the company petition. The Board Resolutions dated 12.11.2024 are annexed at **Annexure-G (Colly) [Pages 342 to 350]** to the company petition.

3. The proposed Scheme, *inter alia*, provides for Arrangement between the Demerged Company/Prima Plastics Limited, the Resulting Company/Prima Innovation Limited and their respective shareholders and creditors with effect from the Appointed Date i.e. **01.07.2024**.

4. **Details Regarding the Petitioner Companies: -**

A. Prima Plastics Limited/Demerged Company: -

PRIMA PLASTICS LIMITED/the Demerged Company having Corporate Identity Number (CIN) L25206DD1993PLC001470 was incorporated under the provisions of the Companies Act, 1956, in the name of 'Prima Plastics Limited' on 17.11.1993. The equity shares of the Demerged Company are listed on BSE Limited. As on 31.03.2025, the authorized share



capital of the Demerged Company was Rs. 12,00,00,000/- and the issued, subscribed and paid-up share capital was Rs. 11,00,04,700/-.

B. Prima Innovation Limited /Resulting Company: -

PRIMA INNOVATION LIMITED/the Resulting Company having Corporate Identity Number (CIN) U22207DD2024PLC010039 was incorporated on 20.06.2024, under the provisions of the Companies Act, 2013 under the name 'Prima Innovation Limited'. The Resulting Company is a wholly owned subsidiary of the Demerged Company. The equity shares of the Resulting Company are not listed on any recognised stock exchange in India. As on 31.03.2025, the authorised share capital of the Resulting Company was Rs. 6,00,00,000/- and the issued, subscribed and paid-up share capital was Rs. 1,00,000/-.

5. The Petitioner Companies had filed a joint Company Application before this Tribunal, being CA(CAA)/25(AHM)2025 on 29.04.2025 for seeking appropriate directions. The said company application was allowed by this Tribunal vide order dated 25.07.2025.
6. Pursuant to the order dated 25.07.2025 and in compliance of Section 230(5) and Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules,



2016, the Petitioner Companies served the notices, along with a copy of the Scheme, the explanatory statement and the disclosures mentioned under Rule 6 to: (i) the Central Government through Regional Director, West, Western Region (ii) the Registrar of Companies, Goa, (iii) the Income Tax Authorities (including Principal Chief Commissioner of Income-tax), (iv) the GST Authorities, (v) the BSE Limited, (vi) SEBI; and also published the newspaper advertisements as per the aforesaid Tribunal Order. The Affidavit regarding service to the statutory authorities is annexed as “ANNEXURE P” (copy of affidavit of service of chairperson) and “ANNEXURE Q” (copy of affidavit of service of authorized signatory of petitioner companies) to the Company Petition.

7. The meetings of Equity Shareholders and Unsecured Creditors of the Demerged Company were duly convened and held on 27.09.2025 and the Chairman has filed his reports on 01.10.2025 regarding the result of the aforesaid meetings before this Tribunal in compliance with the order vide order dated 25.07.2025. These reports are annexed as Annexure -R (Pages 591 to 619) of the Petition.



8. RATIONALE OF THE SCHEME:

The Application states the following regarding the rationale of the Scheme:

“1. The Demerged Company is 100% holding company of the Resulting Company.

2. The Demerged Company proposes to demerge and transfer the Demerged Undertaking from the Demerged Company to the Resulting Company and in consideration thereof, the Resulting Company will issue their equity shares to the shareholders of the Demerged Company.

3. As part of an overall strategy for the optimum running, growth and development of the businesses of the Demerged Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by segregating its Roto Business (as defined in the Scheme) from its Remaining Business (i.e. furniture and other allied businesses). This will result in the creation of two separate listed entities viz., the Resulting Company focusing exclusively on Roto Business and the Demerged Company shall continue to be in the Remaining Business (i.e. furniture and other allied businesses).

4. These listed entities will be subject to public, media, analysts and regulatory review. A clean corporate structure with no cross holdings will ensure transparency, accountability, highest standards of corporate governance and compliance. It also enhances operational flexibility and helps quick response to competitive or environmental challenges.

5. The said demerger will enable the Parties to concentrate its resources and managerial bandwidth entirely to such businesses which would enable focused strategy, better coordination and cohesiveness in their working and assist in standardization of its business processes as may be prevalent to the specific businesses. The proposed restructuring pursuant to the said Scheme is expected, inter alia, to result in following benefits for the Parties.



- (a) the distinctive profile and established business model of Roto Business makes it suitable to be housed in a separate listed entity, allowing sharper strategic focus in pursuit of its independent value creation trajectory;*
- (b) segregating different businesses would result in better and efficient control and management for the segregated Roto Business having different risk and return profiles, and also providing investors with better flexibility to select investments which best suit their investment strategies and risk profile;*
- (d) unlocking the value of the Demerged Undertaking for the shareholders of the Demerged Company;*
- (e) effective utilisation of cash flows of different businesses;*
- (f) enabling focused growth strategy for each of the businesses for exploiting opportunities specific to each business;*
- (g) operational efficiency; and*
- (h) focused management approach for pursuing the growth in the respective business verticals and de-risk the businesses from each other.*

6. The Scheme is in the interests of all stakeholders (shareholders, creditors, employees, and all other stakeholders) of the Demerged Company and the Resulting Company.”

9. After complying with all the directions given in the order dated 25.07.2025 passed in CA(CAA)/25(AHM)2025 by this Tribunal, the Second Motion Petition was filed by the Petitioner Companies on 15.10.2025 (on DMS Portal) , seeking sanction of the proposed Scheme.

10. This Tribunal vide order dated 16.10.2025 read with Corrigendum dated 20.11.2025, passed in CP(CAA)/50(AHM)2025, directed the petitioner companies



for issuance of notice to the Statutory/Regulatory Authorities namely: (i) Central Government through the Regional Director (Western Region); (ii) Registrar of Companies, Goa; (iii) to the concerned Income Tax Authorities; (iv) to SEBI, BSE, NSE and the GST Department, as well as to the concerned Statutory Regulators/Sectorial Regulators, if applicable. Further, the petitioner companies were directed to publish the notice in two newspapers i.e. in “*Financial Express*” in English, Ahmedabad Edition as well as Surat Edition and in “*Loksatta*” in Marathi, Mumbai edition. Further, all the authorities were directed to file their representation, if any, within 30 days of the receipt of the notice.

11. In compliance of order dated 16.10.2025 read with Corrigendum dated 20.11.2025, passed in CP(CAA)/50(AHM)2025, the petitioner companies filed affidavit of service on 25.11.2025, vide Inward Diary No. D7902 in respect of service of notice upon the aforesaid statutory/regulatory authorities along with proof of service as well as proof of publications of notice of hearing of the petition in in “*Financial Express*” in English, Ahmedabad



Edition as well as Surat Edition and in "Loksatta" in Marathi, Mumbai edition on 21.11.2025.

12. Pursuant to the service of notice upon the statutory/regulatory authorities, following authorities have responded:-

A. Regional Director and RoC:

In response to the notice served upon the Regional Director (RD), a representation/report dated 24.11.2025 was filed by the RD, Western Region, on 05.12.2025, vide Inward Diary No. D7907, along with report of the Registrar of Companies (RoC) cum Official Liquidator (OL), Goa dated 19.09.2025. They have made some observations in their reports. In response to the representation of RD and RoC, the petitioner companies filed an affidavit-in-rejoinder on 12.01.2026, vide Inward Diary No. D321.

Observation of the RD

Sr. No. of Para 2	Observations in the Report filed by the Regional Director	Reply of Petitioner Companies
a)	<i>In compliance of AS-14 (IND AS-103), the Demerged company and Resulting company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards</i>	The Petitioner Companies state that, they will pass necessary accounting entries as stated in the Scheme and comply with the accounting principles as prescribed under generally accepted accounting practices in India, provisions of the Act and



	<i>such as AS-5 (IND AS-8) etc.</i>	accounting standards as notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
b)	<i>The Demerged Company and Resulting Company may be directed to show compliance with the requirements as clarified vide general circular no. 09/2019 having F.No.7112/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.</i>	The Petitioner Companies state that in terms of Section 232(6) of the Act, the said Appointed Date has been clearly mentioned in the Scheme. Further, as per the Affidavit submitted by the Petitioner Companies dated 09.06.2025 to the Tribunal, the reasons and rationale for Appointed Date to be 01.07.2024 was mentioned. Also, the Petitioner Companies submit that the present Scheme is in compliance with the requirements of circular no. F. o. 7/12/2019/CL-1 dated 21.08.2019, issued by the Ministry of Corporate Affairs.
c)	<i>The Tribunal may kindly seek the undertaking that this Scheme is approved by the requisite majority of members and creditors as per Section 230(6) of the Act in meetings duly held in terms of Section 230(1) read with 7 subsection (3) to (5) of Section 230 of the Act and the Minutes thereof are duly placed before the Tribunal.</i>	<p>The Petitioner Companies state that, the Scheme has been duly approved by the equity shareholders and unsecured creditors of the Demerged Company with requisite majority, at their respective meetings.</p> <p>The Petitioner Companies further state that, the report of the Chairperson appointed by the Tribunal for meetings of the equity shareholders and unsecured creditors of the Demerged Company has been filed with the Tribunal on 04.10.2025, vide Filing No. 2401105011842025.</p> <p>Further, in terms of the First</p>



		<p>Motion Order, the meeting of the secured creditors of the Demerged Company and unsecured creditors of the Resulting Company was dispensed with in view of the consent affidavits provided by the respective creditors. Further, in terms of the First Motion Order, since the Resulting Company did not have any secured creditors, the requirement of convening and holding the meeting of the secured creditors of the Petitioner Companies did not arise.</p>
d)	<p><i>The Demerged company and Resulting company shall be in compliance with provisions of Section 2(IB) of the Income Tax Act, 1961. In this regard, the Petitioner Companies shall ensure compliance of all the provisions of Income Tax Act and Rules thereunder;</i></p>	<p>The Petitioner Companies state that, the Scheme is in compliance with Section 2(19AA) of the Income Tax Act, 1961. Further, the Petitioner Company undertakes that it shall ensure compliance of all the provisions of Income Tax Act and Rules thereunder.</p>
e)	<p><i>The Tribunal may kindly direct the Demerged company and Resulting company to file an affidavit to the extent that the Scheme enclosed to the Company Application and the Company Petition are one and the same and there is no discrepancy, or no changes is made.</i></p>	<p>The Petitioner Companies vide this affidavit state that, the Scheme enclosed to the Company Scheme Application and the Company Scheme Petition are one and the same and there is no discrepancy, or changes made.</p>
f)	<p><i>The Demerged company and Resulting company shall be directed u/s 230 (5) of CA, 2013 to serve notices to concerned Authorities which are likely to be affected by the present amalgamation or arrangement. Further, the approval of the</i></p>	<p>The Petitioner Companies state that notices have been issued to the concerned authorities under Section 230(5) of the Act. Necessary Affidavit of Service have been filed before this Tribunal in this regard. The Petitioner Companies confirm</p>



	<i>scheme by the 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>	that the sanction of the Scheme will not prevent the authorities from dealing with any issues arising after giving effect to the Scheme, as per applicable law.
g)	<i>The shares of the Demerged Company are listed with Bombay Stock Exchange (BSE) and the Demerged Company have vide their letter dated 17.10.2025 (Annexed as Annexure A- 1) submitted the observation letter dated 28.03.2025 (Annexed as Annexure A-2) issued by the BSE. Hence, this Tribunal may direct the Demerged company and Resulting company to undertake the compliance required by the BSE in said letter</i>	The Petitioner Companies state that, the Petitioner Companies will comply with applicable: (i) rules & regulations of BSE Limited ("BSE"), Securities Exchange and Board of India ("SEBI"); and (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and observation letter dated 28.03.2025 issued by BSE.
h)	<i>It is submitted that the present proposed scheme of arrangement provides for Demerger of demerged undertaking i.e., Rotational Moulding Business (defined in scheme at 1 (1.1) (g)) of Demerged company i.e. Prima Plastics Limited and the Petitioners have vide their letter dated 17.10.2025 & 30.10.2025 (Annexed as Annexure A-3 Colly.) has given indicative details of the assets and liabilities as on 30.06.2024 to be transferred from Demerged company to Resulting Company and the said indicative details given vide letter dated 17.10.2025 & 30.10.2025 is Annexed as Annexure A-4 Colly submitted for kind consideration of this Tribunal so that interest of</i>	The Appointed Date for the Scheme is 01.07.2024. Accordingly, the Demerged Company provided with statutory auditors certificate duly certified the list of details of assets and liabilities of the Demerged Undertaking as on 30.06.2024, to the Tribunal vide its Affidavit dated 09.06.2025. Also attached to Company Scheme Petition as Annexure T and also in the notice and explanatory statement for convening and holding meetings of the equity shareholders and the unsecured creditors of the Demerged Company ("Notice and Explanatory Statements"). The copies of Affidavits and the Notice and Explanatory

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	<p><i>the creditors as on appointed dated should be protected by the petitioner companies.</i></p>	<p>Statements have been served to upon the office of the Regional Director through hand delivery and email on 02.09.2025 and 04.09.2025, respectively. Further, the copy of Petition have been served upon the office of the Regional Director through email and hand delivery on 18.10.2025 and 28.10.2025, respectively, as part of the notice sent pursuant to Section 230(5) of the Act;</p> <p>The Petitioner Companies also state that the interest of the creditors is duly protected.</p>						
i)	<p><i>The Demerged company and Resulting company shall undertake to comply with the directions of the concerned sectoral Regulators, if so required</i></p>	<p>As far as the observations in Paragraph 2(i) of the Report is concerned, the Petitioner Companies state that there are no sector regulators applicable to the Petitioner Companies.</p>						
j)	<p><i>The Demerged company and Resulting company shall undertake to comply with the directions of the I. T. Department and GST Department, if any</i></p>	<p>As far as the observations in Paragraph 2(j) of the Report are concerned, the Petitioner Companies undertake to comply with the directions, if any, of the income Tax Department & GST Department in accordance with applicable law</p>						
k)	<p><i>It is observed from the financial statement for F.Y. 2024-2025 that Resulting Company has the following corporate body shareholders having more than 10% shareholding:</i></p> <table border="1" data-bbox="379 1821 914 2038"> <thead> <tr> <th data-bbox="379 1821 595 2038"><i>Name of the Companies</i></th> <th data-bbox="595 1821 770 2038"><i>Name of the Shareholder</i></th> <th data-bbox="770 1821 914 2038"><i>% of Shareholding (100%)</i></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	<i>Name of the Companies</i>	<i>Name of the Shareholder</i>	<i>% of Shareholding (100%)</i>				<p>The Demerged Company states that the Demerged Company is a listed entity and the majority of shareholders of the Demerged Company are individual shareholders. However, there is no individual, acting alone or together, or through one or more person(s), holding majority stake, directly or indirectly, in the Demerged Company or in its corporate shareholders. Hence,</p>
<i>Name of the Companies</i>	<i>Name of the Shareholder</i>	<i>% of Shareholding (100%)</i>						

40



	<p><i>Prima Innovation S Limited (Second Petitioner Company/ Resulting Company)</i></p>	<p><i>Prima Plastics Limited (First Petitioner Company / Demerged Company)</i></p>	<p>100%</p>	<p>there is no 'ultimate individual owner' controlling the Demerged Company under the Companies (Significant Beneficial Owners) Rules, 2018 prescribed under the Act. Accordingly, the requirement of filing Form BEN 2 does not apply to the Demerged Company and therefore Demerged Company is not required to file Form BEN-2 with the Registrar of Companies.</p> <p>Prima Plastics Limited currently holds 100.00% of the shares of Prima Innovation Limited (Resulting Company). As per Rule 8 of The Companies (Significant Beneficial Owners) Rules, 2018,</p>
	<p><i>Therefore, Resulting Company shall be directed to show the compliance of section 90 of Companies Act, 2013 r/w' Rule 8 (b) of the Companies (Significant Beneficial Owners) Amendment Rules, 2019, by placing on record Form BEN-2 or if not filed then filing the Form BEN-2 for declaring name of the significant beneficial owner with concerned ROC.</i></p>			<p>the company falls under the non-applicability clause. However, to comply with the Regional Director's observation, we are submitting Form BEN-2 to disclose the relevant details of the holding Company.</p> <p>For the purpose of filing Form BEN-2, we have selected "For declaration of holding reporting company."</p> <p>Attached as Annexure C is the copy of Form BEN-2 and Acknowledgement copy filed for Resulting Company Prima Innovation Limited.</p>
<p>1)</p>	<p><i>On perusal of the scheme of arrangement attached to the Company Scheme Petition it is seen that the Demerged company and Resulting company have at Clause 10 and 11 proposed reduction and cancellation of share capital of the Resulting Company u/s 66 of Companies</i></p>			<p>As far as the observations in Paragraph 2(1) of the Report is concerned, this is merely an observation.</p> <p>However, the Petitioner Companies states and undertakes that the Scheme is in compliance with provisions of Section 52,</p>



	<p><i>Act, 2013 along with reduction of Securities Premium Account of the Demerged Company u/s 52 of Companies Act, 2013 post approval of present scheme and the said clause is reproduced below for kind consideration of this Tribunal Clause 10 of the Scheme</i></p> <p><i>“...”</i></p> <p><i>Clause 11 of the Scheme</i></p> <p><i>“...”</i></p>	<p>Section 66, Section 230(2)(b), Section 230(12) and all other applicable provisions of the Act read with the applicable rules made thereunder.</p> <p>Since, the reduction of pre Scheme share capital of the Resulting Company to the extent held by the Demerged Company and its nominees is contemplated as part of the Scheme under Section 230 to 232 of the Act and the order of the Tribunal sanctioning this Scheme will also be the order approving the said reduction of share capital of the Resulting Company, provisions of Section of 66 of the Act will not apply in this case.</p>
<p>m)</p>	<p><i>That on examination of the report of the Goa dated 15. Registrar of Companies, 10.2025 (Annexed as Annexure A-5) that Demerged company and Resulting company falls within the jurisdiction of ROC, Goa. It is submitted that no complaint and /or representation regarding the present proposed scheme of Arrangement has been received against the Demerged company and Resulting company. Further, the Demerged company and Resulting company (newly incorporated in June 2024) have filed Financial Statements up to 31.03.2025 respectively. The observations in ROC report are as under:</i></p> <p><i>i. That ROC Goa in his report dated 15.10.2025 has stated that no such</i></p> <p><i>ii. Inquiry / Inquiry Follow up/ Inspection Follow Up /</i></p>	<p>This is mere statement of fact. No comments on the same.</p> <p>The Demerged Company and Resulting Company have filed Affidavit of Service dated 15.09.2025 in compliance with Tribunal Orders dated 25.07.2025 with NCLT giving proofs of serving notice to regulatory authorities and compliance affidavit dated 25.11.2025 (pursuant to petition order)</p> <p>No Comment.</p> <p>The replies are as above.</p>



	<p><i>Investigation Follow up was found to be pending against the Demerged company and Resulting company. Reply of Petitioner Companies of the Act and the order of the Tribunal sanctioning this Scheme will also be the order approving the said reduction of share capital of the Resulting Company, provisions of Section of 66 of the Act No acknowledgment receipt of postal authorities evidencing dispatch of notice to other regulatory authorities are found attached to the Scheme of 15, 2025 in compliance with 6. Arrangement.</i></p> <p><i>iii. May be decided on its merits.</i></p> <p><i>The Demerged company and Resulting company may please be directed to submit reply on the above observations of RoC, Goa and the NCLT may consider the scheme on merit after receipt of reply of Petitioner Companies</i></p>	
	<p><i>That, o/o RoC cum OL, Goa has also sent its report for Official Liquidator dated 19.09.2025 annexed as Annexure A-6 herewith for kind consideration of the Tribunal</i></p>	<p>Merely a statement of fact, no comments on the same.</p>

B. Income Tax Department

Income Tax Department has filed their response on 13.02.2026 vide Inward Diary No. R130 making following observation: -




On verification of the data available on system of this office in the case of M/s. PRIMA INNOVATION LIMITED (PAN:AAOCP8400G), it is noticed that this company was incorporated on 20.06.2024 and has filed ROI for the A.Y. 2025-26 on 18.10.2025 where the current year business loss of Rs 12,45,912/- has been declared and the same has been carried forward. As on date, the said return of income is pending to be processed by the CPC. Further, on verification of system of this office, it is noticed that there is no outstanding demand in the case of M/s. PRIMA INNOVATION LIMITED (PAN:AAOCP8400G).

Further, it is submitted that the above report is being submitted on the basis of information/data available on record. If any discrepancies or irregularities are discovered in the future, the Income Tax Department reserves the right to raise objections and take necessary actions accordingly.

Further, a rejoinder was filed by the Petitioner Companies in response to the reply given by the Income Tax Department on 02.12.2025 through e-mode wherein following submissions were made by the Petitioner Companies: -

In response to the observation of Income tax department as stated in Point 2 and Point 3 of their above mentioned letter, we hereby undertake that both the Petitioner companies namely the Demerged



Company and the Resulting Company will be in complete co-operation to any income-tax proceedings that may exist/arise post sanction of this Scheme by this Hon'ble Tribunal and will also abide by all the directions, in accordance with the income-tax law. Further the Petitioner Companies confirms that the sanction of the Scheme will not prevent the authorities from dealing with any issues arising after giving effect to the Scheme, as per applicable law.

C. No response has been filed by the **SEBI, BSE, NSE** and the **GST Department**.

13. Valuation Report

13.1. Copy of Valuation Report dated 12.11.2024 issued by ICON Valuation LLP, Registered Valuer, Reg. No. IBBI/RV-E/06/2019/107, recommending the share entitlement ratio for the proposed Scheme of Arrangement, is annexed to the company petition as **Annexure-J** (Pg. 391-406). Copy of Fairness Report, dated 12.11.2024 of Kunvarji Finstock Private Limited, on the Share Entitlement Ratio recommended by the Registered Valuer, for the proposed Scheme of Amalgamation, is annexed to the company petition as **Annexure-K** (Pg. 407-416).

13.2. The valuation is based on a "going concern" basis. The Report provides that upon the coming into effect of the Scheme and in consideration of the proposed



demerger, each equity shareholder of the demerged company (PPL) shall be issued and allotted by PIL (Resulting Company), one equity share of Rs. 5 each fully paid-up of PPL held by such shareholder in PPL prior to the proposed demerger. Further, initial share capital of PIL (issued and paid up), comprising 20,000 equity shares of INR 5 each shall be cancelled at the face value of such shares. The Report also provides that the management decision concerning the “fair share entitlement ratio” is proper.

14. Accounting Treatment

The First Petitioner Company and the Second Petitioner Company submit that, the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. Copy of the certificates dated 12.11.2024, issued by the Statutory Auditors of the First Petitioner Company and the Second Petitioner Company certifying that the accounting treatment as specified in the Scheme is in conformity with the applicable accounting standards prescribed under Section 133 of the Act are annexed as Annexure -I (Colly) to the Company Petition.



15. The petitioner companies submitted that no winding up petition is pending against the petitioner companies under the provisions of the Companies Act, 2013.
16. The petitioner companies declared that there are no proceedings pending under the provisions of Insolvency and Bankruptcy Code 2016 against the petitioner companies.
17. We have heard the Ld. Counsel for the Petitioner Companies, Ld. Deputy Director for the Regional Director, the representative of the Ld. Official Liquidator, the Ld. Counsel for Income Tax Department and perused the record.

18. OBSERVATIONS OF THIS TRIBUNAL

18.1. Before advertng to the reports of the Regional Director, Registrar of Companies, Income Tax Department, Official Liquidator and, we summarise the progress of the case before this Tribunal after application was filed seeking approval of the Scheme.

	Filed on	Notice issued on	Service Affidavit filed on	Reserved on	Order pronounced on	Meetings held on
First Motion Application	29.04.2025	--	--	17.07.2025	25.07.2025	Petitioner No. 1: 27.09.2025
Chairman's	04.10.2025	--	04.10.2025	--	--	--




Report						
2 nd Motion Petition	15.10.2025	16.10.2025 r.w. 20.11.2025	25.11.2025	26.02.2025	16.03.2025	--
RD Office Report/RoC cum OL	24.11.2025	16.10.2025 r.w. 20.11.2025	--			
And Petitioner companies' response	28.11.2025					
Income Tax Report(s)	09.02.2026	16.10.2025 r.w. 20.11.2025	--			
And Petitioner companies' response	02.12.2025					

18.2. The Appointed Date of the Scheme is **01.07.2024**. The Appointed Date mentioned in the Scheme is in compliance with Section 232(6) of the Companies Act, 2013.

18.3. The Scheme involves Arrangement between Prima Plastics Limited and Prima Innovation Limited and their respective shareholders and creditors, with effect from the Appointed Date 01.07.2024.

19. Companies involved in the Scheme

- (i) In the Scheme presented in the company petition, **Prima Plastics Limited** has been designated as Petitioner Company No.1/Demerged Company. The Consolidated Financial Statements shows that, the Company had Rs. 19367.45 Lakhs as revenue from



operations, other income of Rs. 44.46 Lakhs and profit before tax of Rs. 1241.06 Lakhs during the financial year 2024-2025. It is a public listed Company.

- (ii) In the Scheme presented in the company petition, **Prima Innovation Limited** has been designated as Petitioner Company No. 2/Resulting Company. It had Nil revenue from operations, NIL other income and profit (Loss) before tax of Rs. (-) 12.46 Lakhs during the financial year 2024-25.

20. Consideration

Paragraph 8 (Pg. 368 to 370) of the Scheme deals with the Consideration of transfer and vesting of the Demerged Undertaking of Petitioner Company No.1 into the Resulting Company. Annexure-K (Pg. 407-416) contains a copy of fairness opinion issued by Kunvarji Finstock Private Limited as well as Annexure-J (Pg. 391-406) contains copy of share entitlement ratio report issued by ICON Valuation LLP recommending share entitlement ratio for the proposed scheme of arrangement. The valuation date is 12.11.2024.

21. We have gone through the Company Petition, Scheme, Representation/Report of the Regional Director, RoC cum OL and reports of Income Tax Department in respect of the



Petitioner Companies, as well as the response of the Petitioner Companies in respect of the Representation/Report of the RD, RoC cum OL and Income Tax.

- 22.** On perusal of the aforesaid representations/reports, there are no adverse observations in respect of the petitioner companies and the proposed Scheme.
- 23.** On perusal of the Chairman's reports, it confirms that the equity shareholders of the Petitioner Company No. 1 have approved the Scheme by 99.99997% and the unsecured creditors of the Company have unanimously approved the proposed Scheme.
- 24.** The Petitioner Company No. 1 is a listed company. Copies of the respective No Objection Letter issued by BSE dated 28.03.2025 was attached with the Company Petition as Annexure L (Pages 417 to 420). The letter refers to comments of the SEBI vide letter dated 27.03.2025 on the Scheme.
- 25.** During the hearing on 19.02.2026, Ld. Company Prosecutor from the Regional Director's office (Western Region)



submitted that they have no objection to the proposed scheme, in view of the response affidavits and undertaking given by the petitioner companies.

26. After analysing the Scheme in detail, this Tribunal is of the considered view that the Scheme as contemplated between the Companies appears to be fair, reasonable and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Petitioner Companies, upholding the commercial wisdom doctrine as in ***Miheer H. Mafatlal v. Mafatlal Industries Ltd. (1997) 1 SCC 579.*** Considering the record placed before this Tribunal and since all the requisite statutory compliances have been fulfilled by the Petitioner Companies, this Tribunal sanctions the proposed Scheme as well as the prayer made therein subject to the findings/directions given in this order. In short, the proposed Scheme provides for the Demerger of the Rotational Moulding Business of Prima Plastics Limited (Petitioner Company No.1) into Prima Innovation Limited (Petitioner Company No. 2) and their respective shareholders and creditors with effect from the Appointed Date 01.07.2024. We have also carefully examined the



responses of the Regional Director, ROC, Income Tax Department, and the Official Liquidator on being notices served on them and the replies of the Petitioner Companies.

27. The Learned Counsel for the Petitioner Companies submitted that no investigation proceedings are pending against the Petitioner Companies under the provisions of the Companies Act, 1956 or the Companies Act, 2013, and no proceedings for oppression or mismanagement have been filed before this Tribunal or the erstwhile Company Law Board. Considering the submission of the Petitioner Companies, the Resulting Company will be responsible for all the compliance issues concerning the Business of the Demerged Undertaking. This Tribunal holds that such issues shall not preclude the statutory authorities from taking action in accordance with law, as the statutory/regulatory authorities are free to take necessary action as per law for any non-compliance.

28. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance


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with law, against the concerned persons, directors and officials of the petitioner companies.

29. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting approval of any loan assignments and exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.
30. Further, it becomes relevant to discuss that in Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi has made the following observations with regard to the right of the Income Tax Department in the Scheme of Amalgamation:

*“taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision **in re Vodafone Essar Gujarat Limited v. Department of Income Tax (2013) 353 ITR 222 (Guj)** and the same being also affirmed by the Hon'ble Supreme Court and as reported in **(2016) 66 taxmann.com374 (SC)** from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15,2015 that the Department is entitled*



to take out appropriate proceedings for recovery of any statutory dues from the Petitioner or transferee or any other person who is liable for payment of such tax dues, the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned.”

31. This Tribunal do further Order

- i) The Scheme of Arrangement annexed as **Annexure ‘H’**, to the Company Petition is hereby sanctioned and it is declared that same shall be binding on the Petitioner Companies, their shareholders, creditors, employees and all concerned under the Scheme.
- ii) The Appointed Date for the Scheme shall be **01.07.2024.**
- iii) The Scheme shall become effective upon filing of the certified copy of this Order with the Registrar of Companies in accordance with Section 232(5) of the Companies Act, 2013 (‘Effective Date’).
- iv) Upon the Scheme becoming effective, the Rotational Moulding Business (Demerged Undertaking) of the Demerged Company, namely Prima Plastics Limited, shall stand transferred to and vested in the Resulting Company, namely Prima Innovation Limited, in accordance with the provisions of the Scheme and in terms of Section 232 of the Companies Act, 2013.
- v) All the properties, rights and powers of the Demerged Undertaking and all the other property, rights and



powers of the Demerged Undertaking be transferred without any further act or deed to the Resulting Company and accordingly the same shall, pursuant to Section 232 of the Act, vest in the Resulting Company.

- vi) All licenses, permissions, permits, approvals, certificates, clearances, authorities, leases, tenancy, assignments, rights, claims, liberties, special status, other benefits or privileges and any power of attorney relating to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company, without any further act or deed. The Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.
- vii) All the liabilities and duties of the Demerged Undertaking shall be transferred, without further act or deed, to the Resulting Company, and accordingly, the same shall pursuant to Sections 230 & 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Resulting Company.
- viii) The Resulting Company shall issue and allot shares to the shareholders of the Demerged Company in accordance with the share entitlement ratio provided in the Scheme. The existing share capital of the resulting company held by the Demerged Company, as

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the holding company, shall stand cancelled as proposed in the Scheme.

- ix) The approval of the Scheme will not be foreclosing the right of the Income Tax Department to take any decision as per the provisions of the Income Tax Act, 1961, against the Petitioner Companies. The final Income Tax demands in the case of Demerged Undertaking, if any, shall be paid by the Resulting Company.
- x) The approval of the Scheme does not affect the authorities' right to proceed with pending cases, if any, against the Petitioner Companies.
- xi) All contracts, agreements, insurance policies, bonds and all other instruments of whatsoever nature or description, of the Demerged Undertaking, shall stand transferred to and vested in the Resulting Company and be in full force and effect in favour of the Resulting Company and may be enforced by or against it as fully and effectually against the Resulting Company.
- xii) All proceedings, if any, now pending by or against the Demerged Undertaking shall be continued by or against the Resulting Company.
- xiii) All workers / employees of the Demerged Undertaking shall be deemed to become the workers / employees of the Resulting Company with effect from the Appointed Date, and shall stand absorbed in the Resulting



Company in accordance with the Scheme without any interruption of service and on terms and conditions no less favourable than those on which they are engaged by the Demerged Undertaking, as on the Effective Date, in compliance with Section 232(3)(g) of the Act and applicable labour laws.

- xiv) All taxes paid or payable by the Demerged Undertaking including existing and future incentives, unutilised credits and exemptions, the benefit of carried forward losses and other statutory benefits, which shall be available to and vest in the Resulting Company, as per the provisions of law. The Tax liability of the Demerged Undertaking shall become a liability of the Resulting Company, and any proceedings against the Demerged Undertaking shall continue against the Resulting Company. It is stated that any credit/exemption/relief, etc., as discussed, will be subject to the provisions of the Income Tax Act, 1961.
- xv) The petitioner companies are directed to comply with the observations of the Regional Director, the Registrar of Companies cum Official Liquidator and the Income Tax Department in their representation.
- xvi) The petitioner companies shall:
 - a) Preserve their books of accounts, papers, and records and not dispose of them without prior permission of the Central Government, as per Section 239 of the Companies Act, 2013.



- b) The sanction of the Scheme shall not absolve the petitioner companies from any statutory liabilities, and all books of accounts, papers, and records shall be preserved as per Section 239 of the Companies Act, 2013, without disposal unless permitted by the Central Government.
 - c) File a certified copy of this order with the Registrar of Companies electronically via e-Form INC-28 (in addition to physical copy) within 30 days of receipt of the certified copy, as per Section 232(5) of the Companies Act, 2013.
- xvii) The Petitioner Companies are directed to comply with the observations made by BSE Ltd. in their respective letters as well as SEBI Master Circular(s).
- xviii) The Petitioner Companies are directed to lodge a copy of this Order and the approved Scheme, duly certified by the Registrar of this Tribunal, with the concerned Superintendent of Stamps for adjudication of stamp duty payable, if any, within 30 days from the date of this Order, and pay requisite stamp duty within 60 days from the date of adjudication under the appropriate Stamp Authority having jurisdiction as amended.
- xix) The Petitioner Companies shall ensure compliance with all applicable provisions of the Companies Act, 2013, SEBI Regulations and other applicable laws while giving effect to the Scheme.

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- xx) The Petitioner Companies shall obtain any additional approvals from sectoral regulators, if required post-sanction, in line with CAA Rules 2025 amendments.
- xxi) The legal fees and expenses of the office of the Regional Director are quantified at Rs.50,000/-, to be paid by the Resulting Company.
- xxii) The Statutory Auditors of the Petitioner Companies are hereby directed to ensure that the Accounting Treatment as a result of this order is carried out in accordance with the provisions of Section 133 of the Companies Act, 2013, and as per the draft treatment as proposed in the Scheme. They are further directed to disclose their observations in this regard in the next Annual Audit Report/Audit Report of the Petitioner Companies in accordance with the certificate issued by the Statutory Auditors and placed on record.
- xxiii) The Income Tax Department will be free to examine the aspect of any tax payable as a result of the sanction of the Scheme and if it is found that the Scheme of Arrangement ultimately results in tax avoidance or is not in accordance with the applicable provisions of Income Tax Act, then the Income Tax Department shall be at liberty to initiate appropriate course of action as per law, including under Section 232(3)(h) of the Companies Act, 2013, for any tax liabilities arising from the scheme. Any sanction of the Scheme of Merger under Sections 230-232 of the Companies Act,



2013 shall not adversely affect the rights of Income Tax Department or any past, present or future proceedings and the sanction of the scheme shall not come in its way for the appropriate course of action as per law for the tax liabilities, if any.

xxiv) Any person aggrieved shall be at liberty to apply to this Tribunal for any directions that may be necessary.

- 32.** Accordingly, Company Petition i.e. **CP(CAA)/50(AHM)2025** in **CA(CAA)/25(AHM)2025**, stands allowed and disposed of in terms of the aforementioned terms.
- 33.** The Registry is directed to send a copy of this order to the Regional Director, the Registrar of Companies, the Income Tax Department and other concerned authorities within seven days from the date of this order, through e-mail and place proof on the file.

—SD—

SANJEEV SHARMA
MEMBER (TECHNICAL)

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—SD—

SHAMMI KHAN
MEMBER (JUDICIAL)