IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH–I, CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **29.06.2026** THROUGH VIDEO CONFERENCING

CORAM: **HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)**
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

IN THE MATTER OF **:** Casagrand Starpark Pvt. Ltd. and other.

MAIN PETITION NUMBER **:** CA(CAA)/57(CHE)/2022

(IA/MA) APPLICATION NUMBERS

CP(CAA)/10(CHE)/2023, IA(CA)/80(CHE)/2025

ORDER

Present: Shri. Vishnu Jayaram, Ld. Counsel for the Petitioner.

Vide separate order pronounced in the Open Court, the application is allowed.

IA is disposed of.

Sd/-
[VENKATARAMAN SUBRAMANIAM]
MEMBER (TECHNICAL)

Sd/-
[SANJIV JAIN]
MEMBER (JUDICIAL)

Suguna

IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – I, CHENNAI

IA(CA)/80(CHE)/2025
In
CP(CAA)/10(CHE)/2023 in CA(CAA)/57(CHE)/2022

(filed under Rule 11 of the National Company Law Tribunal Rules, 2016 read with Section 231 of the Companies Act. 2013)

In the matter of ***Chengalpattu Logistics Parks Private Limited***

Chengalpattu Logistics Parks Private Limited,
Having its registered office at 258, Satahrai Village,
Thiruvallur, Tamil Nadu - 631203;

. . . Applicant/ Transferee Company

Order pronounced on ***29th June, 2026***

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

For Applicant : Pawan Jhabakh, Advoacte
For Regional Director : Avinash Krishnan Ravi, Advocate
For Official Liquidator : Shri. Pola Raghunathan,
Official Liquidator in person
For Income Tax Department : Raj Jhabakh, Advocate

ORDER

1. Under consideration is an application filed by **Chengalpattu Logistics Parks Private Limited** under Rule 11 of NCLT Rules, 2016

read with Sections 231 of Companies Act, 2013 (hereinafter, the Act), seeking the following reliefs,

i. *Permit the Applicant to follow and adopt the "Purchase Method of Accounting" instead of the "Pooling of Interest Method' for the purposes of the Scheme of Arrangement sanctioned by this Tribunal in CP(CAA)/10(CHE)/2023(order dated 25th September, 2023); and*

ii. *To pass such other order or orders, direction or directions, that the Tribunal may deem fit in the interest of justice and equity.*

BRIEF FACTS OF THE CASE

1. It is stated that the Scheme of Arrangement (hereinafter, the "Scheme") between Casagrand Starpark Private Limited (hereinafter "Transferor Company") and the Applicant/Transferee Company was approved by this Tribunal vide order dated **25.09.2023** in CP(CAA)/10(CHE)/2023. Consequent to the approval of filed Scheme, the Transferor Company and the Applicant respectively filed the certified copy of the order with the Registrar of Companies, Chennai in Form INC-28 and the form was approved on 21.11.2023 and 20.12.2023 respectively. The copy of the Master Data of the Transferor Company showing its status changed from 'Active' to 'Dissolved' has been filed with the application. Hence, the Scheme was made effective.

2. It is stated that by virtue of the Scheme, the Transferor Company was proposed to be amalgamated, with the Applicant as a going

concern with all assets and liabilities consequent to Amalgamation, with effect from the Appointed Date 01.04.2022. Clause 11.7 of the Scheme provided that in the event of any change in the shareholding of the Transferor Company or Applicant prior to the Record Date, resulting in any cross holding between the Companies, no shares of the Applicant shall be allotted in lieu or exchange of its holding, if any, held in the Transferor Company, either directly or through nominees, as on the Record Date. Accordingly, upon this Scheme becoming effective, equity shares of the Transferor Company held by the Applicant, whether held in its own name or through nominee shareholders, as reflected in the consolidated balance sheet of the Transferor Company, shall stand cancelled in its entirety without any consideration, further act or deed and without any liability towards capital gains tax under the Income-tax Act, 1961.

3. It is stated that the shareholders of the Transferor Company, pending sanction of Scheme by this Tribunal, transferred their shares held in Transferor Company to the Applicant. As a result of such transfer, the Transferor Company became a wholly owned subsidiary of the Applicant prior to sanction of Scheme of Arrangement by this Tribunal. The Board of Directors of the Transferor Company by resolution dated **08.09.2023** approved and registered the Transfer of Shares in favour of the Applicant.

4. It is stated that the under the Scheme, the accounting treatment provided was the Pooling of Interest Method. However, due to change

in shareholding of Transferor Company and the Transferor Company becoming a wholly owned subsidiary of the Applicant, the Pooling of Interest Method as an accounting treatment provided under the Scheme of Arrangement could not be adopted by the Applicant.

5. It is stated that as per the Accounting Standard (AS) 14 as notified under Section 133 of Companies Act, 2013, an amalgamation may be either an amalgamation in the "nature of merger" (Pooling of Interest method), or an amalgamation in the "nature of purchase". When an amalgamation is considered to be an amalgamation in the nature of merger, it should be accounted for under the Pooling of Interest method. The extract from Accounting Standard 14 prescribing conditions to be satisfied for an amalgamation to be in the nature of merger is reproduced below:

> *(i) All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.*
>
> *(ii) Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company by virtue of the amalgamation.*
>
> *(iii) The consideration for the amalgamation receivable by those equity shareholders of the transferor company who agree to become equity shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares in the transferee company, except that cash may be paid in respect of any fractional shares.*

(iv) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.

(v) No adjustment is intended to be made to the book values of the assets and liabilities of the transferor company when they are incorporated in the financial statements of the transferee company except to ensure uniformity of accounting policies.

6. It is stated that an amalgamation is considered to be in the nature of purchase, when any one or more of the conditions prescribed in AS 14 extracted hereinabove is not satisfied. At the time of making the application and petition before this tribunal, the Transferor Company and the Applicant had independent set of shareholders without any intercompany holding, thus the Scheme provided for the Pooling of Interest Method accounting treatment. However, on the date of sanction of Scheme of Arrangement by this Tribunal, the Transferor Company was the wholly owned subsidiary of the Applicant. Hence, the equity shares of Transferor Company held by Transferee Company stood cancelled and no shares were issued as consideration under the Scheme.

7. It is stated that as a consequence of Transferor Company becoming a Wholly Owned Subsidiary of the Applicant, the following condition prescribed under AS 14 for adopting 'Pooling of Interest Method' could not be satisfied,

"Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee

company or its subsidiaries or their nominees) become equity shareholders of the transferee company by virtue of the amalgamation".

8. It is stated that the Applicant can now only adopt the Purchase Method to give effect to the Scheme in the books of Applicant/ Transferee Company. In event the accounting treatment provided under the Scheme is to be adopted, it would be in violation of the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

9. It is stated that Clause 13.3 of the Scheme provided that in case of any differences in accounting policy between the Transferor Company and the Applicant herein, the accounting policies followed by the Applicant will prevail to ensure that the financial statements of the Applicant herein reflect the financial position on the basis of consistent accounting policy. Since the Pooling of Interest Method cannot be adopted by the Applicant for the reasons stated above, so in order to give effect to the Scheme in the books of the Applicant herein, it is proposed to adopt and follow Purchase Method as the Accounting Treatment in terms of the enabling provision available in Clause 13.3 of the Scheme. The Board of Directors of the Applicant has passed resolution dated 07.04.2025 approving adoption of 'Purchase Method' as the Accounting Treatment to give full effect to the Scheme.

10. It is stated that the Accounting Treatment certificate has been obtained from its statutory auditor confirming that the 'Purchase

Method' accounting treatment proposed to be adopted by the Applicant to give effect to the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.

11. It is stated that this Tribunal has adequate powers under section 231 of the Companies Act 2013 to pass orders for the purposes of implementing the Scheme of Arrangement. The adoption of the 'Purchase Method' would ensure that the Applicant is in compliance with the Accounting Standards, enabling the Applicant to represent its true and fair financial position.

12. It is stated that only if the change in the account method is permitted, the Scheme of Arrangement can be given effect in the books of accounts of the Applicant and the Annual General Meeting of the Applicant can be conducted.

REPORT OF THE REGIONAL DIRECTOR:

13. It is stated that the shareholders by a Special Resolution passed at the Extra-Ordinary General Meeting held on 03.09.2025 have approved the adoption of the 'Purchase Method' as the accounting treatment for giving effect to the Scheme. Section 117(1) and 117(3) of the Companies Act, 2013 read with Rule 24 of the Companies (Management and Administration) Rules, 2014 mandates for filing of the special resolution in e-form MGT-14 with the Registrar of

Companies (ROC) within 30 days of Special Resolution being passed. Failure to comply with the provisions results in a penalty for the company and its officers under Section 117(2) of the Companies Act, 2013. As per the MCA portal, the Company has not filed e-form MGT-14 with respect to the Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting held on 03.09.2025. Therefore, the Company and its directors have contravened the provisions of Section 117(1) and 117(3) of the Companies Act, 2013 and liable for penalty under Section 117(2) of the Companies Act, 2013 for the aforestated violation.

14. That RoC Chennai vide his report dated 15.10.2025 received on 23.10.2025 had stated that ROC has called for clarification vide letter dated 26.08.2025. In response, the company vide letter dated 03.09.2025 had submitted:- "*that the paid-up capital of Transferor company was Rs.1, 00,000 (consisting of 10,000 equity shares of Rs.10/- each fully paid up). Subsequent to the filing and prior to the effective date of amalgamation, the shareholding structure of the Transferor company has been changed, whereby the Transferee company acquired 100% equity shares of the Transferor company. In view of this change, the condition under Clause (ii) of AS 14, which required that shareholding at least 90% of the face value of equity shares (other than those already held by the Transferee company or its subsidiaries) become shareholders of the Transferee company by virtue of the amalgamation, has become infructuous. Accordingly, the amalgamation does not qualify as being in the nature of merger, and therefore, Pooling of Interest method is not applicable, hence required to adopt Purchase method of*

accounting in order to remain compliant with AS 14 and Section 133 of the Companies Act, 2013".

15. It is stated that the Transferee Company has obtained a certificate from its Statutory auditor M/s. Deloitte Haskins & Sells, Chartered Accountants confirming that the adoption of the Purchase Method is in conformity with the applicable accounting standards and generally accepted accounting principles in India. Further, the ROC reported that the Applicant has filed financial statements and annual returns up to 31.03.2023. No Inquiry/ Inspection/ Investigation/Complaint/Prosecution is pending against the applicant company. The company has also given justification that provisions of Section 131 of the Companies Act, 2013 are not attracted as there is no revision of financial statement.

16. It is stated that as per the Board Resolution attached along with the application, the Board of the Applicant Company at the meeting held on 08.09.2023 has approved Transfer of 10,000 (100% equity shares) shares held with the transferor company for a total consideration of Rs.30,00,000 to the Applicant Company. Further, as per the records, the applicant company had filed e-form MGT-6 vide SRN F65356727 on 28.09.2023.

17. However, the Scheme was approved by this Tribunal on 25.09.2023 whereas the board of the Transferee / Applicant company herein approved to adopt and follow the Purchase method as the

Accounting Treatment at the meeting held on 07.04.2025. The RoC has sought for the reason for delay as all the shares of Transferor Company were transferred to the Applicant Company in the year 2023. Secondly, the transfer of shares of the Transferor Company to the Transferee Company took place on 08.09.2023 during the pendency of the Company Petition for merger and amalgamation. The Petitioner Company has suppressed the said change/transfer to the Tribunal before the scheme was approved and final orders passed i.e. before 25.09.2023, being the date of order by this Tribunal.

18. It is also stated that the Applicant seeks to adopt the "Purchase Method of Accounting" instead of the "Pooling of Interest Method" for the purposes of the Scheme of Arrangement sanctioned by this Tribunal in CP(CAA)/10(CHE)/2023 vide order dated 25.09.2023 i.e. before two years as on date which tantamounts to amending the scheme of amalgamation which is not technically possible as the said scheme has already been sanctioned vide this Tribunal order dated 25.09.2023.

19. In response to the submissions made by the RD, the Applicant has made the following submissions:

a. The Company has filed the Form MGT 14 with the Ministry of Corporate Affairs and the copy of the filed form is enclosed as Annexure 1.

b. The allegations of suppression are untenable as the orders on 25.09.2023 were passed with the report furnished by the office of the Regional Director. There is no cause for suppression by the Applicant / Transferee Company, and the Applicant / Transferee Company, profusely apologies to this Tribunal for any inconvenience caused.

c. The transfer of shares as alleged by the Regional Director, is within the realm of the shareholders who are the owners of their assets being the shares, and therefore, Regional Director cannot impugn any act of suppression upon the Applicant/ Transferee Company. There is no economic or undue benefit/advantage enjoyed by the Applicant / Transferee Company, through the transfer of shares.

d. This Tribunal has adequate power under section 231 of the Companies Act 2013, to pass orders for the effective implementation of the Scheme and therefore, any submissions made by the Regional Director regarding technical impossibility to modify the Scheme are not sustainable.

REPORT OF THE OFFICIAL LIQUIDATOR

20. It is stated that the original scheme was proposed with pooling of interest method under AS-14 duly supported by the then Statutory Auditor's Certificate (Brahmayya & Co) dated 16.04.2022.

21. It is stated that Transferor Company became the wholly owned subsidiary of the Transferee Company on 08.09.2023 just before sanction of the scheme by this Tribunal on 25.9.2023. Subsequently, the Board of Directors of the Transferee Company, in its meeting held on 07.04.2025 have considered to adopt and follow purchase method of accounting to give effect to the scheme and accordingly approved and adopted purchase method of accounting treatment, as is evident from the para 3 of the Statutory Auditor (Deloitte Haskins & Sells) Report dated 11.4.2025. As on appointed date, Transferee Company was not a holding company for Transferor Company, accordingly the Scheme provided for consideration. Consequently, only purchase method of accounting accordingly can be adopted.

22. It is stated that as per AS-14 conditions to follow 'pooling of interest method', all applicable conditions prescribed therein must be met. In this case, 90% shareholding criteria is a non-applicable condition by operation of law, as Transferee Company cannot hold shares of Transferor Company upon its amalgamation. Further, it is a case of no actual consideration, hence, another condition of discharge of consideration compulsorily by issue of shares also is a non-applicable condition. Out of the remaining 3 conditions, the condition of take over of all assets and liabilities of the Transferor Company and condition of intention to carry on business are met. The reason for non compliance with the final condition i.e., no adjustment is to be made to book values, is only on account of resolution of the Board dated 07.04.2025, to adopt purchase method and to treat the difference as

Goodwill / Revenue Reserve, instead of continuing the identity of accumulated losses of Transferor Company as such in the books of Transferee Company. This subsequent decision of the Board to specifically follow purchase method by making adjustment to negative Reserves, resulted into not meeting the last condition prescribed under para no. 29(v) of the AS-14.

23. It is stated that the purchase method as prayed for in the IA, may be allowed, by this Tribunal in view of the non-compliance of last condition under para no.29(v) of the AS-14. Hence, as per para no.30 and 32 of the AS-14, 'purchase method' can be followed in view of the specific decision of the Board to make adjustments to carrying values. Since the Transferor Company stood dissolved, their consent is not insisted for change of accounting treatment. It is also verified that the Transferee Company falls under AS-14 regime as on appointed date.

24. It is stated that the OL has no objection to the change of method of accounting to purchase method.

Report of the Income Tax Department

25. The Income Tax Officer, Corporate Ward 1(3) has made submissions vide letter dated 15.01.2026 extracted as under:

a. The shift in accounting treatment does not impact the income tax position of the Transferee Company in any manner.

b. Under the Pooling Method, any excess amount paid would have been credited to Revenue Reserves. However, under the Purchase method, it is recognized as Goodwill.

c. The total balance sheet size remains constant. There is no change to the net asset value, nor are there any changes to the cash flows or liquidity of the company. The transaction is done only through Balance Sheet and there is no impact on the Profit or loss of the Company, therefore the use of the either of the methods is tax neutral.

d. This adjustment is further protected by Clause 13.3 of the original sanctioned Scheme, which empowers the Transferee Company to adjust accounting treatments to ensure consistency and compliance with statutory financial reporting standards. In the given case, the ownership has changed and it has become impossible to use the "Pooling of Interest Method" as per the Accounting Standards, hence to align with the regulations, the "Purchase Method" had to be followed as per the sanctioned order to align with the method as per the regulations. Nonetheless, the amalgamation continues to meet the criteria of Section 2(1B) of the Income Tax Act. The change in accounting method does not result in any tax avoidance, nor does it impact the tax liability or the assessment of the Transferee Company.

26. The Assistant Commissioner of Income Tax, Corporate Circle – 1(1), Chennai has made submissions vide letter dated 27.01.2026 filed vide S.No. 0506 dated 19.03.2026, extracted hereunder:

a. The Transferor Company, Casagrand Starpark Private Limited, is assessed to tax with this office with PAN AAGCC6447E. The act of transfer of shares by the shareholders of the Transferor Company to the shareholders of Transferee Company is independent of the scheme of arrangement approved by the Tribunal. The department reserves its right to independently examine such transfer of shares by the shareholders of the Transferor Company, prior to the scheme of arrangement. The Applicant may inform the details of shares transferred in order to examine the tax implications.

b. From the list of shareholders, following are the shareholders who have transferred their shares to the Applicant:

S.No.	Name of the shareholders	No. of equity shares of Rs. 10/- each
1.	Ascendas Property Fund (India) Pte. Ltd	100,558
2.	C Velan (Beneficial owner is Ascendas Property Fund (India) Pte. Ltd	1
3.	Total	100,559

c. The transfer of shares by Ascendas Property Fund (India) Pte. Ltd are not covered by the scheme of amalgamation. The transfer of shares by the non-resident, the consequent capital gains

implications and liability of the applicant under Section 195 of the Income Tax Act, 1961 will be independently examined by the department.

d. The department further reserves its right to examine the accounting treatment and its impact on reserves of the Transferor Company if any, on carry forward and set off of losses under Section 72A. The ownership change prior to the amalgamation, will be examined under Section 79 of Income Tax Act.

Memo filed by the Applicant

27. This Tribunal vide order dated 26.11.2025 directed the Applicant to file a memo showing the financial impact because of the change in the accounting treatment. Memo filed by the Petitioner vide SR. No. 71 dated 06.01.2026.

28. It is stated that the aforesaid change relates only to the accounting treatment for giving effect to the Scheme in the books of the Transferee Company. There is no change to the structure, terms, or commercial intent of the Scheme.

29. It is stated that under the Pooling of Interest Method, the assets and liabilities of the Transferor Company are taken over at book value and the reserves of the Transferor Company are carried forward. Accordingly, an amount of Rs. 75,12,85,852 standing to the credit of Revenue Reserve of the Transferor Company would have been

recorded as reserves in the books of the Transferee Company as on the date of appointment envisaged in the Scheme. However, under the Purchase (Acquisition) Method, the reserves of the Transferor Company, other than statutory reserves, if any, are not carried forward. The excess of the consideration deemed to have been paid over the net identifiable assets acquired results in the recognition of Goodwill amounting to Rs. 75,12,85,852 in the books of the Transferee Company.

30. It is stated that, the change in accounting treatment results only in reclassification within equity, whereby the amount of Rs. 75,12,85,852 which would have been reflected as debits to Revenue Reserve under the Pooling of Interest Method, is reflected as Goodwill under assets in the Purchase Method.

31. It is satted that there is no impact on net assets/liabilities, or cash flows, and the balance sheet size remains unchanged at Rs. 78,93,88,852 under both methods. The relevant journal entries under the Pooling of Interest Method and Purchase Method have been filed.

32. It is stated that the adoption of Purchase method of accounting does not result in any cash outflow, liquidity position, ability to meet its liabilities of the Transferee Company nor does it prejudice the interests of shareholders or creditors.

33. It is stated that as per Clause 13.3 of the Scheme, if there is a difference in the accounting policy/treatment, then the accounting

policy followed by the Transferee Company will prevail and the difference will be qualified and adjusted in the Goodwill or Capital Reserve account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

34. It is stated that since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no shares are issued pursuant to the Scheme and there is no dilution of shareholding.

35. It is stated that save and except the financial impact arising from the change in accounting treatment as stated herein, the Scheme remains unchanged in all other respects.

FINDINGS OF THIS TRIBUNAL

36. We have heard Ld. Counsel for the parties and perused the documents placed on record.

37. The present Application has been filed by Chengalpattu Logistics Parks Private Limited ("Applicant/Transferee Company") seeking modification of the accounting treatment provided under Clause 13.1 of the Scheme of Amalgamation between Casagrand Starpark Private Limited ("Transferor Company") and the Applicant/Transferee Company, which was sanctioned by this Tribunal vide order dated 25.09.2023.

38. Under the sanctioned Scheme, Clause 13.1 provided that the Transferee Company shall account for the amalgamation by following the "Pooling of Interest Method" in accordance with Accounting Standard-14 ("AS-14"). However, subsequent to the filing of the Scheme proceedings and prior to the sanction of the Scheme, the shareholding structure underwent a material change whereby the Applicant/Transferee Company acquired the entire share capital of the Transferor Company and became its 100% holding company. In view of the said change in relationship between the Transferor and Transferee Companies, the Applicant has sought permission to adopt the "Purchase Method" of accounting instead of the "Pooling of Interest Method" for giving effect to the Scheme.

39. The Department of Income Tax, upon examination of the matter, has submitted that the transaction continues to satisfy the conditions prescribed under Section 2(1B) of the Income Tax Act, 1961 and the proposed change in accounting treatment does not result in any tax avoidance or alteration of the tax liability of the Transferee Company. However, the Income Tax Department shall be at liberty to examine the transaction independently in accordance with the provisions of the applicable law and initiate appropriate proceedings, if any liability is found to arise.

40. The Official Liquidator has examined the proposed change in the accounting treatment in the context of the revised shareholding

structure and has conveyed his no objection for adoption of the Purchase Method of Accounting under AS-14.

41. The Regional Director had raised an objection regarding non-filing of Form MGT-14 pertaining to Special Resolution dated 03.09.2025 with the Registrar of Companies. In this regard, the Applicant has placed on record Form MGT-14 dated 03.11.2025 in respect of the Special Resolution passed in the Extra-Ordinary General Meeting held on 03.09.2025. Accordingly, the requirement under Section 117(1) read with Section 117(3) of the Companies Act, 2013 and Rule 24 of the Companies (Management and Administration) Rules, 2014 stands duly complied with and the objection of the Regional Director in this regard is accordingly addressed.

42. The Regional Director has also raised an objection that although the Scheme was sanctioned by this Tribunal on 25.09.2023, but the Applicant Company had acquired 100% shareholding of the Transferor Company on 08.09.2023, i.e., prior to the sanction of the Scheme. It has also been pointed out that the Board approval for adoption of the Purchase Method was obtained only on 07.04.2025, resulting in considerable delay.

43. Upon consideration of the objection raised by the Regional Director, this Tribunal observes that at the stage of filing of the Scheme Petition, the Transferor Company was held by Ascendas Property Fund (India) Pte. Ltd. and its nominee shareholders. The Scheme

contemplated issuance of shares of the Transferee Company as consideration to the shareholders of the Transferor Company in accordance with Clause 11.1 of the Scheme. The Scheme was therefore structured on the basis of an amalgamation between two independent entities and the accounting treatment prescribed under Clause 13.1 was accordingly based upon the then existing relationship between the companies.

44. However, subsequent to the filing of the proceedings and prior to sanction of the Scheme, the Applicant Company acquired the entire share capital of the Transferor Company on 08.09.2023, thereby altering the relationship between the Transferor and Transferee Companies. Such change resulted in the Transferor Company becoming a wholly owned subsidiary of the Applicant Company. The said change had a direct bearing on the manner in which the amalgamation was required to be accounted for under AS-14 and, therefore, ought to have been brought to the notice of this Tribunal during the pendency of the Scheme proceedings.

45. This Tribunal is of the view that parties approaching the Tribunal in proceedings under Sections 230-232 of the Companies Act, 2013 were required to place complete and correct facts before the Tribunal, particularly when such facts have a bearing on the Scheme, its implementation, and the statutory compliances arising therefrom. Any material alteration in the circumstances forming the basis of the

Scheme ought to be disclosed so that the Tribunal could examine the impact thereof while considering the Scheme.

46. The delay in seeking modification of the accounting treatment is also noted. The acquisition of shares was completed on 08.09.2023, whereas the Board approval for adopting the revised accounting treatment was obtained only on 07.04.2025. Such delay is neither warranted nor conducive to timely implementation of a sanctioned Scheme. The Applicant Company is cautioned to ensure that any material development affecting implementation of a Scheme sanctioned by this Tribunal is brought to our notice without undue delay.

47. At the same time, this Tribunal is conscious of the fact that the object of proceedings under Sections 231of the Companies Act, 2013 is to facilitate effective implementation of a Scheme while ensuring compliance with applicable statutory requirements. The power of this Tribunal under Section 231 of the Companies Act, 2013 is sufficiently wide to supervise the implementation of a sanctioned Scheme and issue such directions as may be necessary for removal of difficulties and ensuring that the Scheme operates in accordance with law.

48. Clause 21 of the Scheme itself provides for modification or amendment to the Scheme or any condition thereof as may be directed by this Tribunal or as may otherwise be considered necessary or

appropriate for implementation of the Scheme. The said Clause is extracted hereinbelow:

> *"21. MODIFICATION OR AMENDMENTS TO THE SCHEME*
>
> *The Transferee Company may, and the Transferor Company may with the prior written consent of the Transferee Company, carry out or assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the NCLT and/ or any other Government Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors or the person(s) committee). The Transferee Company may take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any Government Authority or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected therewith."*

49. In the present case, the Applicant has placed on record the Board Resolution dated 08.09.2023 approving and recording the transfer of shares in favour of the Applicant Company, the Board Resolution dated 07.04.2025 approving adoption of the Purchase Method of Accounting under AS-14, the Special Resolution dated 03.09.2025 along with Form MGT-14, and the certificates issued by Rehana Azeem & Co. dated 10.11.2025 and Deloitte Haskins & Sells dated 11.04.2025 certifying that the adoption of the Purchase Method is appropriate for giving effect to the Scheme in the books of the Transferee Company.

50. Having considered the submissions, no objection issued by the Official Liquidator, and the documents placed on record, this Tribunal is satisfied that the proposed change in accounting treatment is necessitated on account of the change in the shareholding structure and is permissible under AS-14.

51. The permission granted herein shall be without prejudice to the rights of the statutory authorities, including the Income Tax Department, to examine the transaction in accordance with law and take appropriate action, if required.

52. Accordingly, in exercise of the powers conferred upon this Tribunal under Section 231 of the Companies Act, 2013, the Applicant Company is permitted to modify the accounting treatment for implementation of the Scheme of Amalgamation and adopt the "Purchase Method" in place of the "Pooling of Interest Method" in accordance with AS-14 in its books of account. This is subject to payment of cost of ***Rs. 5,00,000/- (Rupees Five Lakhs Only)*** to be deposited in Prime Minister National Relief Fund.

53. IA(CA)/80(CHE)/2025 is accordingly **allowed** and **disposed of.**

-Sd-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-

SANJIV JAIN
MEMBER (JUDICIAL)