IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT-IV

C.P.(CAA)/13/MB/2026
c/w C.A.(CAA)/203/MB/2025

In the matter of
Sections 230 of the Companies Act, 2013

and

In the matter of
Scheme of Arrangement between

Siyaram Silk Mills Limited …. Petitioner Company
[CIN: L17116MH1978PLC020451]

and

[its Shareholders]

Pronounced: 21.07.2026

CORAM:

SHRI ANIL RAJ CHELLAN	**SHRI K. R. SAJI KUMAR**
HON'BLE MEMBER (TECHNICAL)	**HON'BLE MEMBER (JUDICIAL)**

Appearances	*:*	*Hybrid*
For the Applicant	:	Sr. Adv. Gaurav Joshi a/w Adv. Anindya Basarkod, Adv. Aman Yagnik, Adv. Jamsheed Dadachanji, Adv. Hiren Kukreja, Adv. Ishrita Bagchi and Adv. Aditi Rathi i/b Khaitan & Co.
For the Regional Director	:	Mr. Gaurav Jaiswal, Company Prosecutor, WR, MCA.

ORDER

1. The sanction of this Tribunal is sought under Section 230 of the Companies Act, 2013, to the Scheme of Arrangement between Siyaram Silk Mills Limited (Applicant Company) and its Shareholders (Scheme).

2. Heard the Ld. Sr. Counsel for the Applicant Company and the Company Prosecutor for the Regional Director (WR), Ministry of Corporate Affairs, Mumbai. Neither has any objector come before this Tribunal to oppose the Scheme nor has any party controverted any averments made in the Application.

3. The Applicant stated that the Scheme provides for the issuance of Preference Shares by way of bonus to the Shareholders of the Applicant Company by utilising the general reserves of the Company and also provides for various other consequential matters or otherwise integrally connected herewith. The copy of the Annual Report, which includes audited financial statements of the Applicant Company for the financial year ended as on 31.03.2025 is part of the Application.

4. The Applicant further stated that the equity shares of the Applicant Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Applicant Company has received observation letters dated 11.07.2025 and 07.07.2025 from BSE and NSE, respectively, in terms of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), read with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20.06.2023 (SEBI Master Circular). The aforesaid observation letters, including comments from the Securities and Exchange Board of India, are part of the Application.

5. The Ld. Sr. Counsel for the Applicant Company submitted that the proposed Scheme of Arrangement was approved unanimously by the Board of Directors of the Applicant Company *vide* board resolution dated 26.10.2024. A copy of the resolution is part of the Application.

6. The Ld. Sr. Counsel submitted that the Company Petition has been filed in consonance with the order dated 04.11.2025, passed by this Tribunal in the connected Company Scheme Application bearing No. C.A.(CAA)/203/MB/2025.

7. The Ld. Sr. Counsel submitted that the meetings of the Equity Shareholders and Unsecured Creditors of the Applicant Company were ordered *vide* order dated 04.11.2025 in C.A.(CAA)/203/MB/2025 of this Tribunal. In compliance with the order, meetings of equity shareholders and unsecured creditors of the Applicant Company were held on 29.12.2025, and the Chairperson appointed for the meetings has filed the report wherein it is stated that the requisite quorum was present at the said meetings convened and the Scheme was approved with requisite majority by the

equity shareholders and the unsecured creditors of the Applicant Company. The meeting of the Secured Creditors was dispensed with *vide* the aforesaid order.

8. The Ld. Sr. Counsel submitted that the Applicant Company has complied with all requirements as per the directions of this Tribunal *vide* the aforesaid order, and they have filed necessary Affidavits of compliance with this Tribunal. Moreover, the Applicant Company undertakes to comply with all statutory requirements, if any, as may be required under the Companies Act, 2013, and the Rules made thereunder.

9. ***Business of the Applicant***

The Applicant Company stated that it is engaged in the business of manufacturing, branding and marketing of fabrics, readymade garments and indigo dyed yarn.

10. ***Rationale***

The Applicant Company submitted that the rationale for the Scheme is as follows:

(i) *Over the years, the Company has built up substantial surplus reserves from its profits. The surplus reserves are well above the Company's current and likely future business needs.*

(ii) *Further, upon taking into consideration the surplus reserves being more than what is needed to fund the Company's future growth and the Company's capability to generate strong free cash flow in the foreseeable future, the Company is of the view that these excess funds can be optimally utilized to reward its shareholders.*

(iii) *Even after issue of Preference Shares in accordance with the Scheme, the Company would continue to have sufficient cash resources to discharge its liabilities towards its lenders and other stakeholders on time and in ordinary course of its business.*

(iv) *Therefore, the Company has proposed inter alia, to distribute such surplus funds amongst its shareholders by issuing fully paid up Preference Shares by*

way of bonus in terms of this Scheme.

(v) The Preference Shares will be a listed security and will give flexibility to the equity shareholders and the Company in managing its liquidity until redemption.

(vi) In view of the aforesaid factors, the Company has concluded that it can effectively utilize its surplus reserves by distributing a considerable portion of the same to its equity shareholders. Further, to maintain high level of corporate governance and transparency, the Company proposes issuance of Preference Shares by way of bonus to its equity shareholders under Section 230 of the Act which will be subject to necessary statutory, regulatory and corporate approvals.

The proposed Scheme is in the interest of the shareholders of the Company and it is not detrimental to the interests of other stakeholders.

11. ***Issue of Preference Shares by way of Bonus Ratio***

The Ld. Sr. Counsel for the Applicant Companies submitted that upon the Scheme coming into effect, the Company shall issue and allot Preference Shares by way of bonus by utilising its general reserves to each equity shareholder of the Company, whose name is recorded in the register of members of the Company and/or the records of the depositories as equity shareholder of the Company on the Record Date, as under:

(a) 4 (Four) Preference Shares - Series I of face value of Rs. 10/- each fully paid up for every 1 (One) equity share of Rs. 2/- each fully paid up held by such shareholder; and

(b) 3 (Three) Preference Shares - Series II of face value of Rs. 10/- each fully paid up for every 1 (One) equity share of Rs. 2/- each fully paid up held by such shareholder.

12. The Regional Director (WR), Ministry of Corporate Affairs, Mumbai, has filed the Report dated 15.04.2026 with certain observations. The observations of the

Regional Director and the response submitted by the Applicant Company are summarised in the table below:

Sr. No.	Observations in the Report filed by the Regional Director	Reply of the Petitioner Company
2 a)	*That on examination of the report of the Registrar of Companies, Mumbai - II dated 13.02.2026 (Annexed as Annexure A-1), the Petitioner Company fall within the jurisdiction of ROC, Mumbai - II. It is submitted that no representation against the proposed scheme of Arrangement has been received in the matter of Petitioner Company. Further, the Petitioner Company has filed Financial Statements up to 31.03.2025.* *The ROC has further submitted that in his report dated 13.02.2026, which are as under :-* *i. That the ROC Mumbai in his report dated 13.02.2026 has also stated that No Inquiry, Inspection, Investigations, Prosecutions, Technical Scrutiny under CA, 2013 have been pending against the Petitioner Companies.* *ii. Interest of the creditors & Employees should be protected.* *iii. May be decided on merits.*	a) The said observation is factual in nature. i. The said observation of the Registrar of Companies is factual in nature. ii. The rights of the creditors and employees shall not be impacted pursuant to the Scheme. Further, there will be no reduction in the claims of the creditors on account of the

	Hence, the Petitioner Company shall undertake to submit detailed reply against observations mentioned above.	Scheme, and the creditors will be paid off in the ordinary course of business, and their interest will be protected, as per applicable law.
b)	*In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the Petitioner company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.*	The Petitioner Company undertakes to pass such accounting entries as are necessary in connection with the Scheme to comply with the accounting standards notified under Section 133 of the Companies Act, 2013, as may be applicable.
c)	*The Hon'ble 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*	The Scheme has been duly approved by the equity shareholders and unsecured creditors of the Petitioner Company with requisite majority, at their respective meetings. Further, the report of the Chairperson appointed by the Hon'ble Tribunal for the meetings of the equity shareholders and the unsecured creditors of the Petitioner Company has been filed with the Hon'ble Tribunal on 3 January 2026, vide Filing No. 2709138080182025. Further, in terms of the order of the Hon'ble Tribunal dated 4 November

		2025, since the Petitioner Company had no preference shareholders, the requirement to convene and hold meetings of the preference shareholders of the Petitioner Company did not arise. Further, in terms of the order of the Hon'ble Tribunal dated 4 November 2025, the meeting of secured creditors of the Petitioner Company was dispensed with in view of the consent affidavits provided by the secured creditors of the Petitioner Company.
d)	*The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.*	This affidavit confirms that the Scheme enclosed in the Company Scheme Application and Company Scheme Petition is one and the same, and there is no discrepancy or change made.
e)	*The Petitioner Company under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues*	The notices have been issued to the concerned statutory authorities under Section 230(5) of the Companies Act, 2013. Necessary affidavits have been filed before this Tribunal in this regard. The Petitioner Company confirms that the sanction of the Scheme will not prevent the authorities from dealing with any

	arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.	issues arising after giving effect to the Scheme, as per applicable law.
f)	*As per Definition of the Scheme,* *"Appointed Date" means the Effective Date of this Scheme.* *"Effective Date" means the date on which last of the conditions specified in Clause 11 (Conditions Precedent) of this Scheme are complied with or waived, as applicable. All the references in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date.* *It is submitted that the Petitioner may be asked to comply with the requirements as clarified vide circular no. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.*	The present Scheme is in compliance with the requirements of circular no. F.No.7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.
g)	*Petitioner Company shall undertake to comply with the directions of the sectoral Regulatory concerned, if any.*	Petitioner Company undertakes to comply with the directions, if any, of the sectoral regulatory authorities in accordance with the applicable law.
h)	*The Petitioner company shall undertake to comply with the directions of the I. T.*	Petitioner Company undertakes to comply with the directions, if any, of

	Department and GST Department, if any.	the Income Tax Department and the GST Department in accordance with applicable law. Further, the right of the tax authorities to initiate or continue appropriate proceedings regarding recovery of any tax shall not be affected in view of the sanction of the Scheme and that all tax issues arising out of the Scheme will be met and answered in accordance with law.
i)	*The Petitioner Company states that the Transferee Company shall be in compliance with provisions of Section 2(1B) of the Income Tax Act, 1961. In this regard, the petitioner company shall ensure compliance of all the provisions of Income Tax Act and Rules thereunder applicable in this matter.*	The Scheme provides for the issuance of Preference Shares (as defined in the Scheme) by way of bonus to the shareholders of the Petitioner Company by utilizing the general reserves of the Petitioner Company. Therefore, Section 2(1B) of the Income Tax Act, 1961, does not apply. Further, the Petitioner Company undertakes to ensure compliance with all the provisions of the Income Tax Act and the Rules thereunder, as applicable in this matter.
j)	*It is further observed that the Applicant Company is a Listed company therefore, Petitioner Company may be directed to place on record the prior*	The Petitioner Company has received observation letters dated 11 July 2025 and 7 July 2025, from BSE Limited and the National Stock

	notice issued to NSE, BSE and SEBI and obtain NOC from NSE, BSE, Commodity Exchange and SEBI. Therefore, public interest may be protected in this matter.	Exchange of India Limited, respectively, in terms of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Master Circular No. SEBI/HO/CFD/POD-/P/CIR/2023/93 dated June 20, 2023. The Petitioner Company further states that the said observation letters issued by the BSE Limited and the National Stock Exchange of India Limited were also filed with the Hon'ble Tribunal along with the Company Scheme Application and the Company Scheme Petition filed in the captioned matter.
k)	*It is submitted that the present proposed scheme of arrangement between Siyaram Silk Mills Limited (engaged in the business of manufacturing, branding and marketing of fabrics, readymade garments and indigo dyed yarn) and its shareholders provided for:-* *ISSUE OF PREFERENCE SHARES BY WAY OF BONUS (part II of the Scheme clause 4) and* *Clause 4:*	The said observation is factual in nature.

	4."ISSUE OF PREFERENCE SHARES BY WAY OF BONUS" *4.1 Upon the Scheme coming into effect, the Company shall issue and allot Preference Shares by way of bonus by utilizing its general reserves to each equity shareholder of the Company, whose name is recorded in the register of members of the Company and/or the records of the depository(ies) as equity shareholder of the Company on the Record Date, as under:* *4.1.1 4 (Four) Preference Shares – Series I of face value of INR 10 each fully paid up for every 1 (One) equity share of INR 2 each fully paid up held by such shareholder; and* *4.1.2 3 (Three) Preference Shares - Series II of face value of INR 10 each fully paid up for every 1 (One) equity share of INR 2 each fully paid up held by such shareholders.* *4.2 The issue and allotment of the Preference Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Company or its shareholders and as if*	

	the procedure laid down under the Act and such other Applicable Law(s) as may be applicable were duly complied with. It is clarified that the approval of the shareholders of the Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Preference Shares. *4.3 Subject to the Applicable Law, the Preference Shares that are to be issued in terms of this Scheme shall be issued in dematerialized form. The register of members maintained by the Company and/ or other relevant records, whether in physical or electronic form, maintained by the Company, the relevant depository and registrar and transfer agent in terms of Applicable Law(s) shall (as deemed necessary by the Board of the Company) be updated to reflect the issue of Preference Shares in terms of this Scheme. The shareholders of the Company who hold equity shares in physical form, should provide the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, to the Company, prior to the Record*	

	Date to enable it to issue Preference Shares. *However, if no such details have been provided to the Company by the equity shareholders holding equity shares in physical share certificates on or before the Record Date, the Company shall deal with the relevant Preference Shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding Preference Shares of the Company in dematerialised form to a trustee nominated by the Board of the Company ("Trustee of the Company") who shall hold these Preference Shares in trust for the benefit of such shareholder. The Preference Shares of the Company held by the Trustee of the Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of the Company, along with such other documents as may be required by the Trustee of the Company. The respective shareholders shall have all the rights that of the preference shareholders, including the right to receive dividend and other corporate benefits, pending*	

	the transfer of Preference Shares from the Trustee of the Company. All costs and expenses incurred in this respect shall be borne by the Company. *4.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Company, the Board of the Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares or Preference Shares, after the effectiveness of this Scheme.* *4.5 No Preference Shares will be issued under this Scheme in respect of any equity shares of the Company that have been forfeited. The issuance of Preference Shares pursuant to this Scheme in respect of any equity shares of the Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Company.*	

	4.6 The equity shares of the Company lying in 'Unclaimed Suspense Account' shall also be eligible for issuance of Preference Shares and such Preference Shares shall be dealt with in the same manner as said equity shares lying in the said Unclaimed Suspense Account. The Preference Shares to be issued by the Company in lieu of the equity shares of the Company held in the investor education protection fund shall be issued to investor education protection fund in favour of such shareholders of the Company. *4.7 In the event, the Company restructures its equity share capital by way of share split /consolidation / issue of bonus shares / any other manner during the pendency of the Scheme, the share entitlement ratio, as per Clause 4.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions* *4.8 The issue of such a bonus to equity shareholders does not involve any release of assets by the Company to shareholders at the time of issuance of Preference Shares by way of bonus.* *4.9 The Company shall apply for listing of Preference Shares on the*	

	Stock Exchanges in terms of and in compliance of SEBI Circulars and other relevant provisions as may be applicable. The Preference Shares, issued pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. *4.10 The Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.*	
	In view of the above, the Applicant Company may be directed to clarify the due compliance of Section 63 & Section 55 read with Rule 9 of the Companies (Share Capital and Debenture) Rules, 2014. *Further the Applicant Company may be directed to undertake due compliance of Section 42 of the Act for filing the return of allotment post the scheme is given effect.*	The Petitioner Company shall comply with the provisions of Section 63 and Section 55 of the Companies Act, 2013, read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable under the Scheme. The Petitioner Company undertakes that upon the Scheme becoming effective and shares being allotted pursuant thereto, it shall comply with the provisions of Section 42 of the Act and file the return of allotment in Form PAS-3 with the Registrar of Companies, as applicable.

13. The Representative of the Regional Director (WR), Mumbai, appeared and stated that the explanation and undertakings given by the Applicant Company are satisfactory to the Regional Director and they have no objections to the Scheme.

14. From the material on record, the Scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy.

15. Since all the requisite statutory compliances have been fulfilled, the Company Petition bearing **C.P.(CAA)/13/MB/2026** filed by the Applicant Company is **made absolute** in terms of the prayer clauses of the said Company Scheme Petition.

16. In view of the above, the Scheme of Arrangement is hereby **sanctioned** with the appointed date as the **Effective Date** of the Scheme.

16.1 The Applicant Company is directed to file a certified copy of this Order, along with a copy of the Scheme of Arrangement, with the concerned Registrar of Companies, electronically, along with e-Form INC-28, in addition to a physical copy, within 30 days from the date of receipt of the order, duly certified by the Designated Registrar of this Tribunal.

16.2 The Applicant Companies to submit a certified copy of this Order and the Scheme duly authenticated by the Designated Registrar of this Tribunal, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the certified copy of the order.

16.3 The Applicant Company shall comply with all the undertakings given by it.

16.4 The Applicant Companies shall take all consequential and statutory steps required under the provisions of the Act in pursuance of the Scheme.

17. The Income Tax Department will be at liberty to examine the aspect of any tax payable as a result of this scheme. If it is found that the scheme ultimately results in tax avoidance under the provisions of the Income-tax Act, 1961, it shall be open to the income tax authorities to take the necessary action as possible under the Income Tax Law.

18. All concerned regulatory authorities are to act on a copy of this Order duly certified by the Registry of this Tribunal, along with a copy of the Scheme.

19. Any concerned authorities are at liberty to approach this Tribunal for any further clarification as may be necessary.

20. Any person interested shall be at liberty to apply to this Tribunal in the above matters for any directions that may be necessary.

21. Accordingly, **C.P.(CAA)/13/MB/2026 c/w CA(CAA)/203/MB/2025** is **allowed** and disposed of. File to be consigned to records.

Sd/-	**Sd/-**
ANIL RAJ CHELLAN **MEMBER (TECHNICAL)**	**K. R. SAJI KUMAR** **MEMBER (JUDICIAL)**

/pvs