Mercantile

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Date: 22nd July 2026

To,
The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

Scrip Code: 538942

Subject: Intimation of Order pronounced by Hon'ble National Company Law Tribunal, Division Bench - II, Chennai, sanctioning the Scheme of Amalgamation Between Walery Security Management Limited (Transferor Company) and i3 Security Private Limited (Transferee Company) and their respective Shareholders.

Dear Sir/Madam,

We wish to inform you that the Hon'ble National Company Law Tribunal, Division Bench - II, Chennai, vide its Order pronounced on 13th July 2026 in the petition no. CP(CAA)/70(CHE)/2024 read with application no. CA(CAA)/48(CHE)/2024, has approved the Scheme of Amalgamation Between Walery Security Management Limited (Transferor Company), a subsidiary of the Company, and i3 Security Private Limited (Transferee Company), a wholly owned subsidiary of the Company and their respective Shareholders. The copy of the above mentioned Order is attached.

The 'Appointed Date' for the Scheme is January 01, 2024. The Scheme will be effective from the date on which the certified copy of the aforementioned sanction order of Hon'ble NCLT is filed with Registrar of Companies, Chennai. The effective date will be communicated to the stock exchange as and when the sanction order is filed and the Scheme becomes effective. On the scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without winding up.

The amalgamation is an internal reorganization of the subsidiary structure of the Company and does not involve any change in the shareholding pattern of the listed company.

The disclosure in terms of Regulation 30 read with Schedule III of the SEBI Listing Regulations is enclosed as Annexure A.

Kindly take the above information on record.

Thanking you.

Yours faithfully,
For Mercantile Ventures Limited

EDAYATHUMANGALAM NATARAJAN RANGASWAMI
Digitally signed by EDAYATHUMANGALAM NATARAJAN RANGASWAMI
Date: 2026.07.22 17:47:00 +05'30'

E N Rangaswami
Whole-time Director
DIN: 06463753

Mercantile Ventures Limited No.88, Mount Road, Guindy, Chennai-600 032

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Annexure A

Disclosure under SEBI Master Circular no. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026.

S.No.	Particulars	Details
1	Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;	The Scheme of Amalgamation Between Walery Security Management Limited (Transferor Company), a subsidiary of the Company, and i3 Security Private Limited (Transferee Company), a wholly owned subsidiary of the Company and their respective Shareholders. The Transferor Company's Turnover was 'Nil' for the immediately preceding financial year 2025-26. The Transferee Company's Turnover was Rs. 5087.67 lakhs for the immediately preceding financial year 2025-26.
2	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";	The amalgamation is between subsidiaries of the Company pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble NCLT. No consideration is payable by the listed company.
3	Area of business of the entity(ies);	**Transferor Company:** The Transferor Company is engaged in providing security and guarding services, facility management, hospitality solutions, and manpower outsourcing services in India. **Transferee Company:** The Transferor Company is engaged in providing security and guarding services, facility management, hospitality solutions, and manpower outsourcing services in India. Both Transferor and Transferee have same line of business.
4	Rationale for amalgamation/ merger;	**Rationale for the Scheme:** 1. The Transferor Company is in existence and was carrying on the business of Housing finance activity with a certificate of registration issued by the Reserve bank of India. The Company ceased to carry on the said activity from 28-02-2023, made an application for cancellation of the Certificate of Registration (COR) and got the COR cancelled as per details above. The Company later amended the objects clause to enable the Company to carry on the business of security services. The Company is carrying out the same activity as that of its fellow subsidiary i.e. The Transferee Company in this Scheme and hence decided to merge its business with that of the Transferee Company and to carry on the business as a single entity for consolidation and utilization of the resources of both the Companies more efficiently as a single unit.

Mercantile Ventures Limited No.88, Mount Road, Guindy, Chennai-600 032

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		2. The amalgamation of the Transferor Company with the Transferee Company will result in various benefits for both parties including: 2.1. Integrate, rationalize and streamline management structure of the merged business. 2.2. Combined resources would strengthen the position of the merged entity and result in increasing leveraging capacity of the merged entity. 2.3. The amalgamation will ensure management in a single combined entity thereby resulting in efficiency of management and maximizing overall shareholder value. 2.4. Pooling of available infrastructure, management, administration and marketing which would result in savings of costs. 2.5. Amalgamation of the Company would eliminate cost, administrative services and will result in cost savings. 2.6. Facilitate inter se transfer of resources and costs and optimum utilization of Assets. 2.7. Synchronizing of efforts to achieve uniform corporate policy. 2.8. Ease in decision making.
5	In case of cash consideration – amount or otherwise share exchange ratio;	**Share Exchange Ratio:** 5 (Five) equity share of the nominal value of Rs. 10/- each fully paid up in the Transferee Company for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the Transferor Company with number of shares being rounded off to the higher number." The Transferor company will receive in cash if there is difference.
6	Brief details of change in shareholding pattern (if any) of listed entity.	Nil

Mercantile Ventures Limited
No.88, Mount Road, Guindy,
Chennai-600 032

NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 13.07.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM: SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: C.P.(CAA)/70(CHE)2024 IN C.A.(CAA)/48(CHE)2024**
NAME OF THE PETITIONER	**: I3 SECURITY Pvt Ltd**
NAME OF THE RESPONDENT(S)	**: --**
UNDER SECTION	**: Sec 230 to 232 of CA, 2013**

ORDER

Present: Ld. Counsel Ms. B. Chandra for the Petitioner.

Vide separate order pronounced in open court, **C.P.(CAA)/70(CHE)2024** is Allowed.

Sd/-
RAVICHANDRAN RAMASAMY
Member (Technical)

Sd/-
JYOTI KUMAR TRIPATHI
Member (Judicial)

jp

IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH - II, CHENNAI

CP(CAA)/70(CHE)/2024
In
CA(CAA)/48(CHE)/2024

(Filed under Sections 230 to 232 of the Companies Act, 2013)
In the matter of Scheme of Amalgamation Between Walery Security Management Limited (Petitioner Company 1) and I3 Security Private Limited (Petitioner Company 2) and their respective Shareholders

WALERY SECURITY MANAGEMENT LIMITED,
(CIN: U65922TN1995PLC031681),
Having its registered Office at: No. 88, Mount Road, Guindy, Industrial Estate, Chennai, Tamil Nadu, India – 600 032.
Represented by M Kumar.

... 1st Petitioner / Transferor Company

With

I3 SECURITY PRIVATE LIMITED,
(Formerly known as NDR Smart Warehouses Private Limited)
(CIN: U74120TN2011PTC082965),
Having its registered office at: 14, 5th Cross Street, R.V. Nagar Anna, Nagar East, Chennai, Tamil Nadu, India – 600 102.
Represented by E N Rangaswami.

... 2nd Petitioner / Transferee Company

Order Pronounced on **13.07.2026**

CORAM

SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present: -

For Petitioners	*: B Chandra, Advocate*
For Regional Director	*: Avinash Krishnan Ravi, Advocate*
For Income Tax Dept.	*: Rajkumar Jhabakh, Advocate*

ORDER

(Hearing Conducted though Hybrid Mode)

1. This Company Petition has been filed by **WALERY SECURITY MANAGEMENT LIMITED** *(hereinafter referred as 1st Petitioner Company)* and

I3 SECURITY PRIVATE LIMITED *(hereinafter referred as 2nd Petitioner Company)* under section 230 - 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity 'the Rules') for approval of the Scheme of Amalgamation (hereinafter referred to as the '**SCHEME**') proposed between the Petitioner Companies.

2. Affidavit have been filed in support of the petition sworn in by **Mr. M Kumar and Mr. E N Rangaswami** for the Petitioner Companies respectively in the capacity of Authorised Representative/ Directors. Corresponding Extracts of Board Resolutions dated 01.06.2024 are placed on record.

3. **1ST MOTION APPLICATION**

The Petitioner Companies had filed First Motion Application vide CA(CAA)/48(CHE)/2024 and sought directions for Dispensation/ Convening the meeting of its Members/ Shareholders and Creditors regarding approval of the proposed Scheme. Based on the submissions, this Tribunal vide order dated 12.09.2024 ordered to dispense with the convening, holding and conducting meetings of the Equity Shareholders of the Transferee Company and directed to convene the meeting of the Equity Shareholders of the Transferor Company. Since both the petitioner companies did not have any secured or unsecured creditors, ordering / dispensing with the meeting of the secured or unsecured creditors did not arise.

4. **SCHEME SUMMARY**

The Scheme provides for the Arrangement of **WALERY SECURITY MANAGEMENT LIMITED** with **I3 SECURITY PRIVATE LIMITED,** their respective Shareholders and Creditors. Both the Petitioner Companies come under the jurisdiction of this Tribunal.

5. **RATIONALE OF THE SCHEME**

The rationale and benefits of the Scheme are briefed in Part 2, of the Scheme as follows,

*"**2. RATIONALE FOR THE SCHEME***

2.1 The Transferor Company is in existence and was carrying on the business of Housing finance activity with a certificate of registration issued by the Reserve bank of India. The Company ceased to carry on the said activity from 28-02-2023, made an application for cancellation of the Certificate of Registration (COR) and got the COR cancelled as per details above. The Company later amended the objects clause to enable the Company to carry on the business of security services. The Company is carrying out the same activity as that of its fellow subsidiary ie. the Transferee Company in this Scheme and hence decided to merge its business with that of the Transferee Company and to carry on the business as a single entity for consolidation and utilization of the resources of both the Companies more efficiently as a single unit.

2.2 The amalgamation of the Transferor Company with the Transferee Company will result in various benefits for both parties including:

2.2.1 Integrate, rationalize and streamline management structure of the merged business.

2.2.2 Combined resources would strengthen the position of the merged entity and result in increasing leveraging capacity of the merged entity.

2.2.3 The amalgamation will the ensure management in a single combined entity thereby resulting in efficiency of management and maximizing overall shareholder value.

2.2.4 Pooling of available infrastructure, management, administration and marketing which would result in savings of costs.

2.2.5 Amalgamation of the Company would eliminate cost, administrative services and will result in cost focused duplication of work, compliance."

It is stated that the Board of Directors of both the Petitioner Companies have proposed the Scheme of Amalgamation. This Scheme provides for various other matters consequential or otherwise integrally connected herewith.

6. In the second motion Petition filed by the Petitioner Companies, this Tribunal vide order dated 19.02.2025 directed the Petitioner Companies to issue notice to the Statutory / Regulatory Authorities concerned as well as directed to issue paper publication.

7. In compliance with the said directions issued by this Tribunal, the Petitioner Companies effected paper publications in ***"Trinity Mirror"*** in English (All India Edition) and ***"Makkal Kural"*** in Tamil (Tamil Nadu Edition) on 14.03.2025. The notices were also served to

(i) Regional Director, Southern Region, Chennai,

(ii) Registrar of Companies Chennai,

(iii) Income Tax Department and other regulators.

(iv) Official Liquidator, Chennai

Pursuant to the service of notice of the petitions, the following statutory authorities have responded.

8. **STATUTORY / REGULATORY AUTHORITIES**

8.1. REGIONAL DIRECTOR

8.1.1. The Regional Director (RD), Southern Region to whom the notice was served on 12.03.2025, has filed its report on 10.09.2025 and has expressed its 'Observations' and 'No Objection' to the Scheme as follows, *"3. That as per Clause 3.2 of the Scheme provides the Appointed Date (for the purpose of this Scheme and the Income Tax Act, 1961) the 'Appointed Date' means January 01, 2024.*

4. That as per the Chartered Accountant's certificate, there are 14 (Fourteen) Equity Shareholders as on 29.02.2024 in the Transferor Company, and the consents given by 8 equity shareholders constituting 99% of value were placed and this Tribunal vide its order dated 12.o9.2024 in CA(CAA)/48(CHE)2024, has ordered for meeting of equity shareholders and fixed quorum for the meeting as 3 (three).

Whereas, as per the Chairperson's report dated 30.10.2024, the meeting of equity shareholders was held on 28.10.2024. The said meeting was attended personally and through proxy by 9 (nine) Equity shareholders of the applicant/ Transferor Company who hold equity shareholding to the tune of Rs.14,99,99,500/- out of the total equity share capital of Rs.15,00,00,000/-.

All the persons who attended the meeting representing Rs.14,99,99,500/- in value of Equity Shareholders are of opinion that the Scheme of Amalgamation should be approved and agreed to it.

Further, it is reported that the Resolution approving the Scheme of Amalgamation between M/s. Walery Security Management Ltd (Transferor Company) and i3 Security Pvt Ltd (transferee Company) as placed before the meetings of Equity Shareholders, and approved by the requite majority of Equity Shareholders of Walery Security Management Ltd without any modification.

…

9. That as per clause 11 of the Scheme, in consideration of the transfer and vesting of the Transferor company in the Transferee Company, in terms of the scheme, the Transferee Company shall without further application, issue and allot 5 (Five) Equity Shares of the nominal value of Rs. 10 each fully paid-up in the Transferee Company for every 2 (Two) Equity shares of Rs.10- each fully paid-up held by such member in the Transferor Company whose names appear in Registrar of Member of the Transferor

Company on the Record Date (The no of shares to be allotted to the next higher No in the case of fractional entitlements), in the Transferee Company. "Record Date" means the date to be fixed by the Board of Directors of the Transferor Company for the purpose of determining the names of the equity shareholders of the Transferor Company, as applicable, who shall be entitled to shares of the Transferee Company. Any shareholder of the Transferor Company, holding less than loo shares on the record date, is entitled to seek payment of cash to an extent of Rs 56/- per share being the value of each share of the Transferor Company, instead of being allotted shares in the Transferee Company.

…

11. That as per clause 18 of the scheme, on the scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without winding up.

…

13. That as per RoC Report, it is observed from the independent audit report of the Transferor Company, that the auditor has qualified that the company has purchased 2 crores 10% redeemable cumulative preference shares of nominal value of Rs.10 per share aggregating to Rs. 20 crores of a company, at par, from its holding Company and 20 lakhs 9% redeemable cumulative preference shares of nominal value of Rs. 10 per share aggregating to Rs. 2 crores, at par, of the same company from another shareholder, as approved by is Board and within the limit approved by its shareholders, for which dividends remain unpaid since FY 2019-20. The auditor has also qualified that the valuation report was not provided. In this regard, the Transferor Company may be directed to furnish necessary clarification.

14. That the Petitioners Companies may kindly be directed to undertake to comply with the provisions of Section 240 of the Companies Act, 2013 and Section 232(3)(i) of the Companies Act, 2013.

15. That the Transferee Company may kindly be directed to file an amended Memorandum of Association containing, amendment to the capital clause for record purposes with the Registrar of Companies.

16. That the Transferee Company may kindly be directed to submit Shareholding Pattern of the Company, as the same is not provided in the petition.

17. The scheme of Amalgamation filed with the application has been examined and submissions made particularly at para 13,14,15 &16 is placed and pray that this Hon'ble Tribunal may dispose of the matter on merits and pass such order/orders as deemed fit and proper."

8.2. INCOME TAX DEPARTMENT

8.2.1. The Income Tax Department to whom the notice was served on 12.03.2025, has filed its report on 03.10.2025 and has expressed its 'Observations' and 'No Objection' to the Scheme as follows:

"2. It is stated that the present memo is being filed on behalf of the Income Tax Department vide letter dated 22.09.2025 from Office of Income Tax Officer, Corporate Ward – 1(1), Chennai - 600034. It is prayed that the present report along with the letter dated 22.09.2025 from office of Income Tax Officer, Corporate Ward - 1(1), Chennai- 600034 be treated as the representations/objections of the Income Tax Department for the purpose of Section 230(5) of the Companies Act, 2013. The same is attached herewith.

(Letter:

4. M/s. i3 Security Private Limited (transferee company) (AACGJ6949A) is assessed to tax with this ward.

5. In this regard, this office conveys no objection to the scheme of amalgamation subject to the condition that the scheme of arrangement should not flout any provisions of Income Tax Act, 1961 and any rules under Income Tax Rule 1962 and subject to fulfilment of conditions specified in scheme of amalgamation. If any part of the scheme is found to be repugnant to the Income tax Act, 1961 and Income Tax Rule, 1962, the same is to be treated as void ab initio. The department also requests that the transferee company M/s. i3 Security Private Limited shall discharge all its responsibilities and liabilities emanating in respect of *the proceedings pending/completed/likely to arise in respect of transferor company.*

…

8. The transferee company M/s. i3 Security Private Limited is having arrears as under as per the demand portal of the Income Tax Department.

Sl. No.	AY	Demand section	Demand outstanding in Rs.
1	2024-25	154	1,40,470 /-

9. It is submitted that the transferee company/transferor company shall not transfer any of the assets as part of the scheme of the amalgamation without express approval of the assessing officer as per the provisions of section 281 of the Income Tax Act, 1961.)

3. In addition to the above and without prejudice to the objections in the letter attached, it is submitted that the requirement to send the notice to the concerned department is a procedural requirement and as such does not impact the right of the Department to proceed in accordance with the provisions of the Income Tax Act, 1961. Therefore, it is submitted that this Hon'ble Tribunal, may take the objections on record without prejudice to the rights of the Department to take all appropriate proceedings under the provisions of the Income Tax Act, 1961 to protect the interest of the Government revenue including the right to reopen the assessment. Further it is submitted that by filing of this Memo and the report of the Assessing Officer, the Income Tax Department shall not have deemed to waive its rights to undertake all proceedings under the Income Tax Act, 1961.

…

It is prayed that this Hon'ble Tribunal maybe pleased to take the memo and the letter on record and consider the same as the representation of the Income Tax Department as per Section 230 of the Companies Act, 2013 and pass such other order(s) as this Hon'ble Tribunal may think fit in the facts and circumstances of the case."

8.2.2. It is stated that in the present Scheme of Amalgamation even though the Transferor Company gets dissolved, the liabilities of the same will be delved upon this Petitioner company No.2 and therefore the

Income Tax Department can proceed with their proceedings if any and approval of this Scheme does not cause any prejudice.

8.3. OFFICIAL LIQUIDATOR

8.3.1. The Income Tax Department to whom the notice was served on 12.03.2025, has filed its report on 16.10.2025 and has expressed its 'Observations' and 'No Objection' to the Scheme as follows:

> *"3. That in accordance with the basis of notice served on 12/03/2025 to the Official Liquidator by the Transferor Company and also considering the conclusion made by the Chartered Accountants in their report dated 05/06/2025 received on 10/06/2025 as detailed above, the specific representation of Official Liquidator in respect of Transferor Company is humbly submitted as follows: -*
>
> *(i) That, the present name of transferor 'company is Walery Security Management Limited, with effect from 10.11.2023. The clause 1.a. (Preliminary) of the Scheme read with clause 2.1 (Rationale) of the scheme disclose to the effect that the transferor company's immediate previous name since 15.12.1999 to 10.11.2023 was National Trust Housing Finance Limited doing housing finance business upto 28.02.2023. Accordingly, it was disclosed in the scheme that the transferor company holds previously, certificate of registration (COR) issued by the Reserve Bank of India as it was carrying out business of Housing Finance Activity till 28.2.2023. As per clause 2.1 of the Scheme, it is further disclosed that it made an application for cancellation of COR and got the COR cancelled, accordingly the transferor company subsequently amended its business objects to business of security services which are in line with the business objects of transferee company. In this regard the following are noticed: -*
>
> *a) The COR was not issued by the Reserve Bank of India as disclosed in the scheme, but was issued by the National Housing Bank (NHB), as is evident from the first para of cancellation order dated 21.9.2023 issued by RBL Cancellation order dated 21.9.2023 as downloaded from NHB website is enclosed and marked as Annexure-I. The reason*

for incorrect / incomplete disclosure need clarification by the companies to be submitted to this Hon'ble Tribunal.

b) The appointed date was fixed as 1.1.2024 as per clause 3.2 of the scheme and accordingly, it is noticed that during last 3 years (2021, 2022, and 2023) just before the appointed date, the transferor company's business includes housing finance activity as well during 2021, 2022 and upto 28.2.2023. As per the terms of the cancellation order dated 21.9.2023 (para 4(ix)), the transferor company has submitted an undertaking to RBI undertaking to RBI to submit audited financials for next 2 fiscal years (i.e. 2023-24 and 2024-25) to RBI within 30 days post finalization of annual accounts for those 2 fiscal years. Accordingly, the proof of filing audited financials of transferor company for 2023-24 need be furnished by the transferor company to this Hon'ble Tribunal. Further, in view of stipulation of the regulator RBI, to similarly file audited financials for 2024-25 as well in respect of transferor company, the transferor company is estopped by its own undertaking before RBI to initiate and file this scheme before filing its audited financials (standalone) for 2023-24 and 2024-25 with the RBI, first. On the one hand, the clause 1.1 of the scheme disclose that the transferor company has amended the objects clause as directed by the RBI in the cancellation order, and on the other hand it is silent as to the need to file audited financials for 2023-24 and 2024-25 as stipulated' by the RBI in the cancellation order and undertaken by the transferor company. Hence, the present scheme if allowed, will lead to non-compliance of undertaking furnished before the Regulator, RBI as detailed above for which specific prior approval of RBI need be furnished to this Hon'ble Tribunal by the company, as it would be a case of scheme that will result in violation of such undertaking.

c) The content of clause(s) 1.1 and 2.1 of the scheme disclose to the effect that they got the license as housing finance company cancelled as they were not carrying on the housing finance business from 28.2.2023, but it is noticed by the Official Liquidator that the business of housing finance was hived off / sold to another entity (Centrum) in *the year 2022 (falling within 3 years check period upto appointed date 1.1.2024) as is evident from the documentary evidence enclosed and marked as Annexure-2 and the said clauses of the scheme are silent on this material fact. This material fact and further details about this transaction need be furnished to this Hon'ble Tribunal in terms of section 230(2)(a) Of the Companies Act, 2013. The copy of Company Application is not furnished to the Official Liquidator as on date. Further, the copies of Business Transfer Agreement (BTA) entered into by the transferor company on 3.12.2022, with Centrum Housing Finance Limited (Centrum) for transfer of sole main business of the transferor company on slump sale basis to Centrum with effect from 28.2.2023 need be verified by the Official Liquidator upon receipt of the same from the transferor company.*

(ii) That the appointed date is fixed as at 1.1.2024 i.e. in the middle of financial year, the reasons for the same need be furnished to this Hon'ble Tribunal along with financial statements (along with all notes) of both the companies showing the actual position of assets and liabilities as at appointed date 31.12.2023 / I. 1.2024 and profit and loss account (along with all notes) for the period from 1.4.2023 to 31.12.2023, to verify & the same and its impact on the scheme or otherwise having bearing upon the scheme or valuation report, and as the assets and liabilities that existed as on that date only gets vested into the transferee company and to check shareholders as on appointed date and its subsequent changes and their implication on the scheme, etc. Further, fixing such appointed date as 1.1.2024 i.e. even before completing the first fiscal year 2023-24 (out of 2 fiscal years financials that need be furnished to RBI as detailed in sub-para above) need clarification to be furnished to this Hon'ble Tribunal, as such finding of appointed date facilitates non-compliance of undertaking given to RBI.

(iii) That, the clause 3.9 of the scheme providing for auto modification of content of the scheme, post its sanction by this Hon'ble Tribunal, it is submitted that such auto modification of the content of the scheme to be in compliance with Income Tax Law, without the previous approval /sanction of this Hon'ble Tribunal will be in violation of section of the

Companies Act, 2013 as every modification of the content of the Scheme requires approval by this Hon'ble Tribunal. Hence, this Hon'ble Tribunal may be pleased to direct the Transferor and Transferee Companies to delete / modify the clause 3.9 of the scheme by way of amendment to the scheme proposed, so as to ensure that no such auto amendment/modification of the Scheme takes place, post its sanction by this Hon'ble Tribunal or to submit an undertaking to this Hon'ble Tribunal to the effect that such auto modification of the content of the scheme will not be implemented without prior approval of this Hon'ble Tribunal.

(iv) That the clause 11 of the scheme with reference to the record date, empower transferee company alone to decide on eligible members of transferor company for payment of consideration to the equity shareholders of the Transferor company as on Record Date. The scheme do not define separately any record date. Hence, this Hon'ble Tribunal may be pleased to direct the companies to amend the scheme to define Record Date as a date that would be fixed mutually by the Board of Directors of both the companies immediately after sanction of the scheme and before dissolution of the Transferor company on effective date or to submit an undertaking to this Hon'ble Tribunal that Record Date would be fixed mutually by the Board of Directors of both the companies immediately after sanction of the scheme and before dissolution of the Transferor company on effective date.

(v) That the clause 11 of the scheme provides for the payment of cash consideration, as an option to shareholders holding less than 100 shares (details of such shareholders are not in the absence of details of financials as at appointed date as detailed in sub-para (ii) above). Providing cash consideration may be considered as buy-back of shares through the present scheme directly or indirectly, which is clearly prohibited in terms of section 230(10) of the Companies Act, 2013. Hence, this Hon'ble Tribunal may be pleased to direct the companies to amend the clause 11 Of the scheme deleting enabling provisions for cash consideration.

(vi) That, the clause 12. I of the Scheme seeks to protect the employees only if they are in service on effective date, and hence, this Hon'ble

Tribunal may be pleased to direct the companies to submit an undertaking to this Hon'ble Tribunal to the effect that there would be no retrenchment of any employee who were in service as on Appointed Date (1.1.2024) as well except in the event of their resignation on their own before the Effective Date.

(vii) That, the Chartered Accountant appointed to scrutinize the books of accounts reported, inter-alia, vide sub-para(s) (b) to (d) of Para no. 3.1 of CA report (as reproduced at page 6 of this report) and vide conclusion para 4(a) & 4(b) of CA report (as reproduced at page 7 Of this report) which are in the nature of transactions in the nature of prejudicial to the interest of members or to public interest, and further reported that there are transactions which are covered by the provisions of section 339 of the companies Act, 2013 (fraudulent conduct of business).

4. Therefore, it is submitted the at the Official Liquidator is of the humble opinion that the affairs of the Transferor Company appear to have not been conducted in a manner prejudicial to the interest of its members or to public interest subject to representation made at para 3 above and subject to verification of various details of information pending to be received by the Official Liquidator as detailed in para 3 above.

5. In view of the above, the Official Liquidator humbly submits that the above facts for consideration of this Hon'ble Tribunal and prays for the following orders: -

a. To take this report on record and consider the report of M/s. N Raja & Associates, Chartered Accountants and issue directions to the Transferor and Transferee Companies, as deem fit;

b. To fix remuneration payable to the auditor who has scrutinized the affairs of the Transferor Company for the minimum last 3 years before and upto Appointed Date 1/1/2024 (2021-2022, 2022-2023 & 2023-2024);

c. To direct the Applicant Company to deposit such remuneration / fee within the stipulated period as may be prescribed by this Hon'ble Tribunal, *d. And pass such order/orders as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the case."*

8.4. REPLY TO THE STATUTORY OBJECTIONS

The Petitioner companies have filed their response to the statutory objections and the same is extracted below:

"Reply to the Regional Director:

The Regional Director in his report dated 12-08-2025, has pointed out that the Auditors of the Company have mentioned in their report that while buying certain investments from the holding Company, by way of transfer, the Company did not obtain a valuation report.

It is submitted that the Company made investments to an extent of Rs 22 Crores and the valuation report of the Transferor Company, for the purpose the subject Scheme has considered the said investments exactly at the same value indicating the shareholders are not put to any financial loss what so ever. Further the Company has furnished reply to the remarks of the Auditors in the Boards' report as required under Section 134 of the Companies Act. The reply of the Board to the remarks of the Auditor is reproduced below *"The investment by the Company relates to Redeemable Cumulative Preference Shares. The valuation of preference shares is not required under current regulations and the preference shares have been transferred at par and on arm's length basis considering the short maturity periods. The carrying value of the investments is appropriate and is in compliance with IND AS 109 on financial instruments and IND AS 113 on fair value measurement."*.

I further submit that the Directors of the Transferor Company have affirmed that they would comply with the provisions of section 240 of the Companies Act.

The undersigned also undertakes to file an amended Memorandum of Association containing, amendment to the capital clause for record purposes with the Registrar of Companies as directed by the Regional Director in Para 15 of his report cited.

Reply to Income Tax Authorities:

Whereas the Scheme is for the merger of the Scheme of Amalgamation of Walery Security Management Limited (Transferor Company) with i3 Security Private Limited (Transferee Company) with the respective Shareholders and Creditors under Sections 230-232 of the Companies Act, 2013.

The Income Tax Department has conveyed no objection subject to certain conditions. The conditions laid down and the reply of the Company is as below:

1. The Scheme does not mention specific appointed date and effective date. The Company will bring it to the notice of the department as and when the scheme is approved by the Hon'ble Tribunal. The continuation of the proceedings of assessment or recovery or any other statutory action will be subject to the provisions of the Income Tax Act, 1961.

The appointed date of the Scheme is mentioned in Para 3.2 of the Scheme. The effective date is the date of filing the order with the Registrar of Companies as stated in para 17.4 of the Scheme. The Company herby undertakes to inform the Income Tax department as and when the Tribunal approves the Scheme and the order is filed with the Tribunal.

2. The refund of tax which has already been determined but not issued either to the transferor company/amalgamating company or to the amalgamated company will be issued in the name of respective companies only, as per the extant technical limitations of the system

The Company undertakes not to claim any right under this scheme in respect of calculation of any period of delay attributable to the assessee while granting interest u/s. 244A of the Act.

3. The transferee company M/s. i3 Security Private Limited is having arrears as per the demand portal of the Income Tax Department.

The transferee Company has paid the amount due and a copy of the proof payment is attached as per Annexure 1.

4. The transferee company/transferor company shall not transfer any of the assets as part of the scheme of the amalgamation without express approval of the assessing officer as per the provisions of section 281 of the Income Tax Act, 1961.

The Company undertakes not to transfer any of the assets as part of the Scheme of the amalgamation without express approval of the assessing officer as per the provisions of section 281 of the Income Tax Act, 1961, except as contemplated in the Scheme, as and when the Scheme is approved.

Reply to Official Liquidator:

The books of accounts and other records of the Transferor Company were scrutinised by the Liquidator appointed Chartered Accountants M/s N Raja & Associates Chartered Accountants based on his report and on his own examination, the Official Liquidator (OL) had raised certain queries which were replied by the Company, which were replied by letter dated 14-08-2025. On an examination of the reply, the Official Liquidator has raised certain further queries and required submission of documents which are furnished as below:

1. In para 3.1 to the report of the Official Liquidator filed with the Hon'ble Tribunal, the OL has sought information on the business transfer of the Company as an undertaking and also a confirmation for filing the Financial Statement of the Transferor Company with the National housing Bank as per the terms of cancellation of the Licence for doing the Housing Finance business. A copy of the Business Transfer agreement and copy of the Company application were required to submitted to his office.

It is submitted that the business transfer was carried out after taking approval of the shareholders under Section 180 of the Companies Act. The Company has filed a copy of the resolution passed as required under Section 180 read with section 117 of the Act. Copy of the MGT 14 filed is attached as **Annexure 1.**

It is affirmed that the Transferor Company has filed the 23-24 & 24-25 Financial statement on 05-08-2024 & 13-08-2025 respectively. The same are attached as **Annexure 2.** It is therefore submitted that the Company has fulfilled the conditions of cancellation of the licence by the National Housing Bank. Copy of the BTA and the Company application were submitted to the Official Liquidator vide letter cited, i.e 14-08-2025.

2. *In para 3 (ii), The Official Liquidator has asked for a copy of the full financial statement of the Company as on 01-01-2024, as against the provisional financial statement furnished to his office vide letter cited.*

   The same is attached as **Annexure 3.**

3. *In para 3(iii), The OL has raised concern on Clause 3.9 of the Scheme dealing with auto modification of the Scheme.*

   On behalf of the Transferor Company & the Transferee Company, we hereby undertake the Board of the Transferee Company will not undertake any modification to the Scheme without the prior approval of the Hon' Ble Tribunal.

4. *In para 3(iv), The OL has raised concern on fixing of the record date by the Transferee Company. He has sought confirmation that the record date would be fixed mutually and immediately after sanction of the Scheme.*

   On behalf of the Transferor Company & the Transferee Company, we hereby undertake that the record date would be fixed after approval of the Board of both the transferor Company and the transferee Company.

5. *In para 3(v), The OL has raised concern on Clause 11 of the Scheme providing for cash consideration to the shareholders holding less than 100 shares, which may be construed as buyback of shares.*

   As on the appointed date as well as on date, the Company has about 11 shareholders holding 10 shares each. They form about .00073 % of the total share capital of the Company. It is submitted that the shareholders of the Transferor Company holding 10 shares are only entitled to seek payment in cash. We on behalf of the transferee Company undertake either to allot the shares or pay suitable consideration to the shareholders of the transferor Company holding 10 shares each by transferring the shares to the other shareholders, without creating any prejudice or loss to the micro minimum shareholders. The List of shareholders as on 01-01-2024 and as on date are attached as **Annexure 4.**

6. *In para 3(v), The Ol has raised concern on Clause 12.1 of Scheme seeking to protect the employees on the rolls of the Company as on the effective date and not on the appointed date.*

   We on behalf of the transferee Company undertake that the staff, workmen and employees of the Transferor Company in permanent service on the Appointed Date shall become the staff, workmen and employees of the Transferee Company on such date without any break or interruption in service and on the terms and conditions and not in any way less favourable to them than those subsisting with reference to the Transferor Company as the case may be on the said date.

7. *In Para 3(vii), the Official Liquidator has referred to the report of the Auditor appointed by the Official Liquidator in para 4(a) & 4(b) of the Report. The auditor has raised two issues which are detailed as below:*

   a) *The transferor Company has paid a transaction advisory fee to a former Director of the Company to an extent of Rs 9 Crores*

      It is submitted that the Former Director was paid consulting fee in order to put the Transaction through for the Business Transfer after taking approval of the Shareholders under Section 188 of the Companies Act. The general body meeting approved the transaction in the EGM held on 07-06-2023. On the said as well as on this date the Former director did not hold any shares and his relative held only 10 shares constituting .0001% of the share capital. Though there is no requirement under the Companies Act, the relative did not vote for the said resolution. No other shareholder was a related party to the former Director of the Company. The attendance Register of the said EGM is attached as **Annexure 5**.

      Though the Act does not stipulate any approval of the shareholders, the fee was paid to the former Director after passing a special resolution and necessary filing was done with the Registrar of Companies. A copy of the MGT 14 is attached as **Annexure 6 .** The transaction, even if it falls within Related Party transaction, requires only an ordinary resolution under Section 188 of the Act.

> b) *The during the year 23-24, has granted Inter Corporate deposit to Trinity Auto Points Limited with a common Director and but the said ICD was not disclosed under the Related party Transaction.*
>
> It is submitted that that both the Companies are public limited companies and one common Director would not make the two public limited companies as " related party". In this connection, the definition of the related party both under Indian GAAP and the Companies Act are reproduced below:
>
> **AS 18** - Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions. The Transferor Company and the borrowing Company did not have any common shareholders and hence the question of one party having control over the other did not arise, requiring disclosure in the financial statements.
>
> **Under the Companies Act** as well "related party", with reference to a company, means a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
>
> Since the said common Director did not is and as well as on the date of the resolution held 10 shares constituting .0001% of total share capital of the Company i.e much less than than two percent of the share capital of either of the Companies either on his own or through any of his relatives, disclosure of the ICD in the Financial statements as a related party transaction did not arise
>
> It is further submitted that the auditor has mentioned that the affairs of the Transferor Company have not been conducted in a manner prejudicial to the interest of its members

9. ACCOUNTING TREATMENT

It is stated that the certificates issued by the Statutory Auditors certifying the Accounting Treatment of the petitioner companies are in compliance with Section 133 of the Companies Act, 2013 are placed on record.

10. VALUATION

In Clause 11 of the Scheme, it is stated that upon the coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Transferor Company in the Transferee Company in terms of the Scheme, assets and liabilities of the Demerged undertaking of the Demerged Company into the Resulting Company in terms of this Scheme, the Transferee Company shall without further application, issue and allot 5 (Five) equity share of the nominal value of Rs. 10/- each fully paid up in the Transferee Company for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the Transferor Company whose names appear in the Register of Members of the Transferor Company on the Record Date (The no of shares to be allotted to the next higher No in the case of fractional entitlements), in the Transferee Company. "Record Date" means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the names of the equity shareholders Of the Transferor Company, as applicable, who shall be entitled to shares Of the Transferee Company. Any shareholder of the Transferor Company, holding less than 100 shares on the record date, is entitled to seek payment of cash to an extent of Rs 56/- per share, being the value of each share of the Transferor Company, instead of being allotted shares in the Transferee Company, on the basis of the valuation report dated 11.03.2024 issued by C A K Vaira Mutthu, a registered valuer holding Certificate of Practice No. IBBI/RV/06/2019/12459 and approved by the Board of both the Petitioner Companies:

"5 (five) equity share of the nominal value of Rs. 10/- each fully paid up in the i3 for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the WSML with No of shares being rounded off to the higher No. The Transferor company (WSWL) will pay in cash if there is difference."

The Share Valuation Report issued by ***C A K Vaira Mutthu, RV No. IBBI/RV/06/2019/12459*** in respect of this Scheme has been annexed to the application from which share values are extracted as follows,

"5 (five) equity share of the nominal value of Rs. 10/- each fully paid up in the i3 for every 2 (Two) equity shares of Rs. 10/- each fully paid up held by such member in the WSML with No of shares being rounded off to the higher No. The Transferor company (WSWL) will pay in cash if there is difference."

11. OBSERVATIONS OF THIS TRIBUNAL

11.1. This Tribunal is of the view that the scheme as contemplated by the Petitioner companies seems to be *prima facie* not, in any way detrimental to the interest of the members of the Companies. In view of the absence of any material objections from any statutory authorities and since all the requisite statutory compliances have been fulfilled, this Tribunal sanctions the Scheme of Amalgamation as well as the prayer made therein.

11.2. Notwithstanding the above, if there is any deficiency found or, the 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 with the law, against the concerned persons, directors and officials of the petitioners.

11.3. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, payment 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.

12. THIS TRIBUNAL DO FURTHER ORDER

(i) That all properties, rights and interests of the 1st Petitioner Company shall, pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the 2nd Petitioner Company in terms of the Scheme.

(ii) That all the liabilities, powers, engagements, obligations and duties of the 1st Petitioner Company shall pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the 2nd Petitioner Company in terms of the Scheme.

(iii) That the 'Appointed Date' for the Scheme shall be **01.01.2024** as mentioned in Clause 3.2 of the Scheme.

(iv) That the 'Effective Date' shall be defined as per the Clause 3.3 of the scheme.

(v) That the 'Record Date' for the Scheme is not defined as per the Scheme.

(vi) That all proceedings now pending by or against the 1st Petitioner Company shall be continued by the 2nd Petitioner Company.

(vii) That all the employees/ workmen of the 1st Petitioner Company in service on the date immediately preceding the date on which the Scheme finally takes effect shall become the employees of the 2nd Petitioner Company without any break or interruption in their service with all the benefits.

(viii) That the 2nd Petitioner Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies, concerned and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the 2nd Petitioner Company after setting off the fees paid by the 1st Petitioner Company.

(ix) That the Petitioner Companies, shall within thirty days of the date of receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Registrar of Companies shall place all documents relating to the 1st Petitioner Company registered with him on the file kept by him in relation to 2nd Petitioner Company shall be consolidated accordingly.

(x) That the Petitioner Companies are directed to pay the Liquidator's expenses as sought by the Liquidator so as to pay the Auditor's fees.

(xi) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

13. Accordingly, the Company Petition **CP(CAA)/70(CHE)/2024** stands **Allowed** on the aforementioned terms and is disposed of.

-Sd-	**-Sd-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)