



3rd May, 2022

To,
The Manager - Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051
Tel No. 022-2659 8237 /38
Symbol: DHAMPURSUG

The General Manager – DSC
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400001
Tel No. 022-22722039/37/3121
Security Code: 500119

Dear Sir,

Sub: Effective Date of Demerger

Ref: Scheme of Arrangement between Dhampur Sugar Mills Limited (“Company” and Dhampur Bio Organics Limited (“Resulting Company”) and their respective Shareholders and Creditors. (“Scheme”)

We refer to our earlier communication dated 28th April 2022 and wish to inform the following:

In terms of the approved Scheme, the Demerged Company and the Resulting Company have filed certified copy of order passed by Hon’ble National Company Law Tribunal, Allahabad Bench (“NCLT”) with the Registrar of Companies (‘ROC’) on 03rd May, 2022. (Certified Copy of order attached)

Therefore, the Effective Date of the Scheme for Demerger is 3rd May 2022 i.e., the date of filing of the NCLT Order with ROC.

The Appointed Date of the Scheme for Demerger is 1st April 2021.

You are requested to take the information on record.

Thanking you,
Yours Faithfully,

For Dhampur Sugar Mills Limited


Aparna Goel

Company Secretary
M. No.- 22787



**IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ**

CP (CAA) No.03/ALD/2022

Connected with

CA (CAA) No.25/ALD/2021

In the matter of
The Companies Act, 2013

And

In the matter of
Section 230(1) read with Section 232(1) and other applicable provisions
of the Companies Act, 2013 read with Companies (Compromises, Arrangements and
Amalgamations) Rules, 2016

and

In the matter of
Dhampur Sugar Mills Limited, a public company, limited by shares incorporated
under the provisions of the Companies Act, 1913 (CIN: L15249UP1933PLC000511)
having its registered office situated at Dhampur District. Bijnor, Uttar Pradesh-246761
.....**Petitioner No. 1 / Demerged Company**

and

Dhampur Bio Organics Limited, a public company, limited by shares incorporated
under the provisions of the Companies Act, 2013 (CIN: U15100UP2020PLC136939)
having its registered office situated at Sugar Mill Compound, Village Asmoli Sambhal,
Moradabad, Uttar Pradesh – 244304

..... **Petitioner No. 2 / Resulting Company**

and

their respective creditors and shareholders

Order reserved on: 19.04.2022

Order pronounced on: 27.04.2022

Coram:

Shri Rajasekhar V. K. : Member (Judicial)
Shri Virendra Kumar Gupta : Member (Technical)

Appearances (via videoconferencing):

For the petitioner : Mr Suyash Agarwal, Advocate
For the Regional Director (NR), MCA : Mr Kuldip Singh, Asstt OL
For the Official Liquidator : Mr Kuldip Singh, Asstt OL

—Sd—



ORDER

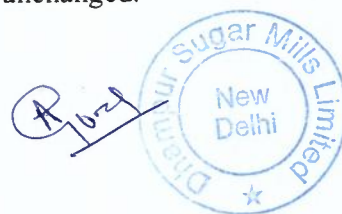
Rajasekhar V.K., Member (Judicial)

1. The present Joint Company Petition is filed by Petitioner Companies under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for sanction of Scheme of Arrangement between Dhampur Sugar Mills Limited (Demerged Company) and Dhampur Bio Organics Limited (Resulting Company) and their respective shareholders and creditors. The Scheme provides for demerger of the Demerged Undertaking of the Demerged Company and vesting of the same with the Resulting Company from the Appointed Date, viz., April 1, 2021, in the manner and on the terms and conditions stated in the said Scheme of Arrangement ("**Scheme**") enclosed as "Annexure 1" to the Company Petition.
2. The Petition has now come up for final hearing. The Ld. Counsel for the Petitioner Companies submits as follows:-
 - i. The proposed 'Scheme of Arrangement' has previously been approved by the Board of Directors of the Demerged Company and Resulting Company in their respective Board Meetings held on 7th June 2021. The copies of the said resolutions are annexed with the Company Petition and marked as "Annexure 4" and "Annexure 5".
 - ii. The Demerged Company, being listed entity, copy of the Scheme was forwarded to Securities and Exchange Board of India through stock exchanges and BSE and NSE issued no adverse observations letters *vide* their letter dated 8th September, 2021 and 15th September, 2021 respectively.
 - iii. The factual position of the Authorized, Issued, Subscribed and Paid up Share Capital of the Petitioner Companies as on 31st March, 2021 is described in the present Company Petition.
 - iv. The rationale of the proposed Scheme of Arrangement as described in the Company Petition is as follows:

—Sd—



- (a) The proposed Demerger will create opportunities for pursuing independent growth and expansion strategies in the segregated businesses and effectively unlock value of each of the manufacturing units. The Demerger also represents an opportunity for the public shareholders to exploit the individual potential of both Companies.
- (b) The segregation will allow each of the Companies to create a strong and distinctive platform with more focused management teams, which will enable greater flexibility to pursue long-term objectives and independent business strategies. The structure will streamline management and provide diversity in decisions regarding the use of respective cash flows for dividends, in capital expenditure or other reinvestment in their respective business, and in being able to explore varied investment opportunities and attract various investors and strategic partners.
- (c) The business units of the Demerged Company are independent, self-sufficient in raw material, and standalone integrated, and would continue to function with efficiency, efficacy and synergies after the Demerger, and transition will be largely seamless.
- (d) The Demerger at this juncture will also create a framework for succession planning including long term leadership of each Company with a view to ensure that the management and ownership model of the Demerged Company is not hindered by fragmentation of ownership and dispersed leadership over time as the promoter-manager families move closer to a generational shift, which may be detrimental to the Demerged Company, business and stakeholders. Instead, following the Demerger, the management of Company and ownership of the promoter-managers in each Company will remain consolidated within a family group and will be lean and agile. This will also ensure long term stability including through continued maintenance of goodwill and harmony and allow for succession planning in an orderly and strategic manner without any business disruption.
- (e) The shareholding of public shareholders following the Demerger will remain the same in both Companies and shareholder value, across Companies, will be preserved and remain unchanged.

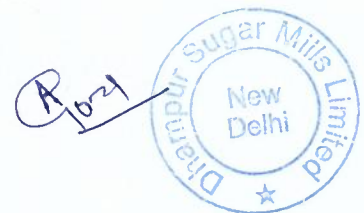


IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ

CP (CAA) No.03/ALD/2022
c/w CA (CAA) No.25/ALD/2021

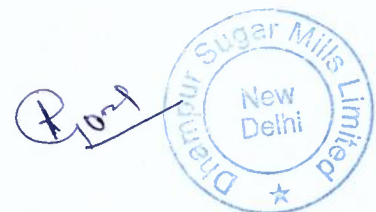
3. A report in relation to the share entitlement ratio for issuance and allotment of shares of Petitioner No. 2 to the shareholders of Petitioner No. 1 pursuant to and in consideration of the demerger of the Demerged Undertaking (as defined in the Scheme) of Petitioner No. 1 into Petitioner No. 2 was issued on 07.06.2021 by Ms. Anuradha Gupta, being an Independent Valuer registered with Insolvency & Bankruptcy Board of India *vide* Regd. No. IBBI/RV/02/2020/12790. A copy of the report was annexed and marked as "Annexure 8" to CA(CAA) No.25/ALD/2021.
4. The Petitioners have stated that the accounting treatment proposed in the Scheme of Arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as certified by the Auditors of the Petitioner Companies. The copy of the same was annexed and marked as "Annexure 10" to the Company Application No. 25/ALD/2021.
5. It has also been stated in the Company Application that no proceedings have been instituted or are pending under Sections 206 to 229 of Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Act of 1956 against the Petitioner Companies.
6. It has also been stated in the Company Application that the Scheme is not prejudicial to the interest of the Shareholders and Creditors of the Petitioner Companies and the Petition is made bona-fide and is in the interest of the Petitioner Companies and their respective Shareholders and Creditors as a whole and is just and equitable.
7. It has been stated that the Resulting Company shall issue Equity Shares to the shareholders of the Demerged Company upon the Scheme becoming effective in the manner as envisaged under Para 12 of the Scheme and the existing shareholding of the Resulting Company held by the Demerged Company shall stand cancelled upon the Scheme becoming effective.

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8. A perusal of the present Petition discloses that initially the Petitioner Companies had preferred the joint Company Application No. CA (CAA) No.25 /ALD/2021 before the Tribunal, wherein it was *inter-alia* prayed for the convening, holding and conducting of virtual meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner No. 1 and dispensation of the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner No. 2. The Tribunal allowed the said Company Application *vide* order dated 6th December, 2021, *inter alia*, ordered convening, holding and conducting the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner No. 1 and dispensed with the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner No. 2.
9. The Tribunal-convened meetings of the Equity Shareholders, Secured Creditors, and Unsecured Creditors (collectively referred to as "Meetings") of the Demerged Company were held on Saturday, 29th January, 2022 through audio-visual means at 11:00 A.M., 1:00 P.M. and 2:30 P.M respectively, to consider the Scheme.
10. Mr. Rahul Agarwal, Advocate, who was appointed as the Chairperson for the aforementioned Meetings by this Tribunal presided over the Meetings. Mr. Aman Kr. Dwivedi, Advocate, Alternate Chairperson was also present at the Meetings. CS Saket Sharma, Practicing Company Secretary, appointed as the Scrutiniser by the Tribunal to conduct and scrutinise the Remote e-voting and scrutinise voting at the venue of the Meetings in a fair and independent manner was also present at the Meetings. The quorum for the Meetings as per the order dated Decemjber 6, 2021 were present in the Meetings, and the said Meetings was called "to order" by the Chairperson. By consent of the Equity Shareholders, Secured Creditors and Unsecured Creditors present at the said Meetings, the resolution to approve the Scheme was carried out with requisite votes and majority.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ

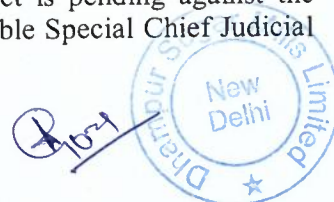
CP (CAA) No.03/ALD/2022
c/w CA (CAA) No.25/ALD/2021

11. The Petitioner Companies filed the Second Motion Petition being Company Petition No. CP (CAA) No.03/ALD/2022 on 7th February, 2022. This Tribunal *vide* its Order dated 14th February, 2022 has admitted the Company Petition and inter-alia directed the Petitioner Companies to issue proper notice to the Regional Director, RoC Kanpur, Income Tax Authority and other Sectoral and Regulatory Authorities for filing its representation within stipulated period, failing which it shall be assumed that they have no reply to file. Further, the Tribunal directed the Petitioner Companies to publish the date of hearing in the newspapers namely in (a) *Business Standard*, Delhi Edition, in English Language and (b) *Amar Ujala*, Meerut Edition, in Hindi Language having wide circulation at the place where the registered office of the Petitioner Companies are situated.
12. Pursuant to the Order dated 14th February, 2022, the Petitioner Companies served notices upon the (a) the Central Government through the office of the Regional Director, Northern Region, (b) the Registrar of Companies, Ministry of Corporate Affairs – Kanpur, Uttar Pradesh and, (c) Income Tax Authorities, within whose jurisdiction the respective Petitioner Companies were assessed Further, in compliance thereof, the notice of hearing was published in (a) Business Standard, Delhi Edition, in English Language and (b) Amar Ujala, Meerut Edition, in Hindi Language. Affidavit of service of such notices and newspaper publications was filed by the Authorized Representative of the Petitioner Companies with this Tribunal on 21st March, 2022.
13. In response to the above stated notice, the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi received a Report from the Registrar of Companies, Uttar Pradesh, Kanpur dated 16.03.2022 and filed its representation on 31.03.2022 through an affidavit in which it prayed to the Tribunal to consider sanction the Scheme on its merit. It is highlighted in the affidavit that on examination of contents of the Scheme, the reply submitted by the Petitioner Companies and the report of ROC, Kanpur, it appears that the Scheme has been drawn in line with the provisions of Section 230 to 232 of the Companies Act, 2013 except to the following observations:

(a) Observation (Para 10 Page No. 5 of the Affidavit) reads as under:

“As per Clause 19, Prosecution under Rule, 21 r/w 3(8) of the Companies (Acceptance of Deposits) Rules, 2014 of the Act is pending against the Transferor/ Demerged Company before the Hon’ble Special Chief Judicial

—Sd—



Magistrate, Lucknow in the Demerged Company, namely, DHAMPUR SUGAR MILLS LIMITED.”

(b) Observation (Para 11(i) Page No. 6 of the Affidavit) reads as under:

“Para- 7.11 of the scheme speaks as under:

“Upon the Effective Date, the borrowing limits of the Resulting Company in terms of section 180(1)(c) of the Act, shall, without requirement of any further act or deed, stand enhanced by an amount being the aggregate borrowings forming part of the Transferred Liabilities which are being transferred to the Resulting Company pursuant to this scheme and the Resulting Company shall not be required to pass any separate resolution in this regard. Such limits shall be incremental to the existing borrowing limits of the Resulting Company”.

That above contention found in the scheme does not fall under the ambit of section 230-232 of the Act. To increase the borrowing amount above the threshold limits of a company it is required to pass a special resolution in terms of provisions of section 180(1)(c) of the Act and also it requires to file the said resolution passed with e-form MGT-14 with the ROC in public domain. Therefore, it is prayed before the Tribunal to direct the Petitioner Resulting Company to comply with the provisions of section 180(1)(c) of the Act to give effect of the scheme.”

(c) Observation (Para 11(ii) Page No. 7 of the Affidavit) reads as under:

“Para 14.3.3 of the scheme speaks about Accounting Treatment in the Books of the Resulting Company on approval of the scheme which states that:

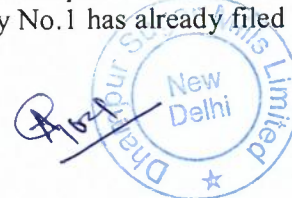
“The difference i.e. the excess or shortfall, as the case may be, of the value of the assets and the liabilities pertaining to the Demerged Undertaking and received from the Demerged Company pursuant to the Scheme after taking into account the face value of the shares issued by the Resulting Company shall be credited or debited to the reserves of the Resulting Company”.

The above contention speaks about the Accounting Treatment of the differential amount of Net Worth acquired against purchase consideration paid by the Resulting Company which is not Revenue in Nature since it is not generated out of the operational activities of the Resulting Company. Therefore it is prayed before the Tribunal to direct the Petitioner Companies to treat the difference as Capital Reserve in the Books of the Resulting Company.”

14. The Petitioner Companies have submitted their pointwise reply to the Regional Director’s observations vide Affidavit filed with this Bench on 9th April 2022. On examination of the Petitioner Companies Affidavit we are of following view and accordingly direct as under:

- (a) The offence as stated in the report of Ld. Regional Director (Northern Region), Ministry of Corporate Affairs, New Delhi is compoundable u/s 441 of the Companies Act, 2013 and Petitioner Company No.1 has already filed

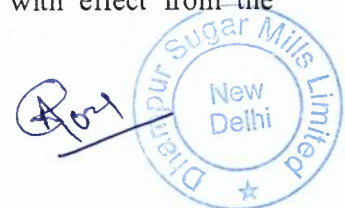
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a compounding application. Further, since both the Transferor and Transferee Companies shall remain in existence even after Scheme of Arrangement becomes effective, any proceedings by or against any company can be continued as per law.

- (b) The Petitioner Resulting Company has already passed necessary resolution u/s 180(1)(c) of the Companies Act, 2013 and has complied with filing e-form MGT 14 dated 07.07.2021. Hence, no further direction of the Bench is required in this respect.
- (c) Para 14.3.1 to the Scheme of Arrangement contains that the Resulting Company shall follow the provisions of Accounting Standards as notified u/s 133 of the Companies Act, 2013 while recording the transferred assets and transferred liabilities under the Scheme of Arrangement. Still for the sake of clarification, this Bench directs the Resulting Company to treat the difference i.e. the excess or shortfall, as the case may be, of the value of the assets and liabilities pertaining to the Demerged Undertaking and received from the Demerged Company pursuant to the Scheme after taking into account the face value of the shares issued by the Resulting Company shall be credited or debited to the Capital Reserve in the Books of the Resulting Company in accordance with the applicable Accounting Standards.
15. The Income-Tax Department has filed its representation that the Income-Tax Department has no objection on the Scheme of Arrangement of the Petitioner Companies.
16. We have gone through the reports of the Ld. Regional Director (Northern Region), Ministry of Corporate Affairs, New Delhi, Ld. Registrar of Companies, Uttar Pradesh, Kanpur and Ld. Income-Tax Department, and after perusing the same as aforesaid, we find that there appears to be no reservation to grant sanction to the Scheme and we are of the view that the sanction of the present Scheme is not against public policy, nor it would be prejudicial to the public interest at large.
17. In addition to above, all the statutory compliance seems to have been complied with by the Petitioner Companies, therefore, the present Company Petition deserves to be allowed in terms of its Prayer clause.
18. In the result, the proposed Scheme of Arrangement, which is annexed to the Company Petition stands approved and sanctioned. The Petitioner Companies are required to act upon as per terms and conditions of the sanctioned Scheme and the same shall be binding on all the Shareholders, Secured Creditors and Unsecured Creditors of the above-named Petitioner Companies and also on the Petitioner Companies with effect from the Appointed Date i.e., 1st day of April, 2021.

—Sd—



IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ

CP (CAA) No.03/ALD/2022
c/w CA (CAA) No.25/ALD/2021

19. Upon coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Units and Demerged Undertaking as defined in para 1.1 of part I of the Scheme of Arrangement alongwith the immovable properties as detailed in Schedule 1 of the Scheme and forming part of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company as described in the Annexure forming part of this Order.
20. While approving the Scheme as above, it is clarified that this order should not be construed as, in any way, granting exemption from any taxes (including Income Tax, GST or any other charges, if any, are applicable) and payment in accordance with law or in respect to any permission / compliance with any other requirement which may be specifically required under any law.
21. The Petitioner Companies shall within thirty days of the date of the receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies, Uttar Pradesh, for registration.
22. All the concerned Regulatory Authorities to act on a copy of this order annexed with the Scheme duly authenticated by the Registrar, National Company Law Tribunal, Allahabad Bench.
23. Any person interested shall be at liberty to apply before this Tribunal in the above matter for such directions as may be necessary.
24. Accordingly, the present Company Petition bearing CP (CAA) NO.03 /ALD/2022 is allowed and stands disposed of.

—Sd—

Virendra Kumar Gupta
Member (Technical)

Swati Gupta (LRA)

Rajasekhar V Digitally signed by
Rajasekhar V K
Date: 2022.04.27
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Rajasekhar V.K.
Member (Judicial)

