



IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT - IV

C.A. (CAA)/260 (MB-IV) /2025

In the matter of the Companies Act, 2013;

AND

*In the matter of Section 230 read with
Section 52 and Section 66 of the
Companies Act, 2013 read with the
Companies (Compromises, Arrangements
and Amalgamations) Rules, 2016*

AND

*In the matter of Scheme of Arrangement
between **Concord Enviro Systems
Limited** and its Shareholders*

Concord Enviro Systems Limited

CIN: L45209MH1999PLC120599

..... Applicant Company

Pronounced: 11.03.2026

CORAM:

SHRI ANIL RAJ CHELLAN
HON'BLE MEMBER (TECHNICAL)

SHRI K. R. SAJI KUMAR
HON'BLE MEMBER (JUDICIAL)

Appearance : Hybrid

For the Applicant Companies: Adv. Hemant Sethi, Ms. Tanaya Sethi, Ms. Devanshi
Sethi i/b Hemant Sethi & Co.

ORDER

1. This is a First Motion Company Application for the Composite Scheme of Arrangement between Concord Enviro Systems Limited (Applicant Company) and its Shareholders (Scheme) under the provisions of Section 230 read with Section

52 and Section 66 of the Companies Act, 2013 (Act) read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (CCAA Rules).



2. Heard the Ld. Counsel for the Applicant Company.
3. The registered office of the Applicant Company is situated in the State of Maharashtra, and hence the subject matter of the Application is within the territorial jurisdiction of this Tribunal.
4. The Ld. Counsel for the Applicant Company submits that the Board of Directors of the Applicant Company, in their meeting held on 08.08.2025, has approved the Scheme. The appointed date for the purpose of the Scheme is 01.04.2025 or such other date as may be fixed or approved by this Tribunal.
5. The Ld. Counsel for the Applicant Company submits that the Rationale for the Scheme is as under: -

“ii. Rationale and Purpose of the Scheme

- A. *The Company currently has a negative balance under the head “Retained Earnings”. Despite reporting the profits during the previous years, the negative Retained Earnings are weighing down the financial statements of the Company and are not reflective of its true current financial position.*
- B. *As a strategic move, the Company proposed to undertake financial restructuring through a Scheme of Arrangement to set-off the negative balance in the Retained Earnings against the credit balance in the Securities Premium Account. The set-off of the credit balance in the Securities Premium Account would not have any impact on the shareholding pattern and the capital structure of the Company.*
- C. *The above set-off could potentially reap strategic benefits including but not limited to the following:*
 - i. *the financial statements of the Company should reflect its true and fair financial health and achieve right sizing of the balance sheet;*

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- ii. *help in resizing the reserves of the Company and thereby denoting a positive reserve representing its true and fair financial position which is commensurate with its business and assets;*
 - iii. *Enable the Company to use the amount which is lying unutilized in the credit balance in the Securities Premium Account of the Company in an effective manner for the benefit of the Company;*
 - iv. *Help in exploring the opportunities for the benefit of the shareholders of the Company including but not restricted to dividend payment as per applicable provisions of the Companies Act, 2013 and rules made thereunder;*
 - v. *The Scheme does not involve any financial outlay/outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company;*
 - vi. *The Scheme would be in the best interest of the shareholders and other stakeholders of the Company.*

In view of the aforesaid, the Board of Directors of the Company has considered and proposed this Scheme and matters incidental thereto pursuant to the provisions of Sections 230, read with Section 52 and Section 66, and other relevant provisions of the Act.”

6. The Ld. Counsel for the Applicant Company submits that the authorised, issued, subscribed, and paid-up share capital of the Applicant Company as on 31.03.2025, is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
4,00,00,000 equity shares of Rs. 5/- each	20,00,00,000
0.001% compulsorily convertible non-cumulative preference shares of Rs. 1000/- each	22,50,00,000
TOTAL	42,50,00,000
Issued, Subscribed and Paid-up Share Capital	
2,06,96,233 equity shares of Rs. 5/- each fully paid up	10,34,81,165
TOTAL	10,34,81,165

7. Subsequent to the above date and up to the approval of the Scheme by the Board of the Applicant Company, there has been no change in the authorised, issued, subscribed, and paid-up capital of the Applicant Company.
8. The Ld. Counsel for the Applicant Company submits that, upon the Scheme becoming effective and with effect from the Appointed Date, the negative balance of the Retained Earnings shall be first adjusted against the credit balance in the Securities Premium Account as appearing in the books of accounts of the Applicant Company as on the Appointed Date.
9. It is further submitted by the Ld. Counsel for the Applicant Company that, upon the Scheme becoming effective, there will be no outflow or payout of funds from the Applicant Company; therefore, the interests of shareholders or creditors shall not be adversely affected. Furthermore, it is submitted that the Scheme shall not, in any manner, involve the distribution of reserves and shall be in accordance with the accounting standards prescribed under Section 133 of the Act.
10. The other equity as appearing in the books of accounts of the Company is given as below:

Particulars	Amount in Rs.
General Reserve	98,525
Securities Premium	2,44,25,66,361.62
Retained Earnings	(46,16,81,974.32)
Remeasurement Benefits	(13,12,484.13)

11. It was further submitted that the Equity Shares of the Applicant Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), and accordingly, its equity shares are (widely and publicly) traded on nationwide terminals.

12. Conducting meeting of Shareholders:

- 12.1 The Ld. Counsel for the Applicant Company submits that there are 55,298 (Fifty-five thousand two hundred and ninety-eight) Equity Shareholders in the Applicant Company, and the certificate of the Chartered Accountant

certifying the shareholding pattern of the Applicant Company as on 12.09.2025 is annexed as 'Annexure F' to the Company Scheme Application.



12.2 The Bench directs the Applicant Company to:

- i. Issue Notice convening meeting of the Equity Shareholders in Form No. CAA.2 as per Rule 6 of the CCAA Rules;
- ii. Issue Statement containing all the particulars as per Section 230(3) of the Act;
- iii. Advertise the Notice convening the meeting in Form No. CAA.2 as per Rule 7 of the CCAA Rules.

12.3 The Bench directs that, at least 30 (thirty) clear days before the said meeting of the Equity Shareholders of the Applicant Company is to be held as aforesaid, a notice convening the said meeting at the indicating the place, day, date and time of the said meeting, together with a copy of the Scheme, a copy of statement disclosing of the Scheme of Arrangement as required under Section 230(3) of the Act, read with Rule 6 of the CCAA Rules, shall be sent by Courier / Registered Post / Hand Delivery / Speed Post or by Email (to those Equity Shareholders whose email addresses are duly registered with the Applicant Company for the purpose of receiving such notices by email), addressed to each of the Equity Shareholders of the Applicant Company, at their last known address or email addresses as per the records of the Applicant Company.

12.4 The Applicant Company shall have the option to convene the meeting of the equity shareholders through video conferencing or other audio-visual means or in the physical presence of the equity shareholders, within 60 days of the instant order being uploaded on NCLT site (i.e., <https://nclt.gov.in>), for the purpose of considering and if thought fit, approving, with or without modification, the proposed Scheme.

12.5 The notice of the aforesaid meeting of the Equity Shareholders of the Applicant Company shall be advertised in Form No. CAA.2 as per Rule 7 of the CCAA Rules, in two newspapers viz., *Financial Express* in English and translation thereof in *Navshakti* in Marathi, both circulated in the State



of Maharashtra, indicating the place, day, date, and time of the said meeting in not less than 30 days (Thirty) before the aforesaid meeting. The Applicant Company shall host the notices of the meeting as directed herein, on its website, if any.

- 12.6 Mr. V. Nallasenapathy, Former NCLT Member, Mumbai, Mobile Number: 98415 27190, Email: nspathy1963@gmail.com shall be the Chairperson for the aforesaid meeting of the Equity Shareholders of the Applicant Company. The Chairperson shall be paid a sum of Rs. 1,00,000/- (One Lakh Rupees), excluding taxes, for holding/conducting the meeting of the Equity Shareholders of the Applicant Company. The payments to the Chairperson shall be made by the Applicant Company.
- 12.7 The Scrutiniser for the aforesaid meeting shall be Mr. Martinho Ferrao, Practicing Company Secretary (Membership No. F6221 / COP No. 5676), Mobile Number: 98700 61585 and Email: mferraocs@gmail.com with a remuneration of Rs. 50,000/- for the services rendered. Payments to Scrutiniser shall be made by the Applicant Company.
- 12.8 The Chairperson appointed for the aforesaid meeting shall issue the advertisement and send out the notices of the meeting referred to above and shall have all powers as per the Articles of Association of the Applicant Company and also under the Act read with the CCAA Rules, in relation to the conduct of the said meeting, including for deciding procedural questions that may arise at the meeting or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the aforesaid meeting by any persons and to ascertain the outcome of the meeting of the Equity Shareholders.
- 12.9 The Chairperson appointed for the meeting of the Equity Shareholders of the Applicant Company shall file a Compliance Report not less than 7 (seven) days before the date fixed for the holding of meeting of Equity Shareholders of the Applicant Company and do report to this Tribunal that the direction regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of the CCAA Rules.



12.10 The quorum of the aforesaid meeting of Equity Shareholders of the Applicant Company shall be as prescribed under Section 103 of the Act, present in person or by authorised representative. If the quorum is not present within 30 (thirty) minutes and thereafter, the Equity Shareholders present shall be deemed to constitute the quorum, and the meeting shall be held.

12.11 The voting by an authorised representative in case of a body corporate shall be permitted, provided that the authorisation duly signed by the person entitled to attend and vote at the meeting is filed with the Applicant Company at the Registered Office not later than 48 hours before the aforesaid meeting. The value and number of the Unsecured Creditors of the Applicant Company shall be in accordance with the books/register of the Applicant Company and where the entries in the books/register are disputed, the Chairperson of the meeting shall determine the value for the purpose of the aforesaid meeting and his decision in that behalf would be final.

12.12 The Chairperson of the meeting of the Equity Shareholders of the Applicant Company shall report to this Tribunal, the results of the aforesaid meeting within 3 (three) days of the conclusion of the meeting, and the said report shall be verified by his Affidavit as per Rule 14 of the CCAA Rules.

13. Dispensation of the Meetings for the Secured Creditors of the Applicant Company:

13.1 The Ld. Counsel for the Applicant Company submits that there is 1 (One) Secured Creditor in the Applicant Company as on 15.09.2025, having an aggregate value of Rs. 2,96,97,101.13/- (Two Crore Ninety-Six Lakh Ninety-Seven Thousand One Hundred Rupees and One and Thirteen Paise). The copy of the certificate of a Chartered Accountant certifying the list of Secured Creditors of the Applicant Company is annexed to the Company Scheme Application. The Applicant Company has procured a consent affidavit from the said Secured Creditor, which is annexed to the Company Scheme Application.

13.2 In view of the said fact that the sole Secured Creditor of the Applicant Company has given consent affidavit for the approval of the Scheme and dispensation of the meeting, the meeting of the Secured Creditor of the Applicant Company is hereby dispensed with.

14. Dispensation of the Meetings for the Unsecured Creditors of the Applicant Company:

14.1 The Ld. Counsel of the Applicant Company submits that there are 13 (Thirteen) Unsecured Creditors in the Applicant Company as on 15.09.2025, having an aggregate value of Rs. 6,63,32,024/- (Six Crore Sixty-Three Lakh Thirty Two Thousand Twenty Four Rupees). The copy of the certificate of a Chartered Accountant certifying the list of Unsecured Creditors of the Applicant Company is annexed to the Company Scheme Application.

14.2 The Ld. Counsel of the Applicant Company further submits that the present Scheme is an arrangement between the Applicant Company and its shareholders as contemplated under Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Act, as there is no compromise and/or arrangement with the Unsecured Creditors of the Applicant Company. The liability to the creditors of the Applicant Company is neither reduced nor extinguished. Accordingly, the Applicant Company is hereby directed to issue notices to all its Unsecured Creditors by Registered Post or Speed Post or Courier or Hand Delivery or by email (to those creditors whose email addresses are duly registered with the Applicant Company for the purpose of receiving such notices by email), at their last known address as per the records of the Applicant Company with a direction that they may submit their representations, if any, to the Tribunal within 30 days and copy of such representations shall simultaneously be served upon the Applicant Company, failing which it will be assumed that they have no objection to the Scheme. In view of the fact, the meeting of the Unsecured Creditors of the Applicant Company is hereby dispensed with.

15. The Ld. Counsel of the Applicant Company submits that the net worth of the Applicant Company is positive. The net worth of the Applicant Company post Scheme is Rs. 2,08,44,64,077.30/-. A copy of the net worth certificate of Applicant Company issued by a Chartered Accountant is annexed to the Company Scheme Application. A detailed calculation of the Pre and Post scheme net worth as on 31.03.2025, after the negative retained earnings are adjusted with the Securities Premium Reserve, is given below:

Pre and Post Net Worth of the Company

Particulars	Reference	Pre Scheme	Adjustments	Post Scheme
Equity Share Capital		10,34,81,165		10,34,81,165
Total Share Capital	(A)	10,34,81,165		10,34,81,165
Retained Earnings		(46,16,81,974.32)	46,16,81,974.32	0
Securities Premium Reserve		2,44,25,66,361.62	(46,16,81,974.32)	1,98,08,84,387.30
General Reserve		98,525		98,525
Total Reserves and Surplus	(B)	1,98,09,82,912.30		1,98,09,82,912.30
Net Worth	(A) + (B)	2,08,44,64,077.30		2,08,44,64,077.30

Notes:

1. Net worth = Equity Share Capital + Reserves - Miscellaneous expenditure written off.
2. Reserves means all reserves created out of profits and available for distribution of dividend and securities premium account but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
3. The pre scheme figures stated above have been arrived at based on figures extracted from the audited financial statements of the Company as on 31st March 2025.
4. The post scheme figures stated above have been arrived after adjusting the negative Retained Earnings against the credit balance in the Securities Premium Account.

16. The Ld. Counsel for Applicant Company has placed on record the copies of the audited financial statements for the year ending 31.03.2025, along with the copies of Unaudited Standalone Financial Results for the quarter ending on 31.06.2025 for the Applicant Company.

17. The Applicant Company has placed on record –

- a) Details of Corporate Guarantee, Performance Guarantee given and taken by the Applicant Company and Other Contingent Liabilities as on 15.09.2025.
- b) List of litigations pending against the Applicant Company as on 15.09.2025.



18. The Applicant Company is directed to serve notice along with a copy of the Scheme under the provisions of Section 230 (5) of the Act, and Rule 8 of the CCCAA Rules, upon the:

- i. The Central Government, through the office of the Regional Director (Western Region) Mumbai; (Email: rdwest@mca.gov.in);
- ii. Jurisdictional Registrar of Companies, Mumbai;
- iii. Jurisdictional Income-tax Authorities within whose jurisdiction the respective Applicant Company's assessments are made and also the concerned Nodal Authority in the Income Tax Department having jurisdiction over such authority (E-mail: Mumbai.pccit@incometax.gov.in);
- iv. Jurisdictional Goods and Service Tax (GST) Authorities within whose jurisdiction the Applicant Company is assessed to tax under GST law;
- v. Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) along with Securities Exchange Board of India (SEBI)
- vi. Any other Sectoral/ Regulatory Authorities relevant to the Applicant Company or their business (if applicable);

19. The above-mentioned authorities may submit their representations in relation to the Scheme, if any, to this Tribunal within 30 (thirty) days from the date of receipt of the said notice, with a copy thereof to the Applicant Company. The Notice shall be served through Registered Post-AD, Speed Post, or Hand Delivery, and by email, along with a copy of the Scheme. The Bench directs the Applicant Company to file an affidavit of service with the Registry proving the dispatch of notices to the Regulatory Authorities within 10 working days.

20. The Notice shall state that *"If no response is received by the Tribunal from the concerned Authorities within 30 days of the date of receipt of the notice, it will be presumed that the concerned authorities have no objection to the proposed Scheme"*. It is clarified that notice served through courier shall be taken on record only in cases where it is supported with Proof of Delivery having acknowledgement of the notice.

21. The Bench also directs that the Applicant Company shall host notices along with a copy of the Scheme on their respective websites, if any.
22. The Applicant Company shall comply with the above directions and timeline prescribed under Rule 15 of the CAA Rules and file affidavits of service in the Registry to report to this Tribunal that the directions contained above in relation to service of notices upon the statutory authorities have been duly complied with.
23. Accordingly, **C.A.(CAA)/260(MB-IV)/2025** is **allowed** and disposed of in terms of the above.
24. Ordered accordingly.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

/JJ/

Sd/-

K. R. SAJI KUMAR
MEMBER (JUDICIAL)