



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

**CA (CAA) No.10/ALD/2026
(First Motion)**

(Under Sections 230 to 232 of the Companies Act, 2013 and the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016) and other applicable rules made thereunder)

IN THE MATTER OF SCHEME OF ARRANGEMENT OF:

KANPUR FLOWERCYCLING PRIVATE LIMITED

A Private Limited Company incorporated under the Companies Act, 2013

Having Its Registered Office At:

Arazi Number 428,429
Bhaunti, Pratappur, Kalyanpur,
Kanpur, Uttar Pradesh, India, 209305
CIN- U37100UP2017PTC095219

.....Applicant No. 1 / Demerged Company

FLEATHER PRIVATE LIMITED

A Private Limited Company incorporated under the Companies Act, 2013

Having Its Registered Office At:

C-41, Udyog Kunj, Panki Site-5,
Kanpur-208022, Uttar Pradesh
CIN- U14209UP2024PTC203702

... Applicant No. 2 / Resulting Company

Order pronounced on: 10.06.2026

Coram:

Sh. Praveen Gupta : *Member (Judicial)*
Sh. Ashish Verma : *Member (Technical)*

Appearances:

Sh. Harsh C. Ruparelia, CA : *For the Applicant Companies*

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ORDER

1. This is a joint First Motion Application filed by Applicant Companies for sanction of the proposed Scheme of Arrangement involving demerger of the 'Fleather Business' (hereinafter referred as 'Demerged Undertaking') of **KANPUR FLOWERCYCLING PRIVATE LIMITED** (hereinafter referred to as 'Applicant No. 1/Demerged Company/KFPL') into **FLEATHER PRIVATE LIMITED** (hereinafter referred to as 'Applicant No. 2 / Resulting Company/FPL ') (to be collectively referred to as 'Applicant Companies') and their respective shareholders under Sections 230 & 232 of the Companies Act, 2013 (the 'Act') read with Rule 3 of Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 (the 'Rules') and other applicable provisions of the Act for the time being in force, seeking sanction of the Scheme of Arrangement (hereinafter referred to as the 'Scheme').

2. The Applicant Companies have prayed for the following reliefs:

- i. That directions be given to First Applicant Company as to the convening and holding of meeting of its equity, preference shareholder secured and unsecured creditors through VC / OAVM and for issuance of notices to the secured and unsecured creditors of First Applicant Company by email ids where available, and by speed post*



or registered post or courier or by hand delivery or by any other additional mode as directed by this Hon'ble Tribunal to those secured and unsecured creditors whose addresses are available in records with First Applicant Company (where email is not available);

ii. That in view of the averments made in paragraph 19, of the Joint Company Scheme Application, stating therein that all the equity shareholders of Second Applicant Company have given their Affidavits of Consent and approval to the Scheme, a direction be given that convening and holding of the meeting of the equity shareholders of Second Applicant Company to seek their approval to the Scheme, is dispensed with;

iii. That in view of the averments made in paragraph 24 and 25, of the Joint Company Scheme Application directions be given that convening and holding the meeting of the secured and unsecured creditors of Second Applicant Company, to seek their approval to the Scheme is dispensed with.

3. It is submitted that the registered office of the Applicant Companies is situated in the State of Uttar Pradesh and hence are under the territorial jurisdiction of this Bench.
4. The Applicant No. 1 / Demerged Company is primarily engaged in manufacturing, marketing, distribution of products made of collected flower waste.



5. The Applicant No. 2 / Resulting Company is primarily engaged in manufacturing, marketing, distribution of leather products made from biomaterials including mycelium.
6. The rationale and the benefits of the Scheme are, inter alia, as follows:
 - The Demerged Company conducts its business primarily under two distinct business verticals, namely, "Flower Business" and "Fleather Business".
 - The Board of Directors of the Demerged Company and the Resulting Company believe that the risks and rewards associated with each of the aforesaid business verticals are distinct in nature.
 - Further as both the given business attract distinct set of investors and strategic partners, KFPL has been exploring various opportunities to bring in strategic investors in the Fleather Business. On account of expressed interest from various investors to invest in Fleather Business, it is intended by KFPL to demerge the Fleather Business on a going concern basis into a separate company (being the Resulting Company).
7. The demerger, transfer and vesting of the Fleather Business (as defined in the Scheme) on a going concern basis to the Resulting Company will result in better and more efficient control and management of the segregated businesses and promote their growth and the proposed demerger pursuant to this Scheme is expected, inter alia, to result in the following benefits:



- a. The demerger will provide greater business focus both in the Demerged Company and the Resulting Company. The Scheme will enable the business comprised in the Demerged Company and the Resulting Company to be pursued and carried on more conveniently and advantageously with greater focus and attention through separate companies.
 - b. The Fleather Business and the Remaining business (as defined below), being specialized in their nature of operation, will benefit from independent focused attention of the management with special skills and strategic alliances for each to be run more efficiently and to achieve the desired growth. The respective business verticals have significant potential for growth independently and therefore; segregation of the businesses has become an important commercial opportunity to maximise such potential.
 - c. The demerger will enable both the Demerged Company and the Resulting Company to pursue independent business strategies with greater freedom inter alia, including pursuing strategies regarding capital expenditure, mergers and acquisitions and incentive compensation.
8. It is stated that the Board of Directors of the Demerged Company and the Resulting Company in their respective meetings held on 25.02.2026 considered and unanimously approved the proposed Scheme of Arrangement subject to sanctioning of the same by this Tribunal. The copies of the Board Resolutions of the Applicant Companies are attached as Annexure: B1 and B2 with the application.



- 9.** The appointed date of the Scheme for the purpose of the Arrangement shall be 01.01.2026 or such other date as may be fixed or approved by this Tribunal and which is acceptable to the Board of Directors of the Companies as mentioned in Clause 5.3 in Part-A of Scheme of Arrangement which is attached as Annexure: C of the application.
- 10.** It is stated that the Applicant Companies have filed their Audited Financial Statements for the year ended 31.03.2025 and Un audited provisional Financial Statements as on 31.01.2026 which are attached as Annexure A2, A3 and A6, A7 respectively of the application.
- 11.** The Unaudited Provisional financial information of the Demerged Undertaking of the First Applicant Company, certified by the Management as on 31st December 2025 has also been filed as Annexure A4.
- 12.** It is further submitted that in pursuance of the proviso to Section 230(7) and Section 232(3) of the Act, the Applicant Companies have filed certificate dated 26.02.2026, issued by their respective Statutory Auditors certifying that the Scheme is in compliance with the Accounting Standards under Section 133 of the Act and the same is attached as Annexure D1 and D2 with the application.



13. It is further submitted that the share entitlement Report, dated 25.02.2026, on the basis of Audited financial statements for the year ended 31.03.2025 of the Applicant Companies, for the proposed Scheme of Arrangement, has been issued by CA Harsh Dedhia, Registered Valuer, Securities or Financial Assets registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV/06/2019/12408. A copy of the said Valuation Report is annexed herewith as Annexure E. The Share Entitlement Ratio, as incorporated in the scheme, is as follows:

- *1 New Equity Share of the Resulting Company (FPL) of INR 10 each credited as fully paid up for every 1 Equity Share held in the Demerged Company (KFPL) of INR 10 each fully paid up.*
- *1 New Preference Share (Compulsory Convertible Preference Share) of the Resulting Company (FPL) of INR 100 each credited as fully paid up for every 1 Compulsory Convertible Preference Share held in the Demerged Company (KFPL) of INR 100 each fully paid up.*
- *1 New Preference Share (Compulsory Convertible Preference Share) of the Resulting Company (FPL) of INR 100 each credited as partly paid up for every 1 Compulsory Convertible Preference Share held in the Demerged Company (KFPL) of INR 5 each partly paid up.*

14. It is submitted that the Scheme (Annexure C) also takes care of the interest of the employees of the Applicant Companies by virtue of Clause 12 in Part-B of the Scheme.

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15. As per para 29 and 33 of the Application, it is submitted that there are no proceedings pending under any law for the time being in force.
16. It is submitted in paragraph 34 of the Application that the Applicant Companies are not listed on any stock exchange. It is further submitted that, as on the date of filing of the present Application, the Applicant Companies are neither registered as Non-Banking Financial Companies (NBFCs) nor regulated by any sectoral regulator. It is also stated that the proposed Scheme does not require the approval of the Competition Commission of India, in view of the applicable exemptions and the thresholds prescribed under the Combination Regulations.
17. In terms of section 230(2)(c) of the Companies Act 2013, it is also submitted in para 35 of the Application that the proposed Scheme is not a corporate debt restructuring Scheme, hence, creditors' responsibility statement and other requirements of section 230(2)(c) of the Companies Act, 2013 are not applicable in the present case.
18. It is deposed by the Applicants that there is no other authority whose approval may be required for the sanction of the Scheme of Arrangement except the following authorities, i.e., (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi; (b) the Registrar of Companies, Uttar Pradesh, Ministry of Corporate Affairs, Kanpur; (c) the concerned Goods



and Services Tax (GST) Authority, (f) the Income Tax Department and (g) any other Sectoral Regulators, if any.

19. The Applicant Companies have furnished the following documents:

- i.** Proposed Scheme of Arrangement (Annexure C of the application).
- ii.** Memorandum and Articles of Association of the Applicant Companies (Annexure A1 and A5 respectively of the application).
- iii.** List of equity and preference shareholders, Secured and unsecured creditors of Demerged Company (Annexure F and H of the application).
- iv.** List of shareholders, Secured and unsecured creditors of Resulting Company along with No objection Affidavits (Annexure G, G1, G2 and Annexure I and II of the application).
- v.** Certificates of Statutory Auditors to the effect that the Accounting treatment proposed in the Scheme is in conformity with Section 133 of the Companies Act, 2013. (Annexure D1 and D2 of the application).
- vi.** Latest Audited Financial Statements for the year ended 31.03.2025 and provisional Financial Statements as on 31.01.2026 of the Applicant Companies. (Annexure A2, A3 and A6, A7 respectively of the application).
- vii.** Unaudited Provisional Financial Information of the Demerged Undertaking of the 1st Applicant Company, certified by the Management as on 31.12.2025 (Annexure A4 of the application).



viii. Report on Share Entitlement Ratio (Annexure E of the application).

20. The Applicant Companies have furnished the details of the Equity Shareholders, Secured Creditors and Unsecured Creditors as follows:

Demerged Company:

Particulars	Total No.	Value	Meeting/Dispensation
Equity Shareholders	14	INR 1,48,910	Meeting to be convened
Preference Shareholders	18	INR 15,79,715	Meeting to be convened
Secured Creditors	1	INR 12,00,00,000/-	Meeting to be convened
Un-secured Creditors	51	INR 28,101,119.21/-	Meeting to be convened

Resulting Company:

Particulars	Total No.	Value	Dispensation sought	% of Consent received
Equity Shareholders	2	INR 20/-	Yes	100%
Secured Creditors	NIL	-	-	-
Un-secured Creditors	1	INR 17,700/-	Yes	100%

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DIRECTIONS:

21. We have considered the submissions made by the Ld. Counsel, and perused the documents filed with the instant Application. We are of the view that the dispensation/convening of the meetings prayed for by the Applicant Companies deserves to be allowed. We accordingly give the following directions:

I. In relation to the Applicant No. 1 / Demerged Company:

- a. The meeting of the Equity Shareholders of Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 8th August, 2026 at 11:00 A.M., subject to notice of the meeting being issued. The voting/approval would be in terms of provisions of Section 103 of the Companies Act, 2013;
- b. The meeting of the Preference Shareholders of the Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 8th August, 2026 at 12:30 P.M., subject to notice of the meeting being issued. The voting/approval would be in terms of provisions of Section 103 of the Companies Act, 2013;
- c. The meeting of the Secured Creditors of Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 8th August, 2026 at 03:00 P.M., subject to notice of the meeting



being issued. The voting/approval would be in terms of provisions of Section 230(6) of the Companies Act, 2013;

- d. The meeting of the Un-secured Creditors of the Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 8th August, 2026 at 04:00 P.M., subject to notice of the meeting being issued. The voting/approval would be in terms of provisions of Section 230(6) of the Companies Act, 2013.

II. In relation to Applicant No. 2 / Resulting Company:

- a. The meeting of the Equity Shareholders of Applicant Resulting Company No. 1 is dispensed herewith, keeping in view that 100% in value of the Equity Shareholders have given their consents by way of affidavits;
- b. Since, the Applicant Resulting Company does not have any Secured Creditor, the requirement to convene meeting of Secured Creditors does not arise;
- c. The meeting of the Unsecured Creditors of Applicant Resulting Company is dispensed herewith, keeping in view that 100% in value of the Unsecured Creditors have given their consents by way of affidavits;

III. In case the required quorum as noted above for the meetings is not present at the commencement of the meeting, the meeting shall be adjourned by 30 minutes and thereafter persons present and voting shall be deemed to constitute the quorum.

IV. Mr. Gaurav Mahajan, (Mobile No. 9839823723, Email id: gauravmahajan1234@rediffmail.com) is appointed as the



common Chairperson for the meetings to be called under this order. An amount of ₹1,50,000/- (Rupees One Lakh Fifty Thousand only) be paid for his services as the Chairperson. The Chairperson shall have all other powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 read with the other applicable rules and provisions in relation to conduct of the meetings, including for deciding procedural questions that may arise at the meeting(s) or at any adjournment thereof, or any other matter relating to the meetings, including an amendment to the Scheme of Arrangement, if any, proposed by any persons.

- V.** Mr. Prashant Kumar Verma, (Mobile No. 9580956209, E-mail id: 1989prashantverma@gmail.com), is appointed as the common Alternate Chairperson for the meetings to be called under this order. An amount of ₹1,00,000/- (Rupees One Lakh only) be paid for his services as the Alternate Chairperson.
- VI.** Ms. Monica Nanda, CS, (Mobile No. 9984254321, E-mail id: monicananda991@gmail.com), is appointed as the common Scrutinizer for the above meetings to be called under this order. An amount of ₹75,000/- (Rupees Seventy-Five Thousand only) be paid for her services as the Scrutinizer.
- VII.** The fee of the Chairperson, Alternate Chairperson, Scrutinizer and other out-of-pocket expenses for them shall be borne by the Applicant No. 1 / Demerged Company.
- VIII.** It is further directed that individual notices of the said meetings shall be sent by the Demerged Company to its respective Equity



and Preference Shareholders, Secured Creditors and Un-secured Creditors through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meetings, indicating the day, date and time as aforesaid, together with a copy of the Scheme, copy of the explanatory statement with Share Entitlement Ratio as discussed in para 14 of this order required to be sent under the Companies Act, 2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.

- IX.** It is further directed that along with the notices, Demerged Company shall also send, statements explaining the effect of the Scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the Scheme of Arrangement on any material interests of the Directors of the Companies, if any, as provided under sub-section (3) of Section 230 of the Act.
- X.** It is also directed that the Un-Audited Financial Statements (Provisional) of the Applicant Demerged Company and the Resulting Company not older than 6 months' from the date of the meetings be also circulated for the aforesaid meeting(s) in terms of Section 232 (2) (e) of the Act.
- XI.** That the Demerged Company shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meetings, indicating the day, date and the time of the meetings as aforesaid, to be published in "Financial Express" (English) and "Dainik Jagran" (Hindi). The publication shall indicate the time within which copies of the Scheme of Arrangement shall be made



available to the concerned persons, free of charge from the registered office of the Applicant Demerged Company. The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Applicant Demerged Company in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016. The Applicant Demerged Company shall also publish the notice of the meetings on its website, if any.

- XII.** It shall be the responsibility of Demerged Company to ensure that the notices are sent under the signature and supervision of the Chairperson and that the Applicant Companies shall file their affidavits in the Tribunal at least 7 days before the date fixed for the meetings.
- XIII.** Voting is allowed on the proposed Scheme through remote e-voting process in compliance with the guidelines issued by the Ministry of Corporate Affairs in this regard.
- XIV.** The Chairperson shall be responsible to report the result of the meetings to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7 (seven) working days of the conclusion of the meetings. The Chairperson would be fully assisted by the authorized representative/Company Secretary of the Applicant Demerged Company and the Scrutinizer, who will assist the Chairperson/Alternate Chairperson in preparing and finalizing the reports.



XV. The Applicant Companies in compliance of sub-section (5) of Section 230 of the Act and Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 send notices in Form No. CAA-3 along with copy of the Scheme, Explanatory Statement and the disclosures mentioned in Rule 6 of the “Rules” to (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi and having email id: rd.north@mca.gov.in; (b) the Registrar of Companies, Uttar Pradesh, Kanpur and having email id: roc.kanpur@mca.gov.in; (c) concerned Goods and Services Tax (GST) Authority and (d) the Income Tax Department, in the respective circle/ward where these Companies are assessed or through the nodal office by mentioning the PAN number of the Applicant Companies, if any, having email id – lucknow.pccit@incometax.gov.in; stating that report on the same, if any, shall be sent to this Tribunal within a period of 30 days from the date of receipt of such notice and copy of such report shall be simultaneously sent to the applicant companies, failing which it shall be presumed that they have no objection to the proposed Scheme.

XVI. The Applicant Companies shall furnish a copy of the Scheme free of charge within one day of any requisition for the Scheme made by any Creditor entitled to attend the meetings as aforesaid.

XVII. The Authorized Representative of the Applicant Demerged Company shall furnish affidavits of service of notice of meetings and publication of advertisements and compliance of all directions contained herein at least a week before the proposed meetings.



- XVIII.** All the aforesaid directions are to be complied with strictly in accordance with the applicable laws including forms and formats contained in the Rules as well as the provisions of the Companies Act, 2013 by the Applicant Companies.
- XIX.** The Company Petition for confirmation of the Scheme is to be filed within the time period prescribed under the provisions of the Act and corresponding rules made there under. The appropriate prayer would also be made in the second motion petition for publication in newspaper.
- 22.** The Second Motion petition shall be filed within 7 days from the date of submission of report by Chairperson in accordance with the provisions of rule 16 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 23.** With the aforesaid directions, this First Motion Application bearing **CA (CAA) No.10/ALD/2026** is allowed. A copy of this order be supplied to the learned counsel for the Applicant Companies who in turn shall supply a copy of the same to the Chairperson, Co-Chairperson and the Scrutinizer immediately.

-Sd-
(Ashish Verma)
Member (Technical)

-Sd-
(Praveen Gupta)
Member (Judicial)

Date: 10.06.2026