IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 164 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO 42 OF 2015

Sangam Film Services Private Limited….Petitioner/Transferor Company

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with of the Companies Act, 1956;

AND

In the matter of Scheme of Amalgamation of Sangam Film Services Private Limited WITH

Tiecicon Private Limited AND their respective Shareholders

Called for Hearing

Mr. Hemant Sethi i/b Hemant Sethi & Co., Advocates for the Petitioner.

Ms. Nisha Valani, i/b Mr. A.A. Ansari for Regional Director.

Mr. S. Ramakantha Official Liquidator present.

CORAM: S. C. GUPTE, J.

DATE: 3rd JULY 2015

1. Heard the learned counsel for the Petitioner. No objector has come before the court to oppose the Scheme and nor any party has controverted any averments made in the petition.

2. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956, to the Scheme of Amalgamation of Sangam Film Services Private Limited with Tiecicon Private Limited and their Respective Shareholders.

3. The Petitioner Company is a presently engaged in the business of proprietors of cinematograph film studios and act as dealers and manufacturers in all types of Cinematograph materials and things of similar nature.

4. The rational for scheme is that with a view to maintain a simple corporate structure and eliminate duplicate corporate procedures, it is desirable to merge and amalgamate all the undertakings of Petitioner Company into Tiecicon Private Limited. ("the Amalgamated Company"). The amalgamation of all the undertaking of Petitioner /Amalgamating Company into the Amalgamated Company shall facilitate consolidation of all the undertakings in order to enable effective management and unified control of operations. Further, the amalgamation would create economies in administrative and managerial costs by consolidating operations and would substantially reduce duplication of administrative responsibilities and multiplicity of records and legal and regulatory compliances.

5. The Petitioner Company has approved the said Scheme of Amalgamation by passing the Board Resolution which is annexed to the Company Scheme Petition filed by the Petitioner Company.

6. Learned Advocate for the Petitioner further states that since the Petitioner/Transferor Company are wholly owned subsidiary of the Transferee Company and all the shares of the Transferor Company are presently held by

the Transferee Company, Tiecicon Private Limited and after the Scheme being sanctioned, no new shares are required to be issued to the members of the Transferor Company by the Transferee Company and there would be no reorganization of the Share Capital in the Transferee Company and also in view of the judgment of this Court in Mahaamba Investments Limited Versus IDI Limited (2001) 105 Company Cases, filing of a separate Company Summons for Direction and Company Scheme Petition by Tiecicon Private Limited, the Transferee Company was dispensed with, by order dated 30th January 2015 passed in Company Summons for Directions Nos. 42, of 2015.

7. The learned counsel for the Petitioner state that Petitioner Company has complied with all directions passed in Company Summons for Direction and that the Scheme has been filed in consonance with the orders passed in Company summons for Direction.

8. Counsel appearing on behalf of the Petitioner has stated that they have complied with all requirements as per directions of this Court and they have filed necessary Affidavit of compliance in the Court. Moreover, Petitioner Company undertakes to comply with all statutory requirements if any, as required under the Companies Act, 1956 / 2013 and the Rules made there under whichever is applicable. The said undertakings given by the Petitioner Company is accepted.

9. The Official Liquidator has filed his report dated 5th June 2015 on 8th June 2015 stating that the affairs of the Petitioner/Transferor Company have been

conducted in a proper manner and that Transferor Company may be ordered to be dissolved.

10. The Regional Director has filed an Affidavit dated 12th May 2015 on 15th June, 2015, stating therein, save and except as stated in paragraph 6(a) and 6(b) it appears that the scheme is not prejudicial to the interest of shareholders and public.

The Deponent further submits that:-

(a) *Clause 10.1.4 of the scheme, provides for adjustment for differences in accounting Polices between Transferor company and Transferee Company. In this regard, it is submitted that in addition to compliance of AS-14, the Transferee company shall pass such Accounting entries which are necessary in connection with the Scheme to comply with other applicable Accounting such as AS-5, etc.*

(b) *It is respectfully submitted that the Tax implication, if any, arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the Transferee Company after giving effect to the Scheme. The decision of the Income Tax Authority is binding on the Transferor Company and Transferee Company.*

11. As far as observations made in paragraph 6 (a) of Affidavit of the Regional Director is concerned, the Petitioner/Transferee Company undertakes that the Transferee Company shall pass such accounting entries as may be necessary in connection with the Scheme of Amalgamation to comply with any other applicable accounting standards.

12. In so far as observation made in paragraph 6(b) of the Affidavit of the Regional Director, Petitioner Companies undertakes that they are bound to

comply with all applicable provisions of the Income Tax Act and all tax issues arising out of the Scheme will be met and answered in accordance with law.

13. The Counsel for the Regional Director on instructions of Mr. M Chandanamuthu, Joint Director (Legal) in the office of Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that they are satisfied with the undertaking given by the Petitioner Companies. The said undertakings given by the Petitioner Company are accepted.

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

15. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition filed by the Petitioner Company is made absolute in terms of prayer clause (a) of the Petition.

16. Petitioner is directed to file a copy of this order along with a copy of the Scheme with the concerned Registrar of Companies, electronically, along with E-Form INC-28, in addition to the physical copy as per the relevant provisions of the Companies Act, 1956/2013 whichever is applicable.

17. The Petitioner Companies to lodge a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court, Bombay, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of the receipt of the order.

18. The Petitioner Companies to pay costs of Rs.10,000/- each to the Regional Director, Western Region, Mumbai and to the Official Liquidator, High Court, Bombay.

19. Costs to be paid within four weeks from today.

20. Filing and issuance of the drawn up order is dispensed with.

21. All concerned regulatory authorities to act on a copy of this order along with the Scheme duly authenticated by the Company Registrar, High Court, Bombay.

(S. C. GUPTE, J.)