IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 744 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTIONS NO. 524 OF 2015

Crompton Greaves Consumer Electricals Limited …Petitioner/
Resultant Company

AND

COMPANY SCHEME PETITION NO. 745 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 525 OF 2015

Crompton Greaves Limited ...Petitioner/
Demerged Company

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 read with 78 (notified section 52 of Companies Act 2013), 100-103 of the Companies Act, 1956;

And

In the matter of the Scheme of Arrangement under sections 391 to 394 of the Companies Act read with 78 (notified Section 52 of the Companies Act 2013), 100- 103 of the Companies Act, 1956 between Crompton Greaves Limited and Crompton Greaves Consumer Electricals Limited and their respective shareholders and creditors

Called for Hearing

Janak Dwarkadas Senior Counsel with Raj Panchmatia, Peshwan Jehangir, Anindya Basarkod and Akriti Sarkar i/b M/s. Khaitan & Co., Advocates for the Petitioner Companies.

Mr. P.S.Gujar i/b A.A.Ansari for the Regional Director in all the petitions.

Coram: K.R. Shriram, J.

Date: 20th November, 2015

P.C:

1. Heard Learned Counsel for the parties.

2. The Learned Counsel for the Demerged Company states that three (3) unsecured creditors of the Demerged Company, viz (1) HDC Power Systems Pvt. Ltd, (2) M/s. Cable House and (3) Sea Trans Freights Carriers had written letters stating that they are objecting to the proposed Scheme. Their letters dated 7th October 2015, 12th October 2015 and affidavit dated 20th October, 2015 respectively are annexed to the affidavit dated 10th November

2015 filed on 17th November 2015. Learned Counsel for the Demerged Company states that the claims of two of the three said unsecured creditors have been settled by the Demerged Company and the consent letters confirming the same are annexed as Exhibit M and Q to Affidavit dated 10th November, 2015, filed by the authorised signatory of the Demerged Company.

3. The Learned Counsel for the Petitioner Company submits that as set out in paragraph 15 of the said Affidavit the Demerged Company has a bonafide dispute as to the claims of the 3rd unsecured creditor, Sea Trans Freights Carriers and has invoked arbitration in relation to the dispute. The Learned Counsel for the Petitioner Company further submits that only one unsecured creditor cannot hold up the sanction of the Scheme. Further, if the Scheme is sanctioned, no prejudice would be caused to the unsecured creditors including Sea Trans Freights Carriers, in view of the terms and conditions of the Scheme.

4. The Learned Counsel for the Demerged Company states that only one secured creditor of the Demerged Company, viz Union Bank of India had objected to the proposed Scheme by its letter of objection dated 21st October 2015. Union Bank of India has subsequently given its no-objection to the Scheme vide its letter dated 10th November, 2015 which is annexed as "Exhibit B" to the Affidavit dated 16th November, 2015 filed by the Demerged Company.

5. Save as above, no objector has come before the Court to oppose the Scheme and nor has any party controverted any averments made in the Petitions.

6. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956 to the under sections 391 to 394 of the Companies Act read with 78 (notified Section 52 of the Companies Act 2013), 100- 103 of the Companies Act, 1956 between Crompton Greaves Limited and Crompton Greaves Consumer Electricals Limited and their respective shareholders and creditors.

7. The Learned Counsel for the Petitioner Companies states that the Demerged Company is presently engaged in the business of manufacturing, marketing, distributing and selling of products used in (a) power systems; (b) industrial systems; and (c) electrical consumer products. The Resultant Company presently, *inter alia* intends to carry on the business of manufacturing, marketing, distributing and selling of consumer products.

8. The Learned Counsel for the Petitioner Companies states that proposed Scheme of Arrangement is beneficial, as it would allow the separation of the Consumer Products Business from the Demerged Company, which would lead to significant benefits for both the Petitioner Companies including, enhanced strategic flexibility to build a vibrant industrials platform, enable a dedicated management focus and to accelerate growth of the Consumer business unlocking significant value for the shareholders of the Demerged

Company; and would allow access to varied sources of funds for the rapid growth of both businesses.

9. The Petitioner Companies have approved the said Scheme of Arrangement by passing Board Resolutions which are annexed to the Company Scheme Petitions respectively.

10. The Learned Counsel for the Petitioners further states that, the Petitioner Companies have complied with all the directions passed in the respective Company Summons for Directions and that the respective Company Scheme Petitions have been filed in consonance with the order passed in the respective Summons for Directions.

11. The Learned Counsel appearing on behalf of the Petitioner Companies has further stated that the Petitioner Companies have complied with all the requirements as per directions of this Court and they have filed necessary affidavits of compliance in the Court. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if any, under the Companies Act, 1956 and 2013, and rules made thereunder, whichever is applicable. The said undertaking is accepted.

12. The Regional Director has filed an Affidavit on 16th November, 2015 stating therein that save and except as stated in paragraph 6 (a) and (b) of the said

affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public.

"(a) It has been observed that the books of account of the Demerged Company have been inspected under section 209(A) of the Companies Act, 1956 and the same is in progress. The Ministry of Corporate Affairs/Regional Director / Registrar of Companies reserves their right to take appropriate legal action against the demerged company if any violation is established against the Demerged Company.

(b) That the Deponent further submits that the Tax issue if any arising out of this scheme shall be subject to final decision of Income Tax Authority and approval of the scheme by Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the petitioner company after giving effect to the amalgamation. The division of the Income Tax Authority is binding on the petitioner company."

13. As far as the observation in paragraph 6 (a) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies, states that the Demerged Company confirms that notwithstanding the sanction of the Scheme, the Ministry of Corporate Affairs/Regional Director / Registrar of Companies may take appropriate legal action against the Demerged Company as per law, if any violation is established against the Demerged Company.

14. As far as the observation in paragraph 6 (b) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies

states that the Petitioner Company is bound to comply with all applicable provisions of the Income Tax Act and that all tax issues arising out of the Scheme will be met and answered in accordance with law.

15. The Learned Counsel for the Regional Director on instructions of Mr M Chandanamuthu, Joint Director Legal, in the office of the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that they are satisfied with the undertakings given hereinabove by the Petitioner Companies through its counsel. The undertakings given by the Petitioner Companies mentioned hereinabove are accepted.

16. 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.

17. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petitions No. 744 and 745 of 2015 are made absolute in terms of prayer clauses (a) to (h) and (k) of both the petitions.

18. The Petitioner Companies to lodge a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court (O.S.), Bombay with the concerned Superintendent of Stamps, for purposes of adjudication of

stamp duty payable, if any, on the same within 60 days from the date of the Order.

19. The Petitioner Companies are 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 21/INC28 in addition to physical copy as per relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 and Rules made thereunder whichever are applicable.

20. The Petitioner Companies are directed to pay a cost of Rs 10,000/- each to the Regional Director, Western Region, Mumbai, within four weeks from the date of the order.

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

22. All concerned regulatory authorities to act on a copy of this order along with Scheme attached thereto, duly authenticated by the Company Registrar, High Court (O. S.), Bombay.

(K.R. Shriram, J.)

C E R T I F I C A T E

I certify that this Order uploaded is a true and correct copy of original signed order.

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