

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH-IV**

CA(CAA)/1166/MB-IV/2020

In the matter of the Companies Act, 2013;

And

In the matter of
under Sections 230 - 232 and
other applicable provisions of the Companies Act, 2013
read with Companies (Compromises,
Arrangements and Amalgamations) Rules, 2016;

In the matter of
Scheme of Amalgamation and Arrangement

Between

Motherson Sumi Systems Limited
(**“Applicant Company 1”** or **“Transferor
Company”** or **“Amalgamated Company”**),
Samvardhana Motherson International Limited

(**“Applicant Company 2”** or
“Amalgamating Company”)

and

Motherson Sumi Wiring India Limited
(**“Applicant Company 3”** or
“Resulting Company”).

Motherson Sumi Systems Limited
[CIN: L34300MH1986PLC284510]

...Applicant Company 1/
Transferor Company 1

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

Samvardhana Motherson International

Limited

[CIN: U74900MH2004PLC287011]

...Applicant Company 2/

Transferor Company 2

Motherson Sumi Wiring India Limited

CIN: U29306MH2020PLC341326

...Applicant Company 3/

Transferor Company 3

Order Delivered on: 16.02.2021

Coram:

Hon'ble Smt. Suchitra Kanuparthi, Member (J)

Hon'ble Shri. Chandra Bhan Singh, Member (T)

Appearances (via videoconferencing):

For the Applicants

:

Mr. Hemant Sethi, Ms. Vidisha

Poonja i/b Hemant Sethi &

Co., Advocates

ORDER

Per: Suchitra Kanuparthi, Member (Judicial)

1. The court is convened via video conferencing.
2. The Counsel for the Applicants states that the present Composite Scheme (“Scheme” or the “Composite Scheme of Arrangement”) is an Arrangement among Motherson Sumi Systems Limited (“Applicant Company 1” or “Transferor Company” or “Amalgamated Company”), Samvardhana Motherson International Limited (“Applicant Company 2” or “Amalgamating Company”) and Motherson Sumi Wiring India Limited (“Applicant Company 3” or “Resulting Company”). The Scheme envisages the following:

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

- a) demerger of the DWH Undertaking (*as defined in the Scheme*) from Applicant Company 1 into Applicant Company 3, in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”) and in compliance with Section 2(19AA) of the Income Tax Act, 1961 (“**IT Act**”). Further, upon the said demerger becoming effective, the Applicant Company 3 shall issue and allot equity shares to the shareholders of the Applicant Company 1, as on the Record Date 1 (*as defined in the Scheme*), 1 equity share of Re. 1 each of the Applicant Company 3 for every 1 equity share of Re. 1 each of the Applicant Company 1; and
 - b) Amalgamation of Applicant Company 2 into and with Applicant Company 1, by absorption, in accordance with Sections 230 to 232 and other applicable provisions of the Act and in compliance with Section 2(19AA) of the IT Act, subsequent to the completion of the demerger referred to in (a) above. Further, upon the said amalgamation becoming effective, the Applicant Company 1 shall issue and allot equity shares to the shareholders of Applicant Company 2 as on the Record Date 2 (*as defined in the Scheme*), 51 equity share of Re. 1 each of the Applicant Company 1 for every 10 equity share of Rs. 10 each of the Applicant Company 2.
3. The Counsel for the Applicants submits that Applicant Company 1 is a multi-business corporate that is a specialised full-system solutions provider and caters to a diverse range of customers in the automotive and other industries across Asia, Europe, North America, South America, Australia and Africa. The Applicant Company 1 is, directly and through its subsidiaries and joint venture companies, engaged in the business of manufacturing of automotive components, *inter alia*, wiring harness,

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

manufacturing of vision system, manufacturing of moulded and polymer products etc.

4. The Counsel for the Applicants further submits that Applicant Company 2, through its subsidiaries and joint venture companies, is *inter alia* engaged in the business of product manufacturing of certain automotive components, including automotive rear-view mirrors, moulded plastic parts and assemblies, extruded and injection moulding tools and components, moulded and extruded rubber components, interior and exterior polymer modules, automotive modules, air intake manifolds, pedal box assemblies, heating ventilating and air conditioning (HVAC) systems for vehicles, cabins for off-highway vehicles, machined metal products, cutting tools, aluminium die casted products, sheet metal parts, sintered metal parts, thin film coating metals and IT services. The Applicant Company 2 is registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934, as a Core Investment Company (“CIC”). The Applicant Company 2 holds 33.43% of Applicant Company 1 as on September 30, 2020.
5. The Counsel for the Applicants further submits that Applicant Company 3 was incorporated on July 2, 2020 as a wholly-owned subsidiary of the Applicant Company 1 and is yet to commence any business operations.
6. The background, circumstances, rationale and benefits of the Scheme are that:

Rationale for demerger of the DWH Undertaking

- (a) Applicant Company 1 is a multi-business corporate that is a specialized full-system solutions provider and caters to a diverse range of customers in the automotive and other industries across Asia, Europe, North America, South America, Australia and Africa. The

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

Applicant Company 1 is, directly and through its subsidiaries and joint venture companies, engaged in the business of manufacturing of automotive components, *interalia*, wiring harness, manufacturing of vision system, manufacturing of moulded and polymer products etc

- (b) The Applicant Company 3 is a newly incorporated wholly owned subsidiary of the Applicant Company 1.
- (c) The DWH Undertaking of the Applicant Company 1, being focused on the Domestic Wiring Harness Business, and the Remaining Business, each have distinct market dynamics, like competition, distinct geographic focus, distinct strategy and distinct capital requirements. As a result, there are differences in the way in which the activities of the Domestic Wiring Harness Business and the Remaining Business are required to be organised and managed. The segregation and transfer of the DWH Undertaking into the Applicant Company 3 will enable sharper focus towards Indian customers of the Domestic Wiring Harness Business, better alignment of the businesses to its customers and the respective businesses to improve competitiveness, operational efficiencies and strengthen its position in the relevant marketplace resulting in a more sustainable long-term growth and competitive edge.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

- (d) Applicant Company 1 and Applicant Company 3 believe that the segregation and transfer of the DWH Undertaking into the Applicant Company 3 will also align the interests of key stakeholders, which will benefit the strategic direction of the Applicant Company 3 in the long term. Additionally, separation of the Domestic Wiring Harness Business into the Applicant Company 3 will result in the creation of two listed entities engaged in the auto-component business, enabling them to be used for future inorganic growth opportunities. The transfer and vesting of the DWH Undertaking into the Applicant Company 3, pursuant to the Scheme, will also enable the Applicant Company 3 to have a strong presence among original equipment manufacturers catering to passenger vehicle, commercial vehicle, 2-wheeler and off-highway vehicle segments.

Rationale for amalgamation of Applicant Company 2 with Applicant Company 1, by absorption

- (e) Whereas, the Applicant Company 2, through its subsidiaries and joint venture companies, is *inter alia* engaged in the business of product manufacturing of certain automotive components, including automotive rear-view mirrors, moulded plastic parts and assemblies, extruded and injection moulding tools and components, moulded and extruded rubber components, interior and exterior polymer modules, automotive modules, air intake manifolds, pedal box assemblies,

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

heating ventilating and air conditioning (HVAC) systems for vehicles, cabins for off-highway vehicles, machined metal products, cutting tools, aluminium die casted products, sheet metal parts, sintered metal parts, thin film coating metals and IT services. The Applicant Company 2 holds 33.43% of the Applicant Company 1, the flagship company of the Samvardhana Motherson Group, as on September 30, 2020.

- (f) Consolidation of the Applicant Company 2 with Applicant Company 1 will result in the simplification of the group structure and in the alignment of the interests of various stakeholders. Further, amalgamation of Applicant Company 2, along with its respective subsidiaries and joint venture companies with Applicant Company 1 will expand the product portfolio of Applicant Company 1 thereby leading to robust growth opportunities, in India and overseas. It will also result in the resultant Applicant Company 1 foraying into non-auto component business, which will help in diversifying the revenue streams for the Amalgamated Company/ Applicant Company 1. The amalgamation of the Applicant Company 2 with Applicant Company 1, by absorption, would bring about synergy of operations and benefit of scale, since duplication of administrative efforts and legal and regulatory compliances will be unified.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

- (g) Additionally, the amalgamation of the Applicant Company 2 with Applicant Company 1 will also result in the consolidation of the entire shareholding of Samvardhana Moterson Automotive Systems Group B.V. ("**SMRP BV**"), a company engaged in the supply of rear-view vision systems and manufacturing of moulded and polymer products, currently jointly held by Applicant Company 2 and Applicant Company 1, with Applicant Company 1. Consequently, SMRP BV would become a wholly owned subsidiary of Applicant Company 1, leading to the consolidation of SMRP BV and its joint ventures and subsidiaries under the Applicant Company 1, resulting in a larger market capitalization of resultant Applicant Company 1.
- (h) Accordingly, the Scheme provides for the demerger of the DWH Undertaking of Applicant Company 1 into the Applicant Company 3 and amalgamation of Applicant Company 2 with the resultant Applicant Company 1 (after demerger of the DWH Undertaking). This results in the following benefits:
- (i) creation of separate and distinct entities housing the DWH Undertaking and the Remaining Business with well-defined strategic priorities;
 - (ii) dedicated and specialized management focus on the specific needs of the respective businesses;

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

- (iii) expanding the business of Applicant Company 1 from a diversified auto component product portfolio and foray into non-auto component business, thereby creating greater value for the shareholders / stakeholders of Applicant Company 1 and will help and aid maintain supplier of choice status among original equipment manufacturers;
- (iv) availability of increased resources, expertise and assets in the resultant Applicant Company 1, which can be utilized for strengthening the customer base and servicing existing as well as prospective customers;
- (v) cost reduction, retaining talent, optimization of support functions, efficiencies and productivity gains by pooling the resources of Applicant Company 1 and Applicant Company 2, thereby significantly contributing to future growth and maximizing shareholders value and being favorably positioned for mega trends in the auto component sector;
- (vi) benefit to all stakeholders of the Applicant Companies, leading to growth and value creation in the long run and maximizing the value and return to the shareholders, unlocking intrinsic value of the assets, achieving cost efficiencies and operational efficiencies;

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

- (vii) consolidation of 100% of the shareholding in SMRP BV in Applicant Company 1 along with consolidation of all joint ventures and subsidiaries of SMRP BV under Applicant Company 1;
 - (viii) consolidation of Applicant Company 2 with Applicant Company 1 resulting in consolidation of the group's shareholdings in various entities and simplification of the group structure resulting in higher stakeholder accountability; and
 - (ix) to ensure standalone focus on the Domestic Wiring Harness Business of the Applicant Company 1.
7. The Counsel for the Applicant Companies submits that the Board of Directors of the Applicant Company 1 and Applicant Company 2 at their respective board meetings both held on July 2, 2020 have approved the Scheme and the Board of Directors of the Applicant Company 3 has approved the Scheme at its board meeting both held on July 17, 2020.
8. The Counsel for the Applicant Companies further submits that the shares of Applicant Company 1 are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Pursuant to the Securities Exchange Board of India ("**SEBI**") circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time ("**SEBI Circular**") read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), Applicant Company 1 had applied to BSE and NSE for their "Observation Letter" / "No Objection Letter" to file the Scheme for sanction of the Tribunal. BSE by its letter dated

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

December 4, 2020 and NSE by its letter dated December 7, 2020, have respectively given their “No Objection Letter” letters to Applicant Company 1, to file the Scheme with the Tribunal.

9. The Counsel for the Applicant Companies further submits that Applicant Company 2 *vide* letter dated July 31, 2020 has made an intimation to the RBI in relation to the Scheme (“**RBI Intimation Letter**”). Subsequently, the RBI *vide* email dated August 17, 2020 (“**RBI Email**”) requested for details of the proposed amalgamation of Applicant Company 2 with Applicant Company 1 pursuant to the Scheme and eligibility and continuation of the surviving Amalgamated Company as a (CIC-ND-SI), a non-deposit taking core investment company. Applicant Company 2 has responded to RBI’s Email by way of its response dated September 3, 2020.
10. This Tribunal hereby directs that a meeting of the Equity Shareholders of the Applicant Company 1 be convened and held on April 29, 2021 at 12:15 pm for the purpose of considering, and if thought fit, approving the proposed Scheme, through video conferencing and/or other audio visual means, without holding a general meeting requiring the physical presence of shareholders at a common venue, as the same in the current Covid-19 environment and social distancing norms shall not be feasible.
11. In view of provisions of Section 230(4) read with Section 108 of the Companies Act, 2013 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014 and in accordance with Regulation 44(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Applicant Company 1 proposes to provide the facility of remote e-voting to its Equity Shareholders in respect of the resolution to be passed at the aforesaid meeting. The Equity Shareholders of the Applicant Company 1 are also

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

allowed to avail the facility of e-voting during the aforesaid meeting to be held through video conferencing and/or other audio visual means on April 29, 2021 at 12:15 pm. The e-voting facility for the Equity Shareholders of the Applicant Company 1 shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, as applicable.

12. That at least 30 (thirty) clear days before the aforesaid meeting of the Equity Shareholders of the Applicant Company 1 to be held as aforesaid, a notice convening the said meeting at the day, date and time aforesaid, together with a copy of the Scheme, a copy of the Explanatory Statement required to be sent under Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, shall be sent by e-mail to the Equity Shareholders of the Applicant Company 1 whose email addresses are duly registered with the Applicant Company 1, addressed to each of the shareholders, at their last known e-mail addresses as per the records of the Applicant Company 1.
13. Notice of convening the Meeting of the Equity Shareholders of Applicant Company 1, indicating the day, date and time aforesaid, shall be advertised once each in the “Financial Express” (Mumbai edition) and Marathi translation thereof in “Navshakti” (Mumbai edition) both having circulation in Mumbai, not less 30 days before the date fixed for the meeting. Considering the lockdown prevailing due to COVID-19 pandemic, the Applicant Company 1 will have the option to publish notices online in the respective e-newspaper editions.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

14. That Mr. Sushil Chandra Tripathi, Independent Director of the Applicant Company 1, and failing him, Mr. Gautam Mukherjee, Independent Director of the Applicant Company 1, shall be the Chairperson of the aforesaid meeting of the Equity Shareholders of the Applicant Company 1.
15. That the scrutinizer for the aforesaid meeting of Equity Shareholders of Applicant Company 1 shall be Mr. D.P. Gupta of M/s SGS Associates, Practicing Company Secretaries, with remuneration fixed at Rs. 50,000/- .
16. The quorum for the aforesaid meeting of the Equity Shareholders of Applicant Company 1 shall be as prescribed under Section 103 of the Companies Act, 2013 and would include Equity Shareholders present through video conferencing and/or other audio-visual means. In case the required quorum as stated above is not present at the commencement of the meeting, the meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum.
17. The voting by proxy shall not be permitted as the meeting would be held through video conferencing and/or other audio-visual means. However, voting in case of body corporate be permitted, provided the prescribed form/authorization is filed with the Applicant Company 1 at <investorrelations@motherson.com> with a copy to <alok.goel@mssl.motherson.com> no later than 48 hours before the start of the aforesaid meeting as required under Rule 10 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
18. The Chairperson appointed for the aforesaid meeting of the Equity Shareholders of the Applicant Company 1 shall have all powers as per the

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

Articles of Association of the Applicant Company 1 and also under the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, to the extent necessary and applicable, in relation to the conduct of the meeting(s), including for deciding procedural questions that may arise at the meeting or at any adjournment thereof.

19. The value and number of the shares of each Equity Shareholder shall be in accordance with the books/ register of the Applicant Company 1 or depository records and where the entries in the books/register/depository records are disputed, the Chairperson of the meeting shall determine the value for the purposes of the meeting of Equity Shareholders and his/her decision in that behalf would be final.
20. The Chairperson appointed for the aforesaid meeting of the Equity Shareholders of the Applicant Company 1 shall report to this Tribunal, the result of the aforesaid meetings within 30 (thirty) days of the conclusion of the aforesaid meeting, and the said report shall be verified by his Affidavit as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
21. This Tribunal hereby directs that a meeting of the Equity Shareholders of the Applicant Company 2 be convened and held on April 29, 2021 at 11:15 am for the purpose of considering, and if thought fit, approving the proposed Scheme, through video conferencing and/or other audiovisual means, without holding a general meeting requiring the physical presence of shareholders at a common venue, as the same in the current Covid-19 environment mandating social distancing norms shall not be feasible.
22. In view of provisions of Section 230(4) read with Section 108 of the Companies Act, 2013 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014, the

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

Applicant Company 2 proposes to provide the facility of remote e-voting to its Equity Shareholders in respect of the resolution to be passed at the aforesaid meeting. The Equity Shareholders of the Applicant Company 2 are also allowed to avail the facility of e-voting during the aforesaid meeting to be held through video conferencing and/or other audio-visual means on April 29, 2021 at 11:15 am. The e-voting facility for the Equity Shareholders of the Applicant Company 2 shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, as applicable.

23. That at least 30 (thirty) clear days before the aforesaid meeting of the Equity Shareholders of the Applicant Company 2 to be held as aforesaid, a notice convening the said meeting at the day, date and time aforesaid, together with a copy of the Scheme, a copy of the Explanatory Statement required to be sent under Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, shall be sent by e-mail to the Equity Shareholders of the Applicant Company 2 whose email addresses are duly registered with the Applicant Company 2, addressed to each of the shareholders, at their last known e-mail addresses as per the records of the Applicant Company 2.
24. Notice of convening the Meeting of the Equity Shareholders of Applicant Company 2, indicating the day, date and time aforesaid, shall be advertised once each in the "Financial Express" (Mumbai edition) and Marathi translation thereof in "Navshakti" (Mumbai edition) both having circulation in Mumbai, not less 30 days before the date fixed for the meeting. Considering the lockdown prevailing due to COVID-19

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

pandemic, the Applicant Company 2 will have the option to publish notices online in the respective e-newspaper editions.

25. That Mr. Sanjay Kalia, Independent Director of the Applicant Company 2, and failing him, Ms. Madhu Bhaskar, Independent Director of the Applicant Company 2 shall be the Chairperson of the aforesaid meeting of the Equity Shareholders of the Applicant Company 2.
26. That the scrutinizer for the aforesaid meeting of Equity Shareholders of Applicant Company 2 shall be Mr. Anil Murarka and failing him Mr. Mohinder Paul Kharbanda and failing both Ms. Priyanka of M/s Sanjay Grover & Associates, Practicing Company Secretaries, with its remuneration fixed at Rs. 50,000/-.
27. The quorum for the aforesaid meeting of the Equity Shareholders of Applicant Company 2 shall be as prescribed under Section 103 of the Companies Act, 2013 and would include Equity Shareholders present through video conference and/or other audio-visual means. In case the required quorum as stated above is not present at the commencement of the meeting, the meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum.
28. The voting by proxy shall not be permitted as the meeting would be held through video conferencing and/or other audiovisual means. However, voting in case of body corporate be permitted, provided the prescribed form/authorization is filed with the Applicant Company 2 at <samil@motherson.com> with a copy to <poojamehra@samil.motherson.com> no later than 48 hours before the start of the aforesaid meeting as required under Rule 10 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
29. The Chairperson appointed for the aforesaid meeting of the Equity Shareholders of the Applicant Company 2 shall have all powers as per the

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

Articles of Association of the Applicant Company 2 and also under the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, to the extent necessary and applicable, in relation to the conduct of the meeting(s), including for deciding procedural questions that may arise at the meeting or at any adjournment thereof.

30. The value and number of the shares of each Equity Shareholder shall be in accordance with the books/register of the Applicant Company 2 or depository records and where the entries in the books /register/depository records are disputed, the Chairperson of the meetings shall determine the value for the purposes of the meeting of Equity Shareholders and his/her decision in that behalf would be final.
31. The Chairperson shall report to this Tribunal, the result of the aforesaid meetings within 30 (thirty) days of the conclusion of the aforesaid meeting, and the said report shall be verified by his Affidavit as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
32. This Tribunal holds that the shareholders of Applicant Company 3, holding 100% of the paid-up share capital of Applicant Company 3, have provided their consent to the Scheme by way of affidavits. The consent affidavits of the shareholders of Applicant Company 3 is appended as Annexure Q to the Company Scheme Application. Accordingly, convening and holding the meeting of the equity shareholders of the Applicant Company 3, and if thought fit, approving the Scheme, shall be dispensed with.
33. The Counsel for the Applicant Companies submits that as on September 30, 2020, the Applicant Company 1 has 6 secured creditors, the aggregate value of such secured creditors being Rs. 2570,34,63,538.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

The consent of the secured creditors of the Applicant Company 1 has been submitted as Annexure C-1 and Annexure C-2 to the Supplementary Affidavit dated February 9, 2021. In view of the aforesaid, there is no requirement to hold the meeting of the secured creditors of Applicant Company 1 to seek their approval to the Scheme.

34. The Counsel for the Applicant Companies submits that as on October 31, 2020, the Applicant Company 2 has 3 secured creditor, the value of such secured creditors being Rs. 812.50 Crores. The consent of the secured creditors of the Applicant Company 2 has been submitted as Annexure A-1 and Annexure A-2 to the Supplementary Affidavit dated February 9, 2021. In view of the aforesaid, there is no requirement to hold the meeting of the secured creditors of Applicant Company 2 to seek their approval to the Scheme.
35. The Counsel for the Applicant Companies has submitted that as on September 30, 2020, the Applicant Company 3 does not have any secured creditors. Accordingly, the question of convening a meeting of the secured creditors of the Applicant Company 3 does not arise.
36. The Counsel for the Applicant Companies has submitted that as on September 30, 2020, the Applicant Company 1 has 4,779 unsecured creditors, the aggregate value of such unsecured creditors being Rs. 3,006.73 Crores. The Counsel for the Applicant Companies further submitted that the Scheme is a composite arrangement between shareholders of the Applicant Companies 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 unsecured creditors, and that the unsecured creditors of the Applicant Company 1 are being paid in the normal course of business and as per the agreed terms and are not called upon to make any

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

sacrifices, hence their interests are not getting affected in any way and are also secured. The present Scheme is in no manner prejudicial to the interests of the unsecured creditors of Applicant Company 1. The pre-Scheme net worth of the Applicant Company 1 and Applicant Company 2, as on March 31, 2020 is Rs. 6,065 Crores and Rs. 1,345 Crores, respectively and Applicant Company 3, as on the date of incorporation is Rs. 5 lacs. Further, the net worth of both Applicant Company 1 and Applicant Company 3, post giving effect to the Scheme, will be Rs. 6,087 Crores and Rs. 408 Crores respectively (assuming the net worth of the Applicant Companies as on March 31, 2020), both of which are positive. It is further submitted that pursuant to the Scheme, the debt repayment capacity of the Applicant Company 1 will not be adversely affected. Therefore, the Scheme and the demerger/ amalgamation contemplated thereby will not adversely affect the interests of the unsecured creditors of the Applicant Company 1. In view the fact that there is no arrangement with the unsecured creditors, the meeting of the unsecured creditors to seek their approval to the Scheme is dispensed with. The Applicant Company 1 is directed to issue individual notices to their unsecured creditors by courier or registered post or speed post or hand delivery or through e-mail (to those unsecured creditors whose email addresses are duly registered with the Applicant Company 1), at their last known address as per the records of the Applicant Company 1, as required under Section 230(3) of the Companies Act, 2013, with a direction that they may submit their representations, if any, to the Tribunal within thirty days from the date of receipt of the said notice and copy of such representations shall simultaneously be served upon Applicant Company 1.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

37. The Counsel for the Applicant Companies has submitted that as on October 31, 2020, the Applicant Company 2 does not have any unsecured creditors. Accordingly, the question of convening a meeting of the unsecured creditors of the Applicant Company 2 does not arise.
38. The Counsel for the Applicant Companies has submitted that as on September 30, 2020, the Applicant Company 3 has 2unsecured creditors, the value of such unsecured creditors being Rs. 4,02,431. The Counsel for the Applicant Companies further submitted that the Scheme is a composite arrangement between shareholders of the Applicant Companies 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 unsecured creditors, and that the unsecured creditors of the Applicant Company 3 are being paid in the normal course of business and as per the agreed terms and are not called upon to make any sacrifices, hence their interests are not getting affected in any way and are also secured. The present Scheme is in no manner prejudicial to the interests of the unsecured creditors of Applicant Company 3. The pre-Scheme net worth of the Applicant Company 1, Applicant Company 2 and Applicant Company 3, as on March 31, 2020 is Rs. 6,065 Crores, Rs. 1,345 Crores and Rs. 5 lacs, respectively and the post-Scheme net worth of the Applicant Company 1 and Applicant Company 3 as on March 31, 2020 is Rs. 6,087 Crores and Rs. 408 Crores respectively, all of which are positive. It is further submitted that pursuant to the Scheme, the debt repayment capacity of the Applicant Company 3 will not be adversely affected. Therefore, the Scheme and the demerger/ amalgamation contemplated thereby will not adversely affect the interests of the unsecured creditors of the Applicant Company 3. In view the fact that there is no arrangement with the unsecured creditors, the meeting of the unsecured creditors to seek their

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

approval to the Scheme is dispensed with. The Applicant Company 3 is directed to issue individual notices to their unsecured creditors by courier or registered post or speed post or hand delivery or through e-mail (to those unsecured creditors whose email addresses are duly registered with the Applicant Company 3), at their last known address as per the records of the Applicant Company 3, as required under Section 230(3) of the Companies Act, 2013, with a direction that they may submit their representations, if any, to the Tribunal within thirty days from the date of receipt of the said notice and copy of such representations shall simultaneously be served upon Applicant Company 3.

39. The Applicant Company 1, pursuant to Section 230 (5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is directed to serve the notice of the meeting of its Equity Shareholders upon: (a) the Central Government of India (through the Regional Director, Western Region, Ministry of Corporate Affairs); (b) concerned Income Tax Authority within whose jurisdiction the assessments of the Applicant Company 1 is made (mentioning the PAN of Applicant Company 1- PAN:AAACM0405A and GSTIN of Applicant Company 2- 27AAACM0405A1ZD (Maharashtra)) at the following address Deputy Commissioner of Income Tax, Circle 16 (1), CR Building, New Delhi- 110002; (c) Registrar of Companies, Mumbai, Maharashtra; (d) BSE Limited; (e) National Stock Exchange of India Limited; (f) Securities and Exchange Board of India; and (g) Competition Commission of India with a direction that they may submit their representation, if any, within a period of 30 (thirty) days from the date of receipt of such notice, to the Tribunal and copy of such representations shall simultaneously be served upon the Applicant Company 1, failing which, it will be presumed that the aforesaid authorities have no representations to make on the Scheme.

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

40. The Applicant Company 2, pursuant to Section 230 (5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is directed to serve the notice of the meeting of its Equity Shareholders upon: (a) the Central Government of India (through the Regional Director, Western Region, Ministry of Corporate Affairs); (b) concerned Income Tax Authority within whose jurisdiction the assessments of the Applicant Company 1 is made (mentioning the PAN of Applicant Company 2— PAN:AAICS6115R and GSTIN of Applicant Company 2— 09AAICS6115R1ZN (Maharashtra)) at the following address Deputy Commissioner of Income Tax, Circle 22 (2), CR Building, New Delhi-110002; (c) Registrar of Companies, Mumbai, Maharashtra; (d) the Reserve Bank of India; (e) Competition Commission of India; and (f) Registrar of Companies, Mumbai, Maharashtra, with a direction that they may submit their representation, if any, within a period of 30 (thirty) days from the date of receipt of such notice, to the Tribunal and copy of such representations shall simultaneously be served upon the Applicant Company 2, failing which, it will be presumed that the aforesaid authorities have no representations to make on the Scheme.
41. The Applicant Company 2 is also directed to serve notice upon Official Liquidator, High Court, Bombay, pursuant to section 230(5) of the Companies Act, 2013 and as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Tribunal is appointing M/s S V Godbole & Co., Chartered Accountant, Tel: (022)22873819/ (022)22871999, email address: godbolesatish@yahoo.com, to assist the Official Liquidator to scrutinize the books of accounts of the said Applicant Company 2 for the last 5 years and submit its representation / report to the Tribunal. The aforesaid Company to pay fees of Rs. 200000/- to the chartered

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

accountants for this purpose. If no representation / response is received by the Tribunal from Official Liquidator, Bombay within a period of 30 (thirty) days from the date of receipt of such notice, it will be presumed that Official Liquidator has no representation / objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

42. The Applicant Company 3, pursuant to Section 230 (5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is directed to serve the notice along with the copy of the Scheme upon: (a) the Central Government of India (through the Regional Director, Western Region, Ministry of Corporate Affairs); (b) concerned Income Tax Authority within whose jurisdiction the assessments of the Applicant Company 1 is made (mentioning the PAN of Applicant Company 3 PAN: AANCM5330P and GSTIN of Applicant Company 3 27AANCM5330P1ZV (Maharashtra) at the following address Deputy Commissioner of Income Tax, Circle 14(2) (1), Aayakar Bhawan , Mumbai; and (c) Registrar of Companies, Mumbai, Maharashtra, with a direction that they may submit their representation, if any, within a period of 30 (thirty) days from the date of receipt of such notice, to the Tribunal and copy of such representations shall simultaneously be served upon the Applicant Company 1, failing which, it will be presumed that the aforesaid authorities have no representations to make on the Scheme.
43. The Applicant Companies shall host the notices directed herein, on their respective websites, if any.
44. The Applicant Companies shall file proof of compliance electronically to report to this Tribunal that the directions regarding issue of notices and

IN THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH-IV

CA(CAA)/1166/MB-IV/2020

publication of advertisement as stated in above paragraphs have been duly complied with.

45. Ordered accordingly.

Sd/-

CHANDRA BHAN SINGH

Member (Technical)

Sd/-

SUCHITRA KANUPARTHI

Member (Judicial)