

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH

CSP NO. 534 OF 2017
AND
CSP NO. 531 OF 2017
AND
CSP NO. 526 OF 2017
AND
CSP NO. 523 OF 2017

Under Section 230-232 of the Companies
Act, 2013

In the matter of Scheme of Arrangement of
STANDARD GREASES & SPECIALITIES
PRIVATE LIMITED ('SGSPL' or 'the Demerged
Company') and STANDARD ENNORE
(PROJECTS) PRIVATE LIMITED ('SEPPL' or
'Resulting Company 1') and STANDARD WADA
PRIVATE LIMITED ('SWPL' or 'Resulting
Company 2') and STANDARD GREASES
PRIVATE LIMITED ('SGPL' or 'Resulting
Company 3') and their shareholders.

STANDARD GREASES & SPECIALITIES PRIVATE LIMITED

....Petitioner/ the Demerged Company
AND

STANDARD ENNORE (PROJECTS) PRIVATE LIMITED

....Petitioner/ the Resulting Company 1
AND

STANDARD WADA PRIVATE LIMITED

....Petitioner/ the Resulting Company 2
AND

STANDARD GREASES PRIVATE LIMITED

....Petitioner/ the Resulting Company 3

Judgement/ order delivered on 7th September, 2017

Coram:

SH. B.S.V. Prakash Kumar, Hon'ble Member (J)

SH. V. Nallasenapathy, Hon'ble Member (T)

For the Petitioner(s): Mr. Rajesh Shah with Mr. Ahmed M Chunawala

i/b M/s. Rajesh Shah & Co., Advocate for the Petitioner.

Per : SH. B.S.V. Prakash Kumar, Hon'ble Member (J)

ORDER

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petitions to the Scheme of Arrangement of STANDARD GREASES & SPECIALITIES PRIVATE LIMITED ('SGSPL' or 'the Demerged Company') and STANDARD ENNORE (PROJECTS) PRIVATE LIMITED ('SEPPL' or 'Resulting Company 1') and STANDARD WADA PRIVATE LIMITED ('SWPL' or 'Resulting Company 2') and STANDARD GREASES PRIVATE LIMITED ('SGPL' or 'Resulting Company 3') and their shareholders.
2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 to a Scheme of Arrangement of STANDARD GREASES & SPECIALITIES PRIVATE LIMITED ('SGSPL' or 'the Demerged Company') and STANDARD ENNORE (PROJECTS) PRIVATE LIMITED ('SEPPL' or 'Resulting Company 1') and STANDARD WADA PRIVATE LIMITED ('SWPL' or 'Resulting Company 2') and STANDARD GREASES PRIVATE LIMITED ('SGPL' or 'Resulting Company 3') and their shareholders.

3. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions which are annexed to the respective Company Scheme Petitions.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Petitions have been filed in consonance with the order passed in their Company Scheme Application Nos. 378 of 2017, 390 of 2017, 389 of 2017 and 380 of 2017 of the National Company Law Tribunal.
5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per direction of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 1956/2013 and the Rules made there under whichever is applicable. The said undertaking is accepted.
6. The Learned Counsel for the Petitioners submits that the Demerged Company is at present engaged in the manufacturing and trading of lubricating oils and greases, as well as leasing business. The Demerged Company also owns project undertakings at Ennore, Tamil Nadu and Wada, Maharashtra. In order to direct focus on distinct segments, the scheme provides for retaining the capital intensive business of manufacturing and trading of lubricating oils and greases in the Demerged Company while hiving off the Lease Undertaking and Project Undertakings into separate entities. The hive off is expected to lead to:

- i. Stronger business focus on individual businesses / projects / market as the business risks and growth strategies related to these businesses / projects / market are significantly different;
 - ii. Enable unlocking of value of the businesses;
 - iii. Building strong capability to effectively meet future challenges in competitive business environment; and
 - iv. Facilitate investment and strategic partnership for individual businesses / projects.
7. The Regional Director has filed a Report on 1st day of September, 2017 stating therein, save and except as stated in paragraph IV, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Report, the Regional Director has stated that:-

“IV. The observations of the Regional Director on the proposed Scheme to be considered by the Hon’ble NCLT are as under:

- (a) (In addition to compliance of AS-14 (IND AS-103) the Transferee Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8) etc.*
- (b) As per Clause 1.b Definitions of the Scheme, “Appointed Date” means the close of business hours of March 31, 2017 or any other date as may be decided by the respective Board of Directors of the Transferor Company and the Resulting Companies, being the time and date with effect from which this Scheme shall be deemed to be effective. In this regard, it is submitted in terms of provisions of Section 232(6) of the Companies Act, 2013 it should be 31st March, 2017;*
- (c) As per existing practice, the Petitioner Companies are required to serve Notice for Scheme of Arrangements to the Income Tax Department for their comments. It is observed that the company vide letter dated 03.05.2017 has served a copy of company scheme application No. 378,*

380, 389, 390 of 2017 along with relevant orders, etc. Further, this Directorate has also issued a reminder of 29.08.2017 to IT Department.

(d) *The tax implications 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 Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the Petitioner Companies after giving effect to the scheme. The decision of the Income Tax Authority is binding on the Petitioner Companies.*

(e) *Petitioner in the clause 5.3 inter alia has mentioned that the Resulting Companies shall and to the extent required increase their Authorized Share Capital to facilitate issue of equity shares under this Scheme. This Deponent prays that the Hon'ble Tribunal may pass orders to comply with the provisions of the Companies Act and the rules thereof.*

(f) *Petitioner in clause 4.6.1 inter alia has mentioned that upon this Scheme becoming effective and with effect from the Appointed Date mentioned in this Scheme, the Main Objects of the Resulting Company 2 shall be deemed to have been altered by adding a new Clause, namely clause 3, in the Main Objects clause of the Memorandum of Association of the Resulting Company 2, which shall stand inserted immediately after existing Clause 3, and shall read as under:*

"To carry on the business of manufacturing, processing, blending, selling, importing, exporting or otherwise dealing in lubricating oils and greases."

This Deponent prays that the Hon'ble Tribunal may pass orders to comply with the provisions of the Companies Act and the rules thereof.

8. So far as observations made in paragraph IV(a) of the Report of Regional Director are concerned, the Petitioner Companies undertakes that they shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8) etc.

9. So far as observations made in paragraph IV(b) of the Report of Regional Director are concerned, the Petitioner Companies confirm

that there will not be any change in the Appointed Date which shall be close of business hours of 31 March, 2017

10. So far as observations made in paragraph IV(c) and (d) of the Report of Regional Director are concerned, the Counsel for the Petitioners submit that the Petitioner Companies undertake to comply with all applicable provisions of the Income-tax Act 1961 and all tax issue arising out of the Scheme will be met and answered in accordance of law.
11. So far as observations made in paragraph IV(e) of the Report of Regional Director are concerned, the Petitioner Companies undertake to comply with the provisions of the Companies Act and file requisite forms with the Registrar of Companies.
12. In so far as observations made in paragraph IV(f) of the Report of Regional Director are concerned, the Petitioner Companies undertake to comply with the provisions of the Companies Act and file requisite forms with the Registrar of Companies.
13. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 12 above. The clarifications and undertakings given by the Petitioner Companies 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 Petition Nos. 534, 531, 526 and 523 of 2017 is made absolute in terms of prayers clause (a) to (c).

16. Petitioners are directed to lodge a copy of this order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy, as per the relevant provisions of the Companies Act 1956 / 2013.
17. The Petitioner Companies to lodge a copy of this order and the Scheme duly certified by the Deputy Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the order, if any.
18. The Petitioner Companies to pay costs of Rs.25,000/- each to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of the Order.
19. All concerned regulatory authorities to act on a copy of this order along with Scheme duly authenticated by the Deputy Registrar, National Company Law Tribunal, Mumbai.

Sd/-

V. Nallasenapathy, Member (T)

Sd/-

B.S.V. Prakash Kumar, Member (J)

Date : 07/09/2017