



NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

COURT III

4. C.A.(CAA)/286/MB/2022

CORAM: SH. H. V. SUBBA RAO, MEMBER (J)
MS. MADHU SINHA, MEMBER (T)

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL
COMPANY LAW TRIBUNAL ON **05.01.2023**

NAME OF THE PARTIES: Bajaj Electricals Limited

SECTION 230(I) OF COMPANIES ACT, 2013

ORDER

Mr. Hemant Sethi, counsel for the Petitioner is present through virtual hearing.

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Heard the counsel appearing for the Petitioner and the above Company
Application is **allowed**. **Detail order would follow:**

Sd/-
MADHU SINHA
Member (Technical)
//SGP//

Sd/-
H. V. SUBBA RAO
Member (Judicial)



Certified True Copy
Copy Issued "free of cost"
On 17/01/2023

P. S. Sonawane
Deputy Registrar *17.01.2023*
National Company Law Tribunal Mumbai Bench
(D. 0903) *17/1/2023*



**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT - III**

C.A.(C.A.A.)/286/MB/2022

In the matter of

The Companies Act, 2013

And

In the matter of

Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016;

And

In the matter of

Scheme of Arrangement between Bajaj Electricals Limited ("Demerged Company" or "BEL" or "First Applicant Company") and Bajel Projects Limited ("Resulting Company" or "BPL" or "Second Applicant Company") and their respective shareholders (the "Scheme").

Bajaj Electricals Limited

CIN : L31500MH1938PLC009887

...First Applicant Company/ Demerged Company

Bajel Projects Limited

CIN : U31900MH2022PLC375133

...Second Applicant Company/ Resulting Company





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(Hereinafter the First Applicant Company and the Second Applicant Company are collectively referred to as the “Applicant Companies”).

Order pronounced on: 05.01.2023

Coram:

HON’BLE SHRI H. V. SUBBA RAO: MEMBER JUDICIAL

HON’BLE SMT. MADHU SINHA: MEMBER TECHNICAL

Appearances (through video conferencing)

For the Applicant Companies: Mr. Hemant Sethi, Ms. Devanshi Sethi, Ms. Tanaya Sethi i/b Hemant Sethi & Co., Advocates/Counsel for the Applicant Companies.

ORDER

1. The Bench is convened through videoconferencing.
2. The Learned Counsel for the Applicant Companies submits that the Applicant Companies have filed the present Company Scheme Application (hereinafter referred to as the “Company Application”), under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the “Act”) and in terms of Rule 3 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, seeking directions from this Tribunal in relation to the holding/dispensation of meetings of equity shareholders, secured creditors, and unsecured creditors of the respective Applicant Companies, as the case may be, seeking their approval to the Scheme of Arrangement between Bajaj Electricals Limited (“Demerged Company” or “BEL” or “First Applicant Company”) and Bajel Projects Limited (“Resulting Company” or “BPL” or “Second Applicant Company”) and their respective shareholders (hereinafter referred to as the “Scheme” or the “Scheme of Arrangement” as the context may admit).



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3. The Learned Counsel for the Applicant Companies submits that the Scheme of Arrangement provides for:
- (i) the transfer by way of a demerger of the Demerged Undertaking (*as more particularly defined in the Scheme*) of the Demerged Company into the Resulting Company on a going concern basis and the consequent issue of New Equity Shares (*as defined in the Scheme*) by the Resulting Company to the shareholders of the Demerged Company; and
 - (ii) various other matters consequential or otherwise integrally connected herewith.
4. The Learned Counsel for the Applicant Companies submits that the First Applicant Company is currently engaged in (a) the Consumer Product segment ('CP') (which includes appliances, fans, and consumer lighting products) and (b) the Engineering Procurement and Construction segment ('EPC') which primarily focuses on Illumination Business and Power Transmission and Power Distribution Business and the main object of the Second Applicant Company is *inter-alia* to carry out the Power Transmission and Power Distribution Business.
5. The Learned Counsel for the Applicant Companies submits that the Board of Directors of the Applicant Companies in their respective meeting held on 08th February, 2022, have approved the proposed Scheme of Arrangement. Further, as advised/directed by the Securities and Exchange Board of India ("SEBI") and the Stock Exchanges, the Demerger Committee of the Board of Directors of the First Applicant Company, and the Board of Directors of the Second Applicant Company, at their respective meetings held on 06th December, 2022, have made certain/required amendment(s) to the Scheme. The respective Resolutions passed in the above meetings, approving/amending the Scheme for the Applicant Companies, are annexed to the Company Application.





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6. The Appointed Date of the Scheme is 01st April, 2022.
7. The Learned Counsel for the Applicant Companies further submits that the rationale and benefits for/of the Scheme are as follows:
- The Demerged Company has 2 (two) distinct business segments viz. (i) Consumer Product segment ('CP') (which includes appliances, fan and consumer lighting products) and (ii) Engineering Procurement and Construction segment ('EPC'). The EPC segment primarily focuses on Illumination Business and Power Transmission and Power Distribution Business.
 - Illumination Business which is a part of EPC segment is more synergistic to CP segment and its risk and rewards are also aligned to that of CP segment.
 - The nature of risk, competition, challenges, opportunities and business methods for the Power Transmission and Power Distribution Business (as defined hereinafter) is separate and distinct from the Remaining Business (as defined hereinafter) carried out by the Demerged Company. Further, the way the Power Transmission and Power Distribution Business is required to be handled and managed is not similar to that of the Remaining Business.
 - Each of the varied businesses carried out by the Demerged Company have significant potential for growth and profitability and can attract different set of investors, strategic partners, lenders, etc. Therefore, as these businesses approach their next phase of growth, it would be strategically apt to segregate the Power Transmission and Power Distribution Business from the Remaining Business.
 - The segregation shall enable them to move forward independently, with greater focus and specialization, building on their respective capabilities and their strong brand presence. It will also help to channelize resources required for all the businesses to focus on the growing businesses and attracting right talent and providing enhanced growth opportunities to existing talent in line with a sharper strategic focus on each business segment under separate entities.
 - The Scheme will also enable the Demerged Company and the Resulting Company to focus and enhance its respective businesses by streamlining operations



and its management structure ensuring better and more efficient management control.

- g. Bifurcation of these businesses will enable unlocking value of each vertical thereby paving way for focused growth with a view to create significant stakeholder value and at the same time allow investors to allocate their portfolio into separate entities, focused on the distinct entities. Further, it will enable independent and distinct capital allocation approach and balance sheet management based on the distinct needs of each business.
- h. Thus, the demerger would help in achieving the desired operating structure and shall inter-alia have following benefits:
- i) Create sector focused companies;
 - ii) Streamline the management structure;
 - iii) Unlock value for shareholders;
 - iv) Ring-fence businesses from each other; and
 - v) Better risk management.

CONSIDERATION

8. Upon the Scheme becoming effective and in consideration of and subject to the provisions of the Scheme, the Resulting Company shall without any application or deed, issue and allot New Equity Shares of face value of INR 2/- each, credited as fully paid up, to the extent indicated below, to the equity shareholders holding fully paid up equity shares of the Demerged Company and whose name appear in the register of members of the Demerged Company as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the following proportion, subject to the Clause 11.4 and Clause 11.5 of the Scheme:

"1 equity share of the face value of INR 2 each fully paid-up of the Resulting Company shall be issued and allotted for every 1 equity share of face value INR 2 each





fully paid up held by equity shareholders of the Demerged Company."

9. The Learned Counsel for the Applicant Companies submits that the equity shares of the First Applicant Company are listed on both the BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE") and BSE by its letter dated 02nd December, 2022 and NSE by its letter dated 05th December, 2022, have respectively given their "no objection/no adverse observation" letters to the First Applicant Company, therein respectively mentioning the observations/directions provided/given by SEBI and incremental observations by the Stock Exchanges on the Scheme, to file the Scheme with the Tribunal for its consideration.

SHAREHOLDERS MEETING/ DISPENSATION

10. The First Applicant Company has 71,370 (Seventy-One Thousand Three Hundred and Seventy) equity shareholders as on 30th September, 2022.
11. The Learned Counsel for the Applicant Companies states that the meeting of the equity shareholders of the First Applicant Company be convened and held on 2nd March, 2023 at 11:00 a.m. (IST), through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') mode without holding a general meeting requiring the physical presence of shareholders at a common venue, as per applicable operating procedures issued by the Ministry of Corporate Affairs, with necessary modifications as stated herein or as may be required, and not in physical presence of shareholders subject to appropriate circular/ procedures to be issued by SEBI for conducting such shareholders meeting through VC/ OAVM mode. In the event if SEBI does not issue appropriate circular/ procedures to conduct shareholders meeting through VC/ OAVM mode beyond 31st December 2022 then the First Applicant Company reserves its right to conduct the said meeting requiring the physical presence of shareholders at a common venue and holding a general meeting at such a place as may be decided by the First Applicant Company within the jurisdiction where the registered office of the First Applicant Company is situated.



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12. In view of provisions of Section 230(4) read with Section 108 of the Act 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 First Applicant Company shall provide the facility of remote e-voting to its equity shareholders in respect of the resolution to be passed at the meeting. The equity shareholders of the First Applicant Company are also allowed to avail the facility of e-voting during the meeting to be held through VA/ OAVM on 2nd March, 2023 at 11:00 a.m. (IST). The e-voting facility for the equity shareholders of the First Applicant Company 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.

13. The First Applicant Company is hereby directed to:

- i. That at least 30 (thirty) days before the said meeting of the equity shareholders of the First Applicant Company to be held as aforesaid, a Notice (Form No. CAA.2) convening the said meeting at the day, date and time as aforesaid, together with a copy of the Scheme, a copy of Explanatory Statement disclosing all material facts as required under Section 230(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 notified on 14th December, 2016 shall be sent by email to those equity shareholders whose email addresses are duly registered with the First Applicant Company/ Depository Participant, addressed to each of the shareholders, at their last known email addresses as per the records of the First Applicant Company as on the cut-off date to be determined by the Board of Directors, or any committee thereof, of the First Applicant Company.





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- ii. That at least 30 (thirty) days before the aforesaid meeting of the equity shareholders of the First Applicant Company to be held as aforesaid, a Notice convening the said meeting at the day, date and time as aforesaid be published each in 'Business Standard' in English and 'Navshakti' in Marathi, both circulated at Mumbai, and stating that the copies of the Scheme and the statement required to be furnished pursuant to Section 230(3) of the Act can be obtained free of charge by emailing.
14. Mr. Shekhar Bajaj, Executive Chairman of the First Applicant Company and failing him, Mr. Anuj Poddar, Managing Director & Chief Executive Officer of the First Applicant Company and failing him, Mr. Shailesh Haribhakti, Independent Director of the First Applicant Company, shall be the Chairperson of the meeting of the equity shareholders of the First Applicant Company to be held as aforesaid or any adjournments thereof.
15. The Scrutinizer for the aforesaid meeting of equity shareholders of the First Applicant Company shall be M/s Anant B. Khamankar & Co., Practicing Company Secretaries, having FCS No. 3198 and CP No. 1860, at a remuneration of INR 25,000/- excluding applicable taxes and out of pocket expenses, for the services rendered.
16. The Chairperson appointed for the aforesaid meeting to issue the advertisement and send out the notices of the meeting referred to above. The Chairperson of the meeting shall have all powers as per the Articles of Association and also under the Act in relation to the conduct of the meeting, including for deciding procedural questions that may arise at the aforesaid meeting or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).
17. That the quorum of the aforesaid meeting of the equity shareholders of the First Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013 and would include equity shareholders present through VC/ OAVM means. In case the required quorum as stated above is not present at the commencement of



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the meeting, the meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum.

18. The voting by proxy shall not be permitted as the meeting would be held through VC/ OAVM. However, voting in case of body corporate be permitted, provided the prescribed form/authorization is filed with the First Applicant Company 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.
19. The value and number of the shares of each shareholder of the First Applicant Company shall be in accordance with the books/register of the First Applicant Company or depository records as on the cut-off date to be determined by the Board of Directors, or any committee thereof, of the First Applicant Company and where the entries in the books/register/ depository records are disputed, the Chairperson of the meeting shall determine the value for the purpose of the aforesaid meeting and his decision in that behalf would be final.
20. The Chairperson of the meeting of the First Applicant Company to report to this Tribunal, the results of the aforesaid meeting within 30 (Thirty) days of the conclusion of the meeting of the equity shareholders.
21. The Chairperson appointed for the meeting shall file an Affidavit not less than 7 (seven) days before the date fixed for the holding of meeting of equity shareholders of the First Applicant Company and do report to this Tribunal that the direction regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016.
22. The Learned Counsel for the Applicant Companies states that there are 7 (Seven) equity shareholders in the Second Applicant Company including 6 nominee shareholders and that they have obtained the consent affidavits from all the equity shareholders of the Second Applicant Company, which are annexed as Annexure G1 to



G7 to the Company Application. In view of the above fact that all the equity shareholders of the Second Applicant Company have given their consent affidavits, the meeting of the equity shareholders of the Second Applicant Company is hereby dispensed with.

SECURED CREDITORS

23. The Learned Counsel for the Applicant Companies further submits that as on 30th September, 2022 there are no secured creditors in the Applicant Companies and hence the question of convening and holding a meeting of the secured creditors of the Applicant Companies does not arise.

UNSECURED CREDITORS

24. The Learned Counsel for the Applicant Companies submits that as on 30th September, 2022, there were 9,539 (Nine Thousand Five Hundred and Thirty Nine) unsecured creditors in the First Applicant Company amounting to INR 1,687,18,97,461.17/- (Rupees One Thousand Six Hundred and Eighty-Seven Crores Eighteen Lakh Ninety Seven Thousand Four Hundred and Sixty One and Seventeen Paise only) and 5 (Five) unsecured creditors in the Second Applicant Company amounting to INR 7,99,927.60/- (Rupees Seven Lakh Ninety-Nine Thousand Nine Hundred and Twenty-Seven and Paise Sixty only). The Learned Counsel for the Applicant Companies submits that the present Scheme is an arrangement between the Applicant Companies and their Shareholders as contemplated in Section 230(1)(b) and not in accordance with the provisions of Section 230(1)(a) of the Companies Act, 2013, as there is no compromise or arrangement with creditors as it does not affect the rights and interests of the unsecured creditors of the Applicant Companies. Further, there is no diminution of liability of any of the unsecured creditors of the Applicant Companies. Also, the unsecured creditors will be paid off in the ordinary course of business. In view of the fact that there is no compromise or arrangement with creditors, the meeting of the unsecured creditors of the Applicant



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Companies is hereby dispensed with. However, the Applicant Companies are directed to issue notice to their respective unsecured creditors, having outstanding balance above Rs. 1,00,000/- in case of the First Applicant Company and to all unsecured creditors in case of the Second Applicant Company as on the cut-off date to be decided by the Applicant Companies, by Registered Post-AD/ Speed Post or Hand Delivery or through Email (to those creditors whose email addresses are duly registered with the Applicant Companies, respectively, for the purpose of receiving such notices by email), at their last known addresses as per the records of the Applicant Companies.

25. The Applicant Companies are directed to serve notice along with copy of the Scheme by Registered Post-AD/ Speed Post or Hand Delivery or through Email upon:-

- i. The Central Government (through the office of Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai, Maharashtra);
- ii. Registrar of Companies, Mumbai, Maharashtra;
- iii. Income Tax Authority within whose jurisdiction the respective Applicant Companies are assessed to tax, i.e., for the First Applicant Company (PAN: AAACB2484Q) – The Deputy Commissioner of Income-tax, Circle – 2(1)(1) Room no. 561, 5th Floor, Aayakar Bhavan, Maharishi Karve Road, Mumbai – 400 020 and for the Second Applicant Company (PAN: AAKCB4563E) – The Deputy Commissioner of Income-tax, Circle – 6(1)(2) Room no. 506, .5th Floor, Aayakar Bhavan, Maharishi Karve Road, Mumbai – 400 020;
- iv. Goods and Service Tax Department;
- v. BSE (only by the First Applicant Company);
- vi. NSE (only by the First Applicant Company);



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vii. SEBI (only by the First Applicant Company); and

viii. Reserve Bank of India (only by the First Applicant Company)

pursuant to section 230(5) of the Companies Act, 2013 and Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The above notices shall be issued with a direction that the above mentioned authorities may submit their representations, if any, within a period of 30 (Thirty) days from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the respective Applicant Companies failing which, it shall be presumed that the authorities have no representations to make on the proposed Scheme, pursuant to Section 230(5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

26. The Applicant Companies are further directed to publish their respective aforesaid notices on their websites, if any.

27. The Applicant Companies to file affidavit of service after serving the notices to all the Regulatory Authorities as stated above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.

28. Ordered accordingly.

Sd/-

Madhu Sinha

Member (Technical)



Sd/-

H. V. Subba Rao

Member (Judicial)

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On 17/01/2023

P.P.S. Sorawane
Deputy Registrar 17/01/2023
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