

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
SPECIAL BENCH - II, CHENNAI**

CA(CAA)/12(CHE)/2024

(Under Sections 230 to 232 of the Companies Act, 2013)

*In the matter of Composite Scheme of Arrangement and Amalgamation between **Jain Recycling Private Limited** and **Jain Resource Recycling Private Limited** and their
Respective Shareholders*

JAIN RECYCLING PRIVATE LIMITED,
Having its registered office at
4th Floor, Old No. 7/1, New No. 20,
Waddels Road, Kilpauk,
Chennai – 600 010.

... First Applicant/Transferor Company

JAIN RESOURCE RECYCLING PRIVATE LIMITED
Having its registered office at
4th Floor, Old No. 7/1, New No. 20,
Waddels Road, Kilpauk,
Chennai – 600 010.

... Second Applicant/Transferee Company

Order Pronounced on 10th May, 2024

CORAM:

**JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
VENKAT RAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

Present:

*For Applicant(s) : Mr.T.K.Bhaskar, Advocate
Mr.Niranjan Rao, Advocate*

ORDER

This is a Joint Application filed by **JAIN RECYCLING PRIVATE LIMITED** (hereinafter referred to as “Transferor Company”) along with **JAIN RESOURCE RECYCLING PRIVATE LIMITED** (hereinafter referred to as “Transferee Company”) its Shareholders under section 230-232 of Companies Act, 2013, and other applicable provisions of the Companies Act,

2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the Composite Scheme of Arrangement and Amalgamation (hereinafter referred to as the "SCHEME") proposed by the Applicant Companies herein with its Shareholders. The said Scheme is placed in **Pages 703-739** of the Application Typeset.

2. The Scheme provides, *inter alia* for the following, in the sequence of events as below:

- (i) The reduction of Transferor Company Compulsorily Convertible Preference Shares capital by cancelling the Transferor Company Compulsorily Convertible Preference Shares capital and returning Rs.217.60 per share, being the entire amount paid up (including premium) on the Transferor Company Compulsorily Convertible Preference Shares, to the Transferor Company CCPS Shareholders.
- (ii) The reduction of the Transferor Company Optionally Convertible Preference Shares by cancelling the Transferor Company Optionally Convertible Preference Shares capital and returning Rs.295 per share, being the entire amount paid upon the Transferor Company Optionally Convertible Preference Shares, to the Transferor Company OCRPS Shareholders.
- (iii) The reduction of the Transferee Company Optionally Convertible Preference Shares by cancelling the Transferee Company Optionally Convertible Preference Shares capital and returning Rs.136 per share, being the entire amount paid up including premium on the Transferee Company Optionally Convertible Preference Shares, to the Transferee Company CCRPS Shareholders.

- (iv) Post giving effect to reduction of share capital of the Transferor Company and Transferee Company as above, the amalgamation of the Transferor Company into the Transferee Company, by way of merger and dissolution of the Transferor Company without winding up and the consequent issuance of the Transferee Company Equity Shares (as defined hereunder), in accordance with the Share Exchange Ratio (as defined hereunder) to the Eligible Members (as defined hereunder), in respect of each Transferor Company Equity Shares, held by them In accordance with this Scheme ("Amalgamation");
- (v) Various other matters incidental, consequential or otherwise integrally connected therewith, including the increase in the share capital of the Transferee Company.

3. The Applicant Companies in this Company Application have sought for the following reliefs;

	Equity Shareholders	Preference Shareholders	Secured Creditors	Unsecured Creditors
Transferor Company	Dispense with meeting	Dispense with meeting (for both CCPS and OCRPS)	Dispense with meeting	Dispense with meeting
Transferee Company	Dispense with meeting	Dispense with meeting (for OCRPS)	Dispense with meeting	Dispense with meeting

Note: CCPS - Compulsory Convertible; OCRPS -Optionally Convertible Redeemable Preference Shareholders)

4. Affidavits in support of the present Application sworn for and on behalf of the Applicant Companies have been filed by,

i) **Mr.Hemant S Jain** for Transferor Company in the capacity of Director. The respective Board Resolution dated 14.12.2023 is placed on record.

ii) **Mr.Amit Kumar Parakh**, for Transferee Company in the capacity of Authorised Signatory. The respective Board Resolution dated 14.12.2023 is placed on record.

It is also represented that the Registered Offices of both the Applicant Companies are situated within the territorial jurisdiction of this Tribunal and fall within the purview of Registrar of Companies, Chennai.

5. It is stated that The Transferor Company is a private limited company incorporated under the provisions of Companies Act, 2013 on 10.01.2020 with CIN No.: U27200TN2020PTC133771. The authorized, issued, subscribed and paid up capital of the Demerged Company as on 12.12.2023 is stated as follows:-

PARTICULARS	AMOUNT IN RS.
Authorised Capital	
a) 11,61,160 Equity Shares of Rs.10/- each	1,16,11,600
b) 43,18,840 – 0.01% CCPS of Rs.10/- each	4,31,88,400
c) 10,20,000 – 0.01% OCRPS of Rs.10/- each	1,02,00,000
Total	6,50,00,000
Issued, subscribed and paid-up share capital	
a) 11,61,160 Equity Shares of Rs.10/- each	1,16,11,600
b) 37,58,359 – 0.01% CCPS of Rs.10/- each	3,75,83,590
c) 10,20,000 - 0.01% OCRPS of Rs.10/- each	1,02,00,000
Total	5,93,95,190

MAIN OBJECTS OF THE TRANSFEROR COMPANY IN BRIEF:

The Main objects of the Company is to engage in the business of processing, exporting, importing and trading scraps of Ferrous metals, Non-Ferrous Metals and

Non-Metallic Materials, and to engage in the business of manufacturing/processing various alloys and metal works. The complete details of the main objects are described in the Memorandum of Association placed along with the application.

6. It is stated that The Transferee Company is a private limited company incorporated under the provisions of Companies Act, 2013 on 25.02.2022 with CIN No.: U27320TN2022PTC150206. The authorized, issued, subscribed and paid up capital of the Demerged Company as on 12.12.2023 is stated as follows:-

PARTICULARS	AMOUNT IN RS.
Authorised Capital	
a) 4,10,50,000 Equity Shares of Rs.10/- each	41,05,00,000
b) 25,00,000 – 0.01% OCRPS of Rs.10/- each	2,50,00,000
Total	43,55,00,000
Issued, subscribed and paid-up share capital	
a) 4,10,25,641 Equity Shares of Rs.10/- each	41,02,56,410
b) 22,06,000 – 0.01% OCRPS of Rs.10/- each	2,20,60,000
Total	43,23,16,410

MAIN OBJECTS OF THE TRANSFEREE COMPANY IN BRIEF:

The Main objects of the Company is to engage in the business of processing, exporting, importing and trading scraps of Ferrous metals, Non-Ferrous Metals and Non-Metallic Materials. The complete details of the main objects are described in the Memorandum of Association placed along with the application.

7. Ld. Counsel for the Applicants submitted that this Tribunal may dispense with the meetings of all Equity Shareholders, Secured Creditors and Unsecured Creditors of both the Transferor Company and the Transferee Company; dispense with the meeting of Preference Shareholders (including Compulsory Convertible and Optionally Convertible Redeemable

Preference Shareholders) of the Transferor Company and Preference Shareholders (including Optionally Convertible Redeemable Preference Shareholders) of the Transferee Company, in view of the fact that all of them have given their approval and consent affidavit for the Scheme.

8. We have heard the Ld. Counsel for the Applicants and perused the application and the connected documents/papers filed therewith including the Scheme contemplated by the Applicant Companies.

9. The Applicant Companies have filed the Memorandum and Articles of Association *inter alia* delineating its object clauses as well as their last available Audited Financial Statements for the year ended 31.03.2023 and Provisional/ Unaudited Financial Statements as on 12.12.2023.

10. The Board of Directors of the Applicant Companies vide meeting held on 14.12.2023 have unanimously approved the proposed Scheme as contemplated above. Copies of the resolutions passed thereon have been placed on record by the Applicant Companies.

11. The Appointed date as specified in the Scheme is **01.04.2024**.

12. The Statutory Auditors of the Applicant Companies have examined the Scheme in terms of provisions of Sec. 232 of Companies Act, 2013 and the rules made thereunder and certified that the Accounting Standards are in compliance with Section 133 of the Companies Act, 2013. The Accounting Treatment Certificates for the Transferor Company and Transferee Company

are placed at **Pages 285-387 and 677-682** respectively in the typed set filed along with the application.

13. Taking into consideration of the application filed by the Applicant Companies and the documents filed therewith as well as the position of law, this Tribunal issues the following directions: -

14. **JAIN RECYCLING PRIVATE LIMITED
(TRANSFEROR COMPANY)**

I. EQUITY SHAREHOLDERS

- (i) It is represented that, there are 2 (**Two**) Equity Shareholders, whose consent affidavits amounting to 100% are placed at **Page No. 116**. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, there are 2 (**Two**) Equity Shareholders in the Company whose consents by way of Affidavits has been obtained and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

II. PREFERENCE SHAREHOLDERS

- (i) It is represented that, there are 2 (**Two**) Compulsorily Convertible Preference Shareholders and 1 (**One**) Optionally Convertible Redeemable Preference Shareholder whose consent affidavits amounting to 100% are placed at **Page Nos. 121-127**. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, there are 3 (**Three**) (2 CCPS and 1 OCRPS) Preference Shareholders in the Company whose consents by way of Affidavits has been obtained

and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

III. SECURED CREDITORS

- (i) It is represented that, there are **5 (Five)** Secured Creditors in the Company. The Certificate issued by the Chartered Accountant certifying the list of Secured Creditors is placed at **Page No. 130** of the application. Consent by way of Affidavit given by the 100% of Secured Creditors in value is also placed on record. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, there are **5 (Five) Secured Creditors** in the Company whose consents by way of Affidavits has been obtained and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

IV. UNSECURED CREDITORS

- (ii) It is represented that, there are **174 (One Hundred and Seventy Four)** Unsecured Creditors in the Company. The Certificate issued by the Chartered Accountant certifying the list of Unsecured Creditors is placed at **Page No. 146** of the application. Consent by way of Affidavit given by **29** Unsecured Creditors who holds **92.68%** of total Unsecured Credit is also placed on record. They have sought to dispense with holding a meeting.
- (ii) It is represented by the Transferor Company that, **92.68% Unsecured Creditors** in value gave consent to dispense with the meeting. Since, the consent percentage is very near the requisite consent and considering the interest all creditors this Tribunal finds it is necessary to order for meeting. Accordingly, Meeting of

the Unsecured Creditors of the Transferor Company is directed to be held on **27.06.2024** at **11:00 AM** at the Registered Office address of the Transferor Company or through video conferencing or if not convenient at any other suitable place for which prior approval shall be sought from this Tribunal within a period of 7 days from the date of this order and prior to the issue of notices.

15. **JAIN RESOURCE RECYCLING PRIVATE LIMITED**
(TRANSFEREE COMPANY)

I. EQUITY SHAREHOLDERS

- (i) It is represented that, there are **3 (Three)** Equity Shareholders, whose consent affidavits amounting to 100% are placed at **Page No. 357**. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, there are **3 (Three)** Equity Shareholders in the Company whose consents by way of Affidavits has been obtained and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

II. PREFERENCE SHAREHOLDERS

- (i) It is represented that, there is **1 (One)** Optionally Convertible Redeemable Preference Shareholder whose consent affidavits amounting to 100% is placed at Page Nos. 364. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, is **1 (One)** Optionally Convertible Redeemable Preference Shareholder in the Company whose consent by way of Affidavits has been obtained and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

III. SECURED CREDITORS

- (i) It is represented that, there are **6 (Six)** Secured Creditors in the Company. The Certificate issued by the Chartered Accountant certifying the list of Secured Creditors is placed at **Page No. 367** of the application. Consent by way of Affidavit given by the 100% of Secured Creditors in value is also placed on record. They have sought to dispense with holding a meeting.
- (ii) Since it is represented by the Transferor Company that, there are **6 (Six) Secured Creditors** in the Company whose consents by way of Affidavits has been obtained and is placed on record, the necessity of convening, holding and conducting the meeting is *dispensed with*.

IV. UNSECURED CREDITORS

- (i) It is represented that, there are **233 (Two Hundred and Thirty Three)** Unsecured Creditors in the Company. The Certificate issued by the Chartered Accountant certifying the list of Unsecured Creditors is placed at **Page No. 383** of the application. Consent by way of Affidavit given by **53** Unsecured Creditors who holds **91.14%** of the total Unsecured Credit is also placed on record. They have sought to dispense with holding a meeting.
- (ii) It is represented by the Transferee Company that **91.14% Unsecured Creditors** in value gave consent to dispense with the meeting. Since, the consent percentage is very near the requisite consent and considering the interest all creditors this Tribunal finds it is necessary to order for meeting. Accordingly, Meeting of the Unsecured Creditors of the Transferee Company is directed to be held on **27.06.2024** at **02:00 PM** at the Registered Office address

of the Transferee Company or through video conferencing or if not convenient at any other suitable place for which prior approval shall be sought from this Tribunal within a period of 7 days from the date of this order and prior to the issue of notices.

16. The quorum for the meeting of the Applicant Companies shall be as follows;

S.No	NAME OF THE COMPANY	CLASS	QUORUM
1	TRANSFEROR COMPANY	UNSECURE CREDITORS	35
2	TRANSFEE COMPANY	UNSECURE CREDITORS	45

- i) The Chairperson appointed for the above said meetings shall be **Subramaniam Aneetha (Mob:98400 24178)**. The Fee of the Chairperson for the aforesaid meeting shall be **Rs.60,000/-** in addition to meeting his incidental expenses. The Chairperson(s) will file the reports of the meeting within a week from the date of holding of the above said meetings
- ii) **V.Shree Kumar, (Mob: 98410 52625)** is appointed as a Scrutinizer and would be entitled to a fee of **Rs.40,000/-** for services in addition to meeting incidental expenses.
- iii) In case the quorum as noted above, for the above meeting of the Applicant Companies is not present at the meeting, then the meeting shall be adjourned by half an hour, and thereafter the person(s) present and voting shall be deemed to constitute the quorum. For the purpose of computing the quorum the valid proxies shall also be considered, if the proxy in the prescribed form, duly signed by the person entitled to attend and vote at the meeting, is filed with the registered office of the applicant companies at least 48 hours before the meeting. The Chairperson

appointed herein along with Scrutinizer shall ensure that the proxy registers are properly maintained. However, every endeavour should be made by the applicant companies to attain at least the quorum fixed, if not more in relation to approval of the scheme.

- iv) The meetings shall be conducted as per applicable procedure prescribed under the MCA Circular MCA General Circular Nos. (i) 20/2020 dated 5th May, 2020 (AGM Circular), (ii) 14/2020, dated 08.04.2020 (EGM Circular-I) and (iii) 17/2020 dated 13.04.2020 (EGM Circular-II);
- v) That individual notices of the above said meetings shall be sent by the Applicant Company through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meeting, indicating the day, date, the place and the time as aforesaid, together with a copy of Scheme, copy of explanatory statement, required to be sent under the Companies Act, 2013 and the prescribed form of proxy shall also be sent along and in addition to the above any other documents as may be prescribed under the Act or rules may also be duly sent with the notice.
- vi) That the Applicant Company shall publish advertisement with a gap of atleast 30 clear days before the aforesaid meetings, indicating the day, date and the place and time as aforesaid, to be published in the English Daily "*Business Line*" (*All India Edition*), and "*Makkal Kural*" (*Tamil Nadu Edition*) in vernacular stating the copies of Scheme, the Explanatory Statement required to be furnished pursuant to Section 230 of the Companies Act, 2013 and

the form of proxy shall be provided free of charge at the registered office of the respective Applicant Companies.

- vii) The Chairperson shall as aforesaid be responsible to report the result of the meeting within a period of 3 days of the conclusion of the meeting with details of voting on the proposed scheme.

- viii) Since it is represented by the Applicant Companies that No objection has been obtained from Reserve Bank of India, Competition Commission of India, SEBI, NSE and BSE, we direct the Applicant Companies to send notice to concerned Regional Director, MCA, Registrar of Companies Chennai, and the Income Tax Authorities as well as other Sectoral regulators who may have significant bearing on the operation of the applicant companies or the Scheme *per se* along with copy of required documents and disclosures required under the provisions of Companies Act, 2013 read with Companies (Compromises, Arrangements, Amalgamations) Rules, 2016.

- ix) The applicant companies shall further furnish copy of the Scheme free of charge within 1 day of any requisition for the Scheme made by every creditor or member of the applicant companies entitled to attend the meetings as aforesaid.

- x) The Authorized Representative of the Applicant Companies shall furnish an affidavit of service of notice of meetings and publication of advertisement and compliance of all directions contained herein at least a week before the proposed meetings.

- xi) All the aforesaid directions are to be complied with strictly in accordance with the applicable law including forms and formats

contained in the Companies (Compromises, Arrangements, Amalgamations) Rules, 2016 as well as the provisions of the Companies Act, 2013 by the Applicants.

17. The Applications stand **allowed** on the aforesaid terms.

Sd/-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-

JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)