

IN THE HIGH COURT OF DELHI
COMPANY APPLICATION (MAIN) NO. 87/2016

Reserved on 30th May, 2016
Date of pronouncement: 3rd August, 2016

In the matter of

The Companies Act, 1956 & the Companies Act, 2013 (to the extent applicable):

And

**Application under Section 391(1) of the
Companies Act, 1956**

Scheme of Arrangement between:

Jindal Polymer Products Private Limited

Applicant/Transferor Company no. 1

Shatabdi Paper Mills Private Limited

Applicant/Transferor Company no. 2

AND

Annapurna Steels Private Limited

Applicant/Transferee Company

**Through Mr. Rajeev K. Goel, Advocate
for the applicants**

SUDERSHAN KUMAR MISRA, J.

1. This joint application has been filed under Section 391(1) of the Companies Act, 1956 by the applicant companies seeking directions of this court to dispense with the requirement of convening the meetings of their equity shareholders, secured and unsecured creditors to consider and approve, with or without modification, the proposed Scheme of Arrangement between Jindal Polymer Products Private Limited (hereinafter referred to as the transferor company no. 1) and Shatabdi Paper Mills Private Limited (hereinafter referred to as the transferor

company no. 2) and Annapurna Steels Private Limited (hereinafter referred to as the transferee company).

2. The registered offices of the transferor and transferee companies are situated at New Delhi, within the jurisdiction of this Court.

3. The transferor company no. 1 was originally incorporated under the Companies Act, 1956 on 21st April, 1980 with the Registrar of Companies, Uttar Pradesh at Kanpur. The company shifted its registered office from the State of Uttarakhand to Delhi and obtained a certificate in this regard from the Registrar of companies, NCT of Delhi & Haryana at New Delhi on 12th November, 2015.

4. The transferor company no. 2 was incorporated under the Companies Act, 1956 on 19th April, 1989 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

5. The transferee company was originally incorporated under the Companies Act, 1956 on 5th September, 1985 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi under the name and style of Annapurna Steels Private Limited. The company changed its name to Annapurna Steels Limited and obtained the fresh certificate of incorporation on 15th December, 2006. The company again changed its

name to Annapurna Steels Private Limited and obtained the fresh certificate of incorporation on 30th October, 2014.

6. The present authorized share capital of the transferor company no.1 is Rs.1,20,00,000/- divided into 1,20,000 equity shares of Rs.100/- each. The issued, subscribed and paid-up share capital of the company is Rs.98,05,700/- divided into 98,057 equity shares of Rs.100/- each.

7. The present authorized share capital of the transferor company no.2 is Rs.50,00,000/- divided into 5,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the company is Rs.18,15,000/- divided into 1,81,500 equity shares of Rs.10/- each.

8. The present authorized share capital of the transferee company is Rs.1,10,00,000/- divided into 1,10,000 equity shares of Rs.100/- each. The issued, subscribed and paid-up share capital of the company is Rs.77,70,800/- divided into 77,708 equity shares of Rs.100/- each.

9. Copies of the Memorandum and Articles of Association of the transferor and transferee companies have been filed on record. The audited balance sheets, as on 31st March, 2015, of the transferor and transferee companies, along with the report of the auditors, have also been filed.

10. A copy of the Scheme of Arrangement has been placed on record and the salient features of the Scheme have been incorporated and detailed in the application and the accompanying affidavits. It is submitted by the applicants that the proposed Scheme, *inter alia*, provides for demerger of the respective Investments Business of transferor companies no. 1 & 2 and their merger into the transferee company and demerger of the Investment Business of the transferee company and its merger into the transferor company no. 1. It is claimed that the proposed demerger will simplify the corporate structure and will ensure seamless integration of transferor business with the respective companies. It is further claimed that the proposed demerger will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business.

11. So far as the share exchange ratio is concerned, the Scheme provides that, upon coming into effect of this Scheme, the transferee company shall issue and allot shares to the shareholders of the transferor companies no. 1 & 2 in the following ratio:

“22 10% non-cumulative compulsorily redeemable preference shares of Rs.100/- each of the transferee company, credited as fully paid up, for every 1000 equity shares of Rs.100/- each held in the transferor company no. 1. 10% non-cumulative compulsorily redeemable preference shares of Rs.100/- each will be redeemed at a price of Rs.547.68/- per share [Rs.100/- face value and redemption premium of Rs.447.68/- per share]

within a period of 20 years with a put and call option to the shareholders of the issuer company.”

“19 10% non-cumulative compulsorily redeemable preference shares of Rs.100/- each of the transferee company, credited as fully paid up, for every 1000 equity shares of Rs.10/- each held in the transferor company no. 2. 10% non-cumulative compulsory redeemable preference shares of Rs.100/- each will be redeemed at a price of Rs.547.68/- per share [Rs.100/- face value and redemption premium of Rs.447.68/- per share] within a period of 20 years with a put and call option to the shareholders of the issuer company.”

It has been further provided that in consideration of the demerger of the Investment Business of the transferee company and its merger into the transferor company no. 1, the transferor company no. 1 shall issue and allot shares to the shareholders of the transferee company in the following ratio:

“72 10% non-cumulative compulsorily redeemable preference shares of Rs.100/- each of the transferor company no. 1, credited as fully paid up, for every 100 equity shares of Rs.10/- each held in the transferee company. 10% non-cumulative compulsory redeemable preference shares of Rs.100/- each will be redeemed at a price of Rs.396.29/- per share [Rs.100/- face value and redemption premium of Rs.296.29/- per share] within a period of 20 years with a put and call option to the shareholders of the issuer company.”

12. It has been submitted by the applicants that no proceedings under Sections 235 to 251 of the Companies Act, 1956 or under the corresponding sections of the Companies Act, 2013 are pending against the applicant companies.

13. The Board of Directors of the transferor and transferee companies in their separate meetings held on 25th April, 2016 have unanimously approved the proposed Scheme of Arrangement. Copies of the Resolutions passed at the meetings of the Board of Directors of the transferor and transferee companies have been placed on record.

14. The transferor company no. 1 has 16 equity shareholders, 01 secured creditor and 08 unsecured creditors. All the equity shareholders, the sole secured creditor and all the unsecured creditors have given their consents/no objections in writing to the proposed Scheme of Arrangement. Their consents/no objections have been placed on record. They have been examined and found in order. In view thereof, the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of the transferor company no. 1 to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Arrangement is dispensed with.

15. The transferor company no. 2 has 03 equity shareholders and 02 unsecured creditors. All the equity shareholders and both the unsecured creditors have given their consents/no objections in writing to the proposed Scheme of Arrangement. Their consents/no objections have been placed on record. They have been examined and found in order. In view thereof, the requirement of convening the meetings of the equity

shareholders and unsecured creditors of the transferor company no. 2 to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Arrangement is dispensed with. There is no secured creditor of the transferor company no. 2, as on 25th March, 2016.

16. The transferee company has 85 equity shareholders. 68 out of 85 equity shareholders, being 80% in number and 97.81% in value, have given their consents/no objections in writing to the proposed Scheme of Arrangement. Their consents/no objections have been placed on record. They have been examined and found in order. In view thereof, the requirement of convening the meeting of the equity shareholders of the transferee company to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Arrangement is dispensed with. There is no secured or unsecured creditor of the transferee company, as on 25th March, 2016.

17. The application stands allowed in the aforesaid terms.

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SUDERSHAN KUMAR MISRA, J.

August 03, 2016