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Azadi Ka
Amrit Mahotsav

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH
CORPORATE BHAWAN, PLOT NO.4-B
GROUND FLOOR, SECTOR- 27-B, MADHYA MARG
CHANDIGARH-160019

Ref: NCLT/Chd/Reg/ 1183

Dated: 26/09/2022

CA(CAA) No.47/Chd/Chd/2022
Under Sections 230-232 of the CA. 2013

In the matter of:

Chetan Industries Limited

...Applicant Company No.1/Transferor Company
And

JTL Infra Limited

...Applicant Company No.2/Transferee Company

To,

Chetan Industries Limited
Registered office at SCF 18-19, Sector-28C,
Chandigarh-160002.

Please find enclosed herewith a certified copy of order dated 26.09.2022 for your information and necessary action.

Encl: Copy of order.



(Kartikya Verma)
Registrar

NCLT, Chandigarh Bench

**THE NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, CHANDIGARH
(through web-based video conferencing platform)**

**CA (CAA) No.47/Chd/Chd/2022
(1st Motion)**

**Under Sections 230-232 read with
applicable provisions of the
Companies Act, 2013 and Rule 3 & 5
Companies (Compromises,
Arrangements and Amalgamations)
Rules, 2016.**

IN THE MATTER OF SCHEME OF AMALGAMATION OF:

Chetan Industries Limited

with its registered office at
SCF 18-19, Sector 28C, Chandigarh-160002
PAN: AAACC9253E
CIN: U26941CH1995PLC017464

...Applicant Company No.1/Transferor Company

And

JTL Infra Limited

with its registered office at
SCF-18-19, Sector-28C, Chandigarh-160002
PAN: AAACJ8505G
CIN: L27106CH1991PLC011536

...Applicant Company No.2/Transferee Company

Order delivered on: 26.09.2022

**Coram: HON'BLE MR. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)
HON'BLE MR. SUBRATA KUMAR DASH, MEMBER (TECHNICAL)**

Present through Video Conferencing: -

For the Applicant Companies: Mr. Suman Kumar Jha, Advocate

Per: Subrata Kumar Dash, Member (Technical)

ORDER

This is a joint First Motion Application filed by Applicant Companies
namely; **Chetan Industries Limited** (for short hereinafter referred to as



Applicant Company No.1/Transferor Company) and **JTL Infra Limited** (for short hereinafter referred to as Applicant Company No.2/Transferee Company); under Section 230-232 of the Companies Act, 2013 (the Act) and other applicable provisions of the Act read with Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 (the Rules) in relation to the Scheme of Amalgamation between the Applicant Companies. The said Scheme is attached as Annexure A-1 of the Application.

2. The present application has been filed by Authorized Signatories Mr. Madan Mohan, of Applicant Company No. 2, Mr. Vijay Singla of Applicant Company No.1 by the Board of Directors by way of a Board Resolution.(Annexure A-8 and A-2 respectively).

3. The Applicant Companies have prayed for dispensing with the requirement of convening the meetings of the Equity Shareholders of Applicant Company No. 1. It is further prayed to convene the meeting of Equity Shareholders of the Applicant Company No.2 and of Secured and Unsecured Creditors of both the Applicant Companies.

4. The Applicant Company No.1/Transferor Company is presently engaged in the business of manufacturing, refine, prepare, process, sell and deal in all types of cements viz. coloured, slag, white, clinker, ordinary port, alumina cement and all other varieties cement and all types of building materials and its various products, to work mines, or quarries and prospect for find, win, get, work, crush, manufacture or otherwise deal with lime stone chalk, oils precious and other stones or deposits or products and other related business etc.

5. The Applicant Company No.2/Transferee Company is presently engaged in the business of manufacturers, buyers, sellers, importers, exporters,



consultants, stockiest, suppliers, distributors, users, wholesalers, retailers, repairers of all types of pipes & tubes namely steel pipes, conduit pipes, seamless, pipes;. Galvanised pipes and so on made of alloys, steel, scrap, billets, slabs, non-metals, plastic or any organic substance & business of real estate, to buy, sell, acquire by purchase, lease, grant of licence or otherwise whether urban, rural, commercial, residential, Hotel Business, Multiplex Housing, appertinents, apartments to construct, build, alter, maintain, enlarge, pulldown, remove or replace and to work, manage and control any land, building, offices, factories, mills, shops, machinery and to acquire shares, debentures and other" securities in India or abroad.

6. It is submitted that the registered offices of the Applicant Companies are situated in Chandigarh and, therefore, all the applicant companies are under the territorial jurisdiction of this Bench.

7. The rationale of the Scheme is given below:-

- a) The Transferor Company and Transferee Company are engaged in similar nature of business hence, the amalgamation of Chetan Industries Limited ("Transferor Company") with the JTL Infra Limited (Transferee Company) will strengthen the balance sheet of the Transferee Company and shall create a larger and stronger entity, which will have better resources for business growth and expansion. The scheme of arrangement shall provide a running and profitable business to the Transferee Company which has growth potential and shall also provide the shareholders of Transferor Company liquidity through listing and hence there is Significant synergy for consolidation of both the entities.
- b) The independent operations of the Transferor Company and Transferee Company leads to incurrence of significant costs and the amalgamation would enable economies of scale by attaining critical mass and achieving cost saving. The amalgamation will thus



eliminate a multilayered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, thereby leading to more efficient utilization of capital and creation of a Consolidated base for future growth of the Transferee Company.

- c) The Amalgamation of Transferor Company with Transferee Company shall result in multiple manufacturing facilities under a single entity which enables Transferee Company to make production planning in more efficient manner, thereby reducing wastages, improves input- output ratio (yield factor) and shorter lead time.
- d) The Amalgamation of Transferor Company with Transferee Company will add an advantage of Multi-location production facilities, reduce freight cost, easily availability of finished goods in the marketplaces which will give better and almost real time business intelligence, improve products competitiveness and acceptance amongst the targeted customers.
- e) The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Company and Transferee Company.
- f) The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.



- g) The proposed arrangement will provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.

8. As per the Scheme of Amalgamation, it involves the merger of Transferor Company into Transferee Company.

9. It is stated that the Board of Directors of Applicant Companies in their respective meetings held on 18.08.2021 and 30.12.2021 have considered and unanimously approved the Scheme of Amalgamation subject to sanctioning of the same by this Tribunal. The copies of the Board Resolutions of Applicant Companies are attached as Annexure A-2 and Annexure A-8 respectively of the application.

10. The appointed date of the Scheme is 01.04.2021 as mentioned in Part-I Clause 1.3 of Scheme of Amalgamation which is attached as Annexure A-1 of the application.

11. It is stated that Applicant Companies have filed the audited financial statements as on 31.03.2022 which are attached as Annexure A-7 and A-13 respectively of the application.

12. It is further submitted that in pursuance of the proviso to Sec. 230 (7) and Section 232 (3) of the Act, the applicant companies have filed the certificates dated 16.09.2021 & 18.08.2021 issued by statutory auditors of applicant companies certifying that the Scheme is in compliance with the Accounting Standards under Section 133 of the Act and the same are attached as Annexure A-17 of the application.



13. It is further submitted by the counsel for applicant companies that as per Valuation Report/Share Exchange Ratio Report dated 30.12.2021 submitted by Mr. Ajay Kumar Siwach, Registered Valuer bearing registration No. IBBI/RV/05/2019/11412 is attached as Annexure A-16 of the application. The Share Exchange Ratio is given below:-

- *"JTL Infra Limited" shall issue and allot 117 (One Hundred Seventeen) Equity Shares to all the Equity Shareholders of "Chetan Industries Limited" of Face Value of INR 2/- (INR Two) each for every 100 (One Hundred) Equity Share of Face Value of INR 1/- (INR One) each held by them in the Transferor Company.*

14. It is submitted by the learned counsel that the Scheme also takes care of the interests of the staff/workers and employees of the Applicant Companies, by virtue of Part-II Para 6 of the Scheme.

15. It is submitted that the shares of the Transferee Company are listed on BSE and MSE vide its letter dated 07.07.2022 & 08.07.2022 respectively, have provided their observation letter containing no objection to the proposed Scheme of Arrangement for Amalgamation.

16. It is deposed by the authorised representatives of Applicant Companies that the Applicant Companies are not governed by any specific regulator whose approval may be required for sanction of the present Scheme of Amalgamation by this Hon'ble Tribunal, except the statutory authorities, as applicable. The above is furnished as affidavit in support of the application.

17. It is further submitted that there is no requirement for the Applicant Companies to apply to the Competition Commission of India (CCI) for approval as the threshold limits specified for the mergers and amalgamations, i.e. value of assets being acquired, taken control of, merged or amalgamated is below the threshold limits for which CCI approval is required, i.e., assets in India of not



more than Rupees three hundred and fifty crores or turnover of not more than rupees one thousand crores in India, as on the Appointed Date i.e. 1st April, 2021.

18. It is stated that there is no investigation or proceedings pending against the applicant companies under the Companies Act, 2013 or under the Companies Act, 1956 and there are no legal proceedings initiated or pending against the Applicant Companies, which may cause any adverse effect of the sanction or implementation of this Scheme of Amalgamation, or may have any adverse impact on the Applicant Companies.

19. It is further mentioned that the Scheme being filed herein is not a corporate debt restructuring scheme and hence a creditor's responsibility statement and other requirements under Section 230 (2) (c) are not applicable to the present case.

20. The Applicant Companies have furnished the following documents:-

- i. Proposed Scheme of Amalgamation (Annexure A-1 of the application).
- ii. Certificate of Incorporation along with Memorandum and Articles of Association of the Applicant Companies (Annexure A-3 and A-9 respectively of the application).
- iii. List of Equity Shareholders of the Applicant Company No. 1 as on 30.06.2022 along with consent furnished by way of affidavits (Annexure A-4 of the application).
- iv. List of Secured Creditors of the Applicant Company No. 1 as on 30.06.2022 duly certified by Joglekar Maitra & Co. Chartered Accountants (Annexure- A-5 of the application).



- v. List of Unsecured Creditors of the Applicant Company No. 1 as on 30.06.2022 duly certified by Joglekar Maitra & Co., Chartered Accountants (Annexure A-6 of the application).
- vi. List of Equity Shareholders of the Applicant Company No. 2 as on 30.06.2022 (Annexure- A-10 of the application).
- vii. List of Secured Creditors of the Applicant Company No. 2 as on 30.06.2022 duly certified by Suresh K Aggarwal & Co., Chartered Accountants (Annexure- A-11 of the application).
- viii. List of Unsecured Creditors of the Applicant Company No. 2 as on 30.06.2022 duly certified by Suresh K Aggarwal & Co., Chartered Accountants (Annexure A-12 of the application).
- ix. Certificates of Statutory Auditors to the effect that the Accounting treatment proposed in the Scheme is in conformity with Section 133 of the Companies Act, 2013 (Annexure A-17 of the application).
- x. Audited Financial Statement as on 31.03.2022 of the Applicant Companies (Annexure A-7 and A-13 respectively of the application).
- xi. Proposed Share Exchange Ratio (Annexure A-16 of the application).
- xii. The copy of the observation letter issued by BSE and MSE dated 07.07.2022 and 08.07.2022 (Annexure A-14 of the application)
- xiii. Affidavit stating no proceedings, pending inquiry or investigation in respect of any of the Applicant Companies under any law for the time being in force (at Page 55 of the application).

21. - The Applicant Company No.1/Transferor Company i.e. Chetan Industries Limited CIN: U26941CH1995PLC017464 is a public limited company incorporated under the Companies Act, 1956 on 21.12.1995. The Applicant



Company No.2/Transferee Company i.e. JTL Infra Limited CIN: L27106CH1991PLC011536 is a listed company incorporated under the Companies Act, 1956 on 29.07.1991.

22. The Applicant Companies have furnished the details of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors as follows:

Name of the Applicant Companies	Shareholders along with their consent on affidavit				Creditors along with their consents on affidavit			
	Equity Shareholders	Consents submitted on affidavit	Preference Share holders	Consents submitted on affidavit	Secured Creditors	Consent submitted on affidavit	Unsecured Creditors	Consents submitted on affidavit
Applicant Company No.1	8 (Eight)	100% in value	Nil	N.A.	1 (One)	meetings to be convened	107	meetings to be convened
Applicant Company No.2	13071	meetings to be convened	Nil	N.A.	7 (Seven)	meetings to be convened	172	meetings to be convened

23. It is noted that Applicant Companies are having a large number of shareholders/creditors for the purpose of meetings and the applicant companies have prayed to conduct the meetings through physical mode. However, Keeping in view the present prevailing situation of Covid-19 and the large number of members attending the meetings, this tribunal deems fit to direct that the meetings be conducted through Video Conferencing mode only.

24. Accordingly, the directions of this Bench in the present case are as under:-

I: In relation to Applicant Company No.1/Transferor Company:

- a. The meetings of the Equity Shareholders of Applicant Company No.1/Transferor Company is dispensed with keeping in view the shareholding and ownership pattern of the company and the fact that



the consent by way of affidavits have been received from all the shareholders;

- b. The meeting of the Secured Creditor of the Applicant Company No.1/Transferor Company be convened as prayed for on 19.11.2022 at 9:30 AM through video conferencing with facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Secured Creditor shall be 1 in number.
- c. The meetings of the Unsecured Creditors of the Applicant Company No.1/Transferor Company be convened as prayed for on 19.11.2022 at 10:30 AM through video conferencing with facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Unsecured Creditors shall be 43 in number or 40% in value of the Unsecured Creditor;

II. In relation to Applicant Company No.2/Transferee Company:

- a. The meetings of the Equity Shareholders of the Applicant Company No.2/Transferee Company be convened as prayed for on 20.11.2022 at 3:30 PM through video conferencing with facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Equity Shareholders shall be 5229 in number or 40% in value of the Equity Shareholders;
- b. The meetings of the Secured Creditors of the Applicant Company No.2/Transferee Company be convened as prayed for on 20.11.2022 at 12.30 PM through video conferencing with facility of remote e-voting, subject to notice of the meeting being issued. The quorum of



the meetings of the Secured Creditors shall be 4 in number or 40% in value of the Secured Creditors;

c. The meetings of the Unsecured Creditors of the Applicant Company No.2/Transferee Company be convened as prayed for on 20.11.2022 at 1.30 PM through video conferencing with facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Unsecured Creditors shall be 69 in number or 40% in value of the Unsecured Creditors;

III. In case the required quorum as noted above for the meetings is not present at the commencement of the meeting, the meeting shall be adjourned by 30 minutes and thereafter the persons present and voting shall be deemed to constitute the quorum.

IV. Mrs. Munisha Gandhi, Senior Advocate, Address: #62, Sector 2, Chandigarh, Mobile No.09872531108, email id:munishagandhi@gmail.com is appointed as the Chairperson for the meeting to be called under this order. An amount of ₹2,00,000/- (Rupees Two Lakhs Only) be paid for her services as the Chairperson.

V. Mr. Vishal Aggarwal, Advocate, R/o Bungalow # 530, Sector 18-B, Chandigarh, Mobile No. 9814690605, e-mail id:vishalaggarwal.advocate@gmail.com, is appointed as the Alternate Chairperson for the meeting to be called under this order. An amount of ₹1,50,000/- (Rupees One Lakh Fifty Thousand Only) be paid for his services as the Alternate Chairperson.

VI. Mr. Vipul Garg, Chartered Accountant, Address: House No. 74, Sector 13, Urban Estate, Karnal-132001, Mobile No. 9896046612, email id:



- vipul_ca@rediffmail.com, is appointed as the Scrutinizer for the above meeting to be called under this order. An amount of ₹1,00,000/- (Rupees One Lakh Only) be paid for his services as the Scrutinizer.
- VII.** The fee of the Chairperson, Alternate Chairperson, Scrutinizer and other out-of-pocket expenses for them shall be borne by the Applicant Companies.
- VIII.** It is further directed that individual notices of the said meetings shall be sent to equity shareholders of Applicant Company No. 2 by the Transferee Company and secured and unsecured creditors by Applicant Companies Nos. 1 & 2 through registered post or speed post or e-mail, 30 days in advance before the scheduled date of the meeting, indicating the day, date, the place and time as aforesaid, together with a copy of the Scheme, copy of the explanatory statement with Valuation Report/Share Exchange Ratio as discussed in para 13 of this order required to be sent under the Companies Act, 2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.
- IX.** It is further directed that along with the notices, Applicant Companies No. 1 & 2 shall also send, statements explaining the effect of the scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the scheme of arrangement on any material interests of the Directors of the Company or the debenture trustees if any, as provided under sub-section (3) of Section 230 of the Act.



- X.** It is also directed that the Provisional Financial statements of Applicant Companies not older than 6 months from the date of the meeting be also circulated for the aforesaid meeting(s) in terms of Section 232 (2) (e) of the Act.
- XI.** The Applicant Companies No. No. 1 & 2 shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meeting, indicating the day, date and place and the time of the meeting as aforesaid, to be published in "Financial Express" (English) and "Jansatta" (Hindi) in Chandigarh Edition (in case of Transferor Company) and "Financial Express" (English) and "Jansatta" (Hindi) All India Edition (in case of Transferee Company). The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2019 can be obtained free of charge at the registered office of the Applicant Companies. The Applicant Company No. No. 1 & 2 shall also publish the notice on its website, if any.
- XII.** Voting shall be allowed on the "Scheme" through electronic means which will remain open for a period as mandated under Clause 8.3 of Secretarial Standards on General Meetings to the Applicant Companies under the Act and the Rules framed thereunder.
- XIII.** The Scrutinizer's report will contain his/her findings on the compliance to the directions given in Para VII to XII above.
- XIV.** The Chairperson shall be responsible to report the result of the meeting to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7



- (seven) days of the conclusion of the meeting. The Chairperson would be fully assisted by the authorized representative/Company Secretary of the Applicant Companies and the Scrutinizer, who will assist the Hon'ble Chairperson and Alternate Chairperson in preparing and finalizing the report.
- XV.** The Applicant Companies shall individually and in compliance of sub-section (5) of Section 230 of the Act and Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 send notices in Form No. CAA-3 along with copy of the Scheme, Explanatory Statement and the disclosures mentioned in Rule 6 of the "Rules" to (i) Central Government through the Regional Director (Northern Region), Ministry of Corporate Affairs, New Delhi; (ii) Jurisdictional Registrar of Companies; (iii) the Official Liquidator; (iv) Income Tax Department through the Nodal Officer – Principal Commissioner of Income Tax, NWR, Aayakar Bhawan, Sector 17-E, Chandigarh by mentioning the PAN number of the Applicant Companies; and to such other Sectoral Regulator(s) governing the business of the Applicant Companies, if any, stating that report on the same, if any, shall be sent to this Tribunal within a period of 30 days from the date of receipt of such notice and copy of such report shall be simultaneously sent to the applicant companies, failing which it shall be presumed that they have no objection to the proposed Scheme.
- XVI.** The Applicant Companies shall furnish a copy of the Scheme free of charge within one day of any requisition for the Scheme made by any



creditor or member/shareholder entitled to attend the meeting as aforesaid.

XVII. The authorized representatives of the Applicant Companies shall furnish an affidavit of service of notice of meeting and publication of advertisement and compliance of all directions contained herein at least a week before the proposed meeting.

XVIII. All the aforesaid directions are to be complied with strictly in accordance with the applicable laws including forms and formats contained in the Rules as well as the provisions of the Companies Act, 2013 by the Applicant Companies

25. With the aforesaid directions, this First Motion Application stands disposed of. A copy of this order be supplied to the learned counsel for the Applicant Companies who in turn shall supply a copy of the same to the Chairperson, Alternate Chairperson and the Scrutinizer immediately.

Sd/-
(Subrata Kumar Dash)
Member (Technical)



Sd/-
(Harnam Singh Thakur)
Member (Judicial)

September 26, 2022
PB/ASH

कार्तिकेय वर्मा/KARTIKEYA VERMA
निबंधक/Registrar

राष्ट्रीय कम्पनी विधि अदालत - National Company Law Tribunal
चण्डीगढ़ बेंच/Chandigarh Bench, कॉर्पोरेट भवन/Corporate Bhawan
प्लॉट नंबर 4 - बी/Plot No. 4-B, भूतल/Ground Floor,
सेक्टर/Sector 27-B, मध्य मार्ग/Madhya Marg,
चण्डीगढ़/Chandigarh-160019

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