

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, KOLKATA
CA (CAA) No. 10/ KB/ 2022

In the matter of:

1. **Sweety Shiksha Sadan Private Limited**
2. **Greenland Commodities Private Limited**
3. **Metro Retail Private Limited**

.....Applicants

EXPLANATORY STATEMENT UNDER SECTIONS 230(5) OF THE COMPANIES ACT 2013 READ WITH RULE 8 (2) OF THE COMPANIES (COMPROMISE, ARRANGEMENTS AND AMALGAMATIONS) RULE, 2016

(i) **Details of the order of the Tribunal directing the calling, convening and conducting of meeting:-**

- (a) **Date of the Order:** Order dated April 4, 2022 as amended by Corrigendum order dated April 28, 2022
- (b) **Date, time and venue of the meetings:** as per the table below:

PARTICULARS OF MEETINGS	VENUE	DATE	TIME
Unsecured Creditors of Metro Retail Private Limited, Applicant No. 3	97 Andul Road, GKW Compound, Shed No. 1, Howrah – 711103	Thursday, July 28, 2022	11am
Secured Creditors of Metro Retail Private Limited, Applicant No. 3	97 Andul Road, GKW Compound, Shed No. 1, Howrah – 711103	Thursday, July 28, 2022	1pm

(ii) **Details of the companies:**

a	Name of the company;	Sweety Shiksha Sadan Private Limited (Transferor Company)	Greenland Commodities Private Limited (Transferee Company or Demerged Company)	Metro Retail Private Limited (Resulting Company)
b	Permanent Account Number (PAN)	AAWCS2433E	AABCG2796D	AAGCM0499Q
c	Corporate Identification Number (CIN) of the company;	U85100WB2013PTC199192	U51909WB1996PTC077620	U74900WB2009PTC135617
d	Date of incorporation;	20/12/2013	26/02/1996	03/06/2009
e	Type of the company	PRIVATE	PRIVATE	PRIVATE
f	Registered office address and e-mail address;	P-128, Lake Town, Block-B, Kolkata- 700089 Email ID: legal@mbaazar.in	97 Andul Road, GKW Compound, Shed No.1, Howrah- 711103 Email ID: legal@mbaazar.in	97 Andul Road, GKW Compound, Shed No.1, Howrah- 711103 Email ID: roc@mbaazar.in
g	Summary of main object as per the memorandum of	<i>"III.A.1.To carry on business of Promoting, Operating, Implementing, Managing, Running,</i>	<i>"III A. 1 To carry on the business as distributors, agents, traders, merchants,</i>	<i>"IIIA.1 To carry on business as importers and exporters, manufacturers, buyers, sellers,</i>

<p>association; and main business carried on by the company</p>	<p><i>Administering, Sponsoring and/ or Undertaking in any manner educational, institutions, schools, vidhyalay, coaching classes, centres, organising events, programmes, agricultural training institutions and publish books, reports, journals, magazines, newspapers, periodicals, documents, formulae, news and information, to take cine files to the landless workers of available to the members of Backward industrial and horticultural and thesis, researches, writings, discoveries, plates, pictures, paintings, sketches and to make lanternslides, transparencies, stereoscopic slides etc and to have printing presses.</i></p> <p><i>2. To affiliate with institutions, organizations, and associations whether managed by private associations, institutions and organisations and/or by government institution, organisation engaged in the same activities."</i></p>	<p><i>contractors, brokers and otherwise deal in merchandise and article or all kinds including clearing agents, freight contractors, forwarding agents, licening agents, general brokers and to carry on any kind of commercial business.</i></p> <p><i>2. To carry on the business as buyers, sellers, traders, merchants, indentors, brokers, agents, commission agents, assemblers, regines, cultivators minors, packers, stockists, broker & sub broker, distributors, producer, advisors, hire purchasers, of and in all kinds of rubberised cloth food grains, dairy products, soap detergents, biscuits, surgical diagnostics medical pulses, leather & finished leather goods, leather garments, leather products, all related items in leather, building construction & materials, and goods, iron & steel, aluminium, mineral, ferrous and non-ferrous metal, stainless steel, jute & jute products, textile, cotton, synthetic fibre, silk, yarn, wool & woollen goods, handicrafts & silk artificial synthetics, readymade garments, design materials, process, printers in all textiles, wood & wood products, timber cosmetics, stationery, tools & hardware, plastics & plastics goods, sugar, tea, coffee, paper packaging material, chemicals, cement, spices, grain, factory materials, house equipments, rubber & rubber products, fertilizers, agriculture fruit products, industrial products, computer data materials, software, paints, industrial & other gases, alcohol, liquer edible & non-edible oils & fats, marine products, drugs, plants & machinery goods, engineering goods & equipments,</i></p>	<p><i>traders, merchants, producers, indentors, brokers, agents, commission agents, assemblers, refiners, cultivators, miners, packers, stockists of all kind of merchandise, commodities and articles."</i></p>
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h	Details of change of name, registered office and objects of the company during the last five years;	<ul style="list-style-type: none"> Change of Name- Sweety Shiksha Sadan to Sweety Shiksha Sadan Private Limited w.e.f 1st February, 2021 Change of RO- No Change in last 5 years Change of Object- Changed w.e.f 1st February, 2021 	<ul style="list-style-type: none"> Change of Name- No change in last 5years Change of RO- No change in last 5 years Change of Object- No change in last 5 years 	<ul style="list-style-type: none"> Change of Name- No change in last 5years Change of RO- No change in last 5years Change of Object- No change in last 5years
i	Name of the stock exchange (s) where securities of the company are listed, if applicable;	Not Applicable	Not Applicable	Not Applicable
j	Details of the capital structure of the company including authorised, issued, subscribed and paid up share capital;	Authorized Share Capital of Rs.1,00,000/- divided into 10,000 Equity Shares of Rs.10/- each. Issued, Subscribed and Paid-up Share Capital of Rs.1,00,000/- is divided into 10,000 Equity Shares of Rs.10/- each fully paid-up.	Authorized Share Capital of Rs.77,00,000/- divided into 7,70,000 Equity Shares of Rs.10/- each. Issued, Subscribed and Paid-up Share Capital of Rs.55,27,580/- is divided into 5,52,758 Equity Shares of Rs.10/- each fully paid-up.	Authorized Share Capital of Rs.1,11,00,000/- divided into 11,10,000 Equity Shares of Rs.10/- each. Issued, Subscribed and Paid-up Share Capital of Rs.68,60,120/- divided into 6,86,012 Equity Shares of Rs.10/- each fully paid-up.
k	Names of the promoters and directors along with their addresses.	<p><u>Directors</u></p> <p>1)Rajiv Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Rashmi Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p><u>Promoters</u></p> <p>1)Sanjay Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Rashmi Saraf P-128, Lake Town, Block-B, Kolkata-700089</p>	<p><u>Directors</u></p> <p>1)Sanjay Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Rashmi Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p><u>Promoters</u></p> <p>1)Sanjay Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Rashmi Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>3) Rajiv Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>4) Anuj Saraf P-128, Lake Town, Block-B, Kolkata-</p>	<p><u>Directors</u></p> <p>1)Sanjay Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Anuj Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>3) Shubham Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>4) Manmohan Agarwal- PS Magman, Tower 2, Flat No- 9C, VIP Road, Rajarhat, Kolkata-700052</p> <p><u>Promoters</u></p> <p>1)Sanjay Saraf P-128, Lake Town, Block-B, Kolkata-700089</p> <p>2) Rashmi Saraf P-128, Lake Town, Block-B, Kolkata-</p>

			700089 5) Shubham Saraf P-128, Lake Town, Block-B, Kolkata- 700089	700089 3) Greenland Commodities Private Limited 97 Andul Road, GKW Compound, Shed No.1, Howrah- 711103
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(iii) The fact and details of any relationship subsisting between such companies who are parties to such Composite Scheme of amalgamation and arrangement, including holding, subsidiary or of associate companies;

All the companies are closely held companies.

(iv) The date of the board meeting at which the scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution;

Sweety Shiksha Sadan Private Limited

Date of Board Meeting: 11.01.2022

Sl. No.	Directors who voted in favour of the resolution	Directors who voted against the resolution	Directors who did not vote or participate on such resolution
1	Rashmi Saraf	None	None
2	Rajiv Saraf		

Greenland Commodities Private Limited

Date of Board Meeting: 11.01.2022

Sl. No.	Directors who voted in favour of the resolution	Directors who voted against the resolution	Directors who did not vote or participate on such resolution
1	Sanjay Saraf	None	None
2	Rashmi Saraf		

Metro Retail Private Limited

Date of Board Meeting: 11.01.2022

Sl. No.	Directors who voted in favour of the resolution	Directors who voted against the resolution	Directors who did not vote or participate on such resolution
1	Sanjay Saraf	None	None

2	Shubham Saraf		
3	Anuj Saraf		
4	Manmohan Agarwal		

(v) Explanatory statement disclosing details of the Composite Scheme of amalgamation and arrangement:-

(a) Parties involved in such amalgamation & arrangement;

- i. Sweety Shiksha Sadan Private Limited
- ii. Greenland Commodities Private Limited
- iii. Metro Retail Private Limited.

(b) In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any;

The present Scheme is a Composite Scheme of Amalgamation & Arrangement.

Appointed Date	Effective Date	Consideration	Other Considerations
1.04.2021	The latter of the following dates or such other dates as the Hon'ble NCLT, Kolkata Bench may direct namely i) The date on which the last of all the consents, approvals, permissions, resolutions, sanctions and orders as are hereinafter referred to, have been obtained or passed ii) the date on which certified copy of the order of the Hon'ble NCLT, Kolkata Bench under section 230 and 232 of the Act is filed with the Registrar of Companies, West Bengal.	The Share Exchange Ratio are as follows: a) 40 (Forty) Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid up for every 10 (Ten) Equity Share of Rs. 10/- each fully paid up held by such shareholder in the 'Transferor Company'. b) 19 (Nineteen) Equity Shares of Rs. 10/- each in the Resulting Company, credited as fully paid up for every 20 (Twenty) Equity Shares of Rs. 10/- fully paid up held by them in the Demerged Company	<ol style="list-style-type: none"> i. The Equity Shares to be issued by the Transferee Company and the Resulting Company shall be issued in physical form. ii. All the Equity Shares to be issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Companies and shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company and Resulting Company. iii. Upon the Scheme becoming effective, based on the approval/ consent given by the members of the Transferee Company to this Scheme under the provisions of Section 230 of the Act, on the Effective Date, the Authorized Share Capital of the Transferee Company appearing in Clause V of its Memorandum of Association, shall, without any further act or deed, stand automatically enhanced by an amount of Rs. 1,00,000/- comprising of 10,000 Equity Shares of Rs. 10/- each, on account of merger of amounts of the Authorized Share Capital of the Transferor Companies with the Transferee Company. iv. The Resulting Company, if necessary, shall increase its Authorized Share Capital to the extent required to

(c) Summary of valuation report including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the companies;

The Valuation Report Prepared by Pankaj Parakh, Registered Valuer dated January 7, 2022 recommends the considerations as mentioned above. The Valuation of the Transferor Company and Demerged Company has been taken at their respective book values. The Valuation Report have been ascertained by employing the Net Asset Method and based on the above, the consideration on merger and demerger has been determined. The said Valuation Report is available for inspection at the registered offices of each of the applicant companies up to the date of the meetings.

(d) Details of capital or debt restructuring, if any;

None of the applicant companies has undergone any debt or capital restructuring.

(e) Rationale for the Amalgamation & Arrangement;

Amalgamation

- i. The Transferor Company holds investments in other group companies while the Transferee Company is a registered NBFC.
- ii. For the optimum running, growth and development of the business and undertakings of the Transferor Company and the Transferee Company with their combined resources and a larger capital and asset base, it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and the terms and conditions stated in this Scheme.
- iii. The amalgamation will enable appropriate consolidation and integration of the activities of the Transferor Company and the Transferee Company with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in various other operating parameters. The amalgamation will result in the formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively. The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned.
- iv. The Scheme has been drawn up in conformity with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect other parts of the Scheme.

Arrangement

- i. The Demerged Company and the Resulting Company belong to the same group and are under common management and control. The Demerged Company is having two different and distinct divisions namely (1) 'Loan Division' through which it carrying on business of giving loans and (2) 'Trading & Investment Division' through which it holds investments and shares of group companies and subsidiary companies only. The Demerged Company wishes to demerge its 'Trading & Investment Division' into the 'Resulting Company'.

- ii. The nature of risk and competition involved in each of these businesses is distinct from other. In order to lend greater focus to the operations of each of its diverse businesses, the Demerged Company proposes to reorganize and segregate, by way of a demerger, the Demerged Undertaking to the Resulting Company.
- iii. The proposed demerger shall enable restructuring of activities and businesses within the group so that the companies can focus on their respective core strengths. It is believed that the proposed segregation will allow a focused strategy in operations, which would be in the best interest of the Demerged Company, its shareholders and all other connected with the Demerged Company.
- iv. For the optimum growth and development of the said divisions of the Demerged Company, it is considered desirable and expedient to reorganize and reconstruct the Demerged Company by transferring the Demerged Undertaking of the Demerged Company to the Resulting Company in the manner and on the terms and conditions stated in this Scheme.
- v. The Scheme has been drawn up in conformity with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect other parts of the Scheme.

(f) Benefits of the arrangement as perceived by the Board of directors to the company, members, creditors and others (as applicable);

- i) **Company:** The proposed arrangement is for optimum running, growth and development of the business and undertakings of the Companies with their combined resources and a larger capital and asset base, it is considered desirable and expedient to implement the Scheme for enabling appropriate consolidation and integration of the activities of the Companies with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in various other operating parameters.
- ii) **Members:** The proposed Scheme will result in the formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively. This will result in enhancing shareholders participation and allow exponential growth in shareholders wealth.
- iii) **Creditors:** The Scheme envisages that the creditors of the Transferor Company and the demerged undertaking are transferred to the Transferee Company and Resulting Company respectively to whom such company and undertaking are transferred and vested. There is no proposal for diminution in the amounts due to the creditors and the creditors are proposed to be paid in the normal course of business as hitherto before.

(g) (i) Amount due to secured creditors.

- 1. Sweety Shiksha Sadan Private Limited: NIL as on 31st December, 2021.
- 2. Greenland Commodities Private Limited : NIL as on 31st December, 2021.
- 3. Metro Retail Private Limited: Rs. 24,06,08,861/- as on 23rd June, 2022

(ii) Amount due to unsecured creditors.

- 1. Sweety Shiksha Sadan Private Limited: Rs.17,00,000 /- as on 31st December, 2021
- 2. Greenland Commodities Private Limited : Rs.31,70,000/- as on 31st December , 2021
- 3. Metro Retail Private Limited: Rs. 42,35,60,001/- as on 23rd June, 2022

(vi) Disclosure about the effect of the arrangement on:

- (a) **Key managerial personnel:** The Scheme proposes transfer of all employees, if any attached to the Transferor Company and the demerged undertakings are transferred and vested upon the Transferee Company and the Resulting Company respectively. There is no change in terms of employment or break in continuity of services and the services of all such employees shall be taken into account for the purposes of all benefits to which the said employees may be eligible including for the purpose of payment of any retrenchment compensation, gratuity and other entitlements and benefits. Consequently, all the key managerial personnel, if any attached to the Transferor Company and the demerged undertaking shall likewise be transferred to the Transferee Company and Resulting Company respectively.
 - (b) **Directors:** There would be no effect in the Directors.
 - (c) **Promoters:** All the companies are closely held Companies and consequently there is no adverse effect on the Promoters of the Companies.
 - (d) **Non-promoter members:** As the companies are closely held Companies, there are no Non-Promoter members.
 - (e) **Depositors:** There are no depositors of the companies. The companies have not accepted any deposit and consequently there are no depositors.
 - (f) **Creditors:** There would be no adverse effect on the Creditors.
 - (g) **Debenture holders:** There are no debenture holders in any of the companies
 - (h) **Deposit trustee and debenture trustee:** As there are no deposits taken or any debenture issued, there is no question of deposit trustee and debenture trustee.
 - (i) **Employees of the company:** The Scheme proposes transfer of all employees attached to the Transferor Company and the demerged undertakings are transferred and vested upon the Transferee Company and the Resulting Company respectively. There is no change in terms of employment or break in continuity of services and the services of all such employees shall be taken into account for the purposes of all benefits to which the said employees may be eligible including for the purpose of payment of any retrenchment compensation, gratuity and other entitlements and benefits.
- (vii) **Disclosure about effect of amalgamation on material interests of Directors, Key Managerial Personnel (KMP) and Debenture Trustee.**
- (j) **Directors:** No adverse effect on any Director.
 - (k) **Key Managerial Personnel:** No adverse effect on any Key Managerial Personnel.
 - (l) **Debenture Trustee:** There is no Debenture Trustee.
- (viii) **Investigation or proceedings, if any, pending against the company under the Act.**
There are no investigations or proceedings which are pending against any of the applicant companies under the Companies Act, 2013 and/or Companies Act, 1956.
- (ix) **Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors, namely:** The following documents are available at the Registered Office of the respective companies between 11.00 A.M. and 6.00 P.M. on all working days up to the date of the meeting(s), for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors
- (a) **Latest audited financial statements of all the companies including consolidated financial statements:** Audited Financial Statements for the year ended March 31, 2021 of all the Applicant companies.
 - (b) **Copy of the order of Tribunal in pursuance of which the meeting is to be convened or has been dispensed with:** An order dated April 4, 2022 as modified by an order dated April 28, 2022 passed by the Hon'ble Company Law Tribunal, Kolkata Bench, Kolkata
 - (c) **Copy of Composite Scheme of Amalgamation & Arrangement;**
 - (d) **Contracts or agreements material to the compromise or amalgamation:** No such contract or agreement
 - (e) **The certificate issued by Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013:** Certificates has been issued by the Statutory Auditors of the Applicant Companies.

- (f) **Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme:** None
- (x) **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or amalgamation.**
Copies of the proposed Scheme of Arrangement and notice has been served upon (a) Central Government through Regional Director, (b) Registrar of Companies, West Bengal, (c) Official Liquidator, (d) Income Tax Departments.
Once the Scheme is approved by the Secured & Unsecured Creditors of the applicant company no.3 in their respective meetings convened pursuant to order passed by the Tribunal, the applicant companies shall thereafter file appropriate company petition before the Tribunal seeking sanction of the Scheme.
Consent and no objection to the Scheme have been received from the Equity Shareholders of the applicant companies and Unsecured Creditors of applicant company nos. 1 & 2. There are no Secured Creditors in the applicant nos.1 & 2.
Thereafter, the copies of the confirming petition shall be forwarded to the above mentioned authorities for their information, review and comments.
- (xi) **A statement to the effect that the persons to whom the notice is sent may vote in the meeting either in person or by proxies, or where applicable, by voting through electronic means.**
Yes, such statement is included in the notice.