

Sl. No. 1

NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Virtual Hearing)

PRESENT: SHRI RAJEEV BHARDWAJ – MEMBER (JUDICIAL)
: SHRI SANJAY PURI – MEMBER (TECHNICAL)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 09.07.2024 AT 01:00 P.M.

TC/CP. Nos.	CA/IA No.	Section / Rule	Name of Parties
CA(CAA)/1/230/AMR/2024	IA(Companies Act)/14/2024	U/Rule 154, R/w Rule 11 of the NCLT Rules,2016	Chandana Brothers Retail India Private Limited

ORDER

IA(Companies Act)/14/2024:

Present: Mr. Kailashnath, Ld. Counsel for the Applicant.

Orders pronounced. IA (Companies Act)/14/2024 is allowed and recorded vide separate sheets.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)

NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI

*** **

IA (Companies Act)/14/2024
in
CA (CAA)/1/230/AMR/2024

In the matter of the Companies Act, 2013

AND

In the matter of Section 230 to 232 of the Companies Act, 2013

AND

In the matter of M/s Chandana Brothers Retail India Private Limited
(Resulting Company-2)

In the matter of

Chandana Brothers Retail India Private Limited
(CIN: U52205AP2022PTC121810)

D.No. 24-2-160, Fathekhan Peta,

Santhinagar, Nellore, Andhra Pradesh – 524004

Represented by its Director, Mr. Srinivasa Rao Mavuri.

...Applicant/Applicant Company/Resulting Company-2

Date of Order: 09.07.2024

Coram:

SHRI RAJEEV BHARDWAJ, MEMBER (JUDICIAL)

SHRI SANJAY PURI, MEMBER (TECHNICAL)

For the Applicant : Mr. Kailash Nath PSS, Advocate

CORRIGENDUM ORDER

(Per: Bench)

1. This Application is filed by the Applicant Companies under Rule 11 of NCLT Rules read with Sections 230 and 232 of the Companies Act, 2013 seeking to modify the order dated 10.06.2024 and the

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modifications sought for are in respect of enabling the dispensation of notices to Unsecured Trade Creditors having debt outstanding less than 5% of the total outstanding debt which is specified in para 15(g) of the order dated 10.06.2024 and the next modification sought for is with regard to the meeting of the Unsecured Trade Creditors to be held on any date after 10.08.2024.

2. It is submitted by the Ld. Counsel for the Applicant that there is need to issue notices to the Unsecured Trade Creditors and he seeks permission to conduct the meeting of the Unsecured Trade Creditors on 17.08.2024.
3. In exercise of powers conferred under Rule 154(1) of the National Company Tribunal Rules, 2016, we rectifies the order dated 10.06.2024, as below:-
 - i. “At Paragraph 15 (g) on page 10 of the order dated 10.06.2024, instead of the service of individual notices to Unsecured Trade Creditors who have claims having outstanding debt amounting to *not* less than five per cent of the total outstanding debt as per the latest audited financial statement as provided under Section 230 (4) of the Companies Act, 2013 are dispensed with and shall be substituted as the service of individual notices to Unsecured Trade Creditors who have claims having outstanding debt amounting to less than five per cent of the total outstanding debt as per the latest audited financial statement as provided under Section 230 (4) of the Companies Act, 2013 are dispensed with.”

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- ii. At Paragraph 15 (a) on page 8 of the order dated 10.06.2024, instead of a meeting of the **Unsecured Trade Creditors** of the **Applicant Company** shall be held on **22.07.2024**, it shall be **modified** as a meeting of the **Unsecured Trade Creditors** of the **Applicant Company** shall be held on **17.08.2024.**”
4. Rest of the contents of the order dated 10.06.2024 remain the same.
This Corrigendum Order to be read along with the original Order.

Accordingly, IA (Companies Act) /14/2024 in CA(CAA)/1/230/AMR/2024 is allowed and disposed of.



SANJAY PURI
MEMBER (TECHNICAL)



RAJEEV BHARDWAJ
MEMBER (JUDICIAL)

NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH

(Virtual Hearing)

PRESENT: SHRI RAJEEV BHARDWAJ – MEMBER (JUDICIAL)

: SHRI SANJAY PURI – MEMBER (TECHNICAL)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 10.06.2024 AT 01:00 P.M.

TC/CP. Nos.	CA/IA No.	Section / Rule	Name of Parties
CA(CAA)/1/230/AMR/2024		230 to 232	M/s Chandana Brothers Textiles and Jewellers Private Limited(Demerged Company) And M/s Chandana Brothers Silks and Jewellers Private Limited (Resulting Company-I) And M/s Chandana Brothers Retail India Private Limited(Resulting Company-II) and Their Respective Shareholders and Creditors

ORDER

Present: Mr. Kailashnath PSS, Ld. Counsel for the Applicants.

Orders pronounced. CA(CAA)/1/230/AMR/2024 is allowed and recorded vide separate sheets.

SANJAY PURI
MEMBER (TECHNICAL)

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AMARAVATI BENCH, AT MANGALAGIRI**

CA (CAA)/1/230/AMR/2024

In the matter of the Companies Act, 2013

AND

In the matter of Section 230 to 232 of the Companies Act, 2013 read with
Rule 3 of the Companies (Compromises, Arrangements and
Amalgamations) Rules, 2016

AND

In the matter of SCHEME OF ARRANGEMENT BETWEEN M/s
CHANDANA BROTHERS TEXTILES AND JEWELLERS PRIVATE
LIMITED (DEMERGED COMPANY) AND M/s. CHANDANA
BROTHERS SILKS AND JEWELLERS PRIVATE LIMITED
(RESULTING COMPANY-1) AND M/s. CHANDANA BROTHERS
RETAIL INDIA PRIVATE LIMITED (RESULTING COMPANY-2)
AND THEIR RESPECTIVE SHAREHOLDERS.

In the matter of

Chandana Brothers Retail India Private Limited
(CIN: U52205AP2022PTC121810)
D.No. 24-2-160, Fathekhan Peta,
Santhinagar, Nellore, Andhra Pradesh – 524004
Represented by its Director, Mr. Srinivasa Rao Mavuri.

...Applicant Company/Resulting Company-2

Date of Order: 10.06.2024

Coram:

**SHRI RAJEEV BHARDWAJ, MEMBER (JUDICIAL)
SHRI SANJAY PURI, MEMBER (TECHNICAL)**

For the Applicant : Mr. Kailash Nath PSS, Advocate

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ORDER
(Per: Bench)

1. The present Company Application is filed on 12.03.2024 under Sections 230 to 232 of the Companies Act, 2013 read with Rule 3 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 by the Applicant Company/Resultant Company-2 seeking an order to dispense with convening the meetings of the Equity Shareholders, Secured Creditors and Unsecured Loan Creditors, Customers of the Applicant Company, in view of the consent given by them, for sanction of the proposed Scheme of Arrangement and to convene the meetings of the Unsecured Trade Creditors, for consideration of the Scheme of Arrangement ("Scheme" for short) between the Chandana Brothers Textiles And Jewellers Private Limited (Demerged Company) and Chandana Brothers Silks and Jewellers Private Limited (Resulting Company-1) and Chandana Brothers Retail India Private Limited (Applicant Company/Resulting Company-2) and their Respective Shareholders.
2. The Registered Office of the Applicant Company is situated in the State of Andhra Pradesh and therefore, it is within the jurisdiction of this Tribunal.
3. The Registered Offices of the Demerged Company and Resulting Company, are situated in the State of Telangana and both the Companies have filed an Application before the NCLT, Hyderabad Bench for approval of the Proposed Scheme of Arrangement.

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4. Brief facts leading to the filing of present case are as follows:
- a) M/s. Chandana Brothers Retail India Private Limited (CBRIPL), Applicant Company/ Resultant Company-2 was incorporated as a Private Limited Company on 27.05.2022 and the Authorized Share Capital of the Resultant Company-2 is Rs.5,50,00,000/- divided into 55,00,000 Equity shares of Rs.10/- each. The issued, subscribed and paid-up capital is Rs. 9,00,000/- dived into 90,000 fully paid-up equity shares of Rs.10/- each.
 - b) The main objects of the Applicant Company/Resultant Company-2 are to carry on the business of wholesale and retail trade in all the varieties and kinds of sarees, textiles, cloth, garments, readymade, other dress materials and other allied products through shops, Showrooms, Shopping malls, Display Centres, Exhibition Centres, Sales Outlets etc. as buyers, sellers, dealers, exporters and importers and also manage their supply chain, godowns and warehouses, cotton, silk, rayon, flax, hemp, jute worsted and woollen merchants, cotton ginners and doublers, combers, worsted stuff, spinning, weaving, dyeing and finishing in cotton, silk, artificial silk, rayon, wool, worsted hemp, jute, flax and any other fibrous substances of cloth, textiles, clothes, garments and fabrics of all kinds, to manage the supply chain, godowns, warehouse, clean press and pack and sell the same through Shops, Showrooms, Shopping Malls, Display Centres, Exhibition Centres, Sales Outlets etc., wholesale and retail, in Gold, Bullion and all varieties and all kinds of gold Jewellery,

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studded Jewellery, ornaments, diamonds, articles made of other precious and semi-precious metals, stones and silver articles, other allied products incidental to their making through Shops, Showrooms, Shopping Malls, Display Centres, Exhibition Centres, Sales Outlets etc. as buyers, sellers, dealers, exporters and importers and also and other allied activities.

- c) Accordingly, rationale for the Proposed Scheme, for facilitating the convenient assessment of profitability, demand for products in different locations, and strategic decisions regarding business expansion, the management of the Demerged Company chose to de-centralize systems and accounts, encompassing inventories, stocks, loans, advances, trade payables, etc. for each of the three geographical undertakings, all within the framework of the Demerged Company and to enhance value through strategic bifurcation, divestment, and expansion, the management has resolved to demerge the “Ameerpet Undertaking”, comprising 6 showrooms, and vest it in the Resulting Company – 1, the “Nellore Undertaking”, comprising 2 Showrooms, in the Resulting Company-2 and retain the “Secunderabad Undertaking”, comprising 15 Showrooms, in the Demerged Company would continue to run and operate the Retained business. The Scheme is being proposed with a view to simplify the existing operations among the three undertakings (Secunderabad Undertaking, Ameerpet Undertaking & Nellore Undertaking) in order to increase efficiencies upon Demerger

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into Demerged Company, Resultant Company-1 and Applicant Company/Resultant Company-2.

- d) According to the Applicant Company, the Scheme of Arrangement (Demerger) between Demerged Company, Resulting Company-1 & Applicant Company would help with a unified approach on supply chain management and consequent synergies leading to optimization of resources utilization, reduced operational, logistics, supervisory and overhead/utilities costs, efficiency in administrative efforts and better procurement policies and prices, for the Resulting Company-1 and Applicant Company/Resulting Company-2, depending upon the preferences, choices, requirements of the customers and on the whole the proposed arrangement will result in rationalization of administrative and operation convinces and also decentralization of control while synergizing the operations of the respective Undertakings and would enable focused business approach for the maximization of benefits to the business and to the Shareholders of all the three Companies. The Board of Directors of the Demerged Company, Resulting Company-1 and Applicant/Resulting Company-2 have considered it desirable and expedient to demerge the Ameerpet Undertaking and Nellore Undertaking of the Demerged Company and vest the same with the Resulting Company-1 and Applicant/Resulting Company-2 respectively. Such demerger is expected to be in the best interest of both companies, their respective shareholders, creditors, employees and other stakeholders.

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- e) The Board of Directors of the Applicant Companies, in their respective Board Meetings held on 21.10.2023 have approved the Scheme of Arrangement with appointed date as 01.04.2023, subject to the approval of their shareholders and creditors.
5. The Applicant Company has given their declaration that no investigation or proceedings have been instituted or are pending in relation to the Applicant Company.
 6. The Applicant Company has filed their Valuation Report dated 30.09.2023 issued by Mr. Sourabh Kumar Barick, Registered Valuer.
 7. The Scheme does not in any way violate, override or circumscribe any provisions of the Companies Act, 2013.
 8. There is no winding up petition or resolution process under the provisions of IBC pending against the Applicant Companies in any court or Tribunal in India.
 9. The Applicant Company has filed certificate of the Auditor dated 19.02.2024 stating that as on 31.12.2023, there are Four (4) Equity Shareholders, together holding 90,000 equity shares and they have given their consent in the form of affidavits, agreeing to the proposed Scheme.
 10. The Applicant Company has filed certificate of the Auditor dated 19.02.2024 stating that as on 31.12.2023, there are no Secured Creditors in the Applicant Company.

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11. The Applicant Company has filed certificate of the Auditor dated 19.02.2024 stating that as on 31.12.2023, there are Seven (7) Unsecured Loan Creditors and Inter Corporate Deposit, having a debt of Rs.6,26,90,000/- and they have given their consent in the form of affidavits, agreeing to the proposed Scheme.
12. The Applicant Company has filed the Auditor certificate dated 19.02.2024 stating that as on 31.12.2023, there are Four Hundred and Sixty Eight (468) Unsecured Trade Creditors, having a debt of Rs.48,77,52,920/-. Out of 468 Unsecured Trade Creditors, Three (3) Unsecured Trade Creditors, are individually having a debt of Rs.1,00,00,000/- and above, that are totaling to Rs.31,16,78,470/- in value, Two (2) Unsecured Trade Creditors, are individually having a debt of Rs.50,00,000/- and above, that are totaling to Rs.1,36,70,089/- in value, Thirty Four (34) Unsecured Trade Creditors, are individually having a debt of Rs.10,00,000/- and above, that are totaling to Rs.7,76,79,567/- in value and Four Hundred and Twenty Nine (429) Unsecured Trade Creditors, are individually having a debt of Rs.10,00,000/- below, that are totaling to Rs.8,47,24,794/- in value.
13. Heard the submissions made in this regard by Mr. Kailash Nath P.S.S, Advocate appearing for the Applicant Company and perused the documents filed.
14. It is noted that all the Equity Shareholders and Unsecured Loan Creditors of the Applicant Company have given their consent affidavits, agreeing to the proposed Scheme of Amalgamation. Hence

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the meeting of the Equity Shareholders and Unsecured Loan Creditors of the Applicant Company can be dispensed with, in terms of Section 230(9) of the Act.

15. With regard to the **Unsecured Trade Creditors** of the Applicant Company, this Tribunal passed the following order:-

- a) A meeting of the **Unsecured Trade Creditors** of the **Applicant Company** shall be held on **22.07.2024 at 11:00 AM**, at Hotel Yesh Park, 23/1184, Sodhan Nagar, Beside RTC, Nellore, AP, for the purpose of considering and if, thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.
- b) **Mr. Naresh Kumar Sangam, Advocate** (Mobile No. **9000666072**; email: **sangamnaresh@gmail.com**) shall be the **Chairperson** of the meeting of the Unsecured Trade Creditors and in respect of any adjournment thereof.
- c) **Mr. M. Parameswara Reddy, Advocate** (Mobile No. **9700428210**; email: **reddyz2011@gmail.com**) shall be the **Scrutinizer** of the meeting of the Unsecured Trade Creditors and in respect of any adjournment thereof.
- d) The remuneration of the Chairman is fixed at **Rs.1,25,000/-** (Rupees One Lakh Twenty Five Thousand Only) and remuneration of the scrutinizer is fixed at **Rs.75,000/-** (Rupees Seventy Five Thousand only) per each meeting.

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- e) At least one month before the date of the aforesaid meetings, an advertisement about convening of the said meetings, indicating the day, date, place and time, as aforesaid, shall be published in Hans India (in English) and in Andhra Jyothi (in Telugu). The publication shall indicate the time within which copies of scheme shall be made available to the concerned persons, free of charge from the registered office of the Applicant Companies. The publication shall also indicate that the statement required to be furnished pursuant to Section 102 of the Act read with Sections 230 to 232 of the Act and the prescribed form of proxy can be obtained free of charge at the Registered Office of the Applicant Company at D.No. 24-2-160, Fathekhan Peta, Santhinagar, Nellore, Andhra Pradesh – 524004 Mobile No. (+91) 9912121404 or at the office of its Advocate i.e., Mr. Kailash Nath P.S.S at H.No.6-3-663/7/6, Flat No.201, Saai Priya, Jaffar Ali Bagh, Somajiguda, Hyderabad-500082, Mobile No. (+91)9989887314 in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.
- f) The Chairman/Chairperson appointed for the aforesaid meetings shall issue the advertisements and send out the notices of the meeting referred to above. The Chairman is free to avail the services of the Applicant Companies or any agency for carrying out the aforesaid directions. The Chairman shall have all the powers under the Articles of Association of both the Applicant Companies and also under the Rules in relation to the conduct of

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the meeting, including for deciding any procedural questions that may arise at the meeting or adjournment(s) to the aforesaid scheme or resolution, if any, proposed at the aforesaid meeting by any person(s) and to ascertain the decision of the sense of the meeting by ballot/polling paper at the venue of the meeting.

- g) The issuance of individual notice of the Scheme to all the Creditors will be a futile exercise and disproportionate to the time, labour and cost involved and hence the service of individual notices to Unsecured Trade Creditors who have claims *having outstanding debt amounting to not less than five per cent of the total outstanding debt as per the latest audited financial statement* as provided under Section 230 (4) of the Companies Act, 2013 are dispensed with.
- h) The quorum for the meeting shall be as per provisions of Section 103 of the Companies Act, 2013 and it provides Quorum for the Meetings, depending on the number of persons to be present at the meeting, *unless the Articles of Association provides for a larger number.*
- i) Voting by proxy/authorised representatives is permitted provided that the proxy in the prescribed form/authorisation duly signed by the person entitled to attend and vote at the aforesaid meeting is filed with the Applicant Companies at the Registered office at D.No. 24-2-160, Fathekhan Peta, Santhinagar, Nellore, Andhra Pradesh – 524004, not later than 48 hours before the meetings

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vide Rule 10 of the Companies (CAA) Rules, 2016 read with Section 105 of the Act.

- j) The Chairman to file an Affidavit not less than 7 (seven) days before the date fixed for the holding of the meetings and to report to this Tribunal that the directions regarding issuance of notices and advertisement of the meeting have been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.
- k) It is further ordered that the Chairman shall report to this Tribunal on the result of the meeting in Form No. CAA-4, duly verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 within seven working days.
- l) In compliance of sub section(5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, 2016, all the applicant companies shall send notice under sub section (3) of Section 230 read with Rule 6 of the Rules with a copy of the scheme of Arrangement, the explanatory statement and the disclosures mentioned in Rule 6 to (a) the Central Government through the Regional Director, South Eastern region; (b) the Registrar of Companies, Andhra Pradesh (c) the Income Tax Authorities and (d) the Official Liquidator. The said notices be sent either by Registered Post or by Speed Post or by Hand Delivery at the Offices of the authorities as required by sub rule (2) of Rule 8 of the Rules. The aforesaid authorities, who desire to make any representation under sub section (5) of section 230 shall send the same to this Tribunal within a period of 30 (thirty) days from the

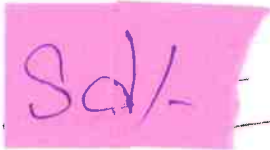
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date of receipt of such notice, failing which it shall be deemed that they have no representation to make on the proposed Scheme.

ORDER

With the above directions, The Company Application i.e., CA(CAA)/1/230/AMR/2024 is allowed and disposed of accordingly.



**SANJAY PURI
MEMBER (TECHNICAL)**



**RAJEEV BHARDWAJ
MEMBER (JUDICIAL)**

Swamy Naidu