

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **09.05.2024** THROUGH VIDEO CONFERENCING

PRESENT: HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER : CA(CAA)/9/CHE/2024
PETITION NUMBER :
NAME OF THE PETITIONER(S) : Roots Industries India Pvt Ltd and Other
NAME OF THE RESPONDENTS :
UNDER SECTION : Sec 230-232 of CA, 2013

ORDER

Present: Ld. Counsel Ms. Manjula Devi for Applicant.

Vide common order announced in Open Court, both applications CA(CAA)/9/CHE/2024 and CA(CAA)/10/CHE/2024 are allowed and meeting is ordered. Signed copy be kept in CA(CAA)/9/CHE/2024 and one copy be kept in CA(CAA)/10/CHE/2024.

Sd/-

(VENKATARAMAN SUBRAMANIAM)
MEMBER (TECHNICAL)

MG

Sd/-

(SANJIV JAIN)
MEMBER (JUDICIAL)

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PETITION NUMBER :
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NAME OF THE RESPONDENTS :
UNDER SECTION : Sec 230-232 of CA, 2013

ORDER

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(SANJIV JAIN)
MEMBER (JUDICIAL)

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH - I, CHENNAI**

CA(CAA)/9(CHE)/2024

&

CA(CAA)/10(CHE)/2024

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

In the matter of Scheme of Amalgamation

ROOTS INDUSTRIES INDIA PRIVATE LIMITED

CIN: U02520TZ1990PTC002987

Having its registered office at R.K.G. Industrial Estate,
Ganapathy, Coimbatore, Tamil Nadu 6416006

... Applicant Company 1/Transferee Company

And

ROOTS AUTO PRODUCTS PRIVATE LIMITED

CIN: U34300TZ1984PTC001458

Having its registered office at R.K.G. Industrial Estate,
Ganapathy, Coimbatore, Tamil Nadu 6416006

...Applicant Company 2/Transferor Company

And

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

Order Pronounced on 9th May, 2024

CORAM:

SANJIV JAIN, MEMBER (JUDICIAL)

VENKAT RAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

For Applicant(s): K S Ravichandran, PCS

COMMON ORDER

(Heard through hybrid mode)

These are Applications filed by **ROOTS AUTO PRODUCTS PRIVATE LIMITED** (hereinafter "Transferor Company/Applicant Company-1"), along with **ROOTS INDUSTRIES INDIA PRIVATE LIMITED** (hereinafter Transferee Company/Applicant Company-2") 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 Scheme of Amalgamation (hereinafter referred to as the "SCHEME") proposed by the Applicant Companies herein with its Shareholders. The said Scheme is placed in **Page 122-161** of the Transferor Company's Application Typeset.

2. It is stated that, these Applications are filed envisaging merger by way of transfer and vesting of undertaking of the Transferor Company in the Transferee Company. i.e., merger by way of absorption in terms of provisions of Section 232 and 230 of the Companies Act, 2013.

3. The Applicant Companies have sought for the following reliefs;

	EQUITY SHAREHOLDERS	PREFERENCE SHAREHOLDERS	SECURED CREDITORS	UNSECURED CREDITORS
TRANSFEROR COMPANY	Dispense with meeting	NA	Dispense with meeting	Dispense with meeting
TRANSFEEEE COMPANY	Convene meeting	NA	Dispense with meeting	Dispense with meeting

4. It is stated that the Transferor Company is a private company incorporated under the provisions of Companies Act, 1956 on 30th July, 1984 with CIN No.: U34300TZ1984PTC001458. The authorized issued subscribed and paid up capital of the Transferor Company as on 31.03.2023 as averred in the Application are as follows:-

Particulars	Amount in Rs.
Authorised Share Capital	
1,00,000 Equity Shares of Rs.100/- each	1,00,00,000/-
Issued Subscribed and paid-up share capital	
71,500 Equity Shares of Rs.100/- each	71,50,000/-

5. The Transferee Company is a Private limited company incorporated under the provisions of the Indian Companies Act, 1956 on 27.12.1990 with CIN: U02520TZ1990PTC002987. The authorized issued subscribed and paid-up capital of the Transferee Company as on 31.03.2023 as averred in the Application are as follows: -

Particulars	Amount in Rs.
Authorised Share Capital	
20,00,000 Equity Shares of Rs.10/- each	2,00,00,000
Issued, subscribed and paid up share capital	
1,60,00,000- Equity Shares of Rs. 10/- each	1,60,00,000/-

6. Ld. Counsel for the Applicants appeared and stated that, this Tribunal may dispense with the meetings of Secured Creditors, Unsecured Creditors of the Transferor and Transferee Company; since, they have given their consent to the Scheme of Amalgamation. It is further stated that, in Transferor Company 100% of the Equity shareholders have given consent to the Scheme of Amalgamation. In terms of Transferee Company, the Equity Shareholder's meeting needs to be convened, held, and conducted to get their approval for the Scheme of Amalgamation.

7. Affidavit in support of the above application sworn for and on behalf of the Transferor Company has been effected by 'R.K.Umaadhevi', in the capacity of director/ authorized signatory of the Transferor Company and the same is placed along with the Application typeset of Transferor Company at **page 28**. Further, Affidavit in support of the above Application sworn for and behalf of the Transferee Company has been effected by 'G. Sudhakar' in the capacity of authorised signatory and the same is placed along with the Application typeset of Transferee Company at **page 27**. It is also represented that the registered office of both the Applicant Companies are situated in the State of Tamil Nadu and therefore it is within the jurisdiction of this Tribunal.

8. We have 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 31.08.2023.

10. The Board of Directors of the Applicant Companies, vide meeting held on 04.12.2023, 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 **01.04.2023**.

12. The Statutory Auditors of the Transferor Company and Transferee Company 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 Applicant Companies have filed the Accounting Treatment Certificates along with their Application typesets respectively.

13. Taking into consideration 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: -

**A. ROOTS AUTO PRODUCTS PRIVATE LIMITED
(TRANSFEROR COMPANY)**

I. EQUITY SHAREHOLDERS

- (i) It is represented that, there are **Four (04)** Equity Shareholders, whose consent affidavit amounting to 100% of Equity Shares of the Transferor Company is placed at **page 177-184**. The Certificate issued by the Chartered Accountant certifying the list of Equity Shareholders is placed at **Page No. 176** of the application. The Transferor Company has sought for dispensing with the Meeting.
- (ii) Since it is represented by the Transferor Company that, **Four(4) Equity Shareholders**, whose consent affidavit amounting to 100% of equity shares, have given consent affidavit and placed it on record, the necessity for convening, holding and conducting the meeting is *dispensed with*.

II. SECURED CREDITORS

- (i) It is represented that, there is **Two (02) Secured Creditors** whose consent affidavit amounting to 100% of the total credit value is placed at **Pages:- 195-198**. The Certificate issued by the Chartered Accountant certifying the list of Secured Creditors is placed at **Page No. 185-194** of the application. The Transferor Company has sought for dispensing with the meeting.

- (ii) Since it is represented by the Transferor Company that, **two (02) Secured Creditors**, whose consent affidavit amounting to 100% of secured credit, has given consent affidavit and placed it on record, the necessity for convening, holding and conducting the meeting is *dispensed with*.

III. UNSECURED CREDITORS

- (i) It is represented that, there are **246 (Two Hundred and Forty Six)** Unsecured Creditors for Transferor Company. The Certificate issued by the Chartered Accountant certifying the list of Unsecured Creditors is placed at **Page No. 185-194** of the Application. Further it is submitted that, the meeting of Unsecured Creditors of Transferor Company be dispensed with considering the fact that the Scheme does not involve any compromise in regards to Unsecured Creditors. Nonetheless, this Tribunal considers it fit to convene, hold and conduct the meeting.
- (ii) Meeting of the Unsecured Creditors of the Transferor Company is directed to be held on **29.06.2024** at **10.00 AM** in the registered office of the Transferor Company or through video conferencing or 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.

**B. ROOTS INDUSTRIES INDIA PRIVATE LIMITED
(TRANSFEREE COMPANY)**

I. EQUITY SHAREHOLDERS

- (i) It is represented that, there are **77 (Seventy Seven) Equity Shareholders** for Transferee Company. The Certificate issued by the Chartered Accountant certifying the list of Equity Shareholders is placed at **Page No. 213-215** of the Application. The Transferee Company has requested for convening, holding, and conducting a meeting.
- (ii) Meeting of the Equity Shareholders of the Transferee Company is directed to be held on **29.06.2024** at **11.30 AM** in the registered office of the Transferor Company or through video conferencing or 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.

II. SECURED CREDITORS

- (i) It is represented that, there is **Five (05) Secured Creditors** whose consent affidavit amounting to 100% of the total credit value is placed at **Pages:- 229-230**. The Certificate issued by the Chartered Accountant certifying the list of Secured Creditors is placed at **Page No. 216-228** of the application. The Transferee Company has sought for dispensing with the meeting.

- (ii) Since it is represented by the Transferee Company that, **Five(05) Secured Creditors**, whose consent affidavit amounting to 100% of secured credit, has given consent affidavit and placed it on record, the necessity for convening, holding and conducting the meeting is *dispensed with*.

III. UNSECURED CREDITORS

- (i) It is represented that, there are **375 (Three Hundred and Seventy Five)** Unsecured Creditors for Transferee Company. The Certificate issued by the Chartered Accountant certifying the list of Unsecured Creditors is placed at **Page No. 216-228** of the Application. Further it is submitted that, the meeting of Unsecured Creditors of Transferee Company be dispensed with considering the fact that the Scheme does not involve any compromise in regards to Unsecured Creditors. Nonetheless, this Tribunal considers it fit to convene, hold and conduct the meeting.
- (ii) Meeting of the Unsecured Creditors of the Transferor Company is directed to be held on **29.06.2024** at **02.00 PM** in the registered office of the Transferor Company or through video conferencing or 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.

13. The quorum for the meeting of the Applicant companies shall be as follows;

a) **Transferor Company**

S.NO	CLASS	QUORUM
1.	UNSECURED CREDITORS	50

b) **Transferee Company**

S.NO	CLASS	QUORUM
1.	EQUITY SHAREHOLDERS	16
2.	UNSECURED CREDITORS	75

- i) The Chairperson appointed for the above said meetings shall be **J Manivannan, Advocate (Mob: 9962378774)**. The Fee of the Chairperson for the aforesaid meeting shall be **Rs.1,00,000 (One lakh only)** 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) **Shree Kumar (Mob: 98410 52625)** appointed as a Scrutinizer and would be entitled to a fee of **Rs.50,000 (Fifty Thousand Rupees)** 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 Companies 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 "*Dina mani*" Tamil (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) The company shall individually send notice to concerned Regional Director, MCA, Registrar of Companies, Official Liquidator 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 Company 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 Company 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.

15. This Application stands **allowed** on the aforesaid terms.

-Sd-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-

SANJIV JAIN
MEMBER (JUDICIAL)

Kishore P