

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – II, CHENNAI**

CA(CAA)/8/(CHE)/2024

*(filed under Section 230 of the Companies Act, 2013 read with Companies (Compromises,
Arrangements and Amalgamations), 2016)*

In the matter of Scheme of Amalgamation

CARDWELL SPINNING MILLS LIMITED

CIN: U70100TZ1963PLC000476

Puduppalayam, NGGO Colony,

Coimbatore – 641 022

Tamil Nadu

...Applicant/ Transferor Company

With

THE SOUTHERN TEXTILE LIMITED

CIN: U17111TZ1948PLC000172

Kannampalayam, Sular Post,

Coimbatore – 641 402

Tamil Nadu

... Applicant/ Transferee Company

And

Their Respective Shareholders & Creditors

Order Pronounced on 18th April 2024

CORAM

SHRI JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)

SHRI RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

For Applicants: Mr. Pawan Jhabakh, Advocate

ORDER

1. Under consideration is a joint application filed by the Applicant Companies, namely **CARDWELL SPINNING MILLS LIMITED**, (for brevity "Transferor Company"), **THE SOUTHERN TEXTILE LIMITED** (for brevity "Transferee Company"), in relation to a Scheme of Amalgamation (hereinafter referred to as the "SCHEME") 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. The said Scheme is appended as Annexure –A 1 to the Company Application filed.

2. The Applicant Companies have sought the following reliefs;

	EQUITY SHAREHOLDERS	SECURED CREDITORS	UNSECURED CREDITORS
TRANSFEROR COMPANY	To Convene the meeting	To Convene the meeting	To Convene the meeting
TRANSFeree COMPANY	To Convene the meeting	To Convene the meeting	To Convene the meeting

3. A Common Affidavit verifying the Application is sworn for and on behalf of the Companies by one *Mr. S.N. Varadarajan* Son of R. Narayanaswamy and *Ms. V. Shyamala* Daughter of Mr. Devaraju, in their capacity of Authorised signatory of the Transferor Company and Transferee Company respectively. It is also mentioned that the registered office of the Applicant Companies are situated within the jurisdiction of Registrar of Companies, Coimbatore, Tamil Nadu.
4. In the certificate of incorporation filed by the Applicant, it is stated that the Transferor Company is a Public Limited company incorporated under the provisions of Companies Act, firstly on 24.01.1963 and thereafter on 13.02.2003 pursuant to its name change. The main object of the company is to purchase, prepare, spin, weave, manufacture, bleach, dye, print or in any other way to manipulate staple fibre, wool, cotton, waste cotton, cotton yarn, silk, artificial silk, rayon and synthetic and other fibrous substances and to deal in and sell staple fibre, staple fibre yarn,

wool, cotton, yarn, silk, artificial silk, rayon and synthetic and other fibrous products and other materials and to carry on the trades of business of silk winding, spinners, weavers, doublers, dyers, printers, finishers or merchants, in all or any of the above goods and materials, to manufacture, buy and sell and deal in linen, artificial silk, mercerised yarn, cotton and other goods and fabrics, whether textiles, felted, netted or looped and to supply power and to carry on all other works of an allied nature, etc., The Registered office of the company is situated at Puddupalayam, NGGO Colony, Coimbatore – 641 022, Tamil Nadu. The Authorized, issued, subscribed and Paid-up share capital of the Applicant Company as on 31.03.2023 is as follows:

PARTICULARS	AMOUNT (IN INR)
Authorized Share Capital	
1,00,000 Equity Shares of Rs.100/- each	1,00,00,000/-
Issued, Subscribed and Paid – up Share capital	
1,00,000 Equity Shares of Rs.100/- each	1,00,00,000/-

5. In the certificate of incorporation filed, it is stated that the Transferee Company is a Public Limited company incorporated under the provisions of Companies Act firstly on 24.06.1948 and thereafter on 28.08.2002 pursuant to its name change. The main object of the company is to carry on all or any of the following business, namely, cotton spinners and doublers, cotton ginners, kappas and cotton and yarn and cloth merchants, printers and bleachers, dyers, and makers of vitrol, bleaching and dyeing materials, and to purchase, comb, prepare spin, gin, dye and deal in kappas, cotton, silk, and other fibrous substances and to weave,

knit or otherwise manufacture, buy and sell and deal in yarn and cloth and other goods and fabrics whether textile, felted, netted or looped. The Registered office of the company is situated at Kannampalayam, Sulur Post, Coimbatore–641 402, Tamil Nadu. The Authorized, issued, subscribed and Paid-up share capital of the Applicant Company as on 31.03.2023 is as follows:

PARTICULARS	AMOUNT (IN INR)
Authorized Share Capital	
3,50,000 Equity Shares of Rs.100/- each	3,50,00,000 /-
Issued, Subscribed and Paid – up Share capital	
3,50,000 Equity Shares of Rs.100/- each	3,50,00,000 /-

6. The Applicant Companies have filed their Memorandum and Articles of Association *inter alia* delineating its object clauses. They have also filed the last available Audited Annual Accounts for the year ended 31.03.2023 and Unaudited financials as on 31.10.2023.
7. The Board of Directors of the Applicant Companies vide individual meetings held on 31st August 2023 have unanimously approved the proposed Scheme as contemplated above and the copy of the resolutions passed thereon have been placed on record by the applicant Companies in the respective applications
8. The Appointed date as specified in the Scheme is 31.03.2023.
9. The Statutory Auditors of both the Companies have examined the Scheme in terms of the 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 Certificates of the Statutory Auditor issued in this regard is placed between Pg. nos. 213-216 of the Company Application.

10. CARDWELL SPINNING MILLS LIMITED (TRANSFEROR COMPANY)

- i. There are **15** (*fifteen*) Equity Shareholders as on 31.03.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed at page no. 195 of the typed set filed with the application and seeks necessary direction to convene the meeting.
- ii. There are **2** (*two*) Secured Creditors as on 31.10.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed at page no. 198 of the typed set filed with the application and seeks necessary direction to convene the meeting.
- iii. There are **64** (*sixty-four*) Unsecured Creditors as on 31.10.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed between page nos. 199-202 of the typed set filed with the application and seeks necessary direction to convene the meeting.

11. THE SOUTHERN TEXTILE LIMITED (TRANSFeree COMPANY)

- i. There are **96** (*ninty-six*) Equity Shareholders as on 31.03.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed between page nos. 196-197 of the typed set

filed with the application and seeks necessary direction to convene the meeting.

- ii. There are **5** (*five*) Secured Creditors as on 31.10.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed between page nos. 199-202 of the typed set filed with the application and seeks necessary direction to convene the meeting.
- iii. There are **130** (*One hundred & thirty*) Unsecured Creditors as on 31.10.2023 and the certificate along with the list issued by the Chartered Accountant to this effect is placed between page nos. 204-212 of the typed set filed with the application and seeks necessary direction to convene the meeting.

12. Considering the submissions and the documents filed, as well as the position of law, the following directions are issued: -

A. IN RELATION TO THE TRANSFEROR COMPANY:

a. With respect to Equity shareholders:

Since it is represented by the Transferor Company that there are **15** Equity Shareholders in the Company and in view of consent affidavits not placed on record meeting of Equity Shareholders of the Transferor company is directed to be held on **04.06.2024** at **10:30 AM** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

b. With respect to Secured Creditors:

Since it is represented by the Transferor Company that there are **2** Secured Creditors in the Company and in view of consent affidavits not placed on record meeting of Secured Creditors of the Transferor company is directed to be held on **04.06.2024** at **11:30 AM** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

c. With respect to Unsecured Creditors:

Since it is represented by the Transferor Company that there are **62** Unsecured Creditors in the Company and in view of consent affidavits not placed on record meeting of Secured Creditors of the Transferor company is directed to be held on **04.06.2024** at **12:30 Noon** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

B. IN RELATION TO THE TRANSFEREE COMPANY

a. With respect to Equity shareholders:

Since it is represented by the Transferee Company that there are **96** Equity Shareholders in the Company and in view of consent affidavits not placed on record meeting of Equity Shareholders of the Transferor company is directed to be held on **04.06.2024** at **02:00 PM** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

b. With respect to Secured Creditors:

Since it is represented by the Transferee Company that there are **5** Secured Creditors in the Company and in view of consent affidavits not placed on record meeting of Secured Creditors of the Transferor company is directed to be held on **04.06.2024** at **03:30 PM** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

c. With respect to Unsecured Creditors:

Since it is represented by the Transferee Company that there are **112** Unsecured Creditors in the Company and in view of consent affidavits not placed on record meeting of Secured Creditors of the Transferor company is directed to be held on **04.06.2024** at **04:30 PM** at its registered office or through video conferencing or if not convenient 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 issuance of notices.

13. QUORUM FOR THE MEETING

The quorum for the meetings are as follows,

	<i>Equity Shareholders</i>	<i>Secured Creditor</i>	<i>Unsecured Creditors</i>
<i>Transferor Company</i>	4	2	9
<i>Transferee Company</i>	14	3	19

- i) The Chairperson appointed for the above said meetings shall be **Mr. Cibi Vishnu (Contact No. 9560015330)**. The fee of the Chairperson for the aforesaid meetings shall be **Rs. 75,000/-** (consolidated) in addition to meeting their incidental expenses.
- ii) **Mr. Rohan Rajasekaran - (Contact No. 7358315582)** is appointed as a Scrutinizer for meeting of the companies would be entitled to fee of **Rs. 45,000/-** (consolidated) for services in addition to meeting incidental expenses. The Chairperson will file the

reports of the meetings within a week from the date of holding of the above said meetings.

- iii) In case the quorum as noted above, for the above meetings of the Applicant Companies are not present at the meetings, then the meetings 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 meetings. The Chairperson and Alternate 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 either by way of physical means or by video or other audio visual means enabled with e-voting 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 Companies 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 Standard*" (All India Edition), "*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 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. Voting % of creditors as per list is to be decided after considering the amount of debt as on the date of voting, which is to be considered by the Chairperson.
- viii) The applicant companies 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.
- ix) The Authorized Representative of the Applicant Companies 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.

- x) 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.

14. Accordingly, the Application stands **Allowed** on the aforementioned directions and is disposed of.

-Sd/-

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd/-

JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)