

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

C.A. (CAA) No.37/BB/2021
U/Ss. 230 to 232 of the Companies Act, 2013 &
Other Applicable Provisions of the Companies Act, 2013
R/w Companies (CAA) Rules, 2016

IN THE MATTER OF:

M/s. A-One Steel and Alloys Pvt. Ltd.

Regd. Off: A One House, No.326,
CQAL Layout Ward No.8,
Sahakar Nagar,
Bangalore - 560 092.

- Applicant Company No.1 /
Transferee Company

AND

M/s. A One Steels India Pvt. Ltd.

Regd. Off: A One House, No.326,
Front Portion, 2nd Floor,
CQAL Layout Ward No.8,
Sahakar Nagar,
Bangalore - 560 092.

- Applicant Company No.2 /
Transferor Company-I

AND

M/s. Aaryan Hitech Steels India Pvt. Ltd.

Regd. Off: A One House, No.326,
Back Portion, 1st Floor, Ward No.8
CQAL Layout, Sahakar Nagar,
Bangalore - 560 092.

- Applicant Company No.3 /
Transferor Company-II

Order delivered on: 14th March, 2022

Coram: 1. HON'BLE SHRI AJAY KUMAR VATSAVAYI, MEMBER (JUDICIAL)
2. HON'BLE SHRI MANOJ KUMAR DUBEY, MEMBER (TECHNICAL)

Parties/Counsels Present (Through Video Conference):

For the Applicant Companies : Shri G.M. Ganapathi Bhat, PCS

ORDER

Per: Ajay Kumar Vatsavayi, Member (Judicial)

1. This Company Application has been filed jointly by **M/s. A-One Steel and Alloys Pvt. Ltd** (hereinafter referred to as '**Applicant Company No.1 / Transferee Company**') and **M/s. A One Steels India Pvt. Ltd.** (hereinafter referred to as '**Applicant Company No.2 / Transferor Company-I**') and **M/s. Aaryan Hitech Steels India Pvt. Ltd.** (hereinafter referred to as '**Applicant Company No.3 / Transferor Company-II**') under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, r/w Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, by *inter alia* seeking to dispense with meeting of equity shareholders and secured creditors of **Applicant Company 1** and to convene the meeting of unsecured creditors of **Applicant Company 1**, to dispense with meeting of equity shareholders and secured creditors of **Applicant Company 2** and to convene the meeting of unsecured creditors of **Applicant Company 2** and to dispense to dispense with meeting of equity shareholders and unsecured creditors of **Applicant Company 3** and secured creditor of **Applicant Company No: 3** is discharged as the company has repaid the entire outstanding due amount for considering the Scheme of Amalgamation between **M/s. A One Steels India Pvt. Ltd and Aaryan Hitech Steels India Pvt. Ltd and M/s. A-One Steel and Alloys Pvt. Ltd.**
2. Brief facts of the case, as mentioned in the Application, which are relevant to the issue in question, are as follows:

- (1) **M/s. A-One Steel and Alloys Pvt. Ltd** (hereinafter referred to as '**Applicant Company No.1 / Transferee Company**') was incorporated on 09.04.2012 under the name and style "A-One Steel And Alloys Private Limited" with the Registrar of Companies, Karnataka Vide CIN: U28999KA2012PTC 063439. The registered office of the Company is situated at A One House, No.326, CQAL Layout Ward No.8, Sahakar Nagar, Bengaluru, Karnataka, India-560092. Its Authorised Capital is Rs.15,00,00,000/- divided into 15,00,000 Equity Shares of Rs.100/- each and the Issued, Subscribed and

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Paid-up Capital is Rs.13,00,00,000/- divided into 13,00,000 Equity Shares of Rs.100/- each. The Company is carrying on the business of manufacturing, dealing, importing, exporting, whole-sale trading, production, supply, distribution of all types of iron ore, coal, steel etc.

- (2) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.1 have issued certificate dated 27.05.2021 by certifying that there are Three (3) Equity Shareholders namely, Sandeep Kumar, holding 4,77,850 numbers of equity shares, Sunil Jallan, holding 4,42,380 numbers of equity shares and Krishan Kumar Jalan, holding 3,79,770 numbers of equity shares in Applicant Company No.1. Further the consent letters in the form of affidavits have been given by the Equity Shareholders of the Applicant Company No.1 to dispense with the holding of the meetings of the equity shareholders for the proposed Scheme.
- (3) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.1 have issued certificate dated 27.05.2021 by certifying that there are Two (2) Secured Creditors namely, HDFC Bank amounting to Rs.167,47,20,607/- and Axis Bank amounting to Rs.3,29,599/- in the Applicant Company No.1. Further the consent letter in the form of affidavit has been given by the Secured Creditor (HDFC Bank) to dispense with the holding of meetings of the Secured Creditors of the Applicant Company No.1. Further the said Statutory Auditors of the Applicant Company No.1 have issued certificate dated 27.05.2021 by certifying that there are Three Hundred Forty Nine (349) Unsecured Creditors in the Applicant Company No.1 amounting to Rs.1,31,94,44,678/- namely, Sunil Jallan amounting to Rs.21,54,78,035/- Sandeep Kumar amounting to Rs.20,04,41,228/- etc. the Unsecured Creditors of the Applicant Company No.1 seek to convene the meeting for the proposed Scheme.
- (4) **M/s. A One Steels India Pvt. Ltd** (hereinafter referred to as '**Applicant Company No.2 / Transferor Company-I**') was incorporated on 24.04.2008 under the name and style "A One Steels India Private Limited" with the

Registrar of Companies, Karnataka Vide CIN:U27310KA2008PTC046184. The registered office of the Company is situated at A One House, No.326, Front Portion, 2nd Floor, CQAL Layout Ward No.8, Sahakar Nagar, Bengaluru, Karnataka, India-560092. Its Authorised Capital is Rs.15,00,00,000/- divided into 14,00,000 Equity Shares of Rs.100/- and 1,00,000 Redeemable Preference shares of Rs.100/- each and the Issued, Subscribed and Paid-up Capital is Rs.13,63,17,000/- divided into 13,63,170 Equity Shares of Rs.100/- each. The Company is carrying on the business of manufacturing, dealing, importing, exporting, whole-sale trading, production, supply, distribution of all types of iron ore, coal, steel etc.

- (5) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.2 have issued certificate dated 27.05.2021 by certifying that there are Three (3) Equity Shareholders namely, Sandeep Kumar, holding 7,49,840 numbers of equity shares, Sunil Jallan, holding 3,23,920 numbers of equity shares and Krishan Kumar Jallan, holding 2,89,410 numbers of equity shares in Applicant Company No.2. Further the consent letters in the form of affidavits have been given by the Equity Shareholders of the Applicant Company No.2 to dispense with the holding of the meetings of the equity shareholders for the proposed Scheme.
- (6) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.2 have issued certificate dated 27.05.2021 by certifying that there are Three (3) Secured Creditors namely, State Bank of India amounting to Rs.3,61,390/-, Toyota financial Services India Limited amounting to Rs.72,045/- and HDFC Bank amounting to Rs.27,91,67,297/- in the Applicant Company No.2. Further the consent letter in the form of affidavit has been given by the Secured Creditor (HDFC Bank) to dispense with the holding of meetings of the Secured Creditors of the Applicant Company No.2. Similarly, the said Statutory Auditors of the Applicant Company No.2 have issued certificate dated 27.05.2021 by certifying that there are One Hundred Twenty Eight (128) Unsecured Creditors in the

Applicant Company No.1 amounting to Rs.29,70,73,122/- namely, Krishan Kumar Jallan amounting to Rs.5,80,14,948/-, Sunil Jallan amounting to Rs.1,63,76,421/- etc. the Unsecured Creditors of the Applicant Company No.2 seek to convene the meeting for the proposed Scheme.

- (7) **M/s. Aaryan Hitech Steels India Pvt. Ltd** (hereinafter referred to as 'Applicant Company No.3/Transferor Company-II') was incorporated on 29.11.2012 under the name and style "Aaryan Hitech Steels India Private Limited" with the Registrar of Companies, Karnataka Vide CIN:U27100KA2012PTC066942. The registered office of the Company is situated at A One House, No.326, Back Portion, 1st Floor, Ward No.8, CQAL Layout, Sahakar Nagar, Bengaluru, Karnataka, India-560092. Its Authorised Capital is Rs.7,50,00,000/- divided into 75,00,000 Equity Shares of Rs.10/- each and the Issued, Subscribed and Paid-up Capital is Rs.6,22,80,000/- divided into 62,28,000 Equity Shares of Rs.10/- each. The Company is carrying on the business of manufacturers, traders, exporters and importers of all varieties of steel, carbon steel, tool alloy steel, etc.
- (8) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.3 have issued certificate dated 27.05.2021 by certifying that there are Two (2) Equity Shareholders namely, Sandeep Kumar, holding 6,52,000 numbers of equity shares and Sunil Jallan, holding 55,76,000 numbers of equity shares in Applicant Company No.3. Further the consent letters in the form of affidavits have been given by the Equity Shareholders of the Applicant Company No.3 to dispense with the holding of the meetings of the equity shareholders for the proposed Scheme.
- (9) Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.3 have issued certificate dated 19.07.2021 by certifying that there are One (1) Secured Creditor namely, Karnataka State Financial Corporation amounting to Rs.3,77,85,000/- in the Applicant Company No.3. Further the No Due Certificate with its letter head has been given by the Secured Creditor (KSFC) stating that there are no dues

pending with the KSFC/liability with KSFC is NIL. Further the said Statutory Auditors of the Applicant Company No.3 have issued certificate dated 27.05.2021 by certifying that there are Ten (10) Unsecured Creditors in the Applicant Company No.3 amounting to Rs.2,46,86,835/- namely, Priya Jallan amounting to Rs.1,02,61,603/-, Kusum Metals Private Limited amounting to Rs.1,07,00,000/- etc. Further the consent letters in the form of affidavits have been given by the Unsecured Creditors of the Applicant Company No.3 to dispense with the holding of the meetings of the Unsecured Creditors for the proposed Scheme.

- (10) Similarly, the Board of Directors of the Applicant Company Nos.1, 2 and 3 at its meeting held on 27.05.2021, approved and adopted the said Scheme of Amalgamation, subject to sanction of the NCLT, Bengaluru Bench.
- (11) M/s. Singhal A & Co., Chartered Accountants, the Statutory Auditors of the Applicant Company No.1/Transferee Company, vide Certificate, dated 27.05.2021, have *inter alia* opined that the proposed accounting specified in Part II, Clause 13 of the Scheme, as such, is in compliance with the required Accounting Standard specified under Section 133 of the Companies Act, 2013.
- (12) The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:
- i. Transferor Company-I and Transferor Company-II and Transferee Company are under the same management. The promoters of the Transferor Companies and Transferee Company are holding 100% equity capital of the respective companies. By the process of amalgamation, the business operations of the Transferee Company can be carried out more conveniently and advantageously with greater focus, better supervision and attention.
 - ii. Greater integration, consolidation of business operations/brand and greater financial strength & flexibility for the transferee companies,

which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.

- iii. Amalgamation would facilitate better management and efficient fund flow movements, rationalization, standardization and simplification of business process, productivity improvements, improved procurement, usage of common resource pool like human resource, administration, finance, accounts, legal, technology, and other related functions, leading to elimination of duplication and rationalization of administrative and operative expenses, deployment of resources in a more efficiently and systematically.

(13) The proposed Scheme of Amalgamation, if sanctioned by this Tribunal, will take effect from the Appointed Date i.e., on April 1st, 2021 as defined under the Scheme or such other date as may be directed by this Bench.

(14) It is stated that there are no investigation/proceedings are pending against the Applicant Company No.2 and 3 under Section 235 to 251 or any other of the provisions of Companies Act, 1956 or Sections 206 to 229 of the Companies Act, 2013. However, the ROC vide its letter F.No. ROCB/A-OneSteel/ROC (CVC/Enquiry)/C.No.063439/2020/1263 dated 06.10.2020 has called the information/explanation under Section 206(4) of the Companies Act, 2013 from the Transferee Company. Accordingly, the Transferee Company has submitted all the documents and information to the aforesaid notice on 31st October, 2020. As on the date, the Transferee Company didn't receive any response from the ROC, Karnataka.

3. Heard Shri G.M. Ganapathi Bhat, learned PCS for the Applicant Companies, through Video Conference. We have carefully perused the pleadings of the Party and extant provisions of the Companies Act, 2013 and the Rules made thereunder and the Law on the issue.
4. Shri G.M. Ganapathi Bhat, learned PCS for the Applicant Companies, while pointing out various averments made in the Company Application, has further submitted that the Scheme in question is made in the best interests of the

Applicant Companies and their respective Shareholders & Creditors. He has pointed out that the Chartered Accountants, after verifying the records of the Applicant Companies, have duly certified the existing Equity Shareholders, Secured Creditors and Unsecured Creditors of the Transferor Companies and Transferee Company.

5. As stated supra, the Company has followed extant provisions of Companies Act in framing the Scheme in question, which are duly approved by the Board of Directors of the Companies involved. The Statutory Auditors/ Chartered Accountants of the Company have also issued Certificates by inter-alia certifying the details of shareholders, secured creditor and unsecured creditors, and compliance of accounting treatment as prescribed u/s 133 of the Companies Act, 2013 with reference to the Scheme in question. The Applicants have disclosed all the material facts relating to the proposed Scheme of Amalgamation and filed necessary documents along with the Application. Therefore, we are convinced with the case made out by the Applicant Companies so as to grant relief, as sought for, by dispensing with meeting of equity shareholders and secured creditors of **Applicant Company 1** and to convene the meeting of unsecured creditors of **Applicant Company 1**, to dispense with meeting of equity shareholders and secured creditors of **Applicant Company 2** and to convene the meeting of unsecured creditors of **Applicant Company 2** and to dispense to dispense with meeting of equity shareholders and unsecured creditors of **Applicant Company 3** and secured creditor of **Applicant Company No: 3 is discharged as the company has repaid the entire outstanding due amount.**
6. In the result, C.A. (CAA) No.37/BB/2021 is hereby disposed of with the following directions:
- (i) *Convening and holding of the meetings of the Equity Shareholders and Secured Creditors of Applicant Company No.1, are hereby dispensed with;*
- (ii) *Convening and holding of the meetings of the Equity Shareholders and Secured Creditors of Applicant Companies No.2, are hereby dispensed with;*

- (iii) Convening and holding of the meetings of the Equity Shareholders and Unsecured Creditors of the Applicant Company No.3, are hereby dispensed with:
- (iv) The meeting of the Unsecured Creditors of the Applicant Company No.1 be convened and held on 05.05.2022 at 11:00 A.M, at venue: A One House, No.326, CQAL Layout Ward No.8, Sahakar Nagar, Bengaluru, Karnataka, India-560092, either through physical mode or through virtual mode for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation. **Shri R.M. Uday Shankar**, Advocate, having address at Uday Shankar Associates, Advocates, Fortune Chambers, 8 Lalbagh road, Richmond Circle, Bangalore-560027 Contact No. 9845014747, Email ID: uday@udayshankarassociates.com is appointed as Chairperson and **Shri Vinayak Bhat** PCS, having address at: #1584, 36th Cross, 100 Ft. Ring Road, BSK 2nd Stage, Bangalore-560070, Contact No: 9886032325, is appointed as Scrutinizer for the said meeting. The remuneration for Chairperson shall be Rs.1,00,000/- and for Scrutiniser shall be Rs.60,000/-. The Quorum for the said meeting is 30% of total value of Unsecured Creditors, either in person or through representative in view of the Act prescribed three-fourth of the Unsecured Creditors required for consideration of the Scheme later on.
- (v) The meeting of the Unsecured Creditors of the Applicant Company No.2 be convened and held on 05.05.2022 at 01:00 P.M, at venue: A One House, No.326, CQAL Layout Ward No.8, Sahakar Nagar, Bengaluru, Karnataka, India-560092, either through physical mode or through virtual mode for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation. **Shri Arjun Rao** Advocate, having address No:307, 3rd Floor, Richmond Towers, No:12 Richmond Road, Bengaluru - 560025, Contact No. 9880508071, is appointed as Chairperson and **Shri IB Harikrishna**, PCS, having address at: 16/4 Gupta Layout, 2nd Cross Street, South end Road, Basavanagudi, Bangalore - 560004, Contact No: 9380571141, is appointed as Scrutinizer for the said meeting. The remuneration for Chairperson shall be Rs.1,00,000/- and for Scrutiniser shall be Rs.60,000/-. The Quorum for the said meeting is 30% of total value of Unsecured Creditors, either in person or through representative in view of

the Act prescribed three-fourth of the Unsecured Creditors required for consideration of the Scheme later on.

- (i) The Applicant Company is directed to issue paper notification one in English language "Financial Express" and one in Vernacular language "Vishwavani" about the dispensation of the meetings by this Tribunal, within a period of 10 (Ten) days from the date of receipt of copy of this Order;*
- (ii) Any party, aggrieved by this Order, is entitled to file miscellaneous application, in the instant Company Application, by seeking appropriate direction(s).*
- (iii) The Applicants are permitted to file necessary Company Petition for the sanction of Scheme of Amalgamation in question, after following extant provisions of law.*

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(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)

—sd—

(AJAY KUMAR VATSAVAYI)
MEMBER (JUDICIAL)

Amar/Mythreye