A-ONE STEELS INDIA LIMITED
(Formerly known as A-One Steels India Private Limited and A-One Steel and Alloys Private Limited)

Registered Office : A One House No. 326, CQAL Layout, Ward No.08, Sahakar Nagar, Bengaluru - 560092 Karnataka, India
Phone: 080-45646000
Email: info@aonesteelgroup.com
Web: www.aonesteelgroup.com
CIN : U28999KA2012PLC063439

November 21, 2026

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: AONESTEELS

Department of Corporate Services
BSE Limited
20th Floor, P.J. Towers,
Dalal Street,
Mumbai – 400 001.
BSE Scrip Code: 544952

Dear Sir/ Madam,

Subject: Intimation under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on NCLT Matter (CP (CAA) No. 30/230/HDB/2026 and IA (CAA) No. 150/2026)

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in continuation of the disclosures made in the Red Herring Prospectus, we hereby inform you that A-One Steels India Limited ("the Company" / "Transferee Company") on November 20, 2026, has received two orders pronounced on November 20, 2026 by the Hon'ble National Company Law Tribunal ("NCLT"), Hyderabad Bench-1 in the Scheme of Amalgamation involving M/s. Basai Steels and Power Private Limited (*Transferor Company-1* / subsidiary), M/s. A-One Gold Pipes and Tubes Private Limited (*Transferor Company-2* / wholly-owned subsidiary), and A-One Steels India Limited (*Transferee Company*):

1. CP (CAA) No. 30/230/HDB/2026 (connected with CA (CAA) No. 13/230/HDB/2026): The Company Petition has been allowed and the Scheme of Amalgamation has been sanctioned with an Appointed Date of October 1, 2025, subject to the terms, conditions, and undertakings recorded in the Order.

2. IA (CAA) No. 150/2026 (as part of CP (CAA) No. 30/230/HDB/2026): The Interlocutory Application filed by Mr. K. Ravi Shankar (Applicant/Shareholder) has been dismissed as not maintainable under the proviso to Section 230(4) of the Companies Act, 2013 read with rules made thereunder.

Copy of the NCLT Orders are attached herewith for your reference.

Kindly take the above information on record.

Thanks & Regards,

For A-One Steels India Limited
(Formerly known as A-One Steels India Private Limited
and A-One Steel and Alloys Private Limited)

POOJA S N
Digitally signed by POOJA S N
Date: 2026.11.21 11:54:28 +05'30'

Pooja Sara Nagaraja
Company Secretary and Compliance Officer
Membership No: A52496

S.No.4

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
20-11-2026 After Court-II

IA (CA)150/2026
in CP (CAA) No.30/230/HDB/2026
u/s 230 of Companies Act

IN THE MATTER OF:
M/s. Basai Steels & Power Pvt Ltd. - Transferor Co.
M/s. A-ONE Gold Pipes & Tubes Pvt Ltd. - Transferor Co. - 2,
and M/s A- One Steels India Ltd. – Transferee Co. **…Petitioner/s**

C O R A M:
SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

O R D E R

CP (CAA) No. 30/230/HDB/2026
Orders pronounced, recorded vide separate sheets. In the result, this Petition is allowed.

IA (CA) 150/2026
Orders pronounced, recorded vide separate sheets. In the result, this application is dismissed as not maintainable.

Sd/- **Sd/-**
MEMBER (T) **MEMBER (J)**

Apoorva/Vinod

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - 1

CP (CAA) No.30/230/HDB/2026

Connected with

C.A. (CAA) No.13/230/HDB/2026

U/s. 230 to 232 of the Companies Act, 2013

IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN

M/s BASAI STEELS AND POWER PRIVATE LIMITED
(TRANSFEROR COMPANY - 1)

AND

M/s A-ONE GOLD PIPES AND TUBES PRIVATE LIMITED
(TRANSFEROR COMPANY - 2

AND

M/s A-ONE STEELS INDIA LIMITED
(TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

M/s BASAI STEELS AND POWER PRIVATE LIMITED
[CIN: U27109TG2002PTC038411]
Having Registered Office at
Plot No.42, Sy No.258/1,
Shapur Nagar, Main Road,
Opp. Raithu Bazar, IDA Jeedimetla,
Hyderabad – 500 055,
Telangana.

... Petitioner Company/
Transferor Company - 1

M/s A-ONE GOLD PIPES AND TUBES PRIVATE LIMITED
[CIN: U27200KA2020PTC139870]
Having Registered Office at
A-One House No.326, Front Portion,
First Floor CQAL Layout,
Ward No.8, Sahakar Nagar,
Bengaluru – 560 092,
Karnataka.

... Non-Petitioner Company /
Transferor Company - 2

M/s A-ONE STEELS INDIA LIMITED
(formerly known as A-One Steel and Alloys Private Limited),
[CIN: U28999KA2012PLC063439]
Having Registered Office at
A-One House No.326, CQAL Layout,
Ward No.08, Sahakar Nagar,
Bengaluru – 560 092,
Karnataka.

... Non-Petitioner Company/
Transferee Company

Date of order: 20.11.2026

CORAM

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Appearance:

For Applicant Company : Shri G. M. Ganapathi, Ld PCS

PER : BENCH

ORDER

1. This Company Petition has been filed by M/s Basai Steels and Power Private Limited (Transferor Company-1) (hereinafter referred to as "Petitioner Company") under Sections 230 and 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 praying for the following reliefs:

   (a) To sanction the proposed Scheme of Amalgamation annexed to the Petition as Annexure–A so as to be binding on the Transferor Companies and the Transferee Company and their respective Shareholders.

   (b) To order that with effect from the Appointed Date, the entire business including all movable and immovable and other assets of whatsoever nature and all licenses, rights, privileges, claim etc., of the Transferor Company–1 be transferred without any further act or deed in favour of Transferee Company and the same be, pursuant to Section 230 and 232 of the Companies Act, 2013 stand transferred to and vested in the Transferee Company.

   (c) To order that with effect from the Appointed Date, all the debts, liabilities, duties and obligations of the Transferor

Company–1 be transferred to and deemed to be transferred without any further act or deed to the Transferee Company and accordingly, the same shall pursuant to Section 230 and 232 of the Companies Act, 2013 be transferred to and become the liabilities and duties of the Transferee Company.

(d) To order that with effect from the Appointed Date, all the employees of the Transferor Company–1 will become the employees of the Transferee Company without any break or interruption in service.

(e) To order that all suits, petitions, appeals, applications, arbitrations, proceedings, investigations, inquiries and other legal or regulatory proceedings by or against the Transferor Company–1 pending on the Appointed Date shall continue and may be prosecuted or defended by or against the Transferee Company in accordance with law.

(f) To order that the Transferor Company–1 shall stand dissolved without the process of winding up from the date of filing of the Certified Copy of the Order with the Registrar of Companies.

AVERMENTS IN BRIEF AS PER THE PETITION: -

1. **PARTICULARS OF TRANSFEROR COMPANY - 1:**

(A) **M/s BASAI STEELS AND POWER PRIVATE LIMITED** (**Petitioner Company / Transferor Company - 1**) is a Private Company incorporated on 29.01.2002 under the provisions of the Companies Act, 1956. The Registered Office of the Transferor Company-1 is same as mentioned in the cause title. A copy of the Certificate of Incorporation and latest Memorandum of Association and Articles of Association of the Transferor Company–1 are annexed to the Petition at and marked as **Annexure – B.**

(B) The Transferor Company–1 had undergone Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 and the Resolution Plan submitted by M/s Prem Enterprises was approved by this Tribunal vide Order dated 13.04.2018 in CA No.86/2018 in CP(IB) No.77/09/HDB/2017 under Section 31 of the IBC, 2016. Under the approved Resolution Plan, the Transferee Company, M/s A-One Steels India Limited (formerly known as A-One Steel & Alloys Private Limited), was identified as the Strategic Investor while M/s Prem Enterprises acted as the Successful Resolution Applicant. As per the terms of the approved Resolution Plan, the Transferee Company has

invested Rs 92,13,50,000 in the Paid-Up Equity Capital of the Transferor Company-1.

(C) The Transferor Company–1 is engaged in the business of Leasing of power plant, land and building, equipment and sponge iron kilns and producing, processing of all kinds of ferrous and non-ferrous metals and other related activities. The main objects of the Transferor Company–1 are given at **Page Nos.16-17** of the Petition.

(D) The Object Clause-III(B)(12) of the Memorandum of Association of the Transferor Company–1 authorises the Company to amalgamate with another Company(s).

(E) The Authorized, Issued, Subscribed and Paid-Up Share Capital of the Transferor Company–1 as on **31st January, 2026** are as follows:

Authorized Capital	**Amount (in INR)**
1,28,00,00,000 Equity Shares of INR 1 each	1,28,00,00,000
Total	**1,28,00,00,000**
Issued, Subscribed & Paid-Up Capital	**Amount (in INR)**
1,17,91,50,000 Equity Shares of INR 1 each	1,17,91,50,000
Total	**1,17,91,50,000**

Subsequent to the above, there has been no change in the capital structure of the Transferor Company–1. The Transferor Company–1 is a deemed Public Company and 78.14% of the Paid-Up Equity Shares are held by the Transferee Company. The Transferor Company–1 is not listed with any of the Stock Exchanges.

(F) It is submitted that the increase in the Issued, Subscribed and Paid-Up Share Capital of the Transferor Company–1 from Rs 65,00,00,000 as reflected in the Audited Financial Statements as on 31.03.2025 to Rs 1,17,91,50,000 as on 31.01.2026 is on account of the allotment of Equity Shares made during the said period in accordance with and in implementation of the Resolution Plan approved by this Tribunal under Section 31 of the Insolvency and Bankruptcy Code, 2016.

(G) As per the Audited Financial Statements of the Transferor Company–1 as on 31.03.2025, the summarised position of the assets and liabilities are given below:

(Amount in lakhs)

Liabilities	Amount	Assets	Amount
Share Capital	6,500.00	Property, Plant & Equipment	8,322.04
Reserves & Surplus	2,119.91	Other Non-Current Assets	558.29
Non-Current Liabilities	1,698.40	Current Assets	3,646.07
Current Liabilities	2,208.09		
Total	**12,526.40**	**Total**	**12,526.40**

A copy of the Audited Financial Statements of the Transferor Company–1 as on 31.03.2025 are annexed to the Petition and marked as **Annexure – C.**

A copy of the Unaudited Financial Statements of the Transferor Company–1 as on 31.01.2026 are annexed to the Petition and marked as **Annexure – C1.**

2. **PARTICULARS OF TRANSFEROR COMPANY - 2:**

M/s A-ONE GOLD PIPES AND TUBES PRIVATE LIMITED (**Non-Petitioner Company / Transferor Company-2**) was incorporated on 16.10.2020 under the provisions of the Companies Act, 2013. The Registered Office of the Transferor Company-2 is same as mentioned in the cause title.

3. **PARTICULARS OF THE TRANSFEREE COMPANY:**

(A) **M/s A-ONE STEELS INDIA LIMITED (formerly known as A-One Steel and Alloys Private Limited) (Non-Petitioner Company / Transferee Company**) is an unlisted Public Company incorporated under the Companies Act, 1956 in the name of "A-One Steel and Alloys Private Limited" on 09.04.2012 under the jurisdiction of Registrar of Companies, Karnataka. The Transferee Company has changed its name to "A-One Steels India Private Limited" on 29.06.2024 and later on converted into Public Limited Company with effect from

23.12.2024. The Registered Office of the Transferee Company is same as mentioned in the cause title. The copy of the Certificate of Incorporation, Certificate of name changes and the copy of latest Memorandum of Association and Articles of Association of the Transferee Company are annexed to the Petition and marked as **Annexure – D.**

(B) The Transferee Company is engaged in the business of manufacturing, importing and exporting of all types of iron ore, coal, steel including alloy steel and metal founders and other related activities. The main objects of the Transferee Company are given at **Page Nos.20-21** of the Petition.

(C) The Object Clause-III(B)(11) of the Memorandum of Association of the Transferee Company authorises the Company to amalgamate with other Companies or entities.

(D) The Authorized, Issued, Subscribed and Paid-Up Share Capital of the Transferee Company as on **31st January, 2026** is as follows:

Authorized Share Capital	**Amount (in INR)**
10,00,00,000 Equity Shares of INR 10 each	1,00,00,00,000
Total	**1,00,00,00,000**
Issued, Subscribed and Paid-up Capital	**Amount (in Rs.)**
6,84,65,270 Equity Shares of INR 10 each	68,46,52,700
Total	**68,46,52,700**

Subsequent to this, there has been no change in the Capital Structure of the Transferee Company.

(H) As per the Audited Financial Statements of the Transferee Company as on 31.03.2025, the summarised position of the assets and liabilities are given below:

(Amount in lakhs)

Liabilities	Amount	Assets	Amount
Share Capital	6,846.53	Property, Plant & Equipment	31,610.33
Reserves & Surplus	57,906.49	Other Non-Current Assets	40,599.15
Non-Current Liabilities	31,145.16	Current Assets	1,49,112.70
Current Liabilities	1,25,424.00		
Total	**2,21,322.18**	**Total**	**2,21,322.18**

A copy of the Audited Financial Statement as on 31.03.2025 of the Transferee Company is annexed to the Petition and marked as **Annexure – E.**

A copy of the Unaudited Provisional Financial Statements of the Transferee Company as on 31.01.2026 are annexed to the Petition and marked as **Annexure – E1.**

4. **JURISDICTION OF THE BENCH:**

The Registered Office of the Transferor Company–1 is situated in the State of Telangana. Therefore, Transferor Company–1 declares

that the subject matter of the Petition is within the jurisdiction of this Tribunal.

Further, the Registered Offices of the Transferor Company–2 and the Transferee Company are situated in Bengaluru, Karnataka. Hence, the separate Composite Petition has been filed vide CP(CAA) No.19/BB/2026 before the Hon'ble NCLT, Bengaluru for sanctioning the proposed Scheme of Amalgamation.

5. **LIMITATION:**

This Tribunal had directed to convene the separate meetings of the Equity Shareholders and the Unsecured Creditors of Transferor Company-1 vide Order dated 11.05.2026. The meetings were convened on 27.06.2026 and the Chairman's Report was filed before this Tribunal through online on 29.06.2026 and through physical mode on 03.07.2026. Hence, the present Petition is filed within the period of limitation read with Rule 15 of the Companies (Compromise, Arrangements and Amalgamation) Rules, 2016 and Section 230 and 232 of the Act.

6. **CONSENT OF THE BOARD OF DIRECTORS**:

The Board of Directors of the Transferor Company–1, Transferor Company–2 and the Transferee Company at their respective Board Meetings held on 14.03.2026 have approved the Scheme of Amalgamation of M/s Basai Steels and Power Private Limited (Transferor Company-1) and M/s A-One Gold Pipes and Tubes

Private Limited (Transferor Company–2) with M/s A-One Steels India Limited (Transferee Company).

The Scheme is proposed to take effect from the **Appointed Date, i.e., 1st October, 2025.**

The copies of the Board Resolutions passed by the Board of Directors of Transferor Companies and the Transferee Company are annexed to the Petition and marked as **Annexure – F**.

7. **OVERVIEW OF THE SCHEME:**

(i) This Scheme of Amalgamation (Merger by Absorption) is presented under Section 230-232 and other applicable provisions of the Companies Act, 2013 and rules and regulations made thereunder and Section 2(1B) of the Income Tax Act amongst Transferor Company–1 (Subsidiary of Transferee Company) and Transferor Company–2 (Wholly-Owned Subsidiary of Transferee Company) with Transferee Company (Holding Company) and their respective Shareholders.

(ii) This Scheme *inter-alia* provides that:

(a) All the assets of the Transferor Company-1 shall become the property of the Transferee Company by virtue of this Amalgamation.

(b) All the liabilities of the Transferor Company-1 shall become the liabilities of the Transferee Company by virtue of this Amalgamation.

(c) Consequent Dissolution of Transferor Company-1 without being wound-up.

(iii) The Scheme does not affect the rights of Creditors of the Transferor Company-1 and the Transferee Company. There will not be any reduction in amounts payable to the Creditors of the Transferor Company-1 and the Transferee Company post sanction of the Scheme.

8. **RATIONALE BEHIND THE AMALGAMATION**:

The Amalgamation of the Transferor Companies with the Transferee Company will have the following benefits:

(i) The Transferor Companies and the Transferee Company are under the same management. The Transferee Company is beneficially holding 78.14% Equity Share Capital of the Transferor Company–1 and beneficially holding entire Equity Share Capital of the Transferor Company–2. 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 and flexibility for the Transferee Company 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 processes, 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 more efficiently and systematically.

9. **ISSUE OF SHARES CONSEQUENT TO AMALGAMATION:**

(i) The Equity Shareholders of the Transferor Company–1, other than the Transferee Company, shall be entitled to receive 1 Equity Share of Rs 10 each fully Paid-Up in the Transferee Company for every 413 Equity Shares of Rs 1 each fully Paid-Up held in Transferor Company–1 whose names appear in the Register of Members on the Record Date.

(ii) The Transferee Company is holding 92,13,50,000 Equity Shares of Rs 1 each representing 78.14% in the Equity Paid-Up Share Capital of the Transferor Company–1. Pursuant to this Scheme, the Equity Shares held by the Transferee Company in the Capital of the Transferor Company–1 shall stand cancelled without any further act, application or deed. To that extent investment in the books of the Transferee Company also gets nullified.

10. **VALUATION REPORT:**

A copy of the Valuation Report / Share Exchange Ratio Report by Shri CA Nishant Pradeep Soni, Registered Valuer, dated 14.03.2026 is annexed to the Petition and marked as **Annexure – G.**

11. **ACCOUNTING TREATMENT:**

The Transferor Company–1 has obtained the certificate from Statutory Auditors of the Transferor Company-1 to the effect that the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013. The same is annexed to the Petition and marked as **Annexure – P Series.**

12. **DECLARATION BY THE TRANSFEROR COMPANY - 1:**

(a) There are no investigation proceedings pending against the Transferee Company under Sections 235 to 251 or any other provisions of the Companies Act, 1956.

(b) The Transferor Company–1 underwent Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 and the Resolution Plan submitted by M/s Prem Enterprises was approved by this Tribunal vide Order dated 13.04.2018 in CA No.86/2018 in CP(IB) No.77/09/HDB/2017 under Section 31 of the IBC, 2016. Pursuant to the implementation of the Approved Resolution Plan, the management and control of the Transfer Company-1 vested in the Successful Resolution Applicant and the present management. Thereafter, the Transferor Company–1 received a notice bearing Ref.No.ROC(B)/210/Inv./Bharat Infra & 7 Cos./II0100493/2026, dated 02.04.2026 issued by the Registrar of Companies, Bengaluru in connection with an investigation under Section 210 of the Companies Act, 2013 in the matter of Bharath Infra Exports and Imports Limited & Others, calling upon the Transferor Company–1 to furnish information and documents relating to transactions, if any, entered into by the Transferor Company–1 with the said entities during the relevant period.

(c) It is submitted that the aforesaid notice pertains to transactions, if any, relating to the period prior to the implementation of the Approved Resolution Plan and the takeover of the management and control of the Transferor Company–1 by the Successful Resolution Applicant pursuant to the Order passed under Section 31 of the Insolvency and Bankruptcy Code, 2016. In terms of Section 32A of the IBC Code 2016, the approval of the Resolution Plan has resulted in change in the management and control of the Transferor Company–1 from the erstwhile management to the Successful Resolution Applicant and its nominees. Accordingly, while the Transferor Company–1 and the present management are extending full cooperation in the ongoing investigation by furnishing all information and records available with them, nothing contained in the present Scheme shall prejudice or affect the rights of the investigating authorities to proceed against the erstwhile promoters, directors or other persons who may be liable in accordance with law for any acts or omissions pertaining to the period prior to the approval of the Resolution Plan. Further, the Transferee Company also given an assurance to cooperate with the authorities in the investigation process by the RoC or such other regulatory authority in this regard, post Amalgamation of the Transferor Company–1 with the Transferee Company.

(d) It is further submitted that, post-acquisition of the Transferor Company–1 by the Transferee Company under IBC process, there has been no transactions entered by the Transferor Company–1 with Bharath Infra Exports and Imports Limited. An Affidavit executed by the Director in this regard is annexed to the Petition and marked as **Annexure – M Series.**

(e) The following Applications / Petitions are pending before this Tribunal relating to the Transferor Company–1.

Sl. No.	Case Type	Case No.	Case Title
1	Company Petition (Companies Act) Section 241	CP/29/HYD/2025 and other related Interlocutory Application	Gopal Agarwal V/s Basai Steels and Power Pvt Ltd.
2	Company Petition (Companies Act) Section 241	CP/35/HYD/2025 and other related Interlocutory Application	K. Ravi Shankar V/s. Basai Steels and Power Pvt Ltd.
3	Interlocutory Application (IBC)	IA(IBC) No.975/2025 and other related Interlocutory Application	Mr. Gopal Agarwal V/s Basai Steels and Power Pvt Ltd.

(f) The Transferor Company–1 submits that the above Petitions were filed by the erstwhile promoters and Mr. Ravishankar K, who is removed as Director of the Transferor Company-1, with an intention to obstruct the revival process of the Transferor Company–1. None of the aforesaid proceedings has resulted in any order restraining the Transferor Company-1 from

pursuing the present Scheme of Amalgamation. The proposed Scheme neither affects nor prejudices the rights of the parties in the aforesaid proceedings and the Transferee Company undertakes to continue and defend such proceedings, as may be permissible in law, upon the Scheme becoming effective. The Affidavit executed by the Transferee Company to this effect is annexed to the Petition and marked as **Annexure – N.**

(g) The Scheme does not affect the rights and interests of the Creditors of the Transferor Company-1 and the Transferee Company. It is also stated that the Scheme of Amalgamation does not contemplate any compromise or arrangement with the Creditors of the Transferor Company-1 and the Transferee Company and there is no Capital Debt Restructuring or Capital Reduction of the Transferor Company-1. A copy of the Affidavit executed by the Transferor Company–1 and the Transferee Company are annexed to the Petition and marked as **Annexure – O Series.**

(h) It is submitted that the proposed Scheme of Amalgamation shall not prejudice the rights of any Statutory Authority in relation to any tax demand or other statutory liability. The Transferee Company shall discharge such statutory liabilities, if any, as may ultimately become payable by the Transferor Company–1 or the Transferee Company in accordance with law, subject to the outcome of the respective proceedings, the

provisions of the approved Resolution Plan under the IBC Code 2016 and all rights and contentions available to the parties in law.

(i) It is further submitted that the Transferor Company–2 and the Transferee Company are having their Registered Offices in Bengaluru, Karnataka. Accordingly, the Transferor Company–2 and the Transferee Company have filed the Composite Company Petition vide CP(CAA) No.19/BB/2026 before the Hon'ble NCLT, Bengaluru. Currently, the said Petition has been admitted by the Hon'ble NCLT and directed to issue notice to authorities.

13. The Transferor Company - 1 has filed the First Motion Application bearing No.C.A.(CAA) No.13/230/HDB/2026. The particulars of the Shareholders, Secured Creditors, and Unsecured Creditors of the Transferor Companies and the Transferee Company, as disclosed in the said First Motion Application, are as follows:

	Equity Shareholders	**Secured Creditors**	**Unsecured Creditors**
Transferor Company-1	28	NIL	15
Transferor Company-2	Non Applicant	Non Applicant	Non Applicant
Transferee Company	Non Applicant	Non Applicant	Non Applicant

14. This Tribunal vide order dated 11.05.2026 directed that a meeting of the Equity Shareholders and Unsecured Creditors of the

Transferor Company-1 be convened on 27.06.2026 at 11:00 hrs through VC and voting through e-Voting. Further, Shri M. N. Agastya and Ms. N. Niyatha were appointed as Chairperson and Scrutinizer respectively for the said meeting. A copy of the order dated 11.05.2026 passed by this Tribunal is annexed to the Petition and marked as **Annexure – H**.

15. Accordingly, the meeting of the Equity Shareholders and Unsecured Creditors of the Transferor Company–1 was convened on 27.06.2026 and the Chairperson filed his Report dated 29.06.2026. As per the Report, the Scheme was approved by majority of the Equity Shareholders and the Unsecured Creditors who voted the Resolution through remote e-Voting process and through e-Voting at the meeting representing more than three-fourth in Paid-Up value of the Equity Shares in the case of Equity Shareholders and Unsecured Creditors representing more than three-fourth of the outstanding debts as on 27.06.2026. A copy of the Chairperson's Report annexed to the Petition and marked as **Annexure - K.**

16. Subsequently, as per directions of this Tribunal dated 20.07.2026, notices were issued to all the Statutory Authorities. In compliance with the directions of this Tribunal, publication was also carried out in the English daily *The South India Times* and the Telugu daily *Sakshyam* on 27.08.2026. Proof of Publication and Proof of Service of notice of hearing have been filed by way of an Affidavit dated 02.09.2026.

OBSERVATIONS BY INCOME TAX DEPARTMENT AND REPLY BY TRANSFEROR COMPANY-1:

17. The Deputy Commissioner of Income Tax, Circle-3(4), Hyderabad vide Affidavit dated 18.08.2026 has made some observations. The Transferor Company-1 has submitted Reply Affidavits dated 04.09.2026 and 05.11.2026 to the observations of Income Tax Department. The details are furnished below:

Observation by Income Tax Department:

A) The real subject matter of the Scheme is an unabsorbed depreciation pool of Rs 157.74 crores: The details are elaborated from Para No.3.1 to Para No.3.3 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

In the aforementioned paras, the revenue has tried to prove that there is an unabsorbed depreciation pool amounting to INR 157,74,19,328 which is available to be carried forward to the Assessment Year 2026-27 and is therefore sufficient to extinguish more than two full years of the entire taxable income of the Transferee Company.

It is mentioned that the treatment of accumulated losses and unabsorbed depreciation upon Amalgamation is specifically

governed by Section-72A and other applicable provisions of the Income Tax Act, 1961. The Scheme neither creates nor independently confers any such tax benefit upon the Transferee Company. Any benefit in respect of accumulated losses or unabsorbed depreciation would be available only in accordance with and subject to fulfilment of the conditions prescribed under the Income Tax Act. Therefore, a statutory consequence which may arise upon Amalgamation in accordance with the provisions of the Income Tax Act cannot be treated as an undue benefit of the Scheme or, by itself, detract from the independent commercial rationale and benefits of the proposed Amalgamation as set out above.

It is further submitted that the Scheme has been considered and approved by the Stakeholders after taking into account its commercial and operational rationale and the benefits arising therefrom. The existence of a tax consequence which may become available under the Income Tax Act, subject to fulfilment of the statutory conditions, cannot by itself render the Scheme commercially untenable or constitute a ground for disregarding the commercial wisdom of the Stakeholders.

Observation by Income Tax Department:

B) <u>The Transferor Company-1 has ceased to carry on any manufacturing activity</u>: The details are elaborated from Para No.3.4 to Para No.3.7 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

In the aforementioned paras, the revenue has mentioned that since Financial Year 2021-22 (Assessment Years 2022-23), the Transferor Company-1 has not carried on any manufacturing activity, however, nothing has been concluded here and it is matter of record that the Transferor Company-1 was subject to the insolvency proceedings and that defines the cessation of manufacturing activity. As far as the lease arrangement is concerned, Transferee Company is not merely a lessee operating the existing manufacturing assets of the Transferor Company-1. It was identified as the Strategic Investor under the Resolution Plan approved by this Tribunal vide Order dated 13.04.2018 passed in CA No.86 of 2018 in CP(IB) No.77/09/HDB/2017 and, pursuant thereto, has infused substantial funds and presently holds 78.14% of the Paid-Up Equity Share Capital of the Transferor Company-1. The lease arrangement was itself contemplated as part of the revival of the Transferor Company-1 under the approved Resolution Plan, wherein rental income from leasing of the facilities of the Corporate Debtor was envisaged as an immediate source of revenue. Over the years, the Transferee Company has also made substantial capital investments towards plant and machinery, buildings, electrical installations and other fixed assets at the Bellary manufacturing facility, which investments are reflected in the books of the Transferee Company, while the underlying

industrial undertaking and the existing manufacturing assets continue to vest in the Transferor Company-1. The existing arrangement therefore involves a separation between ownership of the underlying industrial undertaking and the substantial investments, operations and development being undertaken by the Transferee Company. The proposed Amalgamation would eliminate this separation by bringing the ownership of the industrial undertaking, the investments made therein and its operations under a single corporate entity, thereby achieving a complete legal, financial and operational integration which cannot be achieved merely through continuation of the existing lease arrangement.

Observation by Income Tax Department:

C) Depreciation is being charged year after year against a business that does not exist: The details are elaborated from Para No.3.8 to Para No.3.9 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

The averments made by the revenue in these paras are in respect of claim of unabsorbed depreciation and business loss thereof which is the subject matter of Income Tax proceedings wherein the revenue is free to act as per the intent of law.

Observation by Income Tax Department:

D) The commercial rationale pleaded in the Petition is already achieved by the subsisting lease: The details are elaborated from Para No.3.10 to Para No.3.11 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

The concern raised by the revenue on the object of the Scheme which is only the prerogative of the Shareholders, already been addressed in the earlier reply.

Observation by Income Tax Department:

E) The conditions of Section-72A of the Income Tax Act, 1961 are not, and cannot be, satisfied: The details are elaborated at Para No.3.12 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

The revenue has quoted various clauses and conditions as mentioned in Section-72A of the Income Tax Act, 1961 and how these are not satisfied. The Transferor Company-1 has already replied to these issued one by one in the earlier reply dated 04.09.2026.

It is specifically reiterated that in the objections, doubts have been raised on the applicability of various provisions of Section-72A of

the Act which deal with the carry forward and set off of accumulated loss and unabsorbed depreciation allowance in Amalgamation or Demerger etc. Objections have been raised on the specific conditions in view of the provisions of Section-72A and compliance of the same. It is submitted that as far as the conditions for carry forward and set off of losses or unabsorbed depreciation is concerned, the Transferee Company undertakes to raise a claim in accordance with the applicable provisions and settled jurisprudence and the claim would be subject to the scrutiny and verification by the revenue authorities.

Observation by Income Tax Department:

F) The Transferee Company is assessed under Section-115BAA and a substantial part of the pool is on that account incapable of being set off at all: The details are elaborated from Para No.3.13 to Para No.3.15 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

The revenue has alleged that the Transferee Company since opted for concessional rate as per the provisions of the Section-115BAA of the Act cannot have the benefit of set off of additional depreciation u/s 32(1)(iia) of the Act as available in the books of the Transferor Company-1.

It is again reiterated that the Transferee Company would abide by the restriction and condition of Section-115BAA in toto and

undertakes not to claim the unabsorbed 'additional depreciation' as available in the books of Transferor Company-1 since same is not claimable as per the provisions of Section-115BAA of the Act.

Observation by Income Tax Department:

G) The Scheme attracts the General Anti-Avoidance Rule in Chapter X-A of the Income Tax Act, 1961: The details are elaborated at Para No.3.16 of the Affidavit dated 18.08.2026.

Reply by Transferor Company-1:

Already replied in Para-15 of the earlier reply dated 04.09.2026 filed before this Tribunal.

Observation by Income Tax Department:

H) Sanction of the Scheme would be contrary to law and to public policy: The details are elaborated from Para No.3.17 to Para No.3.18 of the Affidavit dated 18.08.2026.

Further Paras are furnished below:

Para No.3.19:

The unabsorbed depreciation of Rs 157.74 crores arose in the hands of the erstwhile management of the Transferor Company-1, in a manufacturing business that has since been abandoned. It represents a tax attribute stranded in a corporate shell. To permit that attribute to be transported through the machinery of

Sections 230 to 232 of the Companies 2013, into the hands of a profit-earning Transferee Company which already enjoys every operational benefit that the Scheme purports to confer, would be to allow the sanction of this Tribunal to be used as an instrument of tax avoidance, to the prejudice of the public revenue.

Reply by Transferor Company-1:

Already replied in Para-14 of the earlier reply dated 04.09.2026. Reference may be made to the same. Rather the case of Mihir H Mafatlal as adjudicated by the Hon'ble Apex Court further supports the case of the Transferor Company-1 only. Therefore, any reliance on the same to prove that the sanction of the Scheme would be contrary to law and public policy stands on flimsy grounds and is liable to be discarded at the very outset.

Observation by Income Tax Department:

Para No.3.20:

The Petition at Paragraph 12 discloses that the Registrar of Companies, Bengaluru has by Reference No. ROC(B)/210/Inv./Bharat Infra & 7 Cos/II0100493/2026, dated 02.04.2026 initiated an investigation under Section 210 of the Companies Act, 2013 in the matter of Bharath Infra Exports and Imports Limited & Ors., covering transactions of the Transferor Company-1 for the period prior to its acquisition under the Insolvency and Bankruptcy Code, 2016. Any finding in that

investigation may have direct consequences under the Income Tax Act 1961, including under Sections 147, 148, 148A and 153A / 153C. The rights of the Department in that regard must be expressly preserved.

Reply by Transferor Company-1:

A reply to the same has already been given and a part of the earlier reply. Please refer to Para-7 of the earlier reply dated 04.09.2026.

Observation by Income Tax Department:

Para No.3.21:

The undertaking at Paragraph 46 of the Petition, that the Scheme "Shall not prejudice the rights of any statutory authority in relation to any tax demand or other statutory liability", is couched in general terms and is expressly made "subject to ….. provisions of the approved Resolution Plan". A general and qualified assurance of this nature is not a substitute for a specific direction binding the Transferee Company.

Para No.3.22:

It is further submitted that a composite petition in respect of the Transferor Company-2 and the Transferee Company is stated to be pending before the Hon'ble NCLT, Bengaluru in CA(CAA) No.19/BB/2026. Any order passed in the present

proceedings ought to be without prejudice to the objections of the Income Tax Department in those proceedings.

Para No.3.23:

It is submitted that as on date, based on the records available with the IT Department, **no demand is outstanding for recovery** against the Transferor Company-1. The objections of the IT Department are not upon the recovery of an existing demand but upon the avoidance of tax that the Scheme is designed to bring about, and upon the protection of the future revenue of the Union.

Reply by Transferor Company-1:

These paras are in respect of the rights of the revenue and assurance in this regard is reiterated that an undertaking has already been given by the Transferee Company that the rights of the revenue would be intact and as per the provisions of the Income Tax Act, 1961 and the Transferee Company would be liable for any future demand arising out of and in the course of subsequent action of the revenue as per the Income Tax Act, 1961, as a successor in the interest.

18. In view of the foregoing, the Income Tax Department prayed to decline the sanction of the Scheme of Amalgamation of Transferor Company-1 with Transferee Company, the same being an arrangement who predominant purpose is the avoidance of Income Tax and being contrary to public policy.

19. The Income Tax Department further prayed, without prejudice to prayer at Point No.18 above, that if this Tribunal sanctions the Scheme, expressly record and direct that:

(a) The sanction of the Scheme shall not be construed as an adjudication upon, or as conferring, any entitlement to carry forward or set off the accumulated loss or unabsorbed depreciation of the Transferor Company-1 including the sum of Rs 1,57,74,19,328 which shall be governed solely by Section 72A of the Income Tax Act, 1961 read with Rule 9C of the Income Tax Rules, 1962 and Section 115BAA of the said Act, and determined independently by the Assessing Officer.

(b) The sanction of this Scheme shall be without prejudice to the powers of the Income Tax authorities under Chapter X-A (Sections 95 to 102) of the Income Tax Act, 1961 and to all rights of assessment, reassessment, recovery and penalty under the said Act in respect of both the Transferor Company–1 and the Transferee Company for all assessment years.

(c) The Transferee Company shall be liable to pay and honour all past, present and future dues, demands, interest and penalties of the Transferor Company–1 under the Income Tax Act, 1961 including any arising out of the investigation under Section 210 of the Companies Act, 2013.

(d) The Transferee Company shall file with the jurisdictional Assessing Officer, within thirty days of the Scheme becoming effective, a complete statement of assets, liabilities and tax attributes taken over from the Transferor Company–1, together with the computation and certificate contemplated by Rule 9C of the Income Tax Rules, 1962.

OBSERVATIONS BY REGIONAL DIRECTOR (SER):

20. The Regional Director (SER) vide Affidavit dated 08.09.2026 has made certain observations. The Transferor Company-1 has filed reply Affidavit dated 10.09.2026, in response to the observations made by the Regional Director (SER). The Regional Director (SER) vide Affidavit dated 07.10.2026 has submitted further observations. The details are given below:

Para No.	Regional Director (SER)'s Observations Dated 08.09.2026	Transferor Company-1 Reply Affidavit Dated 10.09.2026	Regional Director (SER)'s further Observations Dated 07.10.2026
3(i)	The Scheme is filed under Sections 230-232 of the Companies Act, 2013 for Amalgamation of Transferor Company-1 and Transferor Company-2 with Transferee Company. The Transferor Company-2 and Transferee Company are registered in the State of Karnataka and Transferor Company-1 is	The observation is a matter of record and no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.

	registered in the State of Telangana.		
3(ii)	As per enforcement module, the Transferor Company-1 was ordered for Inspection vide SRN:Z00836767, dated 04.07.2009 and also ordered for Investigation vide SRN:II0100493, dated 01.01.2026.	As per enforcement module the Transferor Company-1 was ordered for Inspection vide SRN:Z00836767, dated 04.07.2009 for Investigation vide SRN:II0100493. No records pertaining to the inspection stated to have been ordered in the Year 2009 are presently available with the Transferor Company-1. Hence, the Transferor Company-1 is unable to comment on the said inspection. As regards the investigation ordered under Section-210 of the Companies Act, 2013, its pendency has already been disclosed at Para-12 of the Synopsis and Paras-39 to 41 of the Company Petition in Form CAA-5. It is submitted that the mere pendency of an investigation under Section-210 does not constitute an express statutory bar for consideration of a Scheme under Sections 230-232 of the Act. Section-230(2)(a) of the Act itself contemplates the disclosure of pending investigations / proceedings before the Tribunal.	In this regard, RD(SER) vide Affidavit dated 08.09.2026 has already submitted for rejection of application being pending Investigation under Section 210(1)(a)&(c) of the Act in public interest against the Transferor Company-1, which will lost its entity after its merger.
3(iii)	As per V3 BO Portal, the Transferor Company-1 has two complaints pending vide SRNs I00100271 and	The pendency of the said proceedings has already been specifically disclosed in Para-42 of the Company	In this regard, RD(SER) vide Affidavit dated

	I00100210 and the status is 'Under Processing'. With regard to the complaints of Mr. K. Ravi Shanker, Director and Mr. Gopal Agarwal, the matter was taken up with the Company and the reply of the Company is awaited. He has also stated that, in the Company reply submitted to ROC, the above matters are related to the Petitions filed u/s 241 of the Companies Act vide CP.35/HDB/2025 and 29/HYD/2025 respectively and since the matter is sub-judice.	Petition filed before this Tribunal. It is further submitted that mere pendency of the aforesaid proceedings under Section 241 of the Companies Act does not by itself constitute any legal impediment for consideration or sanction of the present Scheme particularly when there is no order passed in either of the said proceedings restraining the Transferor Company-1 from proceeding with the Scheme. The rights and contentions of the respective parties in the said proceedings would remain unaffected and may continue to be adjudicated in accordance with law. It is submitted that the mere pendency of the proceedings under Sections 241 and 242 in the absence of any restraining order does not by itself bar the consideration of the Scheme by this Tribunal	08.09.2026 has already furnished its comments which may be looked into by this Tribunal.
3(iv)	As per Clause-2(2.3) of Part-I of the Scheme, the Appointed Date is 01.10.2025.	It is submitted that the observation is a matter of record.	No further observations.
3(v)	The meetings of Shareholders and Creditors of the Company have been held on 27.06.2026 by the Transferor Company-1 pursuant to directions of this Tribunal and majority of the Equity Shareholders and the Unsecured Creditors representing more than three-fourth of the outstanding debts as on 27.06.2026 have voted in favour of the Scheme.	It is submitted that the observation is a matter of record. The statutory requirement of approval of the Scheme by the requisite majority of the members and Creditors, as applicable, stands duly complied with.	The reply of the Company may be considered into by this Tribunal.

3(vi)	The Net worth of the Transferor Company-1 is Rs 8,619.91 lakhs as on 31.03.2025 and the Other Financial Liabilities under Current Liabilities of the Transferor Company-1 has increased from Rs 0.36 lakhs as on 31.03.2024 to Rs 0.40 lakhs as on 31.03.2025.	It is matter of record and no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.
3(vii)	The reply refers to a pending direction / proceeding under Section-210 of the Companies Act, 2013 issued by the Registrar of Companies, Karnataka. In this regard, the RD(SER) seek the disclosure of the complete status, the allegations / issues under examination and the last order or correspondence in the said proceeding together with its effect, if any, on the Scheme and its disclosures.	It is submitted that the Registrar of Companies, Karnataka acting as the Inspector, issued Notice No.ROC(B)/210/Inv./Bharat Infra & 7 Cos./II0100493/2026, dated 02.04.2026 seeking certain information and documents in the matter of Bharath Infra Exports and Imports Limited & Others. The Transferor Company-1 submitted a detailed reply along with the information and documents vide letter dated 28.04.2026. A copy of the letter is annexed to the Reply Affidavit dated 10.09.2026 as **Annexure-1.** Since the submission of the reply dated 28.04.2026, no further notice, communication or order has been received from the Inspector. The Transferor Company-1 shall continue to preserve the available records and extend all assistance and cooperation as may be required by the investigating authority in accordance with law. No order has been passed in the said investigation	The reply of the Company may be looked into by this Tribunal on merits.

		restraining or prohibiting the Transferor Company-1 from pursuing the present Scheme.	
3(viii)	The Transferor Company-1 has Paid-Up Capital of approximately Rs 117.91 crores and is a deemed public Company. The replies indicate absence of Managing Director / Whole-time Director / Manager and do not disclose a Chief Financial Officer, while a Company Secretary is stated to have been appointed with effect from 24.04.2025. In this regard, the Company may be directed to furnish a detailed compliance statement concerning Section-203 of the Companies Act, 2013 including the dates of applicability, vacancies, appointments and explanations for any intervening period of non-compliance.	It is submitted the Transferee Company was a Private Limited Company when it acquired 70% Shareholding in Transferor Company-1 on 23.11.2024 pursuant to which Transferor Company-1 become its subsidiary. The Transferee Company was subsequently converted into a Public Limited Company with effect from 23.12.2024. Consequently, Transferor Company-1 became a deemed Public Company only with effect from 24.12.2024 and the applicability of Section-203 is required to be considered accordingly. Thereafter, on 20.06.2025, further Shares were allotted to the Transferee Company and Transferee Company together with its nominee Shareholders presently holds 92,13,50,000 Equity Shares representing approximately 78.14% of the Paid-Up Equity Share Capital of Transferor Company-1. The details of appointment of CS and CFO pursuant to Section-203 are given at Page No.6 of the Reply Affidavit dated 10.09.2026. It is submitted that there were certain intervening delays in the appointment of requisite Key Managerial Personnel. The said delays	This Tribunal may direct the Transferor Company-1 to file adjudication application for non-compliance of the provisions of Section-203 of the Companies Act, 2013.

		occurred during the transitional period following the change in status of the Company and in identifying and appointing suitable personnel for the respective positions. All the requisite Key Managerial Personnel have since been appointed and the Company is presently compliant with the requirement of Section-203 of the Companies Act, 2013. The intervening delays were procedural in nature and have no bearing on the fairness, validity or implementation of the Scheme and, therefore, may not be treated as an impediment to sanction of the Scheme.	
3(ix)	The Scheme states the exchange ratio but does not expressly quantify the total number of Equity Shares proposed to be issued. The Company may be directed to provide information regarding the quantification of total number of Equity Shares proposed to be issued.	Detailed reply given at Page Nos.6-7 of the Affidavit dated 10.09.2026.	The reply of the Company may be looked into by this Tribunal.
3(x)	The Scheme states that the Bellary plant of Transferor Company-1 is operated under a lease arrangement with the Transferee Company. In this regard, the Company may be directed to furnish details of rentals, approvals and compliance under Section-177 and 188 to the extent as applicable.	Detailed reply given at Page Nos.7-9 of the Affidavit dated 10.09.2026.	The reply of the Company may be looked into by this Tribunal.

3(xi)	The Appointed Date is 01.10.2025 whereas Board Approval is stated to have been granted on 14.03.2026 with proceedings initiated before this Tribunal subsequently. In this regard, the Company may furnish justification for the Appointed Date in accordance with the application of MCA circular / guidance, given that the gap between the Appointed Date and filing / sanction exceeds the generally prescribed period.	It is submitted that the Appointed Date is 01.10.2025 whereas Scheme was approved by the Board on 14.03.2026 and the First Motion Application was filed before this Tribunal on 24.03.2026. The Transferor Company-1 submits that fixation of Appointed Date as 01.10.2025 is in accordance with Section-232(6) of the Companies Act, 2013 read with General Circular No.09/2019, dated 21.08.2019 issued by MCA. The said Circular expressly recognizes the right of the Companies to choose and state an Appointed Date in the Scheme and, under Para-6(c), requires specific justification where the Appointed Date is significantly ante-dated beyond one year from the date of filing. In the present case, the period of Appointed Date and filing of the First Motion Application is less than six months and therefore well within the period contemplated under the aforesaid Circular. Accordingly, no separate justification required.	The reply of the Company may be considered by this Tribunal on merits.
3(xii)	A corporate guarantee of approximately Rs 135 crores is stated to have been given by Transferor Company-1 for borrowing its holding Company. In this regard, compliance with Sections-185 and 186 has been asserted, but supporting documents are not placed on record in detail. The Transferor Company-1 may be	The Board of Directors of Transferor Company-1 approved the proposed transaction at its meeting held on 22.05.2025, subject to approval of the Shareholders. The Shareholders at the Extra-Ordinary General Meeting held on 20.06.2025 approved the resolution	The reply of the Transferor Company-1 may be considered by this Tribunal.

	directed to furnish the details in this regard.	under Sections-185 and 186 of the Companies Act, 2013. Thereafter, the requisite Form MGT-14 was filed with the RoC vide SRN AC5928284. Copies of Board and Shareholders' resolutions and Form MGT-14 along with filing receipt are annexed to the Reply Affidavit dated 10.09.2026 and marked as **Annexure-5.**	
3(xiii)	This Tribunal may direct the Transferor Company-1 to preserve its Books of Accounts and papers and records and shall not be disposed of without the prior permission of the Central Government in terms of provisions of Section-239 of the Act.	The Transferor Company-1 undertakes to preserve its Books of Account, papers and records and not to dispose of the same without the prior permission of the Central Government, in terms of Section-239 of the Companies Act, 2013.	The Transferor Company-1 has undertaken to comply with the same.
3(xiv)	This Tribunal may direct the Transferor Company-1 to ensure statutory compliance with all applicable laws and on sanctioning of the present Scheme, the Transferor Company-1 shall not be absolved for any of its statutory liability in any manner.	The Transferor Company-1 and the Transferee Company undertake to ensure compliance with all applicable laws and further submit that sanction of the present Scheme shall not, by itself, absolve any statutory liability, which shall be dealt with in accordance with the Scheme and applicable law. Upon the Scheme becoming effective, the Transferee Company shall discharge all such statutory liabilities of Transferor Company-1 as may legally devolve upon it in accordance with the Scheme and applicable law.	The Transferor Company-1 has undertaken to comply with the same.
4	The report of the Official Liquidator will be filed separately and this Tribunal may take on record of the	It is submitted that the Official Liquidator has already filed its Report and the Transferor Company-1	

	report / further report of the Official Liquidator.	has also filed its reply to the observations contained therein.	
5	With reference to the RD(SER)'s letter dated 04.08.2026 issued to the Addl. Commissioner of Income Tax, Hyderabad, no reply has been received. Hence, this Tribunal may direct the Transferor Company-1 to furnish an undertaking that if any demand arises from the Income Tax Department with respect of Transferor Company-1, the Transferee Company is ready to pay the said dues as per rules.	It is submitted that the Income Tax Department has already filed its report and the Transferor Company-1 has also filed its reply, which are on record.	The Transferor Company-1 has undertaken to comply with the same.
6(a)	The Scheme is filed u/s 230-232 of the Companies Act, 2013 for Amalgamation of Transferor Company-1 and Transferor Company-2 with Transferee Company. The Transferor Company-2 and Transferee Company are registered in Karnataka and Transferor Company-1 is registered in Telangana. Hence, the report of the Deponent is restricted to Transferor Company-1 only.	The observation is a matter of record and no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.
6(b)	Since the Transferor Company-2 and Transferee Company are registered in Karnataka, the Non-Petitioner Companies in the present case have filed another joint petition vide CP(CAA) No.19/BB/2026 before Hon'ble NCLT, Bengaluru.	It is submitted that the observation is a matter of record.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.

6(c)	The Transferor Company-1 is the Subsidiary Company of Transferee Company and Transferor Company-2 is the wholly owned subsidiary of Transferee Company. As seen from Clause-1.1 of Part-I of the Scheme, the Transferor Company-1 underwent CIRP Process and the Resolution Plan submitted by M/s Prem Enterprises was approved by this Tribunal vide Order dated 13.04.2018 and the Transferee Company was identified as strategic investor while M/s Prem Enterprises acted as Successful Resolution Applicant and in accordance with the terms of the Resolution Plan, Transferee Company infused substantial funds and pursuant thereto, the Transferor Company-1 became a subsidiary of the Transferee Company.	The observation is a matter of record and no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.
6(d)	As per Part-I of the Scheme, the Appointed Date mentioned in the Scheme is 01.10.2025. The Transferor Company-1 has filed Balance Sheet and Annual Return upto 31.03.2025.	The observation is a matter of record and no specific comments are required thereon.	The observations are factual and are not required to be traversed.
6(e)	The Capital Structure of the Transferor Company-1 is given at Page No.6 of the Affidavit dated 08.09.2026. The Transferor Company-1 is a deemed public company and 78.14% of its Equity Shares are held by the Transferee Company and Transferor Company-1 is not listed with any of the Stock Exchanges.	The observation is a matter of record and no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.

6(f)	The business objects of Transferor Company-1 and Transferee Company are similar in nature.	The observation is a matter of record and no specific comments are required thereon.	The observations are factual and need not be traversed.
6(g)	The Share Exchange Ratio is given in Clause-7.1.1 of the Scheme. It is submitted that in the event of issue of any fractional shares by the Transferee Company, the Equity Shares shall be rounded off to the nearest whole number as per Clause-7.1.3 of the Scheme, it is stated that the Transferee Company shall pay cash consideration to the concerned Shareholders. In this regard, Transferor Company-1 may be directed to furnish an undertaking before this Tribunal stating that any non-payment to the Shareholders, the same shall be kept in a trust and settled to the Shareholders within the timeline as directed by this Tribunal.	It is submitted that Clause-7.1.3 of the Scheme already provides that in the event of fractional entitlements, the Transferee Company shall pay cash consideration to the concerned Shareholder(s) in respect thereof, calculated on the basis of the fair value per Equity Share of the Transferee Company as determined in the valuation report of the Registered Valuer. The Transferee Company undertakes to duly comply with the aforesaid provision of the Scheme and such further directions, if any, as may be issued by this Tribunal.	The Transferor Company-1 has undertaken to comply with the same.
6(h)	As per Clause-7.1.9 of the Scheme, it is stated that the Transferor Company-1 being the subsidiary of the Transferee Company, upon the Scheme being effective, no Shares of the Transferee Company shall be issued to or allotted in respect of the Equity Shares held by the Transferee Company.	The same are matters of record and form part of the Scheme and, therefore, no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.
6(i)	As per Clause-8.1 of the Scheme, it is stated that all the staff, employees, workmen of the Transferor Companies shall become the staff, employees	The same are matters of record and form part of the Scheme and, therefore, no specific comments are required thereon.	The observations are factual and are not required to be traversed.

	and workmen of the Transferee Company.		
6(j)	As per Clause-12.4 of the Scheme, it is stated that the Amalgamation of Transferor Company-1 with the Transferee Company shall be accounted as per "Pooling of Interest" method of accounting prescribed under the IND AS-103 for Business Combination or other accounting principles prescribed under the relevant Act and rules as amended from time to time notified under Section-133 of the Companies Act, 2013.	The same are matters of record and form part of the Scheme and, therefore, no specific comments are required thereon.	The Transferor Company-1 has stated that the observations are factual and are not required to be traversed.
6(k)	As per Clause-17.1 of the Scheme, it is stated that upon the Scheme coming into effect, the Authorized Share Capital of the Transferor Company-1 shall stand merged with the Authorized Share Capital of the Transferee Company. In this regard, the Transferee Company shall comply with the provisions of Section-232(3)(i) of the Companies Act, 2013 and pay the differential fee after setting of the fee already paid by the Transferor Company-1.	It is submitted that the Scheme already provides under Clause-17.4 for compliance with Section 232(3)(i) of the Companies Act, 2013 including payment of differential fee, if any, after giving due credit / set-off for the fees already paid on the Authorized Share Capital of the Transferor Companies. The Transferee Company undertakes to comply with the same.	The Transferor Company-1 has undertaken to comply with the same.
6(l)	As seen from the Board's report for the Financial Year ended 31.03.2025, it is stated that Mr. Gopal Agarwal, the erstwhile Promoter (now deceased) and a member of the Company had filed an application before this Tribunal vide CP No.29/HYD/2025 under Section 241 of the Companies Act 2013, seeking liquidation of the Transferor Company-1 and	It is submitted that the application seeking liquidation of Transferor Company-1, being IA(IBC) No.975/2025 in CP(IB) No.77/9/HDB/2017 was dismissed for non-prosecution vide Order dated 10.11.2025 and was subsequently restored vide Order dated 08.01.2026 upon an application filed by	In view of the pendency of the matters, this Tribunal may consider on merits.

	this Tribunal vide Order dated 10.11.2025 dismissed the said application for non-prosecution and parent company / Transferee Company has also filed an interim application challenging the maintainability of the liquidation application and on demise of the above person, his legal heirs have filed an application seeking restoration of the dismissed petition and the same is pending adjudication before this Tribunal. The Transferor Company-1 may be directed to furnish the present status of the case before this Tribunal.	the legal heirs of Late Shri Gopal Agarwal. Further, CPNo.29/241/HDB/2025 is also pending before this Tribunal. The pendency of both the aforesaid proceedings has already been specifically disclosed in Para-42 of the Company Petition. Further, as stated in Para-43 thereof, no order has been passed in the said proceedings restraining the Transferor Company-1 from pursuing the present Scheme. The Transferee Company further undertakes that, upon the Scheme becoming effective, it shall remain bound by and give effect to any final order(s) passed by this Tribunal in the aforesaid proceedings, subject to the rights and remedies available to it in accordance with law.	
6(m)	As seen from the Board's report for the Financial Year ended 31.03.2025, it is stated that Mr. Ravi Shankar, former Director and a member of the Company has filed a petition vide CP No.35/HDB/2025 before this Tribunal alleging oppression and mis-management, wherein he has falsely claimed ownership of 9,87,50,000 Equity Shares originally held by M/s Prem Enterprises and in respect of this fraudulent claim, Mr. Vishal Jain, Proprietor of	It is submitted that CP No.35/241/HDB/2025 filed by Mr. Ravi Shankar is presently pending adjudication before this Tribunal. The pendency of the said proceedings has already been specifically disclosed in Para-42 of the Company Petition. It is further submitted that no order has been passed in the said proceedings restraining the Transferor Company-1 from pursing the present Scheme. As stated in	The reply of the Company may be looked into by this Tribunal on merits.

	M/s Prem Enterprises lodged FIR 0242/2025, dated 24.07.2025 in Bengaluru against the Complainant Mr. Ravi Shankar with various allegations and the same is pending adjudication before this Tribunal. In this regard, this Tribunal may look into the above case before allowing the Scheme.	Para-43 of the Company Petition, the proposed Scheme neither affect nor prejudices the rights of the parties in the pending proceedings and the Transferee Company shall continue and defend the same, as may be permissible in law, upon the Scheme becoming effective.	
6(n)	The Transferor Company-1 has filed an application under Section-13 of the Companies Act, 2013 for shifting of the Registered Office from Telangana to Karnataka on 11.09.2025 which was rejected by the RD(SER) due to investigation ordered by the Ministry vide order dated 27.06.2025 which is pending. Further, Secretarial auditors of the Company for the Financial Year 2024-25 have mentioned that the records are not available due to management dispute.	It is submitted that application filed under Section-13 for shifting of its Registered Office from Telangana to Karnataka was rejected by RD (SER) vide order dated 30.06.2026 in view of the Rule-30(9) of the Companies (Incorporation) Rules, 2014 which expressly provides that shifting of registered office shall not be allowed where any inquiry, inspection or investigation has been initiated against the Company. The said order itself granted liberty to the Transferor Company-1 to file afresh after making the necessary compliances. It is further submitted that there is no corresponding prohibition under Sections 230 to 232 of the Companies Act, 2013 against consideration or sanction of a Scheme of Amalgamation merely on account of pendency of an investigation under Section-210. The rejection of the application for shifting of Registered Office	The reply of the Company may be looked into by this Tribunal.

		arose from the specific statutory restriction contained in Rule-30(9) applicable to such shifting and does not, by itself, constitute an impediment for consideration of the present Scheme. It is submitted that non-availability of certain records arose in the background of the change in management pursuant to implementation of the Resolution Plan and non-handover / non-availability of certain historical records pertaining to the period of erstwhile management. The Transferor Company-1 has taken appropriate legal recourse for retrieval of such records, including initiation of police / criminal proceedings in relation thereto against the erstwhile management. The disputes raised by the erstwhile promoters before this Tribunal have already been duly disclosed in the Company Petition and are being contested in accordance with law. None of the said proceedings contains any order restraining the Transferor Company-1 from pursuing the present Scheme.	
6(o)	The Secretarial Auditor in their report has mentioned that the compliance of Secretarial Standards cannot be commented upon due to	It is submitted that there was a delay in convening the AGM for the FY 31.03.2023 and 31.03.2024 which were subsequently held on	The reply of the Company may be considered by

	non-production of documents. Further, there was a delay in convening the AGM for the FY ended 31.03.2023 and 31.03.2024. In this regard, the Company may be directed to state whether the Company has filed compounding application u/s-441 of the Act, 2013 and paid the penalty or not.	15.01.2025. The delay occurred because of the difficulties faced by the new management in obtaining the historical records from the erstwhile management. The Secretarial Auditor's observations arose because of non-availability of the relevant historical records and for retrieval of which the Transferor Company-1 has already initiated appropriate legal proceedings. No compounding application has been filed for the aforesaid delay. Clause-5.3 of the Scheme already provides that all the debts, liabilities, duties and obligations of the Transferor Companies shall be the responsibility of the Transferee Company upon the Scheme becoming effective. Accordingly, Transferee Company undertakes to comply with the defaults of Transferor Company-1 including filing of such requisite compounding applications and pay the penalty as decided by the competent authority.	this Tribunal on merits.
6(p)	As per Master Data of the Transferor Company-1, there are certain pending charges against the Company. Hence, the Company may be directed to inform to the said chargeholders about the Scheme or furnish NOCs from them before this Tribunal.	It is submitted that there is no outstanding amount payable to any Secured Creditors and a Certified Copy by the Statutory Auditors for the same has been placed before this Tribunal in the First Motion Application.	This Tribunal may direct the Transferor Company-1 to obtain NOC from the Chargeholders and file satisfaction of

		It is further submitted that the charges presently appearing as open pertains to the credit facilities of the period prior to CIRP. Such dues have already been settled / discharged in terms of approved Resolution Plan and there is no subsisting financial liability against the said charges. The Transferor Company-1 undertakes to intimate the concerned chargeholders regarding the present Scheme and to complete the requisite formalities for satisfaction of such charges in accordance with law.	charge and submit the documentary proof before this Tribunal.
6(q)	It is seen from the Balance Sheet of the Transferor Company-1 as at 31.03.2025, the Company has obtained a loan of Rs 132 lakhs from the Director of the Company. In this regard, the Company may be directed to furnish the details of the same before this Tribunal.	It is submitted that outstanding Unsecured loan from Directors was Rs 132 lakhs as on 31.03.2025 and after repayment / adjustment, the outstanding loan as on 01.09.2026 is Rs 1,00,000 to Shri Pradeep Garg and Rs 3,29,031 to Vishal Jain and both of them have given consent for the Scheme at the duly convened meeting. These amount will be returned in due course.	The reply of the Company may be looked into by this Tribunal.
6(r)	As per the reply of the Transferor Company-1, dated 13.08.2026, it is stated that post IBC process, the Transferor Company-1 has received notice / investigation u/s 210 of the Act from ROC Bengaluru dated 02.04.2026 in the matter of Bharath Infra Exports and Imports Limited & Ors with respect to	The Transferor Company-1 submits that it relies its response to Para-3(vii) above regarding the factual status of the investigation under Section-210 of the Companies Act, 2013.	In this regard, RD(SER) has already submitted its view in the Affidavit dated 08.09.2026 which may be looked into by this Tribunal.

	transactions, if any entered by the Transferor Company-1 prior to the acquisition of the Company under the IBC process by the new management and it is also stated that the Company has submitted the documents with the ROC and assures full cooperation in the ongoing investigation.		

21. In view of the pending CP No.29/HDB/2025 and 35/HDB/2025 and further investigation pending u/s 210(1)(a) & (c) of the Act, RD(SER) has recommended for rejection of the Scheme with a liberty to file fresh application after closure of these cases / matters.

OBSERVATIONS BY OFFICIAL LIQUIDATOR:

22. The Official Liquidator vide his report dated 02.09.2026 has made certain observations. The Transferor Company - 1 has filed reply Affidavit dated 05.09.2026, in response to the observations made by the Official Liquidator. The Official Liquidator vide his report dated 07.10.2026 has submitted further observations. The details are given below:

Para No.	Official Liquidator's Observations Dated 02.09.2026	Transferor Company-1 Reply Affidavit Dated 05.09.2026	Official Liquidator's further Observations Dated 07.10.2026
22(1)	In the present Scheme of Amalgamation, three Companies are involved and out of which, two Companies viz., Transferor Company-2 and Transferee Company are under the jurisdiction of Hon'ble NCLT Bengaluru Bench and Transferor Company-1 is under the jurisdiction of this Bench. Hence, this Tribunal may consider the sanction of the Scheme subject to the approval of the Scheme by Hon'ble NCLT Bengaluru Bench.	It is submitted that the said observation is true and factual and no further response is called for.	No further observations.
22(2)	The Transferor Company-1, Petitioner herein is only falls under the jurisdiction of this Tribunal and also under the jurisdiction of the Official Liquidator Hyderabad and hence, the Official Liquidator is submitting the observations only with respect to Transferor Company-1.	It is submitted that the information is true and factual and the same being a matter of record, not required to be traversed.	No further observations.
22(3)	As per Para-1, PART-I of the Scheme, the Transferor Company-1 underwent Corporate Insolvency Resolution process and the Resolution Plan submitted by M/s Prem Enterprises was approved by this Tribunal vide order dated 13.04.2018. The Transferee Company infused substantial funds for implementation of the Resolution Plan and made additional infusion to meet funding requirements contemplated under the Plan and acquired majority Shareholding in the Transferor Company-1. Consequently, the Transferor Company-1 has become a subsidiary of the Transferee Company.	It is submitted that the information is true and factual and the same being a matter of record, not required to be traversed.	No further observations.

	Further, as per Para-7.1.9 of the PART-II of the Scheme, the Transferee Company holds 92,13,50,000 Equity Shares of INR 1 each representing 78.14% in the Equity Paid-Up Share Capital of the Transferor Company-1 and upon the Scheme being effective, no Shares of the Transferee Company shall be issued to or allotted in respect of the Equity Shares held by the Transferee Company on the Record Date in the Transferor Company-1. In consideration of the transfer and vesting of the Undertaking of the Transferor Company-1, pursuant to the Scheme, the Equity Share Capital of the Transferor Company-1 held by the Transferee Company shall stand cancelled without any further act, application or deed.		
22(4)	Para-8 of PART-II of the Scheme speaks to protect all staff, employees, workmen of the Transferor Company-1 in service on the Appointed Date shall be deemed to have become staff, employees and workmen of the Transferee Company without any break of interruption of their service. Hence, this Tribunal may direct the Transferor Company-1 and Transferee Company to submit an undertaking to this Tribunal that there would be no retrenchment of any employee who were in service as on Appointed Date i.e. 01.10.2025.	The Transferor Company-1 and Transferee Company undertake and confirm that there will be no retrenchment of any employee who were in service as on the Appointed Date.	Observation has been complied.
22(5)	As per Para-15 of PART-II of the Scheme, upon the Scheme becoming effective, the respective Transferor Companies shall be dissolved without winding-up.	The observations are true and factual and no further response is called for.	No further observations.
22(6)	As per the information provided by the Transferor Company-1 to the Official Liquidator on 15.06.2026, certain cases are pending before this Tribunal. Hence, this Tribunal may	The Transferee Company has already submitted an Affidavit stating that all such pending	The reply may be taken on record and it may be

	direct the Transferor Company-1 to submit an undertaking that all such pending proceedings shall continue and be prosecuted against the Transferor Company-1 on post Amalgamation without abetment and Transferee Company shall abide by any final orders or liability arising therefrom.	proceedings shall continue and be prosecuted against the Transferee Company on post Amalgamation without abetment and that the Transferee Company shall abide by any final orders or liability arising therefrom.	decided on merits.
22(7)	Para-12 of PART-II of the Scheme speaks about Accounting Treatment of Assets & Liabilities of the Transferor Company-1 in the Books of Transferee Company on post Amalgamation. It is stated at Para-12.4 that the Transferee Company shall follow the provisions of IND-AS-103 in this regard, also they have reproduced the provisions of IND-AS-103 thereunder. On perusal of the same, it is observed that the Scheme is silent about the adjustment of "Share Capital / Capital Reserve" in post arrangement, hence the following matter may be added as Para-12.6 of PART-II of the Scheme: *"The difference between the amount recorded as Share Capital issued (plus any additional consideration in the form of cash or other assets) and the amount of Share Capital of the Transferor Company-1 should be adjusted in reserve."* This Tribunal may direct the Transferor Company-1 to add the above as Para-12.6 of the Scheme.	It is submitted that Clause-12 of Part-II of the Scheme already provides the accounting treatment to be following including recording of the assets and liabilities of the Transferor Companies at their respective existing carrying amount, preservation of the identity of reserves and accounting for the amalgamation under the "Pooling of Interest" method in accordance with the applicable Accounting Standards including IND AS 103 as notified under Section-133 of the Companies Act, 2013. Accordingly, while giving effect to the Scheme, the Transferee Company undertakes that the difference, if any, between the amount	The clarification of the Transferor Company-1 may be taken on record and it may be decided on merits since the provisions of IND-AS-103 has not been completely stated in the Scheme.

		recorded as Share Capital issued (plus any additional consideration in the form of cash or other assets) and the amount of Share Capital of the Transferor Companies shall be adjusted in reserve in accordance with the applicable Accounting Standards. The aforesaid is only in clarification and implementation of the accounting treatment already provided under Clause-12 of the Scheme and does not entail any modification of the Scheme or any alteration in the Share Exchange Ratio, consideration or the rights or entitlements of any Shareholder or Creditor. The aforesaid undertaking may be taken on record.	
22(8)	As per Financial Statements as at 31.03.2025, the Transferor Company-1 is a loss making Company getting merged with profit making Transferee Company. Hence, the Income Tax implications due to merger needs to be complied by the Transferee Company.	The Transferee Company undertakes that the tax implications consequent to Amalgamation shall be dealt with in accordance with the applicable provisions of the	Observation has been complied.

		Income Tax Act, 1961.	

23. From the above clarification Memo dated 05.09.2026 submitted by the Transferor Company–1 and further observations by Official Liquidator dated 07.10.2026, it can be understood that there are no tenable objections raised and that the queries posed to the Petitioner Companies were answered. Hence, the directions as sought for by the Official Liquidator would stand complied by the Petitioner

24. Subsequently, during the pendency of the Petition, an IA bearing No.150/2026 has been filed before this Tribunal which has been disposed of separately by this Tribunal.

OUR OBSERVATIONS:

25. As regards to the observations pointed out by the Regional Director and compliance filed by the Transferor Company-1, the Transfer Company – 1 and Transferee Company undertake to comply the necessary observations whenever required. The Official liquidator had also raised certain observations for which the Transferor Company – 1 filed its reply by way of Affidavit stating that it will comply with the observations whenever required. The Income Tax Department has raised certain observations for which the Transferee Company has given undertaking that if any demand arises from the Income Tax Department with respect to Transferor

Company-1 and Transferee Company, the Transferee Company shall pay the said statutory dues.

26. After going through the records, we are of the view that there are no tenable observations which will come in the way of proposed Scheme. The proposed Scheme is not opposed to public interest and is in the interests of the Transferor Company–1 and the Transferee Company and their respective shareholders, employees, creditors and all persons concerned. Hence the proposed Scheme can be approved with Appointed Date as 01.10.2025. All the statutory compliances have been made under Section 230 to 232 of the Companies Act, 2013.

ORDER

27. After hearing the Learned Counsel for the Petitioner Companies and after perusing the documents filed, we pass the following Order: -

(A) The proposed Scheme of Amalgamation which is filed as an **Annexure – A** from **Page Nos.44 to 90** of the Petition filed by the Transferor Company-1 is hereby sanctioned and confirmed with **Appointed Date as 01.10.2025** and shall be binding on all the Members, Employees, Creditors and all other Stakeholders of the Transferor Company-1 and the Transferee Company.

(B) The Transferor Company - 1 is ordered to be dissolved without going through the process of winding up.

(C) With effect from the Appointed Date, the entire business including all movable and immovable and other assets of whatsoever nature and all licenses, rights, privileges, claim etc., of the Transferor Company – 1 be transferred without any further act or deed in favour of Transferee Company and the same be, pursuant to Section 230 and 232 of the Companies Act, 2013 stand transferred to and vested in the Transferee Company.

(D) With effect from the Appointed Date, all the debts, liabilities, duties and obligations of the Transferor Company–1 be transferred to and deemed to be transferred without any further act or deed to the Transferee Company and accordingly, the same shall pursuant to Section 230 and 232 of the Companies Act, 2013 be transferred to and become the liabilities and duties of the Transferee Company.

(E) With effect from the Appointed Date, all the employees of the Transferor Company–1 will become the employees of the Transferee Company without any break or interruption in service.

(F) All suits, petitions, appeals, applications, arbitrations, proceedings, investigations, inquiries and other legal or regulatory proceedings by or against the Transferor Company–1 pending on the Appointed Date shall continue and may be prosecuted or defended by or against the Transferee Company in accordance with law.

(G) We direct the Transferor Company-1 to comply with all the observations pointed out by the Statutory Authorities.

(H) Any findings arising from the investigation initiated by the Registrar of Companies, Bengaluru, vide Reference No. ROC(B)/210/Inv./Bharat Infra & 7 Cos/II0100493/2026, dated 02.04.2026, may have direct consequences under the Income-tax Act, 1961, including under Sections 147, 148, 148A, 153A and 153C thereof. Accordingly, the rights of the Income Tax Department to take appropriate action in accordance with law are expressly preserved.

(I) The Order passed in the present case is without prejudice to the objections of the Income Tax Department in the proceedings of composite petition in respect of the Transferor Company-2 and the Transferee Company pending before the Hon'ble NCLT, Bengaluru in CA(CAA) No.19/BB/2026.

(J) The sanction of this Scheme shall not be construed as an adjudication upon, or as conferring, any entitlement to carry

forward or set off the accumulated loss or unabsorbed depreciation of the Transferor Company-1 including the sum of Rs 1,57,74,19,328 which shall be governed solely by Section 72A of the Income Tax Act, 1961 read with Rule 9C of the Income Tax Rules, 1962 and Section 115BAA of the said Act, and determined independently by the Assessing Officer.

(K) The sanction of this Scheme shall be without prejudice to the powers of the Income Tax authorities under Chapter X-A (Sections 95 to 102) of the Income Tax Act, 1961 and to all rights of assessment, reassessment, recovery and penalty under the said Act in respect of both the Transferor Company–1 and the Transferee Company for all assessment years.

(L) The Transferee Company shall be liable to pay and honour all past, present and future dues, demands, interest and penalties of the Transferor Company–1 under the Income Tax Act, 1961 including any arising out of the investigation under Section 210 of the Companies Act, 2013.

(M) The Transferee Company shall file with the jurisdictional Assessing Officer, within thirty days of the Scheme becoming effective, a complete statement of assets, liabilities and tax attributes taken over from the Transferor Company–1, together with the computation and certificate contemplated.

(N) It is noted that CP/29/HYD/2025, CP/35/HYD/2025 and IA(IBC) No.975/2025, filed against the Transferor Company–1, are pending before this Tribunal. The Transferee Company shall remain bound by and shall duly comply with the final orders passed by this Tribunal in the aforesaid proceedings.

(O) We direct the Transferor Company-1 to preserve the books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of provisions of Section 239 of the Companies Act, 2013.

(P) We direct the Transferor Company-1 to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme, the Transferor Company-1 shall not be absolved from any of their statutory liability in any manner.

(Q) The Transferor Company-1 is directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.

(R) The sanction of the proposed Scheme by this Tribunal shall not forbid the revenue authorities from taking appropriate recourse for recovering the existing and previous tax liabilities of the Transferor Company-1 and the Transferee Company.

(S) We direct the Transferor Company-1 involved in the proposed Scheme to comply with Rule 17(2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Transferor Company-1 within 30 days, after the date of receipt of certified copy of the order, shall cause certified copy to be delivered in Form INC-28 to the Registrar of Companies concerned for registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Transferor Company-1.

(T) The Transferor Company-1 is further directed to take all consequential and statutory steps required in pursuance of the approved proposed Scheme of Amalgamation under the provisions of the Companies Act, 2013.

(U) Any person shall be at the liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

(V) Accordingly, the **CP(CAA) No.30/230/HDB/2026 connected with CA(CAA) No.13/230/HDB/2026** is hereby allowed and disposed of.

Sd/-
(SANJAY PURI)
Member (Technical)

Sd/-
(RAJEEV BHARDWAJ)
Member (Judicial)

Saida

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH-1

I.A. (CAA) No.150/2026
IN
C.P.(CAA)No.30/230/HDB/2026

Under Rule 11 of NCLT Rules, 2016

IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN

M/s BASAI STEELS AND POWER PRIVATE LIMITED
(TRANSFEROR COMPANY - 1)

AND

M/s A-ONE GOLD PIPES AND TUBES PRIVATE LIMITED
(TRANSFEROR COMPANY - 2

AND

M/s A-ONE STEELS INDIA LIMITED
(TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

BETWEEN:

Mr. K. Ravi Shankar,
S/o K. Madhav Rao,
Aged about 68 years,
Flat No.303, Surekha Towers,
Ashok Nagar, Ramachandrapuram,
Medak, Telangana – 502 032.

... Applicant / Shareholder

V/s

1. **M/s Basai Steels and Power Pvt. Ltd.,**
Having Registered Office at
Plot No.42, Sy.No.258/1,
Shapur Nagar, Main Road,
Opp. Raithu Bazar, IDA Jeedimetla,
Hyderabad – 500 066.

... Respondent - 1 /
Transferor Company – 1

2. **M/s A-One Steels India Limited,**
(Formerly known as M/s A-One Steel & Alloys Pvt Ltd)
Having Registered Office at
A-One House No.326, CQAL Layout,
Ward No.06M Sahakar Nagar,
Bengaluru – 560 092,
Karnataka.

... Respondent - 2 /
Transferee Company

Date of order: 20.11.2026

CORAM

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Appearance:

For Applicant : Shri Dr. S. V. Rama Krishna, Advocate

For Respondent : Shri G. M. Ganapathi, PCS

O R D E R

1. The present Application, styled as an "Application filed under Rule- 11 of NCLT Rules, 2016 regarding Scheme of Amalgamation and seeking directions for fair valuation of shares of Respondent-1", has been filed on 10.09.2026 by Mr. K. Ravi Shankar, a shareholder of Respondent-1, M/s Basai Steels and Power Pvt. Ltd. ("BSPPL" / "R-1"), in the Company Petition seeking sanction of the Scheme of Amalgamation of BSPPL and M/s A-One Gold Pipes & Tubes Pvt. Ltd. with M/s A-One Steels India Ltd. ("AOSIL" / "R-2").

2. The Applicant claims to hold 10,03,50,000 equity shares of BSPPL, comprising original allotted shares of 16,00,000 and 9,87,50,000 number of shares got through valid transfer of shares, constituting 8.5% of the current paid up capital of R-1. Proof of transfer, duly reflected in the share transfer documents along with PAS-3, is filed as **Annexure-A1** (colly).

3. The Applicant submits that the share exchange ratio of 1:413 under the Scheme is grossly and hopelessly inadequate and is based on a questionable and flawed Valuation Report. The ratio is set out in the Notice dated 19.05.2026, issued by "the questioned Director, Mr. Pardeep Garg", convening the meeting of equity shareholders of BSPPL held on 27.06.2026 (**Annexure-A2**).

4. It is contended that the Scheme contains several untrue, false and misleading statements and has been structured by taking advantage of the majority shareholding of AOSIL in BSPPL, resulting in a "hopelessly one-sided share exchange ratio". According to the

Applicant, BSPPL has much higher asset value, a larger paid-up capital and is a debt-free company, whereas AOSIL has availed a loan of Rs 100 crores from Bajaj Finance and does not have assets of comparable value of its own, except for certain subsidiaries of medium-level value.

5. It is alleged that the value of BSPPL has been taken into consideration for increasing the alleged intrinsic value of AOSIL, and that even the main plant and machinery of R-1 is shown as if it were an asset of R-2 even before the Scheme takes effect, thereby loading upwards the value of the Transferee Company and undervaluing, "on a different formula", the shares of the Transferor Company-1. This is termed "a willful wrong valuation".

6. The Applicant disputes the valuation in Annexure-IV to the Scheme (**Annexure-A3**), contending that the valuations of the three companies are arbitrary, unscientific and inconsistent without any uniform or consistent methodology. It is pointed out as "particularly shocking" that a Rs 1 share of BSPPL has been valued at Rs 0.8767, whereas a Rs 10 share of AOSIL has been valued at "a whopping" Rs 362.07, though AOSIL has no worthwhile valuable assets of its own.

7. The Applicant alleges that a serious fraud has been committed in the process of valuation and formulation of the Scheme by deliberately undervaluing the shares of Transferor Company-1 and placing an abnormally high value on the shares of the Transferee Company, which tramples upon the legitimate rights and interests of the

shareholders of BSPPL and gives rise to serious and substantial grounds to suspect fraud and manipulation.

8. It is alleged that the Scheme was not advertised in prominent newspapers and that the first-stage publications were in "obscure and unknown small newspapers having no worthwhile circulation with the oblique motive of avoiding the public knowledge" of the Scheme. The Applicant's email dated 13.08.2026 requesting a copy of the advertisement went unanswered (**Annexure-A4**).

9. The Applicant further contends that "the scheme" behind the Scheme of Amalgamation is to oust the territorial jurisdictions of this Bench and of the Regional Director and Registrar of Companies at Hyderabad. The Regional Director (SER) Hyderabad, by order dated 25.06.2026, rejected R-1's proposal to shift its registered office from Hyderabad to Bengaluru (**Annexure-A5**). The Scheme is described as "the clear stratagem to short circuit the existing pending cases" under Section 241 of the Companies Act, 2013 and under the IBC, 2016, and it is urged that Section 230 "cannot be used to obviate and short circuit corporate justice".

10. The Scheme is said to have been designed with the ulterior object of depriving the shareholders of BSPPL of their legitimate and legal rights and of transferring the valuable assets and properties of BSPPL to AOSIL for a grossly inadequate consideration, and to be against public interest in view of pending proceedings at Hyderabad. The Scheme is said to be "tainted by mala fides" and an abuse of the process of law, and liable to be rejected.

11. As an "alternative temporary measure", without prejudice, the Applicant seeks a direction to R-1 and R-2 to rework on uniform, scientific and transparent manner of share exchange ratio through another independent and competent Registered Valuer.

12. The Applicant thus prays that this Tribunal to:

    (i) Direct R-1 and R-2 to get afresh Share Exchange Ratio properly valued by an independent Registered Valuer and consequently not to approve or keep on hold the present Scheme of Amalgamation in its present form until a proper valuation has been done to the satisfaction of this Tribunal; and

    (ii) Pass such other orders as may be proper.

COUNTER OF RESPONDENT-1 (R-1)

13. The R-1 submits that the IA is not maintainable either in law or in facts and is liable to be dismissed in limine, with costs, as the Applicant admittedly does not satisfy the mandatory statutory threshold prescribed under the proviso to Section 230(4), which permits objections only by persons holding not less than 10% of the shareholding or creditors with not less than 5% of total outstanding debt. The requirement is stated to be mandatory and to go to the very locus of an objector.

14. Reliance is placed on ***Quantum Mutual Fund***[1], holding that the words "shall" followed by "only" manifest the legislative intent to restrict objections; ***Tejo Ratna Kongara***[2], holding that an objector with less than 10% had no locus; and ***Jatinder Singh Ahuja***[3], read with ***Pooja Rai***[4]. The case of ***Ankit Mittal***[5], is said not to dilute the requirement but merely to recognise the Tribunal's supervisory jurisdiction to examine whether a Scheme is lawful, fair and conscionable.

15. It is submitted that even on his own pleaded case of 8.5%, the Applicant admittedly falls below the mandatory statutory threshold of 10%, and "on this ground alone" lacks locus. The Applicant "cannot circumvent this statutory bar by invoking Rule 11 of the NCLT Rules, 2016", it is asserted.

16. Without prejudice, R-1 states that as per the Register of Members and the Auditor's Certificate dated 14.03.2026, the Applicant holds **only 16,00,000 equity shares, i.e., approximately 0.14%,** and that in his own Proxy Forms and attendance records for the AGM dated 29.12.2025 he declared his holding as 16,00,000 shares (**Annexure R-1**). The claim to the additional 9,87,50,000 shares is "already disputed" in CP No. 35/241/HDB/2025, which has not been disclosed.

[1] Quantum Mutual Fund & Ors. v. ICICI Securities Ltd. & Anr., CA (AT) Nos. 333 & 334 of 2024 (NCLAT, 10.03.2025),
[2] Tejo Ratna Kongara v. Indiabulls Real Estate Ltd. & Ors., CA (AT) Nos. 120/2023 & 215-216/2023 (NCLAT, 07.01.2025)
[3] Jatinder Singh Ahuja & Ors. v. Tata Steel Ltd. & Ors., CA (AT) No. 132 of 2021
[4] Pooja Rai & Ors. v. Tata Steel BSL Ltd. & Ors., CA (AT) Nos. 150 & 151 of 2021 (NCLAT, 05.10.2023)
[5] Ankit Mittal v. Ankita Pratisthan Ltd. & Ors., 2019 SCC OnLine NCLAT 847,

17. The claimed acquisition rests on a "purported Board approval dated 17.12.2024", the minutes of which the Applicant relied upon in CP No. 35/241/HDB/2025 but "consciously omitted" in this IA. The minutes are said to contain "an objective chronological impossibility": they record the appointment of Mr. Rakesh Jallan on 17.12.2024, whereas his DIN was allotted only on 19.12.2024 and Form DIR-12 records his appointment on 20.12.2024 (**Annexure R-2**).

18. The alleged transferor, Mr. Vishal Jain (Proprietor of M/s Prem Enterprises and a Director of R-1), lodged a complaint dated 24.07.2025 (Crime No. 0242/2025, Kodigehalli Police Station) stating that the shares "were neither sold nor transferred" and that no consideration was received. In his voluntary statement dated 01.11.2025 the Applicant is stated to have said that he was not present at the purported Board Meeting; Mr. Arun Kumar Chitgopkar stated (13.09.2025) that no Board Meeting was held on 17.12.2024. A charge-sheet dated 16.12.2025 has been filed, inter alia, against the Applicant, with prima facie findings that documents of a meeting which had not taken place were created and signatures were allegedly forged (**Annexure R-3**). No proof of payment of consideration has been produced.

19. It is further pointed out that the Applicant's own Securities Transfer Forms record consideration of Rs 2,96,25,000 for 9,87,50,000 shares, i.e., Rs 0.30 per share, while he now calls a valuation of Rs 0.8767 per share grossly inadequate, which is a "fundamentally

inconsistent position". Relying on ***Prestige Lights***[6], R-1 contends that the Applicant has not approached the Tribunal with full and candid disclosure and has come "with unclean hands".

20. According to R-1, the ratio of 1:413 has been determined by an independent Registered Valuer on the basis of relative fair values. R-2's existing 78.14% holding in R-1 (92,13,50,000 shares) shall stand cancelled and attracts no allotment; the ratio applies only to the other shareholders of R-1, and the allegation that the Scheme confers unfair benefit on R-2 by reason of its majority is misconceived.

21. R-2 is described as a substantial and profitable operating company, with revenue from operations of approx. Rs 3,004.30 crore and PAT of approx. Rs 46.72 crore in FY 2024-25, and Rs 3,396.09 crore and Rs 110.96 crore respectively in FY 2025-26; whereas R-1 is a loss-making company (loss of approx. Rs 5.40 crore in FY 2024-25) whose value lies principally in its assets. Hence R-2 was valued on DCF / Sum-of-the-Parts and R-1 on Adjusted Net Asset Value. Insistence on a uniform methodology is said to be misconceived for businesses with materially different profiles.

22. R-1's land, buildings and plant and machinery were considered in R-1's own valuation and have not been treated as owned assets of R-2; the Valuation Report expressly excludes the standalone fair value of R-1 from R-2's surplus assets thereby avoiding duplication. R-2's borrowings, including from Bajaj Finance, have been deducted.

[6] Prestige Lights Ltd. v. State Bank of India, (2007) 8 SCC 449

Transferor Company-2 is a wholly owned subsidiary of R-2 and no shares are issued for it. Face value does not determine fair value; R-1 has 1,17,91,50,000 shares of Rs 1 each against 6,94,65,270 shares of Rs 10 each of R-2.

23. Reliance is placed on ***Hindustan Lever Employees' Union***[7], and ***Miheer H. Mafatlal***[8], that valuation is a technical exercise, the Tribunal does not sit in appeal over it, and will not substitute its view where the ratio has been fixed by experts and accepted by the requisite majority; and on ***Quantum Mutual Fund*** and ***Tejo Ratna Kongara*** (appeal dismissed by the Supreme Court on 10.02.2025 in Civil Appeal No. 2260 of 2025) that valuation "is not an exact science".

24. As per R-1, the allegations of fraud and manipulation are "bald, vague and unsupported by any material particulars". The Applicant "has not established any specific computational error, material omission, fraud or demonstrable infirmity", and "mere dissatisfaction with the result of an expert valuation" cannot justify appointment of a second valuer.

25. On the issue of Publication, it is stated by R-1, that pursuant to the First Motion order dated 11.05.2026, notice of the meetings was published on 23.05.2026 in "The South India Times" (English) and "Saakshyam" (Telugu), as recorded by the Chairperson in Form CAA-4, and notices were sent through CDSL on 22.05.2026. Pursuant

[7] Hindustan Lever Employees' Union v. Hindustan Lever Ltd., 1995 Supp (1) SCC 499
[8] Miheer H. Mafatlal v. Mafatlal Industries Ltd., (1997) 1 SCC 579

to the Second Motion order dated 20.07.2026, the Petition was advertised on 27.08.2026 in the same newspapers. The Applicant's email of 13.08.2026 preceded that publication. Twenty One (21) shareholders holding 1,02,00,99,000 shares voted through remote e-voting and **100% of votes cast were in favour**; 91.14% in value of unsecured creditors who voted approved the Scheme.

26. According to R-1, the Scheme has a bona fide commercial and operational rationale: R-1 underwent CIRP and its Resolution Plan was approved on 13.04.2018; R-2 holds 78.14% of R-1; both plants are adjacent at Bellary; and the amalgamation is for operational integration and consolidation. The RD(SER)'s order (stated by R-1 to be dated 30.06.2026) rejected the shifting of registered office under Rule 30(9) of the Companies (Incorporation) Rules, 2014, owing to an investigation under Section 210(1)(a) & (c) into Bharat Infra Exports & Imports Ltd. and seven other companies including R-1; this restriction "does not constitute a corresponding prohibition" against a Scheme under Sections 230-232.

27. The pending investigation and proceedings (including under Sections 241-242 and those arising out of CP(IB) No. 77/09/HDB/2017) have been disclosed; Clause 5.9 of the Scheme and the First Motion order provide for their continuation against R-2; and Sections 230(2)(a), 232(3)(c), 239 and 240 preserve records and liabilities. Reliance is placed on ***Anil Goel, Liquidator***[9], ***Sesa Industries Ltd***[10]. ***MEL Windmills***[11], and UltraTech

[9] Anil Goel, Liquidator of Birla Cotsyn (NCLT Mumbai, 09.01.2025)
[10] Sesa Industries Ltd. v. Krishna H. Bajaj, (2011) 3 SCC 218
[11] MEL Windmills Pvt. Ltd. v. Mineral Enterprises Ltd., 2019 SCC OnLine NCLAT 900

Nathdwara Cement[12]. It is claimed that CP No. 35/241/HDB/2025 was filed by the Applicant, who was "acting in alignment with the erstwhile promoter group" and was removed as Director at the EGM held on 30.07.2025.

28. On the issue of Public interest it is stated, that the Scheme is not a sale of individual assets of R-1 for cash consideration; minority shareholders are not cashed out but receive shares of R-2, which has filed a Red Herring Prospectus for its proposed IPO. R-2 has incurred capital expenditure of approx. Rs. 201.89 crore at the Bellary plant of R-1 over and above the Resolution Plan. Relying on ***63 Moons Technologies***[13], R-1 submits that public interest cannot rest upon "the individual or private grievance of a particular stakeholder".

29. Accordingly, R-1 prays that the IA may be:

    (i) Dismissed "as non-maintainable under the proviso to Section 230(4);

    (ii) Without prejudice, dismissed on merits; and

    (iii) That costs be imposed on the Applicant for suppression of material facts and abuse of process.

REJOINDER OF THE APPLICANT

30. In his Rejoinder, the Applicant states that "prima facie" he has no objection for the Scheme of Amalgamation except the valuation of shares of BSPPL, which is grossly undervalued and the Valuation

[12] UltraTech Nathdwara Cement Ltd. (NCLT Kolkata, 03.04.2024)
[13] 63 Moons Technologies Ltd. v. Union of India, (2019) 18 SCC 401

Report "totally biased, arbitrary, patently wrong on face of it". The remedy sought is said to be "in rem and not in personam", as "crores of shares valuation is at stake".

31. Relying on the J.J. Irani Committee Report dated 31.05.2005 (Chapter VI, paras 8.1-8.4; Annexure-AA1), the Applicant submits that the 10% threshold was intended to curb "frivolous objections" by shareholders with "miniscule shareholdings" aimed at stalling schemes, under the "mischief rule", and is not an absolute bar for shareholders with genuine grievances. Hence "shall" in Section 230(4) "may be read as 'may'", as is done in Section 422 of the Act.

32. Reliance is placed on ***Patil Automation***[14] quoting ***Babu Ram Upadhya***[15] that "*shall*" is prima facie mandatory but the Court may ascertain the real intention of the legislature having regard to, above all, "*whether the object of the legislation will be defeated or furthered*". The Applicant submits that his application is "not frivolous nor miniscule" and that otherwise the shareholders of Transferor Company-1 "would be left with no remedy".

33. Drawing an analogy with Section 244, which empowers the Tribunal to waive the threshold for applications under Section 241, both being remedies "in rem", and with Section 151 CPC, the Applicant contends that the Tribunal has inherent power under Rule 11 of NCLT Rules, 2016 to waive 10% requirement u/s 230(4). Under the 1956 Act there was no such restriction and even a single

[14] Patil Automation Pvt. Ltd. v. Rakheja Engineers Pvt. Ltd., (2022) 10 SCC 1, para 33
[15] Babu Ram Upadhya (AIR 1961 SC 751)

shareholder's objection could be examined on merits. Less than 10% cannot be considered as 'miniscule' when the paid-up capital is huge. The Applicant states that he is filing separate application seeking waiver of the 10% requirement.

34. It is claimed that the legal heirs of late Shri Gopal Agarwal, promoter-shareholder holding 2,96,50,000 shares, have given their "consent" by affidavit dated 23.10.2026 to join the Applicant and "also wish to implead". The combined holding is furnished below:

Mr. K. Ravi Shankar	10,03,50,000 shares
Legal heirs of late Shri Gopal Agarwal	2,96,50,000 shares
Total	**13,00,00,000 shares**
Total paid-up capital of R-1	1,17,91,50,000 shares
Percentage	**11.02%**

35. The Counter is said to be "unauthorised", as Mr. Pardeep Garg's appointment as Additional Director is questioned in separate proceedings and there is no Board resolution authorising him. A shareholder may give proxy for "any number of shares" out of his holding. Discrepancies in the Board minutes are described as "typos" which are "matters of corrections".

36. The criminal case is described as "false and cooked up", engineered by the unauthorized Director using the name of Mr. Vishal Jain. The Applicant states that the shares were transferred in consideration of advances aggregating Rs. 1,37,00,000 paid by RTGS to Mr. Vishal Jain between 16.05.2018 and 14.06.2019 (Union Bank of India statement, Annexure-AA4). The Applicant alleges that the police

took away the original share certificates and transfer forms under threat and coercion and extracted the voluntary statement of 01.11.2025. Inconsistencies are pointed out in the FIR: offence period shown as 17/12/2025 to 23/07/2025, and place of occurrence shown as A-One House, Bengaluru (R-2's office). It is urged that without final adjudication by appropriate Court, the question of any different shareholding "does not arise"

37. Relying on the approved Resolution Plan, it is stated that R-1 has an integrated steel plant on 163.82 acres of freehold land at Bellary with fixed assets and CWIP of Rs 24,638.16 lakhs as on 31.03.2016, and its own valuation report dated 16.10.2024 shows plant and machinery at a fair market value of Rs 18,667 lakhs.

38. As per the applicant, the Scheme Valuation Report shows land at only 25 acres (Rs 3,000.72 lakhs) instead of 163.82 acres, an undervalue of Rs 166.59 crore, and plant and machinery at Rs 4,190.08 (stated as "crore"), against Rs 18,667 lakhs, an undervalue of Rs 14,477 lakhs. On the Applicant's computation, the correct value is Rs 39,409.70 lakhs, i.e., Rs 3.3422 per share as against Rs 0.8767.

39. AOSIL is said to have no major steel manufacturing unit, its revenues coming from the 9-year lease (2017) of R-1's plant. It is also said to have failed to bring in funds under the Resolution Plan and to have made false statements in its Red Herring Prospectus. The Valuation Report dated 14.03.2026 gives no fixed assets, land, plant and machinery or net block for R-2, so there is "no comparison".

40. The Applicant reiterates that several proceedings for oppression and mismanagement and for failure to implement the Resolution Plan are pending, and that the RD(SER) rejected the shifting of registered office by order dated 25.06.2026. The statements in the Counter are termed "false, incorrect, and perjurious". It is urged that this Tribunal, as "the sole guardian and custodian of law", should keep the Scheme in abeyance until valuations are "fairly done by two Registered Independent Valuers appointed by this Tribunal".

FINDINGS & DECISION

41. We have heard Dr. S. V. Rama Krishna, Advocate and Shri G. K. Ganapathi, PCS and perused the entire records. The following issues arise for consideration:

(a) Whether the Applicant, who on his own pleaded case holds 8.5% of the paid-up share capital of R-1, has the locus to object to the Scheme in view of the proviso to Section 230(4) of the Act?

(b) Whether the threshold in the proviso to Section 230(4) is directory, or can be waived or relaxed by this Tribunal in exercise of its inherent powers under Rule 11 of the NCLT Rules, 2016?

(c) Whether the Applicant can meet the threshold by adding the shareholding of the legal heirs of late Shri Gopal Agarwal on the strength of a consent affidavit filed with the Rejoinder?

(d) If the Application is not maintainable, what is the effect on the grievances raised as to valuation and the share exchange ratio?

42. Section 230(4) of the Act, insofar as relevant, reads:

> *"(4) A notice under sub-section (3) shall provide that the persons to whom the notice is sent may vote in the meeting either themselves or through proxies or by postal ballot to the adoption of the compromise or arrangement within one month from the date of receipt of such notice:*
>
> *Provided that any objection to the compromise or arrangement shall be made only by persons holding not less than ten per cent of the shareholding or having outstanding debt amounting to not less than five per cent of the total outstanding debt as per the latest audited financial statement."*

43. The proviso is expressed in negative and restrictive terms. The words "shall be made only by" limit the class of persons who may object to a compromise or arrangement to those meeting the prescribed threshold. The Hon'ble NCLAT has consistently treated this requirement as a condition of locus, including in ***Quantum Mutual Fund***[16] (supra), where the appeal was held not maintainable at the instance of objectors who did not meet the threshold. As per the Hon'ble NCLAT:

> ***35.*** *Lastly after examining the scheme we also need to find the entitlement of the appellants to object the scheme. The appellants, i.e., Quantum Mutual Fund (Quantum) does not meet the minimum*

[16] Quantum Mutual Fund v. ICICI Securities Ltd., (2025) 255 Comp Cas 453 : 2025 SCC OnLine NCLAT 503 at page 475

threshold of 10 per cent shareholding required to be entitled to object to a scheme, prescribed under the proviso to section 230(4) of the Act. As on March 20, 2024 (being the cut-off date under the scheme), and Quantum held 2,86,992 shares of ICICI Securities shares, i.e., 0.08 per cent. shareholding. Now, section 230(4) of the Act is a mandatory provision, and the usage of the word "shall" followed by the word "only" in the proviso to section 230(4) reflects the legislative intent to mandatorily exclude all such person who do not meet the threshold prescribed. Notably, the erstwhile Companies Act, 1956 did not provide for a threshold for objecting to a scheme. Subsequently, the report of the expert committee on company law dated May 31, 2005 observed that shareholders holding miniscule shareholding raised frivolous objections with the objective of stalling the implementation of a scheme which was otherwise approved by the requisite majority of shareholders. Accordingly, the threshold in proviso to section 230(4) was introduced to prohibit objectors like the appellants from stalling the scheme.

36. *Hence, as has been correctly held by the learned National Company Law Tribunal, the appellants are not entitled to object to the scheme and not entitled to maintain an appeal as an "aggrieved person". Consequently, in view of proviso to section 230(4) too, the present appeal is also not maintainable at the instance of the appellants. Notably, the scheme has been approved by 93.82 per cent of equity shareholders and 71.89 per cent of public shareholders. The appellants who hold merely 0.08 per cent shareholding are depriving the majority shareholders of the benefits of the scheme by filing frivolous objections and derailing its implementation. This militates the very principle of shareholder democracy.*

44. Although the Application is styled as one under Rule 11 and is described as seeking "directions for fair valuation", its substance is an objection to the Scheme. The pleadings attack the share exchange ratio, allege fraud and mala fides, and say the Scheme "deserves to be rejected". The prayer is that the Scheme may not be approved or may be kept on hold. The label given to an application does not change its character. An application whose object and effect is to stall or alter the sanction of a Scheme is an "objection to the compromise or arrangement" within the meaning of the proviso, and the Applicant must satisfy the threshold.

45. The Applicant has himself pleaded, in paragraph 1.1 of the Application and again in the Rejoinder, that his holding constitutes 8.5% of the paid-up capital of R-1. On his own showing, therefore, he falls short of the 10% threshold. R-1 disputes even this and states that the Applicant holds only about 0.14%. The entitlement to the 9,87,50,000 shares is the subject of CP No. 35/241/HDB/2025 and of criminal proceedings. It is neither necessary nor appropriate for us to decide that dispute in this Application. Even if the Applicant's claim is taken at its face value, he does not meet the statutory requirement.

46. The objection raised in the Rejoinder to the authority of Mr. Pardeep Garg to file R-1's reply also does not help the Applicant. The bar in the proviso to Section 230(4) is statutory. This Tribunal must examine its own jurisdiction to entertain an objection whether or not the bar is pleaded by a Respondent. Issue (a) is answered against the Applicant.

47. Coming to the issue (b), whether the threshold is directory or can be waived under Rule 11, the Applicant relies on ***Patil Automation*** (supra), which quotes, at para 33, the principles laid down in ***Babu Ram Upadhya*** (supra). Under those principles, the word "shall" is prima facie mandatory, and the Court may ascertain the real intention of the legislature from the scope and design of the statute and the consequences of construing it one way or the other, and above all "whether the object of the legislation will be defeated or furthered". We note that in *Patil Automation* itself, the Hon'ble Supreme Court applied these principles and held Section 12A of the Commercial Courts Act, 2015 to be mandatory.

48. Applying the same principles, we are unable to read the proviso to Section 230(4) as directory, as it does not merely say "shall". It says the objection "shall be made only by" persons of a defined class. Words of exclusion of this kind leave little room to read the provision as directory.

49. The legislative history relied upon by the Applicant also points the other way. The J.J. Irani Committee noted that, under the earlier regime, shareholders with minuscule holdings had made frivolous objections to stall schemes. It recommended a specific provision putting a limit on who could object. Parliament accepted that recommendation and fixed an objective threshold in the proviso. The provision thus departs deliberately from the position under Sections 391-394 of the Companies Act, 1956. Reading the threshold down would undo the very change Parliament made.

50. Further, where Parliament intended to allow this Tribunal to relax shareholding threshold, it said so expressly. The proviso to Section 244(1) empowers the Tribunal to waive the requirements for an application under Section 241. No such power is given in Section 230(4). The Applicant's reliance on Section 244 therefore cuts against him: the presence of a waiver power in one provision and its absence in the other must be taken as deliberate. Section 422 of the Act, which deals with expeditious disposal of matters, is not comparable. It governs the Tribunal's own timelines and itself provides for extension. It does not define who may invoke the Tribunal's jurisdiction.

51. The threshold fixed in section 230(4) is an objective threshold, which is fixed it as a percentage of the shareholding. The absolute number of shares held, however large, does not change the test. The submission that ten crore shares cannot be called "miniscule" cannot be accepted.

52. The characterisation of the remedy as one "in rem" does not alter the position. The proviso regulates who may object. It makes no exception based on the nature of the relief sought. Nor can Rule 11 of the NCLT Rules, 2016 be invoked to dispense with the threshold. Rule 11 provides that "nothing in these rules" shall limit or affect the inherent powers of the Tribunal. It saves the Tribunal's inherent powers against the Rules; it does not confer power to override the Act. It is well settled that inherent powers may be exercised only where there is no express provision, and cannot be exercised in

conflict with an express statutory provision. The Hon'ble Supreme Court, in ***GLAS Trust Company LLC***[17], held that

> *"....'inherent powers' cannot be used to subvert legal provisions, which exhaustively provide for a procedure. To permit NCLAT to circumvent this detailed procedure by invoking its inherent powers under Rule 11 would run contrary to the carefully crafted procedure for withdrawal."*

The proviso to Section 230(4) is such an express provision. Waiving it under Rule 11 would amount to doing indirectly what the statute does not permit directly. Issue (b) is also answered against the Applicant.

53. The plea of aggregation is raised for the first time in the Rejoinder. The legal heirs of late Shri Gopal Agarwal are not parties to this Application. No application for their impleadment has been filed, and none of them has filed an objection to the Scheme. A consent affidavit annexed to a Rejoinder does not make them parties, and an objection cannot be made by one person on the strength of another's consent. Maintainability has to be judged with reference to the Application as filed. A defect in locus that exists at the inception cannot be cured by a new case set up in the Rejoinder.

54. Further, the figure of 11.02% is reached only by including the 9,87,50,000 shares whose transfer to the Applicant is disputed. Leaving those shares aside, the holding of the Applicant and the legal heirs together would be about 2.65%. The plea of aggregation

[17] GLAS Trust Company LLC v. BYJU Raveendran & Ors., 2024 INSC 811

therefore rests on the very claim that is under dispute. The Applicant's own statement that he is "filing separate application seeking waiver of the 10% requirement", which has not in fact been filed, shows that he is aware that he does not meet the threshold. Issue (c) is answered against the Applicant.

55. Coming to the issue (d) about the effect on the grievances as to valuation, since the Applicant lacks locus to object, we do not go into the merits of his contentions on valuation, publication, the alleged ouster of jurisdiction, or the disputed shareholding, and express no opinion on them. The prayer for a direction for a fresh valuation by another Registered Valuer, and for keeping the Scheme on hold, is part of the objection itself and must fail with it.

In view of the above the present Application is dismissed as not maintainable.[18]

Sd/-
(SANJAY PURI)
Member (Technical)

Sd/-
(RAJEEV BHARDWAJ)
Member (Judicial)

Saida

[18] Nothing in this order shall be construed as an expression of opinion on the merits of the valuation or share exchange ratio, on the Applicant's claim to the 9,87,50,000 shares, or on CP No. 35/241/HDB/2025 or any criminal proceedings, all of which shall be decided on their own merits.