

NATIONAL COMPANY LAW TRIBUNAL  
"CHANDIGARH BENCH, CHANDIGARH"  
(through web-based video conferencing platform)

CA (CAA)No 37/Chd/Chd/2019

Under Sections 230 to 232 of  
the Companies Act, 2013

In the matter of the Scheme of Amalgamation between:

**STEEL STRIPS LIMITED**

having its registered office at  
Village Harkishanpura, Bhawanigarh,  
Tehsil Sangrur, Punjab-148026.

...Applicant No. 1/Transferor Company

AND

**SAB INDUSTRIES LIMITED**

having its registered office at  
SCO 49-50, Sector-26,  
Madhya Marg, Chandigarh-160019.

.....Applicant No. 2/Transferee Company

Order delivered on: 12.06.2020

Coram: HON'BLE MR. AJAY KUMAR VATSAVAYI, MEMBER (JUDICIAL)

**Present through Video Conferencing :-**

For the Applicant Companies: Mr. Mast Ram, Practising Company  
Secretary.

Per: Mr. Ajay Kumar Vatsavayi, Member (Judicial)

**JUDGMENT**

This is a joint first motion application filed by Steel Strips Limited (for brevity, the "Applicant No. 1" or the "Transferor Company") and SAB Industries Limited (for brevity, the "Applicant No. 2" or the "Transferee Company") in connection with the proposed Scheme of



Arrangement (for short the '**Scheme**') of the Transferor Company with Transferee Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (for brevity, the "**Act**") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity, the "**Rules**") pursuant to the Scheme of Arrangement between the Transferor Company and the Transferee Company. The contents of the application is supported by the affidavits of Ms. Jyotsana Bajaj and Ms. Gurpreet Kaur the Company Secretary and authorized signatories of both the Applicant Companies. The Scheme proposed in the Application is at A-1 of the application. The Joint Application is maintainable in terms of Rule 3(2) of the Rules.

2. The Board of Directors of the Applicant Companies in their respective Board Meeting held on 02.07.2019 unanimously approved the proposed Scheme, subject to sanctioning of the same by this Tribunal. The Transferor Company authorized Sh. Sanjay Garg, Executive Director, Ms. Jyotsana Bajaj, Company Secretary and/or Sh. Bhavnes K Gupta, Authorized Signatory and Transferee Company authorized Sh. Sanjay Garg, Director, Ms. Gurpreet Kaur, Company Secretary and/or Sh. Bhavnes K Gupta, Authorized Signatory respectively to take necessary steps that may be required for approving and implementing the Scheme and to sign and verify the pleadings and to do all such acts and deeds which may be required and incidental in the progress of the case. Copies of Board Resolutions are attached as Annexure A-3, and A-9 respectively of the application.





3. As per the Memorandum and Articles of Association (Annexure A-4), the main objects of Applicant No. 1/Transferor Company are as under:

- "1. To carry on the business of manufacturers, processors, finishers, buyers, sellers, agents, merchants, importers, exporters and dealers in Mild Steel/ High Carbon/ low alloy Cold Rolled Steel Strips and other kinds of strips and strip specialties, sheets, tin plants, flat products, pipes and tubes of all kinds for water, steam, gas and other purposes.
2. To carry on the business of manufacturers, processors, refiners, smelters, makers, converters, finishers, importers, exporters, agents, merchants, buyers, sellers and dealers in all kinds and forms of steel including tool and alloy steels, stainless and other kinds of special steel, iron and alloys" etc.

5. As per the Certificate of Incorporation which is a part of Annexure A-4 of the application, the Applicant No. 1/Transferor Company was incorporated on 23.12.1975 under the provisions of the Companies Act, 1956 in the name and style of "Steel Strips Ltd". Its CIN is L45202PB1975PLC003610.

6. The authorized, issued, subscribed and paid-up share capital structure of the Applicant No. 1/Transferor Company as on 30.06.2019 is as under:

Authorized Share Capital	Amount (in Rs.)
91,00,000 equity shares of Rs. 10/- each.	9,10,00,000
90,000 Cumulative Redeemable Preference Shares of Rs. 100/- each.	90,00,000
<b>Total</b>	<b>10,00,00,000</b>



Issued, Subscribed and Fully Paid-up Share Capital	Amount (in Rs.)
82,83,103 fully paid-up equity shares of Rs. 10/- each	8,28,31,030
<b>Total</b>	<b>8,28,31,030</b>

7. As per the Memorandum and Articles of Association (Annexure A-10), the main objects of Applicant No.2/Transferee Company are as under:

- “1. To acquire, establish, run, manage, control or maintain melting furnaces, foundries and forges of all types and to manufacture ferrous and non-ferrous metals including ingots, forging and stampings and to roll, reroll, export, sell or otherwise deal in all types of ferrous & non-ferrous metals.
2. To acquire, establish, run, manage, control or maintain workshops and factories for manufacture and repairing of plants, machinery, machinery- parts, G.I/black pipes, PVC pipes or steel fabrication of any kind whatsoever and generally to export, buy, sell or let on hire and deal in such plants, machinery, machinery parts, pipes and steel fabrications.” etc.

8. As per the Certificate of Incorporation which is a part of Annexure A-10, the Applicant No. 2/Transferee Company was incorporated on 16.02.1983 under the provisions of the Companies Act, 1956 under the name and style of “Asia Steel and Alloys Limited”. The Applicant no.2/Transferee company changed its name to “Steel Strips Alloys Limited” on 11.08.1989 and then to “SAB Industries Limited” on 08.02.1996. Its CIN is L00000CH1983PLC031318.





9. The authorized, issued, subscribed and paid-up share capital structure of the Applicant No. 2/Transferee Company as on 30.06.2019 is as under:-

Authorized Share Capital	Amount (in Rs.)
2,00,00,000 equity shares of Rs. 10/- each.	20,00,00,000
<b>Total</b>	<b>20,00,00,000</b>

Issued, Subscribed and Fully Paid-up Share Capital	Amount (in Rs.)
15188372 fully paid-up equity shares of Rs. 10/- each	15,18,83,720
<b>Total</b>	<b>15,18,83,720</b>

10. The registered office of the Applicant No. 1/Transferor Company is situated within the State of Punjab and that of Applicant No. 2/Transferee Company is situated within the Union Territory of Chandigarh and thus therefore, the matter falls within the territorial jurisdiction of this Tribunal.

11. The following prayers have been made in the instant application:

- “(i) Allow the present application and pass such necessary order sanctioning the scheme of amalgamation (Annexure A-1) along with consequential directions;



- (ii) *Pass an order for convening / dispensing the meetings of the secured / unsecured creditors and equity shareholders / members of the Applicant No.1 / Transferor Company and Applicant No.2 / Transferee Company;*
- (iii) *Pass an order directing convening of meeting of equity shareholders of the Applicant No.1 / Transferor Company and equity shareholders of the Applicant No.2 / Transferee Company in accordance with the Companies Act, 2013 and rules made thereunder and in accordance with the SEBI Circle No.CFD / DIL3 / CIR / 2017 / 21, dated 10<sup>th</sup> March, 2017 as amended time to time;*
- (iv) *Pass an order directing issuance of notice to (a) Central Government through Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi, (b) Registrar of Companies (Punjab and Chandigarh), at Chandigarh, (c) Official Liquidator, Punjab and Chandigarh at Chandigarh, (d) Income Tax Department through the Nodal Officer-The Principal Chief Commissioner of Income Tax, ₹ Securities & Exchange Board of India, (f) BSE Limited and to such other statutory / sectoral regulators or authorities as this Hon'ble Tribunal may deem appropriate, seeking their representations, if any, for*



*sanctioning of the Scheme of Amalgamation (Annexure A-1); and*

- (v) *Pass such other orders or directions as this Hon'ble Tribunal may deem fit in the facts and circumstances of the present case."*

12. It is represented that the Scheme does not contemplate any scheme of corporate debt restructuring as provided for under Section 230(2)(c) of the Act nor does the arrangement under the Scheme involve any reduction of share capital of either of the Companies. It is also submitted that the provisions of Sections 230(2)(b) and 230(2)(c) of the Act are not applicable in the instant case. An affidavit to this effect, deposed by Ms. Jyotsana Bajaj and Ms. Gurpreet Kaur the Company Secretary and authorized signatories of both the Applicant Companies under Section 230(2) of the Act is placed on record as Annexure A-19 of the application.

13. It is stated in sub-paragraph (g) of para 4.18 of the application that no prosecution proceedings are pending against the applicant companies and their officers under the Companies Act, 2013 and rules made there under and/or the previous Companies Act, 1956.

14. It is stated that as on 30.06.2019, the Applicant No. 1/Transferor Company which is a public listed company, has 23,006 (TwentyThree Thousand Six) equity shareholders holding a total of 82,83,103 (Eighty Two Lakh Eighty Three Thousand One Hundred Three) equity shares of face value of Rs. 10/- each, as per the list attached at Annexure A-6 of the application. In relation to the equity shareholders, the Applicant Company seeks a direction for convening the meeting of the equity shareholders.





15. The Applicant No. 1/Transferor Company has no secured & unsecured creditors as on 31.08.2019 as per the certificate issued by AKR & Associates, Chartered Accountants. The certificate in this regard is placed at Annexure A-7 of the application and Annexure A-23 of Diary No.6432 dated 19.11.2019.

16. The Applicant No. 2/Transferee Company as on 30.06.2019 which is a public listed company, has 690 (Six Hundred Ninety) equity shareholders holding a total of 1,51,88,372 (One Crore Fifty One Lakh Eighty Eight Thousand Three Hundred Seventy Two) equity shares having a face value of Rs. 10/- each, as per the list attached at Annexure A-12 of the application. In relation to the equity shareholders, the Applicant Company seeks a direction for convening the meeting of the equity shareholders.

17. As per the certificate of AKR & Associates, Chartered Accountant (Annexure A-13 of the application), there are 7 (seven) secured creditors in the Transferee Company as on 31.08.2019 representing a total outstanding secured debt of Rs. 21,16,52,246/- (Twenty One Crore Sixteen Lakh Fifty Two Thousand Two Hundred Forty Six). 98.52 % of the total value of the secured creditors have given their consent/no objections to the Scheme and for dispensation of calling the meeting by way of affidavits. The consent affidavits are a part of Annexure A-25 (Dairy no. 6432 dated 19.11.2019).

18. As per the certificate of AKR & Associates, Chartered Accountant (Annexure A-13 of the application), there are 19 (Nineteen) Unsecured creditors in the Transferee Company as on 31.08.2019



representing a total outstanding secured debt of Rs. 12,90,66,113/- (Twelve Crore Ninety Lakh Sixty Six Thousand One Hundred Thirteen). 99.61% of the total value of unsecured creditors have furnished consent/no objections by way of affidavits to the Scheme and for the dispensation of the meeting of unsecured creditors. The consent affidavits are a part of Annexure A-25 (Dairy no. 6432 dated 19.11.2019).

19. The certificate of the statutory auditors of the Applicant Companies stating therein that the accounting treatment contained in the Scheme is compliance with the accounting standards prescribed under Section 133 of the Companies Act read with rules made thereunder and other generally accepted accounting principles is annexed as Annexure A-16 of the application.

20. It is also stated that as per records and notice/knowledge of the applicant Companies, no winding-up petition and/or insolvency proceedings under the Insolvency & Bankruptcy Code, 2016 are pending against the applicant companies.

21. I have heard the authorized representative for the Applicants Companies and have perused the records and the supporting documents/papers filed along with the Scheme with the assistance of the authorized representative for the Applicants Companies.

22. The rationale for, and the benefits of the Scheme are, inter alia, as follows: -

- (i) *The merger of Transferor Company with the Transferee Company would result in the emergence of the Transferee company as a consolidated strong entity, which will contribute to the overall growth prospects of the combined entity leading to the increase in shareholder's value for both the Companies. The enhanced financial and operational strengths of the combined*



entity would enable in substantial reduction of costs and the development of a growth driven business portfolio through the effective and efficient deployment of funds.

- (ii) *The proposed merger also aims at pooling of knowledge resources. There exists in the Transferor Company and the Transferee Company, a pool of highly skilled experts in specialized areas such as technology, engineering, law, commercial, taxation, international practices etc. The services of these professionals would be utilized more effectively and efficiently.*
- (iii) *The merger of Transferor Company with the Transferee Company would, thus, result in administrative and operational, organizational efficiencies, competitiveness including complete resource mobilization and to shall achieve rationalisation in economies of scale, reduction in overheads and other expenses besides the amalgamation shall result in optimal utilization of various resources. The managerial expertise of both the Transferor Company and the Transferee Company would once combined together shall give additional thrust to the merged entity.*
- (iv) *The combined efforts and resources of the Companies will enable raising of additional financial facilities for better working of business of both the Companies. It will ensure a fair return on investments made by all stakeholders.*
- (v) *The Amalgamation would be in the best interest of the public shareholders of the Transferor Company, as they would continue to play their part and enjoy results economic growth by acquiring ownership rights in the Transferee Company."*

23. It is submitted that the Audit Committee of both the Applicant Companies in their reports dated 28.06.2019, considered and approved the Scheme. The report on the share exchange ratio issued by CA Vikas Aggarwal, Valuer registered with IBBI dated 20.06.2019 (Annexure A-14) to the Applicant Companies and the fairness opinion issued by Corporate Capital Ventures Pvt. Ltd. dated 27.06.2019 (Annexure A-15) to the Applicant Companies, were also approved by the Audit Committee of Applicant Companies.





24. It is represented by the authorized representative for the Applicant Companies that as per the Valuation Report dated 20.06.2019, the share exchange is as follows :-

*"Share Exchange Ratio – Amalgamation of SSL (Applicant Company No.1) into SAB (Applicant Company No.2)*

*1 (one) Equity share of SAB (of INR 10/- each fully paid-up) for every 350 (Three Fifty) Equity shares of SSL (of INR 10/- each fully paid-up)."*

25. It is submitted by the authorized representative for the Applicant Companies that the equity shares of the Applicant Companies are listed on the BSE Limited ("**BSE**").

26. The BSE vide its observation letters, both dated 12.09.2019 issued to the Applicants Companies, made no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the Applicant companies to file the Scheme with this Tribunal. Copies of the aforesaid letters issued by the BSE to the Applicant Companies are placed at Annexure A-17 of the application.

27. The affidavit in relation to the sectoral regulators of the Applicants Companies is Annexed as A-18 wherein it is stated that notice is to be sent only to the following statutory authorities (as there are no other sectoral regulators applicable to the Companies) namely:-

- (i) Central Government through Regional Director (Northern Region), New Delhi
- (ii) Registrar of Companies, Punjab & Chandigarh, Chandigarh



- (iii) Official Liquidator, Punjab, Haryana and Chandigarh, Chandigarh
- (iv) Income Tax Department through the Nodal Officer – Principal Chief Commissioner of Income Tax, Chandigarh
- (v) Securities and Exchange Board of India and
- (vi) BSE Limited.

28. The audited financial statements for the financial year ended 31.03.2019 of the Applicant Companies have been placed on record (Annexure A-5 & A-11 of the application). The supplementary accounting statement (i.e. the standalone, limited quarterly review financials) of the Applicants Companies for the quarter ending 30.06.2019 are also part of the record. Further, the provisional financial statements of both the Applicant Companies as on 31.08.2019 are placed on record vide Diary No. 6432 dated 19.11.2019 as Annexure A-21 & A-22.

29. In view of the above, the following directions are issued with respect to convening and/or dispensing with the requirement of convening the meetings of the equity shareholders, secured creditors and unsecured creditors of the Applicants Companies:

A.

**In relation to Applicant No. 1/Transferor Company:-**

- (i). Meeting of the equity shareholders to be convened on 29.08.2020 at 11:00 a.m. at the registered office of the Transferor Company. The quorum of the meeting of





the equity shareholders shall be 9202 in number and 40% of value of equity shareholders.

- (ii) Since, there are no secured creditors, there is nothing to convene their meeting.
- (iii) Since, there are no Unsecured creditors, there is nothing to convene their meeting

**B. In relation to Applicant No. 2/Transferee Company:-**

- (i) Meeting of the equity shareholders of the Applicant No. 2/ Transferee Company be convened on 30.08.2020 at 10:00 a.m. at the registered office of the Transferee Company. The quorum of the meeting of the equity shareholders shall be 276 in number and 40% of value of equity shareholders.
- (ii) Meeting of the secured creditors is dispensed with as consent affidavits of 98.52 % of the value of total secured creditors have been obtained and placed on record.
- (iii) Meeting of the unsecured creditors is dispensed with as consent affidavits of 99.62% of the total value of unsecured creditors have been obtained and placed on record.

**C.** In case the required quorum as noted above for the meetings of the Applicants Companies is not present at the commencement of the meetings, the meetings shall be adjourned by 30 (thirty) minutes and thereafter the persons present, and voting shall be deemed to



constitute the quorum. For the purpose of computing the quorum, the valid proxies and authorized representatives shall also be considered, if the proxy in the prescribed form, duly signed by the person entitled to attend and vote at the meeting, is filed with the registered office of the Applicant Companies at least 48 hours before the meetings. The Chairperson and Alternate Chairperson appointed herein along with Scrutinizer shall ensure that the proxy register is properly maintained.

D. **In relation to Applicant No. 1/Transferor Company:-**

- (i) Mr. Atul Sood, Advocate, Address: 3273, Sector 15-D, Chandigarh, Mobile: 9815992288, e-mail: [atulvsood@gmail.com](mailto:atulvsood@gmail.com) is appointed as the Chairperson for the meetings to be called under this Order. He shall be paid a consolidated fee of ₹2,00,000/- for his services as the Chairperson,
- (ii) Mr. Karanveer Jindal, Advocate, Address: HIG-2551, Phase-II, Urban Estate, Dugri, Ludhiana, Mobile: 9888972565, e-mail: [kvjindal@gmail.com](mailto:kvjindal@gmail.com) is appointed as the Alternate Chairperson for the meetings to be called under this Order. He shall be paid a consolidated fee of ₹1,00,000/- for his services as the Alternate Chairperson.
- (iii) Mr. Pritpal Singh Dua, Company Secretary, Mobile:, 9814128693, e-mail ID: [cspsdua@gmail.com](mailto:cspsdua@gmail.com), is appointed as the Scrutinizer for the above meetings to be called under this Order. He shall be paid a consolidated fee of ₹75,000/- for his services as the Scrutinizer.





- (iv) The fees of Chairperson, Alternate Chairperson and Scrutinizer along with the travelling expenses and other out of pocket expenses shall be borne by the Applicant No. 1/Transferor Company.

**E. In relation to Applicant No. 2/Transferee Company:-**

- (i) Mr. Anand Chhibbar, Senior Advocate, Address: House No. 721, Sector 8-B, Chandigarh, Mobile: 9814006721, e-mail: anandchhibbar@gmail.com, is appointed as the Chairperson for the meetings to be called under this Order. He shall be paid a consolidated fee of ₹ 2,00,000/- for his services as the Chairperson.
- (ii) Mr. Vaibhav Sahni, Advocate, Address: House No. 215, Sector 9, Panchkula, Mobile: 9988300038, e-mail: vaibhavsahni@gmail.com, is appointed as the Alternate Chairperson for the meetings to be called under this Order. He shall be paid a consolidated fee of ₹1,00,000/- for his services as the Alternate Chairperson.
- (iii) Mr. Ajay Kumar Arora, Company Secretary, Mobile: 9814006492, e-mail: ajaykcs@gmail.com, is appointed as the Scrutinizer for the above meetings to be called under this Order. He shall be paid a consolidated fee of ₹75,000/- for his services as the Scrutinizer.

- (iv). The fees of Chairperson, Alternate Chairperson and Scrutinizer along with the travelling expenses and other out



of pocket expenses shall be borne by the Applicant No. 2/Transferee Company.

F. It is further directed that individual notice of the said meetings shall be sent by the Applicant Companies to all its equity shareholders through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of meeting, indicating the day, date, the place and time as aforesaid, together with a copy of Scheme, copy of explanatory statement required to be sent under the Companies Act, 2013 and the applicable Rules along with the proxy forms and any other documents as may be prescribed under the Act shall also be duly sent with the notice.

G. It is further directed that along with the notices of meetings, the Applicants Companies shall also send, statement explaining the effect of the scheme on the creditors, key managerial personnel, promoters and non-promoter members etc. along with effect of the Scheme on any material interests of the Directors of the Company or the debenture trustees, if any, as provided under subsection 3 of Section 230 of the Act.

H. The Applicant Company No.1 shall publish with a gap of at least 30 clear days before the aforesaid meetings, indicating the day, date and the place and time of meetings as aforesaid, to be published in the Financial Express (English), Punjab Edition and Jag Bani (Punjabi), Punjab Edition. The Applicant No. 2 shall publish with a gap of at least 30 clear days before the aforesaid meetings, indicating the day, date and the place and time of meetings as aforesaid, to be published in Financial Express (English),



Chandigarh Edition and Punjab Kesri (Hindi), Chandigarh Edition. It be stated in the advertisement that the copies of the Scheme, the Explanatory statement required to be published pursuant to Sections 230 to 232 of the Act and the form of proxy shall be provided free of charge at the registered office of the Applicant Companies. The Applicant Companies shall also publish the notice on their website, if any. The notices shall also be sent to the Securities and Exchange Board of India and the stock exchanges for placing on their websites.

I. It shall be the responsibility of the Applicant Companies to ensure that the notices are sent under the signatures and supervision of the authorized signatory of the Applicant Companies on the basis of Board Resolutions and that they shall file their affidavits with the Tribunal at least 10 days before the date fixed for the meetings.

J. It is also directed that the supplementary accounting statement of the Applicant Companies relating to the period ending 30.06.2020 be also circulated for the aforesaid meetings apart from other requirements of sub-section 2 of Section 230 of the Act.

K. Voting shall be allowed on the "Scheme" in person or by proxy or through electronic means or by postal ballot, as may be applicable to the Applicant Companies under the Act and the Rules framed thereunder.

L. The Chairperson shall be responsible to report the results of the meetings to the Tribunal in Form No. CAA 4, as per Rule 14 of the Rules within 7 days of the conclusion of the meetings. The Chairperson shall be

assisted by the authorized representative / Company Secretary of the Applicant Companies and the Scrutinizer, who will assist the Chairperson and Alternate Chairperson in preparing and finalizing the reports. A separate report shall be prepared with regard to the result of voting by the public shareholders of the Applicant Company for purposes of the SEBI Circular dated 10.03.2017, as amended.

M. The Applicant Companies shall individually and in compliance of sub-section (5) of Section 230 of the Act and Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 send notices in Form No. CAA 3 along with a copy of the Scheme, the Explanatory Statement and the disclosures mentioned in Rule 6 of the "Rules" to (i) the Central Government through the office of Regional Director, Northern Region (ii) the Registrar of Companies, Punjab and Chandigarh at Chandigarh (iii) Official Liquidator, Punjab, Haryana and Chandigarh (iv) Commissioner of Income Tax within whose jurisdiction the Applicant Companies are assessed by mentioning the PAN and (v) Securities and Exchange Board of India, and (vi) BSE and such other sectoral regulators governing the business of Applicant Companies, if any, to be made by them shall be sent to the Tribunal within a period of 30 days from the date of receipt of such notice and copy of such representations shall be simultaneously sent to the concerned Companies, failing which, it shall be presumed that the authorities have no objections to the proposed Scheme.



N. The Applicant Companies further shall furnish a copy of the Scheme (together with the explanatory statement), free of charge, within 1 day of any requisition for the Scheme made by any creditor or member of the Applicant Companies entitled to attend the meetings as aforesaid.

O. The authorized representatives of the Applicant Companies shall furnish affidavits stating that the directions of this Tribunal in relation to service of notice of meetings and publication of advertisement and compliance of all directions contained herein at least 10 days before the date of meetings.

P. All the aforesaid directions are to be complied with strictly in accordance with the applicable laws, including forms and formats contained in the Rules as well as the provisions of the Act by the Applicant Companies.

30. With the aforesaid directions, this First Motion Application stands allowed giving liberty to the Applicant Companies to file Second Motion Petition. A copy of this order be supplied to the authorized representative for the Applicant Companies who in turn shall supply copy of the same to the Chairperson, Alternate Chairperson and the Scrutinizer.



June 12, 2020  
Ashwani

Sd/-

(Ajay Kumar Vatsavayi)  
Member (Judicial)