

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, AT HYDERABAD**

C. A. (CAA) No. 130/230/HDB/2017
U/s 230 & 232 of Companies Act, 2013,
R/W Companies (Compromises, Arrangements &
Amalgamations) RULES, 2016

In the matter of

M/s.Pyro Mobile Private Limited

Registered Office:

Flat No. 503, Shreeji Mehta Park, Behind Hockey stadium,
Rasoolpura, Secunderabad,
Telangana - 500003

... Applicant/
Transferor Company-(1)

Versus

The Registrar of Companies
of Andhra Pradesh & Telangana
2nd Floor, Corporate Bhawan,
Near- Central Water Board,
GSI Post, Nagole, Badlaguda,
Hyderabad - 500 068

...Respondent

Date of order: 27.10.2017

Coram:

Hon'ble Shri Rajeswara Rao Vittanala, Member (Judicial)

Parties /Counsels

For the Applicant: Mr. V.S. Raju & V.B. Raju,
Advocates

Per: Mr. Rajeswara Rao Vittanala, Member (Judicial)

ORDER

1. The present Company Application bearing CA No. 130/230/HYD/2017 is filed by M/s Pyro Mobile Private Limited (Applicant/Transferor Company-1 herein), by inter-alia, seeking directions to dispense with the



meeting of the equity shareholders of the Applicant / Transferor No.1.

2. Brief facts, leading to filing of the present Company Application, are as follows:-

(1) M/s Pyro BKP Telecom Consultants Private Limited (DEMERGED / TRANSFEREE COMPANY NO.1)

(a) M/s Pyro BKP Telecom Consultants Private Limited (Demerged Company or Transferee Company-1) was registered as a Private Limited Company on 21.05.2008 in the then State of Andhra Pradesh and its registered office is at Srinilaya Cyber Spazio, West Wing, First Floor, 8-2-269/A/2/1 to 6, Road No.2, Banjara Hills, Hyderabad, Telangana - 500034.

(b) The main objects of the Demerged Company or Transferee Company-1 as set out in the Memorandum of Association, is to act as a consultant, advisor, representative, signatory liaison, agent, service man etc., in the field of mobile and mobile network related business.

(c) The authorized, issued, subscribed and paid-up share capital of the Demerged Company or Transferee Company-1 as on 31stMarch 2016 is as under:

Particulars	Amount in INR
Authorized Share Capital:	
70,00,000 equity shares of INR 10 each	7,00,00,000
TOTAL	7,00,00,000
Issued, Subscribed and Paid-up Capital:	
68,67,746 equity shares of INR 10 each	6,86,77,460
TOTAL	6,86,77,460



Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Demerged Company or Transferee Company-1.

- (d) The Demerged Company or Transferee Company-1 closes its financial every year on 31 March. The audited financial statements of the Demerged Company or Transferee Company 1 as on 31 March 2016 is as under:

Particulars	Amount in INR
EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	68,677,460
Reserves and Surplus	(118,971,510)
Securities Premium	104,295,655
	54,001,605
Non-Current Liabilities	
Long-term borrowings	2,100,536
	2,100,536
Current Liabilities	
Trade payables	2,859,490
Other current liabilities	15,618,466
	18,477,956
Total:	74,580,097
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	14,605,876
	14,605,876
Current Assets	
Trade receivables	16,112,498
Cash and bank balance	248,162
Short term loans and advances	43,613,561
	59,974,221
Total	74,580,097

(2) M/s Pyro Holdings Private Limited (Resulting Company or Transferee Company-2):

- (a) M/s. Pyro Holdings Private Limited (Resulting Company or Transferee Company-2) was registered as a private limited company on 3rd day



of November, 2006 in the State of Andhra Pradesh and its registered office of the Resulting Company or Transferee Company-2, is at Flat No. 503, Shreeji Mehta Park, behind Hockey stadium, Rasoolpura, Secunderabad, Telangana - 500003, India.

- (b) The main objects of the Resulting Company or Transferee Company-2 are set out in the Memorandum of Association which is, *inter alia*, engaged in the business of investment services.
- (c) The authorized, issued, subscribed and paid-up share capital of the Resulting Company or Transferee Company-2 as on 31st March 2016 is as under:

Particulars	Amount in INR
Authorized Share Capital:	
50,000 equity shares of INR 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and Paid-up Capital:	
10,000 equity shares of INR 10 each	1,00,000
TOTAL	1,00,000

Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Resulting Company or Transferee Company-2.

- (d) The Resulting Company or Transferee Company-2 closes its financial every year on 31 March. The audited financial statements of the Resulting Company or Transferee Company-2 as on 31 March 2016 is as under:



Particulars	Amount in INR
EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	100,000
	100,000
Non-Current Liabilities	
Long term borrowings	3,717,733
	3,717,733
Current Liabilities	
Other current liabilities	40,264
	40,264
Total:	3,857,997
ASSETS	
Non-current assets	
Fixed assets	
Long term loans and advances	3,812,328
	3,812,328
Current Assets	
Cash and bank balance	45,669
	45,669
Total	3,857,997



(3) M/s Pyro Mobile Private Limited - Transferor Company 1:

- (a) M/s. Pyro Mobile Private Limited (Transferor Company-1) was originally incorporated as a private limited company on 12th day of March, 1999 in the then State of Andhra Pradesh under the name and style of Abacus Web (India) Private Limited. The said company has changed its name to its present name i.e., Pyro Mobile Private Limited and has obtained a fresh certificate of incorporation subsequent to the change of name from Registrar of Companies, Andhra Pradesh on 13th August 2005 after complying with the necessary formalities under the Companies' Act, 1956. Its registered office of the Transferor Company 1 is at Flat No. 503, Shreeji Mehta Park,

behind Hockey stadium, Rasoolpura, Secunderabad, Telangana - 500003, India.

- (b) The main objects of the Transferor Company-1 are set out in the Memorandum of Association which is, *inter alia*, engaged in the business of carrying on software services related to the Telecom industry.
- (c) The authorized, issued, subscribed and paid-up share capital of the Transferor Company-1 as on 31st March 2016 is as under:

Particulars	Amount in INR
Authorized Share Capital:	
50,000 equity shares of INR 10 each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and Paid-up Capital:	
10,000 equity shares of INR 10 each	1,00,000
TOTAL	1,00,000



Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Transferor Company-1.

- (d) The Transferor Company-1 closes its financial every year on 31 March. The audited financial statements of the Transferor Company-1 as on 31 March 2016 is as under:

Particulars	Amount in INR
EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	100,000
Reserves and Surplus	3,837,302
	3,937,302
Non-Current Liabilities	
Long-term borrowings	132,679
	132,679
Current Liabilities	
Trade payables	3,521,782
Short-Term Borrowings	30,615

	3,552,397
Total:	7,622,378
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	62,444
	62,444
Current Assets	
Trade receivables	4,552,744
Cash and bank balance	121,631
Short term loans and advances	2,885,559
	7,559,934
Total	7,622,378



- (4) **M/s. Pyro Telecom Solutions Private Limited**
Transferor Company 2:
- (a) M/s. Pyro Telecom Solutions Private Limited (Transferor Company-2) was originally incorporated as a private limited company on 15th day of May, 2002 in the then State of Andhra Pradesh under the name and style of Pyro Networks Private Limited. The said company has changed its name to its present name i.e., Pyro Telecom Solutions Private Limited and has obtained a fresh certificate of incorporation subsequent to the change of name from Registrar of Companies, Andhra Pradesh on 11th December 2013 after complying with the necessary formalities under the Companies' Act, 1956. Its registered office is at Srinilaya Cyber Spazio, West wing, First Floor, 8-2-269/A/2/1 to 6, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500034, India.
- (b) The Transferor Company-2 is, *inter alia*, engaged to carry on the business as developers of networking for telecommunications tool

processing of imports and exports of such developed turnkey systems.

- (c) The authorized, issued, subscribed and paid-up share capital of the Transferor Company-2 as on 31st March 2016 is as under:

Particulars	Amount in INR
Authorized Share Capital:	
2,510,000 equity shares of INR 10 each	25,100,000
TOTAL	25,100,000
Issued, Subscribed and Paid-up Capital:	
1,847,500 equity shares of INR 10 each	18,475,000
TOTAL	18,475,000



Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Transferor Company-2.

- (d) The Transferor Company-2 closes its financial every year on 31 March. The audited financial statements of the Transferor Company 2 as on 31 March 2016 is as under:

Particulars	Amount in INR
EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	18,475,000
Reserves and Surplus	333,597,996
	352,072,996
Non-Current Liabilities	
Deferred tax Liability (net)	1,525,114
Long-term borrowings	8,379,862
	9,904,976
Current Liabilities	
Trade payables	139,893,385
Other current liabilities	94,804,530
Short-Term Borrowings	106,035,779
Short-Term Provisions	1,326,570

	342,060,264
Total:	704,038,236
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	39,095,080
Long term loans and advances	16,514,893
Non-current Investments	129,830,123
	185,440,096
Current Assets	
Trade receivables	431,219,485
Cash and bank balance	4,637,521
Short term loans and advances	13,519,753
Other Current Assets	69,221,381
	518,598,140
Total	704,038,236



A copy of the audited Balance Sheet as at 31st March, 2016 and provisional Balance Sheet as at 31st March, 2017 of the Transferor Company-2.

(5) M/s. Pyro Networks Private Limited - Transferor Company 3:

- i. M/s. Pyro Networks Private Limited (Transferor Company-3) was originally incorporated as a private limited company on 13th day of February, 2008 in the then State of Andhra Pradesh under the name and style of Pyro Telecommunications Private Limited. The said company has changed its name to its present name i.e., Pyro Networks Private Limited and has obtained a fresh certificate of incorporation subsequent to the change of name from Registrar of Companies, Andhra Pradesh on 3rd February 2014 after complying with the necessary formalities under the Companies' Act, 1956. Its registered office is at Srinilaya Cyber Spazio, West wing, First Floor,

8-2-269/A/2/1 to 6, Road No. 2, Banjara Hills, Hyderabad, Telangana - 500034, India.

- ii. The main objects of the Transferor Company-3 are set out in the Memorandum of Association which is, *inter alia*, engaged to carry on the business as developers of networking for various telecom operators in India and abroad.
- iii. The authorized, issued, subscribed and paid-up share capital of the Transferor Company-3 as on 31st March 2016 is as under:

Particulars	Amount in INR
Authorized Share Capital:	
3,000,000 equity shares of INR 10 each	30,000,000
TOTAL	30,000,000
Issued, Subscribed and Paid-up Capital:	
1,999,700 equity shares of INR 10 each	19,997,000
TOTAL	19,997,000

Subsequent to the above date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Transferor Company 3.

- iv. The Transferor Company-3 closes its financial every year on 31 March. The audited financial statements of the Transferor Company 3 as on 31 March 2016 is as under:

Particulars	Amount in INR
EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	19,997,000
Reserves and Surplus	20,554,408
	40,551,408
Non-Current Liabilities	
Long-term borrowings	16,630,792
	16,630,792
Current Liabilities	



Trade payables	13,171,686
Other current liabilities	35,895,545
Short-Term Borrowings	24,854,015
Short-Term Provisions	1,144,147
	75,065,393
Total:	132,247,593
ASSETS	
Non-current assets	
<u>Fixed assets</u>	
Tangible assets	22,244,053
Non-current Investments	1,349,357
	23,593,410
Current Assets	
Trade receivables	91,011,996
Cash and bank balance	1,602,801
Short term loans and advances	16,039,386
	108,654,183
Total	132,247,593



3. RATIONALE FOR THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT

The circumstances that have necessitated or justified the proposed composite scheme and its main benefits are *inter alia*, summarised as under:

- (i) To rationalise/simplify the group structure which would enable the management to have focused attention towards its business and this would enable better growth.
- (ii) To achieve strengthened leadership in the industry, in terms of the consolidated asset base, consolidated revenues of the combined entity.
- (iii) To achieve consolidation, greater integration and financial strength and flexibility this will maximize overall shareholders' value and improve the competitive position of the combined entity.
- (iv) To achieve greater efficiency in cash management and unfettered access to cash flows

generated by the combined entity, which can be deployed more effectively to fund organic and inorganic growth opportunities.

- (v) The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.
4. It is further submitted that, the Board of Directors of the Applicant/ Transferor Company-1 vide its meeting dated 5th June, 2017 approved the Composite Scheme of Arrangement between Pyro BKP Telecom Consultants Private Limited, Pyro Mobile Private Limited, Pyro Holdings Private Limited, Pyro Telecom Solutions Private Limited and Pyro Networks Private Limited and their respective shareholders and creditors.
5. The following are brief terms of the proposed scheme:-
- (a) The Appointed date for the purpose of this scheme is 01.04.2016.
- (b) Upon the Scheme becoming effective, all properties and liabilities of Transferor-1 Company with effect from the appointed date, becomes the properties of the Transferee Company-1 by virtue of Amalgamation.
- (c) After the appointed date, any proceedings taken against the Transferor No.1 Company, the same shall be defended by and at the cost of Transferee Company - 1
- (d) Upon the Scheme becoming effective, all staff, workmen and employees of the Transferor Company-1 in service as at the end of the Transition period shall be deemed to have



become staff, workmen and employees of the Transferee Company-1 on such date, without any break or interruption in their service, and the terms and conditions of their employment with the Transferee Company not less favourable than those subsisting with reference to the Transferor Company No.1.

- (e) Upon the coming into effect of this Scheme and in consideration the transfer and vesting of the Transferor Company-1 into the Transferee Company-1 pursuant to the Scheme, the Transferee Company 1 shall without any further application, act, instrument or deed, issue and allot to the respective equity shareholders of the Transferor Company-1 whose names are registered in the register of members of Transferor Company -1 on the Record Date equity shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid up of the Transferee Company 1, in the ratio of one equity share of the face value of Rs. 10/- (Rupees Ten only) each of the Transferee Company 1 for every one equity share of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company No.1.
- (f) The Transferee Company-1 shall record the assets and liabilities of the Transferor Company-1 transferred to Transferee Company-1 pursuant to this Scheme at their respective fair values and account for the amalgamation of the Transferor



Company-1 pursuant to the Scheme in accordance with AS 14 notified by the Companies (Accounting Standards) Rules, 2006, as amended from time to time, under Pooling of Interest Method. Any difference, whether surplus or shortfall, in the recorded value of assets and liabilities in the books of accounts of the Transferor Company No.1 pursuant to this Scheme as recorded in the books of account of the Transferee Company-1 shall, after adjusting the aggregate face value of the shares issued by the Transferee Company-1 to the members of the Transferor Company No.1 pursuant to this Scheme and the amounts recorded in terms of treatment mentioned above, be adjusted to the Reserves in the books of the Transferee Company. No.1.



- (g) On the Scheme becoming effective, the Transferor Company-1 shall stand dissolved, without going through the process of winding up.
 - (h) On the Scheme becoming effecting, the name of the Transferee Company No.1 shall stand changed from Pyro BKP Telecom Consultants Private Limited to "Pyro Mobile Private Limited" in which regard the Transferor Company No.1 hereby provides its unconditional and irrevocable consent to adopt such along with the logo, trademark and all other related rights and the Transferee name Company shall, without undue delay undertake all necessary compliances under the provisions of the Companies Act, 2013 to get the name changed.
- (6) It is further submitted that the Transferor Company-1 is an unlisted Company. As stated supra, there are only 2 (two) Equity Shareholders in the Applicant/

Transferor Company-1 as per details given below.

S.No.	Share holder	No. of equity shares	Total paid up value (in Rs)	% of shares held
1.	Pyro Telecom Solutions Private Ltd	9,999 equity shares of Rs. 10 each	99,990	99.99%
2.	S.M. Reddy	1 equity share of Rs. 10 each	10	0.00%

S.S. Reddy & Co. Chartered Accountants vide certificate dated 26.09.2017 has ratified the shareholding pattern of the company. Mr. Sodum Pulla Reddy, Director of M/s Pyro Telecom Solutions Private Limited and Mr Sodum Madduletti Reddy, Shareholder of Pyro Mobile Private Limited have given their consent to the proposed Composite Scheme of Arrangement by means of affidavits dated 9th September, 2017.

7. Further, S.S. Reddy & Company, Chartered Accountants has further certified on 26.09.2017 that there are no secured and unsecured creditors as on 31.05.2017.
8. Heard Shri V.B. Raju, Learned Counsel for the Applicant Company and carefully perused all the pleadings along with extant provisions of Companies Act, 2013 and rules made there-under.
9. I have considered the pleadings of the Learned Counsel for the Applicant Company, and all the material papers filed in support of the application, and satisfied that the Company is stated to be following all provisions of Company Act, 2013, and rules made there under, and the scheme in question prima facie satisfies fundamental requirements for its sanction, however



subject to approval of its shareholders, and unsecured creditors, all stake holders and finally by NCLT. Therefore, the Company is entitled for dispensation of meeting of its Shareholders as they have given their consent by means of sworn affidavits and conducting of meeting will not serve any purpose.



10. In the result, the Company Application bearing CA (CAA) No.130/230/HDB/2017, is disposed of by dispensing with conducting of the meeting of the Equity Shareholders of Transferor Company-1.

Sd/-
RAJESWARA RAO VITTANALA
MEMBER (JUDICIAL)

[Signature]
Dy. Regr./Asst. Regr./Court Officer/
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
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केस संख्या
CASE NUMBER... C.A. (CAA) No. 130/230/HDB/20
निर्णय का तारीख
DATE OF JUDGEMENT... 27/10/2017
प्रति तैयार किया गया तारीख
COPY MADE READY ON... 29/12/2017