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**IN THE NATIONAL COMPANY LAW TRIBUNAL,
SINGLE BENCH, CHENNAI**

TCP/235/2017

Under Sections 397 and 398 of the Companies Act, 1956

In the matter of

Mr. R.Ramesh ... Petitioner

Vs

M/s. Devi Polymers Pvt. Ltd & 10 Ors. ... Respondents

Order delivered on 6th of March, 2018

CORAM

CH. MOHD SHARIEF TARIQ, MEMBER (JUDICIAL)

For Petitioner(s) : Mr. Sankaranarayanan, Sr. Counsel

For Respondent(s) : Mr. R.Venkatavaradan, Counsel

ORDER


Per: CH. MOHD SHARIEF TARIQ, MEMBER (JUDICIAL)

1. A Joint Memorandum of Compromise entered into between the Petitioner and the Respondent Nos. 1 to 6 and 8 to 10 has been filed on 28.02.2018 in TCP/235/2017 (CP No.40/2009, on the file of erstwhile Company Law Board).
2. The Joint Memorandum of Compromise *inter alia* provides that the 1st Respondent Company shall give 7.279 acres of land at Vadakal Village,

Sriperumbudur Taluk (demarcated and detailed in the Schedule with sketch) currently owned by the 1st Respondent Company to the Petitioner viz. Mr. R. Ramesh, who will be the absolute owner of the Scheduled mentioned property. In lieu of the same, the Petitioner shall surrender and give back 7680 nos. of equity shares in the 1st Respondent Company, having 10% value of the total share capital currently held by the Petitioner. Consequently, the 1st Respondent Company shall reduce its share capital by 10%, without the need to follow the procedure laid down for the same under Section 66 of the Companies Act, 2013 and seeks the sanction of this Tribunal under Section 242(2)(c) of the Companies Act, 2013.

3. Section 242 of the Companies Act, 2013, enumerates the powers of the Tribunal, where under clause (c) of Sub-section (2) of Section 242 of the Companies Act, 2013, it has been provided that without prejudice to the generality of the powers under Sub-section (1), an Order under that Sub-

section may provide for in the case of a purchase of its shares by the Company as aforesaid, the consequent reduction of its share capital.

4. In order to know the scope of Section 242(2)(c) of the Companies Act, 2013, a reference may be made to the ruling of the Supreme Court given in **Cosmosteels Private Ltd. & Ors. Vs. Jairam Das Gupta & Ors**, reported in *{(1978) 1 SCC 215}* wherein the Court while considering the powers under Section 402 of the Companies Act, 1956, (equivalent to Section 242 of Companies Act, 2013) dealing with the directions for purchase of shares by the Company under Section 402, held that 'where a court, while disposing of a Petition under Sections 397 and 398, directs the Company to purchase its share of its own members, consequent reduction of the share capital is bound to ensue; there is no need to follow the procedure under Sections 100 to 104 of the Companies Act 1956 (equivalent to Section 66 of the Companies Act, 2013)'.

5. Therefore, in view of the legal position stated above, the 1st Respondent Company is permitted to effect reduction of its share capital on surrender of 10% shareholdings held by the Petitioner as provided under Clause (2) of the Joint Memorandum of Compromise duly signed by the Petitioner and the Respondents. Accordingly, the 1st Respondent Company may amend the Memorandum of Association and Articles of Association and file the same with the RoC along with the copy of this Order, as prescribed.
6. In view of the above, and the terms and conditions contained in the Joint Memorandum of Compromise entered into between the Petitioner and the Respondent Nos.1 to 6 and 8 to 10, TCP/235/2017 stands **disposed of**. The Joint Memorandum of Compromise placed on the record shall form part of this Order.
7. Order is pronounced in open Court in presence of the Counsels for both the parties.


(CH. MOHD. SHARIEF TARIQ)
MEMBER (JUDICIAL)