

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

CA No. 7, 8, 9 of 2017 in  
CP NO.03/2015  
U/S 397, 398, 402-406, 539, 614  
of the Companies Act, 2013

In the matter of

Mr. R. Neelakanteswara Rao  
S/o Subbarayudu  
1-4-7-5A, Kamakoti Nagar  
Vidhyadharpuram  
Vijayawada – 520 012  
& 10 others

...Petitioner

Versus

Essar Water Proofing Chemicals Pvt Limited  
312, 3<sup>rd</sup> Floor, Raghava Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad – 500 001  
& 02 others

**CERTIFIED TO BE TRUE COPY  
OF THE ORIGINAL**

...Respondents

Date of order: 19/07/2017

**CORAM**

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

**Parties Present**

Counsels for the Petitioner:

Shri S.P. Vijayaraghavan,  
Advocate  
Shri G. Ramji and Shri Thanigaivel  
(Party in person)

For the Respondents

Shri P.K. Pathak, Party in  
person



Per: Ravikumar Duraisamy, Member (Technical)

## **ORDER**

1. By the Tribunal order dated 02.11.2016, an Auditor was appointed by this Tribunal namely Mr. Madhusudhan Reddy, Partner of M.M. Reddy & Co. The Chartered Accountant had submitted report on 15.06.2017 and the Petitioner and the Respondent have also submitted their comments on the Auditor's report.
2. Heard Shri Vijaya Raghavan, Learned Counsel for the Petitioner, Shri G. Ramji and Shri G. Thanigaivel, party in person and Mr Pathak, Director of the Respondent Company at length.
3. We have considered all the facts, related written statements, Audit report and after perusal of reliefs sought by the Petitioner, the Company Petition bearing CP No. 03/2015, is disposed of with the following reliefs:
  - a) Respondents No. 2 & 3 claims to have more than 60% shareholding in Respondent No.1 Company. Therefore, the Board will have one Director from the Petitioner's side and two from the Respondent's side. Accordingly, we direct Respondent No.1 Company to include / nominate one of the Petitioners as Director of Respondent No.1 Company since the Petitioner holds 27% of paid up capital of the Respondent Company.



- b) We also direct Respondent No.1 Company to issue proper and sufficient notice to the Petitioners whenever meetings of Board of Directors / General Body Meetings are being conducted well in advance in compliance with provisions of the Companies Act, Articles of Association of the Company etc.
- c) Since both the Petitioners and the Respondents 2 & 3 are supposedly doing competitive business of Respondent No.1 Company, we direct both the parties to ensure that their business operations should not jeopardize the business operations of Respondent No.1 Company in any way. Both the counsels undertake to file an affidavit to this extent within one week.
- d) After hearing both the parties at length all of them agreed to appoint a Chartered Accountant to determine fair value per share of the Respondent No.1 Company. Accordingly, we appoint the same Auditor who had submitted his audit report viz. Mr. Madhusudhan Reddy, Partner of M.M. Reddy & Co., Chartered Accountants, having office at G-8, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad – 500082, to complete this assignment preferably within two weeks from the date of receipt of copy of this order. Depending on the fair value per share fixed, the Petitioners and the Respondents are at liberty to decide further as they deemed fit.



- e) For this above additional assignment, fee fixed to the Auditor is Rs. 50,000/- (Rupees Fifty Thousand) only which will be borne equally by both the parties.
- f) The parties are directed to withdraw suits pending against each other in various courts.
- g) Post the case on 15.09.2017.



*sd/-*  
RAVIKUMAR DURAISAMY  
MEMBER (T)

*sd/-*  
RAJESWARA RAO VITTANALA  
MEMBER (J)

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OF THE ORIGINAL

*V. Annapoorna*  
V. ANNAPOORNA  
Asst. DIRECTOR  
NCLT, HYDERABAD.

प्रमाणित प्रति  
CERTIFIED TRUE COPY  
केस संख्या  
CASE NUMBER *CAN-789017IN*  
निर्णय का तारीख *CPXB-03/2015*  
DATE OF JUDGEMENT *19-7-2017*  
प्रति तैयार किया गया तारीख  
COPY MADE READY ON *10-9-2017*