

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH

CP NO. 106 OF 2017

Under Section 66 of the Companies Act, 2013

In the matter of the Reduction of Share Capital of
ALAN SCOTT INDUSTRIES LIMITED.

ALAN SCOTT INDUSTRIES LIMITED

....Petitioner Company

Judgement/ Order delivered on 20th July, 2017

Coram:

Hon'ble B.S.V. Prakash Kumar Hon'ble Member (J)

Hon'ble V. Nallasenapathy Hon'ble Member (T)

For the Petitioner(s): Mr. Rajesh Shah with Mr. Ahmed M Chunarwala

i/b M/s. Rajesh Shah & Co., Advocate for the Petitioner.

Per : B.S.V. Prakash Kumar Hon'ble Member (J)

Order confirming Reduction of Share Capital and Approving Minute

1. Heard the Learned Counsel for the Petitioner Company. No objector has come before the Tribunal to oppose the Petition and nor has any party controverted any averments made in the Petition.
2. The Counsel for the Petitioner Company submits that no representations have been received from the Central Government through Regional Director or the Registrar of Companies or the

Creditors within the said period, it is therefore presumed that they have no objection to the reduction of share capital.

3. The Counsel for the Petitioner Company submits that Article 38 of the Articles of Association of the Company empowers the Petitioner Company to reduce its Share Capital from time to time.
4. The Counsel for the Petitioner Company submits that the proposed reduction of share capital is for the reason that the Board of Directors of the Petitioner Company is of the view that as on date, the Company has been incurring losses in earlier years due to business Loss and inadequate working capital facilities. The Audited accumulated losses of the Company as on 31st March, 2015 which amounted to Rs. 2,61,07,111/- (Rupees Two Crores Sixty One Lakh Seven Thousand One Hundred Eleven Only) has almost wiped off the most of the net worth of the Company and that the company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale and that the proposed Scheme of reduction of share capital would enable the company to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholder's value and in view of the above, the Company is seeking to reconstruct / restructure its capital by way of writing off its accumulated Capital loss against the reduction of its paid up capital which is not represented by available assets. By virtue of this Scheme of reduction of share capital, if approved, the Company would be able to represent its true financial position to reflect proper corporate governance, which would be beneficial to the Company and its shareholders in the future and that the promoters have taken a

decision to curtail the activities of the company in view of increased competition and to represent the realistic value for the Shares of the Company. The Board of Directors of the Company, at their Annual General meeting held on September 6, 2016 for considering and approving inter alia the Special Resolution in that behalf and sent a Notice dated 28th July, 2016 along with the Explanatory Statement to the Shareholders in due compliance with the provisions of the Companies Act, 2013 with regard to the said Annual General Meeting of the Equity Shareholders of the Petitioner Company have deemed it appropriate that on the effective date and after securing necessary approvals and permissions, the accumulated losses of Rs. 2,57,83,230/- (Rupees Two Crores Fifty Seven Lakh Eighty Three Thousand Two Hundred Thirty Only) of the Company is sought to be set off against the paid up capital of the Company with effect from the appointed date. As an integral part of this Scheme and upon coming into effect of the Scheme the issued, subscribed and paid up share capital of the Company shall be reduced by canceling a sum of Rs.7.90/- from every paid up share of Rs.10/- and thereafter consolidating 1 Equity Shares of Rs.10/- each as fully paid up capital in the Company i.e. after reduction the capital of the company will be reduce from Rs. 3,26,37,000.00 (Rupees Three Crores Twenty Six Lakhs Thirty Seven Thousand Only) divided into 32,63,700 (Thirty Two Lakhs Sixty Three Thousand Seven Hundred) fully paid up Equity Shares of Rs. 10/-(Rupees Ten Only) each, to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only) divided into 6,85,377 (Six Lakhs Eighty Five Thousand Three Hundred Seventy Seven) Equity Shares of Rs.10/-(Rupees Ten Only) each.

5. The Counsel for the Petitioner Company further submits that the Petitioner having passed a Special Resolution on September 6, 2016

has approved the reduction of the issued, subscribed and paid up share capital of the Company ~~shall be reduced~~ by canceling a sum of Rs.7.90/- from every paid up share of Rs.10/- and thereafter consolidating 1 Equity Shares of Rs.10/- each as fully paid up capital in the Company i.e. after reduction the capital of the company will be of 6,85,377 (Six Lakhs Eighty Five Thousand Three Hundred Seventy Seven) Equity Shares of Rs.10/-(Rupees Ten Only) each aggregating to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only).

6. Counsel appearing on behalf of the Petitioner Company further submits that the Petitioner Company has complied with all statutory requirement as per the directions of the Tribunal and they have filed the necessary Affidavit in compliance in the Tribunal. Moreover, the Petitioner Company also undertakes to comply with statutory requirements, if any under the Companies Act, 2013 and the Rules made thereunder, as may be applicable.
7. Since the requisite statutory procedure has been fulfilled, the Company Petition is made absolute in terms of the prayer clause of the Petition.
8. All concerned regulatory authorities to act on certified copy of the order and the form of minutes forming part of the Petition, duly certified by the Deputy Director, National Company Law Tribunal. The Petitioner Company undertakes to file the same with the Registrar within 30 days from the date of the receipt of the order.
9. Petitioner to publish notices about registration of order and minutes of reduction by the concerned Registrar of Companies, Maharashtra, in two newspapers, namely 'Free Press Journal' in English and 'Navshakti' in Marathi, both having circulation in Mumbai, within 30 days of registration.

FORM OF MINUTE

“On the effective date and after securing necessary approvals and permissions, the accumulated losses of Rs. 2,57,83,230/- (Rupees Two Crores Fifty Seven Lakh Eighty Three Thousand Two Hundred Thirty Only) of the Company is sought to be set off against the paid up capital of the Company with effect from the appointed date. As an integral part of this Scheme and upon coming into effect of the Scheme the issued, subscribed and paid up share capital of the Company shall be reduced by canceling a sum of Rs.7.90/- from every paid up share of Rs.10/- and thereafter consolidating 1 Equity Shares of Rs.10/- each as fully paid up capital in the Company i.e. after reduction the capital of the company will be reduce from Rs. 3,26,37,000.00 (Rupees Three Crores Twenty Six Lakhs Thirty Seven Thousand Only) divided into 32,63,700 (Thirty Two Lakhs Sixty Three Thousand Seven Hundred) fully paid up Equity Shares of Rs. 10/-(Rupees Ten Only) each, to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only) divided into 6,85,377 (Six Lakhs Eighty Five Thousand Three Hundred Seventy Seven) Equity Shares of Rs.10/-(Rupees Ten Only) each.

Sd/-

V. Nallasenapathy, Member(T)

Sd/-

B.S.V. Prakash Kumar, Member (J)