

**In the National Company Law Tribunal  
Division Bench, Chennai**

**CP/144/14(1)/2017**

Under Section 14(1) (b) of the Companies Act, 2013

In the matter of

**M/s. Greensignal Bio Pharma Limited**  
(CIN: U24232TN2005PLC058068)

Order delivered on 21.12.2017

**Coram:**

K. Anantha Padmanabha Swamy, Member (Judicial)  
S. Vijayaraghavan, Member (Technical)

For the Petitioner: Shri V.Raj, CA

For the Respondent: Shri Sarath Babu

**ORDER**

**Per: K. Anantha Padmanabha Swamy, Member (J)**

1. Under consideration is a Company Petition No. CP/144/14(1)/2017 filed by M/s. Greensignal Bio Pharma Limited (hereinafter called as '**Petitioner Company**') under sub-section (1) of Section 14 of the Companies Act, 2013 (Act, 2013), seeking approval of this Tribunal to the conversion by altering the Articles of Associations, as sought to be effected by a Special Resolution passed at the Extraordinary General Meeting (EOGM) held on 30.08.2017 for

the change of status of the Company from "Public Limited Company" to "Private Limited Company".

2. The brief facts that emerged from the petition are that the Company was incorporated as an unlisted Public Company Limited by shares, on 21.11.2005, under the provisions of the Companies Act, 1956 under the name and style of **“Greensignal Bio Pharma Limited ”**. The Authorised share Capital of the company is Rs. 40,00,00,000/- divided into 4,00,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and Paid up share Capital is Rs. 38,36,72,750/- divided into Rs. 3,83,67,275 Equity Shares of Rs.10/- each. The Board of Directors of the Company comprises of 6 (Six) Directors and 7 (Seven) shareholders. The Company has started its business operations. The Board of Directors of the petitioner Company has passed a resolution at the meeting of the Board on 24.08.2017, approving the proposed alteration of the Articles of Association of the Company and decided to call an extraordinary general meeting (EOGM) of the Members of the Company, on 30.08.2017, to obtain consent on this line. After due notice to the members, EOGM has been called and held on 30.08.2017. A Special Resolution

has been passed at the said EOGM pursuant to the section 18 read with sections 13 & 14 of the Companies Act, 2013 and other applicable provisions and rules made thereunder, for conversion of the Company into a “Private Limited Company” and the name of the Company be changed from **“Greensignal Bio Pharma Limited”** to **“Greensignal Bio Pharma Private Limited”** by addition of the word “Private” before the word “Limited”. A new set of Articles of Association, as applicable to the Private Limited Company, has also been approved by the Members and adopted the new set of Articles of Association of the Company. The reason for conversion into Private Limited Company, as mentioned in the petition, is in order to do away with the onerous compliances required from a Public Limited Company and to avail privileges which are available to the Private Limited Companies under the Companies Act, 2013 and it is also felt that it would help the Company to eliminate and streamline its corporate compliances and increase efficiency in its functioning. It is also stated that the company has started its business operations and it is a closely held public company limited by shares with seven shareholders and it does not

intend to raise any fund from the public. It is further stated that the Company is a limited Company and the conversion into Private Limited Company shall not affect any debts, liabilities, obligations or contracts incurred or entered into by or on behalf of the Company before conversion and as such debts, liabilities, obligations and contracts may be enforced in the manner as if such conversion had not been done. It is further stated that the related parties of the company will not be affected by the conversion and the interest of none of the member, creditor, or third party will be prejudiced if the conversion is approved. The company is not registered under section 8 of the Companies Act, 2013 and it has neither any secured creditor nor debenture holder. The list of unsecured creditors has been submitted by the company and it is seen that the unsecured credit of Rs. 82,59,152.40 as on 30.09.2017. The Company has made a profit of Rs. Rs. 3,55,17,329/- for the financial year 2016-2017. It is felt that the company will be able meet its liabilities toward unsecured credit. The Company has duly filed its Special Resolution with the Registrar of Companies, Chennai, in e-form MGT-14.



3. As per direction of this Bench, the Company has filed its Affidavit, stating that the advertisement has been published once in “**Trinity Mirror**” in English on 07.11.2017 and “**Malaimalar**” in vernacular on 07.11.2017 and also served notice to the Regional Director, Sothern Region, as well as Registrar of Companies, Chennai. Further affidavit, stating that the Company has not received any objection in response to the public advertisement.
4. The Registrar of Companies, Chennai, has stated in its report dated 24.11.2017 that:
  - a) The Applicant Company was originally incorporated as a Private Limited Company. To enable the company to list its Equity Shares in the Stock Exchange the company was converted as a public company in May 2016 and the company had made an Initial public Offering (IPO). Since the IPO was undersubscribed, the issue was withdrawn and the company equity share could not be listed on the Stock exchange and it is a closely held unlisted Company since incorporation and there is no involvement of the public in the shareholding or the management of the company. Also, the conversion would assist the

company in carrying on its business activities in a simpler and more efficient manner as per the available exemptions and privileges available to a Private Limited Company under the Companies Act, 2013. Therefore, it was felt necessary to change the status of company from that of Public to Private.

- b) The company has filed its Financial Statements and Annual Return for the year ended on 31.03.2017 and also filed MGT-14 in regard to the proposed conversion and alteration of Articles of Association of the company which were approved by the members of the company through a special resolution passed at the EOGM held on 30.08.2017.
- c) The Auditor of the company Viz., Raj and Ravi, Chartered Accountants have certified that the company has complied with the SEBI Rules and also certified that the funds raised through the OFS has been fully refunded to all the applicants by way of unblocking of all the applicants ASBA accounts.
- d) There is no investor complaint made to his office against the company. His office has not received any objection

from any member or creditor of the company or any other regulators/Government agencies.

e) There is no prosecution has been filed against the company and its Directors.

5. The matter was finally heard on 06.12.2017 when Mr. V.Raj C.A., appearing for and on behalf of the petitioner Company has submitted that the required mandate under Rule 68 of the National Company Law Tribunal Rules, 2016 has been complied with; the company has 58 sundry creditors as on 30.09.2017; the company has not received any objection either from any member or unsecured creditor of the Company; the Board of Directors and all the shareholders of the Company have unanimously approved the proposed conversion of company to Private Limited Company; the Company is not registered under section 8 of the Companies Act, 2013; and hence, the prayer for approval of the proposed conversion of the said Company from Public Limited Company to Private Limited Company may be accorded, as sought to be effected by the Special Resolution passed on at the EOGM held on 30.08.2017.

6. The section 14 of the Companies Act, 2013 which came into force w.e.f. 01.06.2016 prescribes that a Company either a Public Limited Company or a Private Limited Company may, by a Special Resolution, alter its articles including alterations having the effect of conversion, if such conditions contained in its memorandum and also subject to the provisions of the Act. Such alteration, for the purpose of the said section, has the effect of conversion of a public company into a private company. Second proviso to subsection (1) of section 14 provides that any alteration having the effect of conversion of a Public Company into a Private Company shall not take effect except with the approval of the Tribunal which shall make such order as it may deem fit. Rule 68 of the NCLT Rules, 2016 has laid down a procedure for the filing of a petition before the Tribunal for approval to conversion of a status of the Company from Public to Private and vice versa. A company desirous of converting its status is, therefore, required to comply with and follow the requirements as framed under Rule 68 of the NCLT Rules, 2016.




7. Perused the case record and considered the submissions of Shri V. Raj C.A., appearing for the Petitioner. It transpired from records that the Special Resolution for conversion was passed by the Board of Directors of the Company on 24.08.2017 and thereafter, at the EOGM held on 30.08.2017, 6 (Six) Directors and 7 (Seven) Members of the Company had attended and unanimously approved the conversion resolution. The Special Resolution passed at the EOGM held on 30.08.2017 has been filed by the Company on 22.09.2017 through e-form MGT-14. The Company is stated to be an unlisted public company and is not registered under section 8 of the Act, 2013.
8. As regards compliance of the required Rules 68 of NCLT Rules, 2016, it may be noted that the Company has published notice of the petition both in English on 07.11.2017 and in vernacular on 07.11.2017, indicating the intention of conversion from Public to Private status; the Applicant Company have 58 sundry creditors as on 30.09.2017 and there is no debenture holders as on 30.09.2017, the notice has been issued to the Regional Director, Sothern Region as also to the Registrar of Companies, Chennai; the Company

has not received any objection either from its members, unsecured creditors or from any persons with regard to the proposed status of the Company; and that all the seven Members of the Company attended the EOGM on 30.08.2017 and approved the Special Resolution passed at the said Meeting.

9. Having regard to the facts and circumstances of the above case and since all the requisite statutory compliances having been fulfilled, the conversion of the status of the Company from "Public Limited" to "Private Limited" as per Special Resolution passed at the EOGM on 30.08.2017 is hereby approved in the interest of the Company and such change of status of the Company shall not cause any prejudice either to the members or the creditors of the petitioner Company.
10. The petitioner is hereby directed to file with the Registrar of Companies, Chennai, a certified copy of the order of this Bench in the prescribed e-form together with a printed copy of the altered Articles of Association as also with requisite fee within a period of 15 days in terms of the provision of section (2) of section 14 of the Companies Act, 2013 read with Rule 161 of NCLT Rules, 2016.

11. Accordingly, C.P. No. 144/14(1)/2017 is allowed as  
disposed of.

  
(S. Vijayaraghavan)  
Member (Technical)

TJS

  
(K. Anantha Padmanabha Swamy)  
Member (Judicial)