

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
DB, CHENNAI

Arguments heard on 06.02.2017

Orders passed on 17.02.2017

C.P.No. 4 of 2017

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

Petitioner : M/s. Sree Ayyanar Spinning and Weaving Mills Limited,  
represented by PCS Shri P.Sriram

CORUM

ANANTHA PADMANABHA SWAMY & CH MOHD SHARIEF TARIQ, MEMBERS (JUDICIAL)

**ORDER**

ANANTHA PADMANABHA SWAMY, MEMBER(JUDICIAL) :- (ORAL)

1. This petition came to be filed on 8.12.2016 under Second proviso to Section 14 (1)(b) of the Companies Act, 2013 has been numbered as in C.P. 4 of 2017.
2. The Applicant company "Sree Ayyanar Spinning and Weaving Mills Limited" has its registered office within the mill premises at Mallanginar, Kariapatti Taluk, Virudhunagar district, Tamilnadu, Pincode-626109, having CIN: U17111TN1962-PLC004842.
3. It has been stated that the Board of Directors held the meeting on 7.9.2016 and from the opinion that no purpose shall be served in retaining the status of the Company as the Public Limited Company. Based on this, the Directors approved the proposal for conversion of the Company from Public Limited Company to Private Limited Company. The shareholders held their extraordinary General Meeting on 14<sup>th</sup> October

2016; approved the proposal unanimously for the proposed conversion of the Company by way of a special resolution and to alter the Article of Association of the Company pursuant to the proposed conversion. There are 33 shareholders and 11 of them attended EGM and all the members were in favour of the resolution. There was no member who voted against the resolution and shareholders have also given consent to alter the Articles of the Association subject to the approval of this Tribunal. The necessary documents have been filed with the Registrar of Companies, Chennai through e-form MGT 14. The Company has four secured creditors and 69 unsecured creditors. They are enclosed with the petition. The authenticated list of creditors is stated to be available for inspection at the registered office of the Company during business hours. There is no debenture holders as on the date of filing of the petition. The annual accounts of company is authenticated for the year ending March 2016 along with audited balance sheet, profit and loss, statement of Auditors and Directors Report for the year ending March 31, 2016. The Company also published General Notice of this petition for not less than 14 days prior to the date fixed for hearing, the copy of which is also annexed with the petition.

4. The proposed conversion of the company from Public Limited to Private Limited shall not prejudice to the right or interest, whatsoever of any shareholders/creditors for or related parties of the company. The conversion of public company into a private limited is stated to be in the interest of the Company and the shareholders with an object to have ease of business as the company being private limited shall enjoy more privileges. The company is unlisted public limited company. The affidavit has been filed by the Company Secretary verifying the list of the Creditors. The copy of the

petition and notice have been sent to the Registrar of Companies concerned and also to the Regional Director of Southern Region on 12<sup>th</sup> January 2017. The Registry has also sent notice. But no report has been received.

5. In the light of the above, it seems that the company has complied with the provisions of the Section 14, r/w Rule 68 of and NCLT Rules, 2016. This Bench is of the opinion that permitting conversion of company from public limited to private limited is in the interest of the company with the view to perform efficiently with the provisions of Companies Act 2013 without causing any prejudice either to the members or to the creditors of the company. Therefore, the company petition is allowed. Accordingly, the petition is disposed of, with a direction to give effect to the conversion of the Company from public to private by inclusion of the clause in the Articles of Association.

The copy of this order along with printed copy of the altered Articles of Association has been <sup>to be</sup> filed with the Registrar of Companies, Chennai within a period of 15 days from today in the prescribed manner for registration of the Company thereof and for change of the name of the Company as has been prayed in the petition.

  
(CH. MOHD. SHARIEF TARIQ  
MEMBER (JUDICIAL)

  
K.ANANTHA PADMANABHASWAMY  
MEMBER (JUDICIAL)