

IN THE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH
HYDERABAD

CA No.10/66/HDB/2017

U/s 66 of the Companies Act, 2013

In the matter of

Raghu Vamsi Shares Trading Private Limited
MIG-116, Bharatnagar Colony, Moosapet,
Hyderabad – 500 018. Telangana.

... Petitioner Company

Date of Order: 20 .09.2017

CORAM:

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

Parties Present:

Counsel for the Petitioner: Shri Sanjay Mehta, Chartered Accountant

Per: Ravikumar Duraisamy, Member (Technical)


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OF THE ORIGINAL

Order Confirming Reduction of Share Capital and Approving Minute

1. Upon the Company Application of Raghu Vamsi Shares Trading Limited presented on 16.01.2017 and upon hearing Shri Sanjay Mehta, Chartered Accountant and Authorized Representative for the applicant, and upon reading the said application and upon perusing publication in Business Standard and Nava Telangana, Vernacular Language containing the notice of the date of hearing of this petition, and considering that no objector has come before the Tribunal to oppose the Application and nor has any party controverted any averment made in the Application.
2. Heard, Shri Sanjay Mehta, Learned Chartered Accountant appeared on behalf of the Applicant Company on various dates viz. 22.02.2017, 07.03.2017, 17.03.2017, 30.03.2017, 30.06.2017, 31.07.2017 and 08.08.2017.



3. The Learned Chartered Accountant for the Applicant Company submitted that Article 19 of the Articles of Association of the Company empowers the Applicant Company to reduce the share capital. He further submitted that the proposed reduction of share capital has become necessary because the Applicant Company had divested its sole investment in ITP Eternal India Private Limited (formerly known as Reginson Engineering Private Limited) pursuant to Sale and Purchase Agreement with ITP Eternals SLU, a Company organized and existing under the Law of Spain on 03.12.2015. The Profit accrued as a result of this divestment was distributed as dividend to the Shareholders of the Company during the financial year ended 31.03.2016. As per the audited financial result dated 31.03.2016 of the Company, the Company has shareholders funds aggregating to Rs.2,67,44,712/- and corresponding investment in Bank Fixed Deposits yielding low returns. The present Members funds are lying in the form of investment in Term Deposits with Bank and the income is generated in form of the interest on the same.

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4. Since, the Company does not envisage any new business activities or any project to be implemented even in the future, it is proposed to return the Member's fund by way of reduction of nominal value of the paid up capital of the Company from Rs.100/- to Rs.1/- each. This being the Capital in excess of the requirements of the Company and is now proposed to be returned. Hence, the Board of Directors believe that in order to present fair financial position of the Company and after an analysis of the various options available to the Company, the Board of Directors felt that it would be prudent to reduce the Nominal Value of the Equity Share Capital of the Company which is the most practical and economically efficient option available to the Company in the present scenario.

5. He further submitted that in view of the above, the shareholders of the Company (14 shareholders), by passing a Special Resolution in its Extraordinary General Meeting held on 31.12.2016 has approved the scheme of Reduction of Share Capital, the Issued, Subscribed and Paid Up Equity Share Capital of the Company, from Rs.2,66,00,000/- consisting of 2,66,000 Equity Shares of Rs.100/- fully paid-up to Rs.2,66,000/- consisting of 2,66,000 Equity

share of R.1/- each fully paid up in such manner that the paid up share capital consisting of 2,66,000/- equity shares of Rs.100/- each of the Company be reduced by paying off/returning the paid up share capital held by the holders of the equity shares to the extent of Rs.99/- per share.

6. The Registrar of Companies, Hyderabad vide his Report dated 06.03.2017 by inter-alia and confirming averments of Applicant in Company Application, has further stated that Tribunal can consider the case on merits.
7. As per the directions of this Bench, the Applicant Company has issued a public notice in Form No.RSC-4 in pursuant to Rule 3(3) of NCLT (Procedure for Reduction of Share Capital of the Company) Rules, 2016. The Applicant Company also submitted an Affidavit in Form No. RSC-5 for publication of notice duly notarised along with newspaper publication issued on 06.04.2017 in Business Standard in English edition, in Nava Telangana in vernacular language. An Affidavit dated 03.08.2017 was submitted by the director of the applicant company confirming that the company has not received any representations or objections from any persons or debtors or any Government authorities within three months form the date of publication of notice stipulated herein above till date. Further the affidavit also contained financial position of the Company as per the latest audited balance sheet as on 31.03.2017, wherein cash and cash equivalents was Rs.2,80,10,335/-. It was also further confirmed that, the Company does not have any pending inspection, inquiry or investigation under the companies Act, 2013 which would impact its financial position as on 31.03.2017. It was also further confirmed in the affidavit that the company is still holding fixed deposits amounting to Rs.2,59,00,000 and accrued interest amounting to Rs.14,86,210/- (total maturity value of Rs.2,73,86,210/-) which is available as liquid funds for return of capital contribution of Rs.99/- per equity shares of shareholders of the company aggregating to Rs.2,63,34,000/-.
8. Subsequent to the hearing held on 24.08.2017, the Counsel has submitted copy of Hon'ble Bombay High Court order passed in Castrol India Limited, copy of



NCLT, Mumbai Bench order passed in Petronet India Limited in support of their submissions.

9. We have carefully gone through all the pleadings, Report of the Registrar of Companies and also relevant provisions of Companies Act, 2013 and we are of considered view that the Company Application is deserved to be allowed as prayed for.
10. In the result, the Company Application bearing CA.No.10/66/HDB/2017 is allowed with the following directions:-

- a) The Minutes set forth in the schedule hereto be and is hereby approved.
- b) Applicant Company to publish the notices about registration of order and minutes of reduction by the Registrar of Companies, Hyderabad in newspaper with respect to approval of scheme of reduction, in the same newspapers, in which previous publications were issued within 30 days of registration.
- c) All concerned regulatory authorities to act on certified copy of the order and form of minutes forming part of the Application.



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OF THE ORIGINAL

Form of Minutes

प्रमाणित प्रती
CERTIFIED TRUE COPY
कास नंबर
CASE NUMBER CA No. 10/66/HDB/2017
दिनांक
DATE OF JUDGEMENT 20.9.2017
प्रती सचिव जिम्मा प्राप्त करीत
COPY MADE READY ON 21.9.2017

“The Equity Share Capital of Raghu Vamsi Shares Trading Private Limited is henceforth Rs.2,66,000 (Rupees Two lakhs and sixty six thousand only) divided into 2,66,000 equity shares of Rs.1/- (Rupees One only) each, reduced from Rs.2,66,00,000 (Rupees Two Crore and sixty six lakhs only) divided into 2,66,000 equity shares of Rs.100/- (Rupees One Hundred only) each”.

Sd/-
RAVIKUMAR DURAISAMY
MEMBER (TECHNICAL)

Sd/-
RAJESWARA RAO VITTANALA
MEMBER (JUDICIAL)

[Signature]
Dy. Regr./Asst. Regr./Court Officer/
National Company Law Tribunal, Hyderabad Bench