

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

C.P. NO. 71/14/HDB/2017

In the matter of:

Between:

Dulichand Silk Mills Limited,
Registered Office at S.No.305 & 306,
4 Part, IP Indrakaran,
Indrakaran Village, Sanga Reddy,
Medak District-502329, Telangana.

....Petitioner

AND

The Registrar of Companies,
2nd Floor, Corporate Bhawan,
Bandlaguda, Hayatnagar Mandal,
Nagole, Hyderabad.
Hyderabad - 500 068.

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

...Respondent

Date of Order: 05.10.2017

CORAM:

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

Hon'ble Shri Ravikumar Duraisamy, Member (Technical)

Parties present:

Counsel for the Petitioner:

Shri Ramesh Bandari

P.C.S.

Per: Shri Ravikumar Duraisamy, Member (Technical)

ORDER

1. The present Company Petition bearing No. 71/14/HDB/2017, has been filed by Mr. Shivcharan Agarwal, Managing Director in respect of the Company 'Dulichand Silk Mills Limited' on 29.03.2017, under sections 14(1) and other applicable provisions of the Companies Act, 2013, interalia seeking the following reliefs;

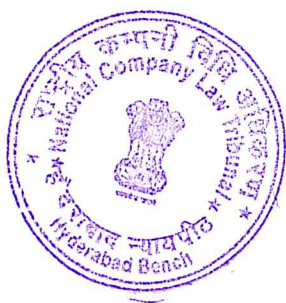


- a) To approve the Special Resolution as passed at the Extra-Ordinary General Meeting (EGM) for conversion of the Public Limited Company into Private Limited Company;
 - b) For approval to adopt the new set of Articles of Association of the Company in accordance with the Special Resolution;
 - c) Pass such other order, as the learned Bench may deem fit and proper in the circumstances of the case.
2. The Authorised Share Capital of the Company is Rs.6,00,00,000/- (Rupees Six Crore only), divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- each. The Paid-up Capital of the Company is Rs.5,51,00,000/- (Rupees Five Crores Fifty One Lakhs only) divided into 55,10,000 Equity Shares of Rs.10/- each.
 3. The main objects of the Petitioner's Company are;
 - a) To carry on the business of Printers, Dyers, Calenderers, Bleachers, manufacturers, Processors, Designers, Weavers, Spinners, Mercers, Brokers, Finishers, Suppliers, Distributors, Stockists, Traders, Dealers, Importers and Exporters and Promoters of all or any type of clothes and fibrous substances;
 - b) To buy, take on lease, or under a licence, concession, grant or otherwise acquire printing and dyeing Mills, sizing industries, looms run either by hand or power and to acquire any such rights, easements, interest, land or any other property in or outside India and any interest therein and to run, work export, develop, tum to account the same;
 - c) To maintain, design, fabricate, assemble, deal, sell, repair, recondition, service, hire install, maintain, contract of all kinds of machineries necessary for business of the Company etc.,
 4. The Petitioner has stated that the main reason for converting the Company into Private Limited Company is that the Petitioner Company has very small number of shareholders and Company is in no need of more funding in the form of capital. Therefore, in the interest of shareholders and stakeholders, the petitioner felt that it would be better to



convert Company into a Private Limited Company and also the Company can work effectively as a Private Limited Company, and hence it is being proposed to convert into a private Limited Company in view of less shareholders and as its funds requirements are low.

5. Hence, the Company Petition requesting the Hon'ble NCLT to confirm the conversion of the Company into Private Limited Company keeping in view the interest of the Petitioner and its Shareholders, and no one would be prejudiced by the proposed alterations and will not be against the interest of the Creditors of the Company.
6. NCLT vide Letter dated 26-04-2017 sought certain documents/ information from the Petitioner Company. In response to the same, the authorised representative for the Petitioner Company replied vide letter dated 30-05-2017 and the same has been taken on record. The Company Petition was listed for the first time on 02.06.2017, none appeared, and the case has come for Admission on 13.06.2017, wherein authorised representative for the Petitioner Company appeared but none appeared for the Respondent and adjourned for 05.07.2017 for want of report of the RoC, and a letter was addressed to RoC on 14.06.2017 by NCLT. As per the directions of the Bench, the Petitioner Company filed CA No.127/2017 whereby interim prayer / direction was sought to issue public notification by replacing para 9 of the main C.P.No.71/14/HDB/2017. On 05.07.2017 the authorised representative for the Petitioner Mr. Ramesh Bandari submitted a Miscellaneous Application and filed for amendment of CP and the case was posted to 20.07.2017. Subsequently, the Tribunal issued a separate order dt.02.08.2017 in Company Application No.141/2017 (amendment of Para 9 in CP No.71 of 2017) as sought and posted the case on 11.08.2017. Having perused the Company Application and also the Company Petition, the CA bearing No.141/2017 was allowed permitting the applicant to amend the Company Petition bearing No.71/14/HDB/2017 with regard to the prayer at Para No 9 of the CP allowing



- a) For Advertising the Petition in Newspapers i.e. Business Standard (English Daily) and Namaste Telangana (Telugu Daily) both in Hyderabad Edition;
 - b) Serving individual notices to Creditors by Registered Post with Acknowledgement due;
 - c) serving notices together with the copy of Petition to the Central Government and Registrar of Companies; and
 - d) Fixing up of date of final hearing for disposal of the Petition.
7. The case was posted to 14.08.2017 and the Petitioner was permitted to cause publication in Newspapers viz. Business Standard in English and Namaste Telangana, Telugu newspaper in Telugu and to submit proof on the next date of hearing i.e., on 12.09.2017. On 12.09.2017, the case was reserved for Orders.
8. Managing Director of the Petitioner Company submitted an Affidavit dated 12.09.2017 confirming that as per the direction of this Bench, Newspaper Publication was issued in "Business Standard, Namaste Telangana on 28.08.2017 informing the date of hearing of the Company Petition is fixed as 12.09.2017. Further it is also confirmed that Petitioner Company has issued notice to the Creditors of the Company on 26.08.2017 and also confirmed that the Petitioner / Counsel for the petitioner have not received any objections from any person for conversion of Petitioner Company from the Public Limited Company to Private Limited Company.
9. Heard Sri Ramesh Bandari, learned Practicing Company Secretary, authorised representative for the Petitioner Company, and carefully perused the material papers placed on record, and also the Report of the Registrar of Companies, Hyderabad furnished vide letter dated 11.09.2017
10. The Registrar of Companies (RoC), Hyderabad has submitted a report dated 11.09.2017 vide ROCH/LEGAL/SEC14/001390/Dulichand / STACK/2017/1234 stating that the Subject Company M/s Dulichand Silk Mills Limited is a Public Limited Company incorporated on 06.10.1981 in erstwhile State of Andhra Pradesh under the Provisions of Companies



11. The Total number of shareholders are 13 (including the public shareholders, promoters and Directors and their relatives) out of which the public shareholding is only 42,420 Equity Shares of Rs.10/- each which constitutes only 3.20% of the present equity shares of the Company as on the date. Company has filed E-Form GNL-2 vide SRN G51734754. The Board of Directors of the Company with the approval of Members at their Extra Ordinary General Meeting held on 25th January, 2017 passed a Resolution for conversion into private limited and adoption of new set of Article of Association of the Company subject to the approval of the Hon'ble NCLT. The RoC, further stated that conversion of the said Company from Public to Private Limited Company is to avoid unnecessary formalities and to obtain privileges which are available to the Private Limited Companies under Section 14 of the Companies Act, 2013 which would help the management to carry out its affairs more effectively and efficiently. Further stated that the Company is up to date in filing Statutory Returns upto 31.03.2016.

12. Upon perusal of all the documents we are of the considered view that the Petitioner Company has fulfilled all the conditions as prescribed under Section 14(1) of the Companies Act, 2013 read with Rule 68 of the NCLT Rules, 2016. Hence, prayer of the Petitioner Company deserved to be allowed in the interest of justice and good governance.

13. In the result, the Company Petition bearing No.71/14/ HDB/ 2017 is allowed with the following directions:-

- a) Approved the conversion of Petitioner Company into a Private Limited Company and that the name of the Company be changed from Dulichand Silk Mills Limited to "Dulichand Silk Mills Private Limited".



- b) Approved to adopt new set of AoA of the Company in accordance with the Special Resolution dated 25.01.2017.
- c) Directed the Petitioner Company to comply with requirements of all the provisions of Section 14 of the Companies Act, 2013 and if any default in complying with the same, the Company and every Officer who is default shall be liable to a penalty as per Section 15 of the Companies Act, 2013.

14. No Order as to Costs.



sd/-

RAVIKUMAR DURAISAMY
MEMBER (TECHNICAL)

sd/-

RAJESWARA RAO VITTANALA
MEMBER (JUDICIAL)

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OF THE ORIGINAL

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

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस संख्या
CASE NUMBER...C.P.NO.71/14/HDB/2017
निर्णय का तारीख
DATE OF JUDGEMENT...5.10.2017
प्रति तैयार किया गया तारीख
COPY MADE READY ON...12.10.2017