

REGD. OFFICE:

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Peenya 1st Stage ,Bengaluru – 560 058.
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CIN: L85110KA1993PLC015091

Ref. No.- CITL/SE/46/2021-22
Thursday, 16th December, 2021

Department of Corporate Services (Listing) BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001 Scrip Code: 532413	Listing Department National Stock Exchange of India Limited 5 th Floor, Exchange Plaza Bandra (E), Mumbai-400 051 Scrip Symbol: CEREBRAINT
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Dear Sirs

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 – Reduction in Paid-up Capital of the Company

Pursuant to Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we hereby inform you that the National Company Law Tribunal's Bengaluru Bench vide its order dated 8th December, 2021 has given the approval to reduce the Paid-up Capital of the Company from Rs. 121,19,66,320 to Rs. 111,99,66,320.

Please refer the enclosed copy of the order of National Company Law Tribunal's Bengaluru Bench dated 8th December, 2021 for more details.

Kindly take this on your record and consider as compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you
Yours faithfully

For Cerebra Integrated Technologies Limited

MAITRI
CHATTERJEE

Digitally signed by
MAITRI CHATTERJEE
Date: 2021.12.16
18:17:01 +05'30'

Maitri Chatterjee
Company Secretary and
Compliance Officer
M. No. - A57375

Encl: As above

**IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
(Through Web-based video conferencing platform)**

C.P.No.157/BB/2020

Under Section 66 of the Companies Act, 2013

Between:**M/s. Cerebra Integrated Technologies Ltd.**R/Off: # S5, Off 3rd CrossPeenya Industrial Area, 1st stage, Peenya,Bengaluru - 560 058.

.... Petitioner/Applicant Company

And**The Registrar of Companies, Karnataka**

R/Off: Kendriya Sadan,

2nd Floor, E Wing, Koramangala,Bengaluru - 560 034.

.... Respondent

Order Delivered On: 08th December, 2021

Coram: 1. HON'BLE SHRI AJAY KUMAR VATSAVAYI, MEMBER (JUDICIAL)
2. HON'BLE SHRI MANOJ KUMAR DUBEY, MEMBER (TECHNICAL)

Parties/Counsels Present:

For the Petitioner : Mr. Parameshwar G Bhat, PCS
For the ROC & RD : Mr. Hemanth.R.Rao, Adv.

Per: Ajay Kumar Vatsavayi, Member (Judicial)**ORDER**

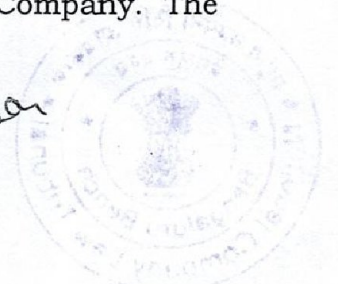
- Under consideration is an application Under Section 66 of the Companies Act, 2013 r/w National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 for confirming the reduction of share capital.
- The Petitioner Company was incorporated on 31.12.1993, under the provisions of the Companies Act, 1956, as a Limited Company. The



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registered office of the Company situated at #S5, Off 3rd Cross Peenya Industrial Area, 1st Stage Peenya, Bengaluru - 560058. Therefore, the matter lies within the territorial jurisdiction of this Tribunal.

3. The True copy of Memorandum & Articles of Association is filed as annexure-B of the petition. The main objects of the Company are as under:

"to carry on the business of manufacturers, assemblers, fabricators, importers, exporters, buyers, sellers, distributors or otherwise dealers in computers like micro, mini and/or personal computers and their components, accessories and peripherals, etc."

4. As per Article 8 of the Article of Association of the Petitioner Company, the Petitioner Company may, by special resolution, reduce its share capital in any manner permitted by law which is in excess of the want of the Petitioner Company:

"8. The Company may (subject to the provisions of Sections 55 and 66 of the Act) from time to time by special resolution - reduce its capital and any Capital Redemption Reserve Account or Premium Account in any manner from the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. The Article is not derogate from any power the Company would have if it were omitted."

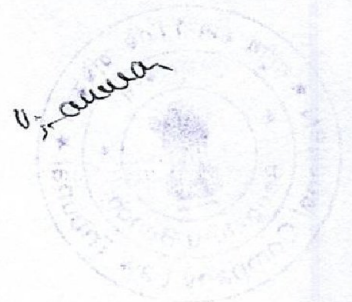
5. The Petitioner Company has made the following prayers:

- i) *That the Reduction of Capital resolved on by the Special Resolution set out in paragraph 8 above be confirmed;*
- ii) *That to this end all directions necessary and proper be made and given;*
- iii) *That the proposed minutes be approved and*
- iv) *That such other/further order(s) as may be deemed fit and proper by this Hon'ble Tribunal in view of the aforementioned facts and circumstances in the interest of justice and equity.*



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6. It is submitted that the Authorized Share Capital of the Company is Rs.1,28,00,00,000/- divided into 12,80,00,000 Equity Shares of Rs.10/- each.

The current Paid-up Share Capital of the Applicant Company is Rs.1,21,19,66,320/- divided into 12,11,86,482 Equity Shares of Rs.10/-.

Note:- The Company has forfeited 20,300 Equity Shares of Rs.10/- each Paid-up Rs.5/- per share (Board Meeting dated 29.01.2002).

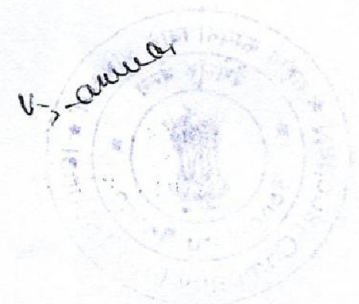
7. The following summary is extracted from the latest audited Standalone and Consolidated Financial Statements for the FY ended on 31.03.2020 of the Applicant Company:-

Particulars	Standalone Amount in Lakhs	Consolidated Amount in Lakhs
Gross Income	10,253.61	18467.70
Profit Before Interest and Depreciation	2918.06	3565.94
Finance Charges	233.23	309.03
Gross Profit	2684.83	3256.91
Provision for Depreciation	29.19	33.97
Profit before exceptional and extraordinary items and tax	2655.64	3222.94
Exceptional Item	1,785.07	1785.07

8. As per the amicable settlement with the parties to whom the Shares were allotted, the Company has agreed to waive its rights on the payments made in cash or in kind to them and parties in turn agreed to surrender their rights on shares allotted to them. Consequently, the Company has made provision for impairment of these assets in their Statement of Profit and Loss created for the FY ending 31.03.2019. Thus the Shares issued are unrepresented by available assets correctness of the valuation and ascertain its consequent impact, if any, on the Ind AS Standalone financial statements.



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9. The Arbitration award was passed by Justice V. Jagannathan, Former Judge, High Court of Karnataka, Hon'ble Arbitral Tribunal, in the matters of Arbitration Disputes under the Arbitration and Conciliation Act, 1996 on 22.03.2019 awarding cancellation/annulment of the allotment of Equity Shares held by 3 Singapore Entities without any pay-out for the shares being cancelled.

Provision for Tax	217.94	217.94
Net Profit After Tax	652.64	1219.94
Other Comprehensive Income	-1.06	-1.06
Total Comprehensive Income	651.58	1218.88
Total Comprehensive Income Attributed to		
a) Owners	-	1144.24
b) Non-Controlling Interest	-	75.70
Earning per Equity Share of Rs.10/- each		
Basic	0.54	0.94
Diluted	0.54	0.94
Proposed Dividend on Equity Shares	0	0
Tax on proposed Dividend	0	0

A copy of Annual Reports of the Company for the FY ended 31.03.2018, 31.03.2019 and 31.03.2020 are enclosed to this application.

Subsequent to the date of the aforesaid audited accounts, there has been no substantial change in the financial position of the Applicant Company except such changes arising or resulting from the normal course of the business.

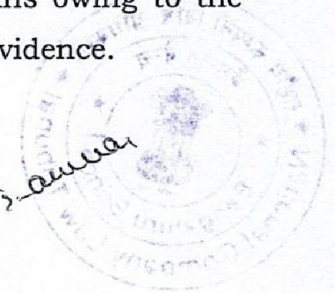
10. It is stated that the Company has not maintained proper inventory records in its e-waste division. It has been informed that the valuation of inventories of the said division as on 31.03.2020 is made based on the quantitative reconciliation of materials issued for and generated from processing based on theoretical standards and actual quantity of goods sold. Value of e-waste division inventories considered in the financial statement as at 31.03.2020 amounted to Rs.624.87 Lakhs owing to the nature of inventory and in the absence of sufficient audit evidence.



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11. The Paid-up Share Capital of the Company shall stand reduced to the extent of the face value of the Shares so extinguished.
12. In order to comply with the terms of the Awards passed by the Arbitral Tribunal, the Board of Directors of Cerebra Integrated Technologies Limited met on 12.08.2019 and approved the Scheme of Reduction of Share Capital subject to the Shareholders' approval.
13. The proposal of Reduction of Capital does not involve either the diminution of any liability in respect of unpaid capital as there are no partly paid up shares or the payment of any shareholder of any paid-up capital. The proposal also does not involve any payouts to any person whatsoever and will only strengthen the financial position of the Applicant Company by reducing the Paid-up Capital and thereby enhancing the value of each Equity Share. By adopting this, the Statements of Financials will only reflect more accurate position of the Applicant Company.
14. The Hon'ble Arbitral Tribunal while passing the award had offered the option as follows:

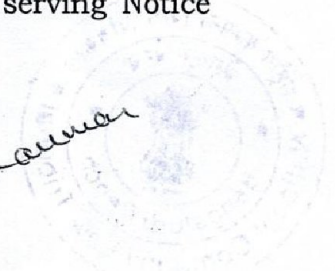
"The parties agree that the Claimant may undertake the cancellation/annulment of the Schedule shares or divesting the Respondent's ownership/title over the Schedule Shares in a manner other than the procedure contemplated under Section 66 and allied provisions of the Companies Act, 2013, subject however to the approval from the National Company Law Tribunal, and the Respondent shall have no objection to the same."

However, the objective of the entire proposal is to reduce the Paid-up Capital of the Company by Cancellation/Annulment of 92,00,000 Equity Shares. Reduction of Capital is provided for, under the Companies Act, 2013, under Section 66 and therefore the Applicant humbly submits that the application can be considered under the said Section.

15. Approval of the Shareholders was obtained pursuant to the provisions of Section 66 of the Companies Act, 2013 in the 25th Annual General Meeting of the Company held at 10:00 AM, on Wednesday, 25th September, 2019, by passing of the below mentioned Special Resolution, by serving Notice



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dated 19th August, 2019 subject to the approval/No objection letters to be obtained by the both Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited. Copy of the AGM Notice along with Explanatory Statement is enclosed to this Application.

16. It is submitted that pursuant to the Board meeting dated 12th August 2019, the Annual General Meeting was held on 25th September 2019 have unanimously approved the proposed reduction of capital by passing the following resolution:

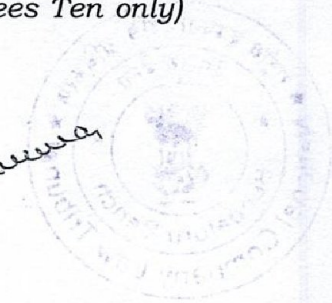
“RESOLVED THAT, in full compliance with the Awards passed by the Hon’ble Arbitral Tribunal in the matter of Arbitration Dispute under the Arbitration and Conciliation Act, 1996 dated 22 March, 2019 without any payout for the Shares being cancelled, pursuant to the provisions of Section 66 of the Companies Act, 2013, if applicable read with the National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 (including any statutory modification, amendment or re-enactment thereof for the time being in force) as applicable and subject to the approval of Stock Exchanges and confirmation by the Hon’ble National Company Law Tribunal, Bengaluru Bench, the consent of the Equity Shareholders be and is hereby accorded to the proposed reduction of the Paid up Share Capital of the Company by cancelling the extinguishing Paid-up Equity Shares Capital of Rs.9,20,00,000/- (Rupees Nine Crores Twenty Lakhs only) divided into 92,00,000 (Ninety Two Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up, from Rs.1,21,19,66,320/- (Rupees One Hundred Twenty One Crores Nineteen Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 12,11,86,482 Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.1,11,99,66,320/- (Rupees One Hundred Eleven Crores Ninety Nine Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 11,19,86,482 Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up.



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17. Ishwar & Gopal, Chartered Accountant, the Auditor of the Company has also issued a report dated 15.09.2020 confirming that the Company has 142 creditors as on 15th September 2020.
18. As per the Certificate dated 14.09.2019 of Ishwar & Gopal Chartered Accountants, the proposed accounting treatment as specified in Clause 7 of Part III of the Draft Scheme of Reduction of capital between Cerebra Integrated Technologies Limited and its shareholders in terms of the provisions of Section 66 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 1956/Companies Act, 2013 and Other Generally Accepted Accounting Principles and the same is found at pages 530-531 (Annexure – V) of the petition.
19. It is submitted that there is no pending inspection, inquiry or investigation against the Applicant Company under the Companies Act, 2013 as on the date of the Application.
20. When the C.P was listed on 16.10.2020, the following order was passed:

“Heard Shri Parameshwar G. Bhat, learned PCS for the Petitioner, through Video Conference.

Issue Notice. Registry is directed to issue notice to the Regional Director, Hyderabad, the Registrar of Companies, Karnataka, Income Tax Authority, Ward No.Circle-2(1)(1), Bangalore, Creditors as per the list given in CP, Securities and Exchange Board of India, Bombay Stock Exchange Ltd. and National Stock Exchange Ltd. through email and the Petitioner is also permitted to take notice to the aforesaid authorities and creditors, through authorised email along with the Company Petition and material papers as well as by Speed Post and submit proof of service in the Registry well before the next date of hearing. Aforesaid authorities are directed to file the reply within three weeks with a copy endorsing to the Petitioner and the Petitioner is directed to file reply affidavit to the observations of the said authorities, if any, well before the next date of hearing, with a copy endorsed to the respective



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authorities. The Petitioner is directed to cause Paper public in 'Financial Express' English daily and 'Sanjevani' Kannada daily, and to file proof of service in the Registry well before the next date of hearing."

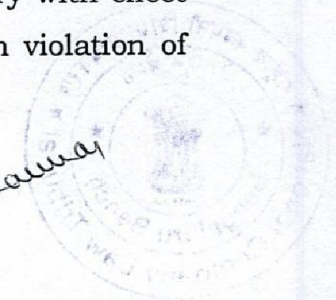
21. In compliance to the said order, the Petitioner Company has filed affidavit vide Diary No. 3547 dated 09.11.2020. Along with the affidavit the Petitioner Company has also filed the copies of paper publications of the advertisement made for the proposed reduction.
22. The Registrar of Companies, Karnataka, Bengaluru and the Regional Director, South Eastern Region, Hyderabad have filed the Common Report vide Diary No. 907 dated 11.03.2021 and observed as follows:
 - a) On examining the scheme, it is noticed that the Statutory Auditor and the Secretarial Auditor of the Company have qualified in their report about non-compliance of the provisions of Companies Act, 2013 and other Acts and Rules for the last three years. Certain qualifications are very serious in nature.
 - b) The Company has to comply with CSR compliance for the year 2018-19 and 2019-20. In this year this listed company was to spend an amount of Rs.16.27 lakhs but spent only Rs.4.25 lakhs. Likewise, in the year 2019-20, total Rs.43.15 lakhs was to be spent under CSR but spent only Rs.10.33 lakhs and remain Rs.32.82 lakhs unspent. No proper justification for the unspent amount has been given as required under Section 135 of the Companies Act, 2013. Accordingly, the Company need to file Compounding Application under Section 135 of Companies Act, 2013 read with 134 of the said Act and Rules made thereon.
 - c) The Secretarial Audit/Statutory Auditor have qualified that the company violated Section 185 of the Companies Act, 2013. The said violation is continuing for the last 3 years. The Petitioner Company may be advised to file Compounding Application under Section 441 of the Companies Act, 2013.
 - d) The Company does not have a qualified Company Secretary with effect from 19.08.2020 and CFO with effect from 17.08.2019 in violation of



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Section 203 of Companies Act, 2013. The Petitioner Company may be advised to file Adjudication application under Section 454 of Companies Act, 2013.

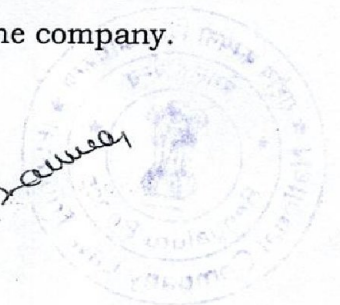
- e) As per Arbitration award dated 22.03.2019, the Company had to forgo all the amount paid in cash to LEYTRON TECHNOLOGY PTE. LTD. and RESTORER CORP PTE. LTD., Singapore companies which were paid as part of Master Services Agreement dated 19.03.2010. The Company has made impairment provisions in the financial statement for the year 2018-19. In this regard, the Petitioner Company may be advised to place full facts before the Hon'ble NCLT regarding the reasons for forgoing the amount paid in cash.
- f) The Company did not pay statutory dues to Income Tax, Central Excise for earlier years and huge advance tax of Rs.882 lakhs in the year 2018-19. The Petitioner Company shall furnish an undertaking to the effect that the tax dues will be remitted to the statutory authorities as and when demanded.
- g) The Paid-up Capital of the Company has increased from Rs.108,49,66,320/- to Rs.120,39,66,320/- in the year 2017-18 and from Rs.120,39,66,320/- to Rs.121,19,66,320/- in the year 2018-19. The company may be asked to explain the compliance of Section 42 of the Companies Act, 2013 and Listing Agreement including approval of NSE and BSE for listing such shares and furnish an affidavit with regard to the compliance as sought above.
- h) Though there were several violations observed by ROC/RD in the last three years balance sheets, Hon'ble NCLT may entertain the petition to enable the Company to comply with the award passed by Arbitration Tribunal vide order dated 22.03.2019 while considering the observations of the Regional Director and direct the Petitioner Company to comply with the above observations and decide the case as per the merits. It is further submitted that no prosecutions, complaints, Technical Scrutiny and Inspection are pending against the company.



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23. The Petitioner Company in response to the common report of RD and ROC dated 11.03.2021 has filed a reply by way of Affidavit vide Diary No. 1219 dated 05.04.2021 wherein the Petitioner Company replied as follows:

- a) It is submitted that the observations made by the Statutory Auditors and the Secretarial Auditors in their report were duly replied by the Directors in the Boards' Report for the respective years and the Management had taken proper steps to overcome all the non-compliances. Further, being the Managing Director of the Company, they hereby undertake to file requisite compounding application to the said non compliances before the appropriate authorities.
- b) It is also submitted the Company has complied with Corporate Social Responsibility (CSR) compliance for the year 2018-19 and 2019-20. According to Section 135 of the Companies Act, 2013, if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-Section(3) of the Section 134, specify the reasons for not spending the amount.

For 2018-19 Annexure VII to the Board's Report, the reason for not spending the amount was specified as under:

However, during the year under review, the Company's spend on the CSR activities has been less than the limits prescribed under the Companies Act, 2013 due to non availability of proper verified projects.

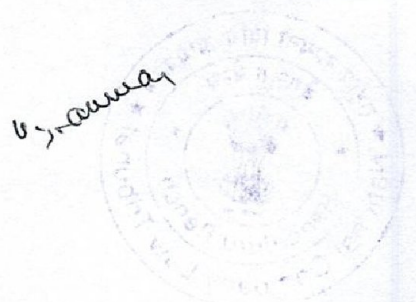
For 2019-20- Annexure VI to the Board's Report, the reason for not spending the amount was specified as under:

However, during the year under review, the Company's spend on the CSR activities has been less than the limits prescribed under the Companies Act, 2013 due to unavoidable circumstances.

Hence, there were no violation under Section 135 for the FYs 2018-19 and 2019-20



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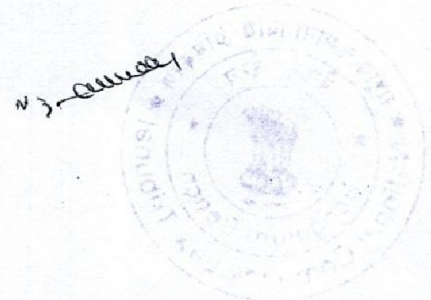


- c) It is submitted that the Company will file a Compounding Application under Section 441 of the Companies Act, 2013 with respect to the violation under Section 185 of the Companies Act, 2013.
- d) It is further submitted that the Company had appointed Mr. Adarsh M A, qualified Company Secretary as Company Secretary w.e.f. 15.09.2020 after the resignation of Mrs. Nutan Soudagar w.e.f. 19.08.2020. Further, there was no violation of section 203 of the Companies Act, 2013 since the vacancy was filled up by the Board within six months from the date of such vacancy. The Company had appointed Mr. Shridhar Hegde as the Chief Financial Officer (CFO) of the Company w.e.f. 14.02.2015 and he held the position of CFO till 16.08.2020 i.e. till the date of his demise due to Covid-19.
- e) It is submitted that according to the Master Services Agreement dated 19.03.2010 with Cimelia Resource Recovery PTE Ltd. \$ 1.25 Million has been paid to Enviro-hub Holdings Ltd. (parent company of Cimelia Resource Recovery PTE Ltd.) to take over Cimelia Resource Recovery PTE Ltd. In this regard, Messrs Grant Thornton, Leading Investment Advisers who conducted the Due Diligence, advised the Company to drop the acquisition. As per Arbitration Award dated 22.03.2019, the deposit of \$ 1.25 Million was forfeited and 92,00,000 shares issued to Cimelia Resources Recovery PTE Ltd., Restorer Corp Ltd. and Leytron Technology PTE. Ltd., the Singapore based companies are to be cancelled. Keeping in view the award passed, it was decided to reduce the Paid-up Share Capital of the Company to the extent of Rs.9,20,00,000. Accordingly, impairment provision was made in the Financial Statements for the FY 2018-19.
- f) It is also submitted that the Company has furnished an undertaking to the effect that the tax dues will be remitted to the Statutory Authorities as and when demanded and such undertaking is attached herewith as Annexure-3.



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- g) It is further submitted that the Company had complied with Section 42 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the increase in Paid-up Capital of the Company from Rs.108,49,66,320/- to Rs.120,39,66,320/- in the year 2017-18 and from Rs.120,39,66,320/- to Rs.121,19,66,320/- in the year 2018-19. The Company had received in principle approval from National Stock Exchange and BSE Limited for listing such shares and it hereby confirms that all the compliances relating to Section 42 were complied with.
- h) Further, it is submitted that all the above mentioned observations are not having any negative effect on the proposed reduction of share capital as the reduction of Share Capital will not have any impact on the Company's responsibility to comply with the said provisions as well as the proposed reduction will not have any negative impact on the Company's profitability, Cash flow as well as the net worth. Because the proposed reduction is only to the extent of the Share Capital which is not represented by the assets and which is purely on the compliance of the Arbitral Award passed by the Sole Arbitrator, Hon'ble Justice Shri V. Jagannathan, Former Judge, High Court of Karnataka.
- i) The Petitioner Company avails the option of reduction of paid-up share capital which is in consonance with Section 66 of the Companies Act, 2013. Following are the provisions :

66. Reduction of Share capital

(1) Subject to confirmation by the Tribunal on an application by the company, a company limited by shares or limited by guarantee and having a share capital may, by a special resolution, reduce the share capital in any manner and in, particular, may—

(a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or

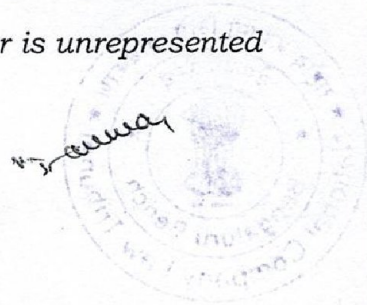
(b) either with or without extinguishing or reducing liability on any of its shares,—

(i) cancel any paid-up share capital which is lost or is unrepresented by available assets; or



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(ii) pay off any paid-up share capital which is in excess of the wants of the company, alter its memorandum by reducing the amount of its share capital and of its shares accordingly:

Provided that no such reduction shall be made if the company is in arrears in the repayment of any deposits accepted by it, either before or after the commencement of this Act, or the interest payable thereon.

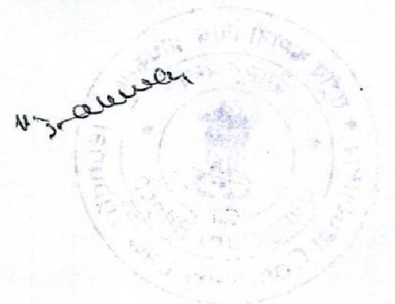
24. The present position of law, while dealing with provisions of Section 66 is that if none of the shareholders are objecting for the proposed reduction, then after considering the merits of the case as also connected facts and circumstances such petition generally deserves to be admitted.

- i) In the case of *Elpro International Limited (Company Petition No. 288 of 2007)* order dated 22.06.2007 reported in [2009] 149 *CompCas646 (Bom)*, Hon'ble Bombay High Court has expressed that the question of reduction of share capital is the matter of domestic concern. Further observed that decision for reduction is based on commercial consideration undertaken by the businessmen who are in the best position to know of the necessities and interest of the company concerned, in the absence of serious allegations as regards the *bona fides* of the proposed scheme, the courts are of the view that no interference in such decisions is required. It has also been observed that considering the commercial aspect of the decision it is not permissible for the court to come to the conclusion that the exit opportunity offered is inequitable and unjust.
- ii) Likewise, in the case of *Reckitt Benckiser (India) Limited (Company Petition No. 206 of 2004)* Order dated 31.05.2005 reported in 2005 *SCC Online Del 674* after due consideration of the pre and post reduction, admittedly selective one, it was held that if majority by a special resolution decides to reduce share capital of company, it has also right to decide as to how this reduction should be carried into effect.



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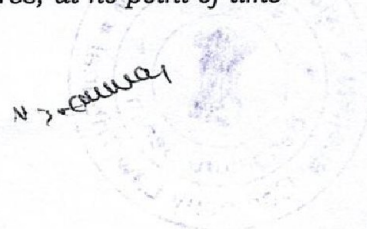


- iii) Further observed that while reducing the share capital, company can decide to extinguish some of its shares without dealing in the same manner as with all other shares of the same class. The company limited by shares is permitted to reduce the share capital in any manner, thereby a selective reduction is permissible within the framework of law. On the question of valuation as well, an observation was that valuation of shares is a technical matter, which requires considerable skill and experience. If the stakeholders are satisfied with the value, can approve the transaction of reduction of share capital which should not deemed to be inequitable or unfair transaction.
- iv) On the same lines, in one of the decision of the Bombay High Court in *Sandvik Asia Limited v. Bharat Kumar Padamsi & Ors (Company Application No. 290 of 2003)*, Order dated 04.04.2009 reported in 2009 SCC Online Bom 541, the proposal of capital reduction was upheld. In the said case, the Single Judge Bench of the Court declined to sanction and approve the reduction of the share capital of the Company. Accordingly, the company filed an appeal before the Division Bench. The Hon'ble Bombay High Court relied on the Hon'ble Apex court holding that the judgment of the House of Lords in the case of *British and American Trustee and Finance Corporation* is a leading authority on the subject of reduction of the share capital by Company.
- v) Subsequently, the High Court has also referred to the judgment of *Poole and others v/s National Bank of China Limited* in which the same matter was considered by the House of Lords relying on the aforesaid judgment in the case of the *British and American Trustee and Financial Corporation*. In Para 9 of the judgment thereafter, the Hon'ble Bombay High Court held as under:

"In our opinion, the above quoted observation of the House of Lords from its judgment in the case of Poole, referred to above, squarely apply to the present case. In our opinion once it is established that non-promoter shareholders are being paid fair value of their shares, at no point of time

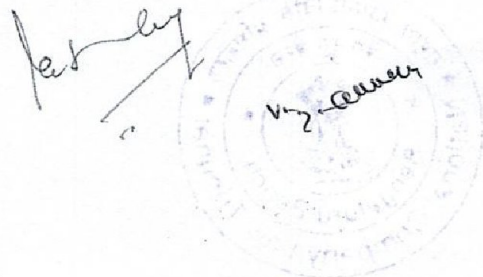


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it is even suggested by them that the amount that is being paid is any way less and that even overwhelming majority of the non-promoters shareholders having voted in favour of the resolution shows that the court will not be justified in withholding its sanction to the resolution. As the Supreme Court has recognized that the judgment of the House of Lords in the case of British & American Trustee and Finance Corporate Limited is a leading judgment on the subject, we are justified in considering ourselves bound by the law laid down in that judgment. As we find that there is similarity in the facts in which the observations were made in the judgment in the case of British and American Trustee and Finance Corporation, we will be well advised to follow the law laid down in that case. In our opinion, therefore the learned single judge was in error in declining to grant sanction to the special resolution."

25. In the circumstances, it is hereby ordered to confirm the reduction of paid up share capital of the Petitioner Company by approving the minutes of AGM dated 25.09.2019 wherein the members of the Petitioner Company resolved for the proposed reduction of the Paid-up Share Capital of the Company by cancelling the extinguishing Paid-up Equity Share Capital of Rs.9,20,00,000/- (Rupees Nine Crores Twenty Lakhs only) divided into 92,00,000 (Ninety Two Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up, from Rs.1,21,19,66,320/- (Rupees One Hundred Twenty One Crores Nineteen Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 12,11,86,482 Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.1,11,99,66,320/- (Rupees One Hundred Eleven Crore Ninety Nine Lakh Sixty Six Thousand Three Hundred and Twenty only) divided into 11,19,86,482 Equity Shares of Rs.10/- (Rupees Ten Only) each fully paid up.
26. In terms of the above, the necessary alteration shall be made in the Memorandum of Association by the Petitioner Company for reduction of the paid-up share capital. The copy of the altered Memorandum of Association and the minutes approved along with the order shall be delivered to the ROC by filing the E form INC, within 30 days of the receipt of the copy of the order. Accordingly, the Registry shall prepare an order in FORM No. RSC-6 as per the National Company Law Tribunal (procedure

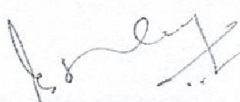


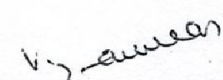
for Reduction of Share capital of the Company) Rules 2016 and issue to the Applicant.

Ordered Accordingly. To be consigned to the Records


Form of Minutes

RESOLVED THAT in full compliance with the Awards passed by the Hon'ble Arbitral Tribunal in the matter of Arbitration Dispute under the Arbitration and Conciliation Act, 1996 dated 22 March, 2019 without any payout for the Shares being cancelled, pursuant to the provisions of Section 66 of the Companies Act, 2013, if applicable read with the National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 (including any statutory modification, amendment or re-enactment thereof for the time being in force) as applicable and subject to the approval of Stock Exchanges and confirmation by the Hon'ble National Company Law Tribunal, Bengaluru Bench, the consent of the Equity Shareholders be and is hereby accorded to the proposed reduction of the Paid up Share Capital of the Company by cancelling the extinguishing Paid-up Equity Shares Capital of Rs.9,20,00,000/- (Rupees Nine Crores Twenty Lakhs only) divided into 92,00,000 (Ninety Two Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up, from Rs.1,21,19,66,320/- (Rupees One Hundred Twenty One Crores Nineteen Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 12,11,86,482 Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.1,11,99,66,320/- (Rupees One Hundred Eleven Crores Ninety Nine Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 11,19,86,482 Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up.


(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)


(AJAY KUMAR VATSAVAYI)
MEMBER (JUDICIAL)



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

for Deputy Registrar
National Company Law Tribunal
Bengaluru Bench

