



NAVA BHARAT VENTURES LIMITED

NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD-500082, TELANGANA, INDIA

NAVA BHARAT

NBV/SECTL/ 487 /2020-21
January 20, 2021

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
MUMBAI – 400 051
NSE Symbol : 'NBVENTURES'

Dept. of Corp. Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI – 400 001

Scrip Code : '513023' / 'NBVENTURES'

Sub: Intimation under Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015

Ref: National Company Law Tribunal (Hyderabad Bench) Order – Scheme of Reduction of Capital of the Company.

Dear Sir/Madam,

This is with reference to the Scheme of Reduction of Capital of the Company approved by the Board of Directors on August 8, 2019 and the Company upon receipt of observation letters dated November 6, 2019 and November 5, 2019 from BSE (the designated Stock Exchange) and National Stock Exchange respectively, obtained approval of the shareholders of the Company by way of special resolution through postal ballot and e-voting dated December 18, 2019 and subsequently the Company filed a Company Application (CA No. 39/66/HDB/2020) before National Company Law Tribunal (NCLT), Hyderabad Bench on January 14, 2020 for its approval/confirmation.

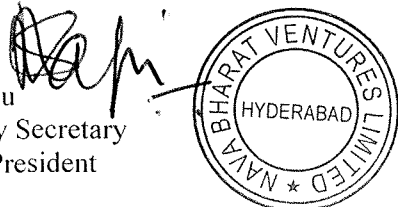
In the above backdrop, we are pleased to inform you that the Honorable NCLT, Hyderabad Bench, on January 19, 2021 allowed the Scheme of Reduction of Capital of the Company and passed the Order after giving an opportunity of being heard on the Competent Authorities such as SEBI, Regional Director (SER) and ROC-Telangana. Accordingly, a detailed Order has now been posted on its website on January 20, 2021 which is enclosed to this letter and also posted on our website at: <https://www.nbventures.com/corporate-actions/>

Accordingly, the Company will file the required corporate action forms with the Depositories to extinguish 1,27,47,020 fully paid-up equity shares of Rs.2/- each in due course to implement the aforesaid order, post which the paid-up equity shares of the Company will be reduced from 17,62,17,020 equity shares of Rs.2/- each to 16,34,70,000 equity shares of Rs.2/- each. The Company is also in the process of obtaining the certified copies of the aforesaid Order from NCLT in order to complete the necessary compliance.

Kindly take the same on record and acknowledge the receipt.

Thanking you,
Yours faithfully,
for Nava Bharat Ventures Limited

VSN Raju
Company Secretary
& Vice President



Encl.:as above

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD**

SPECIAL BENCH - COURT 1 (URGENT HEARINGS THROUGH VIDEO CONFERENCE)

PRESENT: HON'BLE SHRI K ANANTHA PADMANABHA SWAMY – MEMBER JUDICIAL

HON'BLE SHRI VEERA BRAHMA RAO AREKAPUDI - MEMBER TECHNICAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 19.01.2021 AT 10:30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CA No. 39/66/HDB/2020
NAME OF THE COMPANY	Nava Bharat Ventures Ltd
NAME OF THE PETITIONER(S)	Nava Bharat Ventures Ltd
NAME OF THE RESPONDENT(S)	ROC Hyderabad & another
UNDER SECTION	66

Counsel for Petitioner(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

Counsel for Respondent(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

ORDER

Counsel for Applicant and Counsel for ROC are appeared through video.

Application is allowed.

Orders pronounced vide separate orders.


MEMBER (T)


MEMBER(J)

Syamala

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH -1**

CA No. 39/66/HYD/2020

Application under Section 66 of Companies Act, 2013

Filed by

Nava Bharat Ventures Limited
6-3-1109/1, 'Nava Bharat Chambers',
Raj Bhavan Road, Somajiguda,
Hyderabad – 500 082
represented by its Company Secretary &
Vice President Sri. VSN Raju

.....Applicant Company

AND

The Registrar of Companies
1st Floor, Corporate Bhavan
Hyderabad

...Respondent No.1

The Regional Director
South East Region
Ministry of Corporate Affairs
Hyderabad

...Respondent No.2

Date of order: 19.01.2021

Coram:-

Hon'ble Shri K. Anantha Padmanabha Swamy, Member (Judicial)
Hon'ble Shri Veera Brahma Rao Arekapudi, Member (Technical)

Appearance:

For Applicant: Shri Vivek Ganesh, Advocate

For Respondent: NA

Heard on: 11.01.2021





**PER: SHRI K. ANANTHA PADMANABHA SWAMY.
MEMBER (TECHNICAL)**

1. The Company Application has been filed on behalf of Applicant Company under Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company Rules), 2016 for the purpose of reduction of share capital in pursuance of Special Resolution dated 17.12.2019.
2. Facts apropos to the Application in brief are:-
 - 2.1 The Applicant Company was originally incorporated as Nava Bharat Ferro Alloys Limited on the 7th day of November 1972, under the provisions of the Companies Act, 1956 as a company limited by shares with a share capital. The company upon change of its name to **Nava Bharat Ventures Limited** has been issued a fresh certificate of incorporation dated 7th day of July 2006 with CIN: L27101TG1972PLC001549 by Registrar of Companies, Andhra Pradesh. The Applicant is a public company limited by shares having its equity shares listed on both BSE Limited and National Stock Exchange of India Limited. The registered office of the Applicant Company is situated at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad - 500 082. The main objects of the Applicant Company is set out in the company's Memorandum and Articles of Association which is annexed and marked as Exhibit-I to the Company Application.
 - 2.2. The share capital of the Company as on August 8, 2019 (i.e. *date of approval of the Scheme by the Board*) is as under:

Particulars	Amount (Rs.)
Authorised Capital	
25,00,00,000 Equity Shares of Rs.2/- each	50,00,00,000
TOTAL:-	50,00,00,000
Issued and Subscribed Share Capital	
17,64,68,495 Equity Shares of Rs.2/- each	35,29,36,990
Fully paid up Share Capital	
17,62,17,020 Equity Shares of Rs.2/- each (after forfeiture of 2,51,475 equity shares)	35,24,34,040

There is no change in the above stated share capital of the Company as on date of the Company Applications.

- 2.3 The Applicant Company stated that Article-47 of the Articles of Association of the Company provides that the Company may, from time to time, by special resolution, reduce its capital in any manner permitted by law. Article 47 is reproduced as under:

47. The Company may subject to confirmation by the Court or Tribunal, from time to time, by Special Resolution, reduce its capital in any way and in particular and without prejudice to the generality of the foregoing powers by exercising the powers mentioned in Section 66 of the Companies Act, 2013.

The Company may, by Special Resolution, reduce in any manner and with and subject to, any incident authorised and consent required by law -

- a) its share capital
b) any capital redemption reserve fund; or
c) any share premium account.**

- 2.4 The financial position of the Applicant Company as on March 31, 2019 as per the audited financial statements are as under and the copy is annexed and marked as **Exhibit - II** to the Company Application .The latest un-audited financial results of the Applicant Company as on September 30, 2019 are annexed and marked as **Exhibit - III** to the Company Application.

ASSETS & LIABILITIES	As at March 31, 2019 (amounts in lakhs of Rs.)
ASSETS	
Non-current assets	2,77,345.00
Current assets	63,410.20
Total	3,40,755.20
LIABILITIES	
Shareholders' funds	2,90,698.59
Non-current Liabilities	20,564.75
Current Liabilities- -(including provisions)	29,491.86
Total	3,40,755.20
REVENUE	For the year ended March 31, 2019 (amounts in lakhs of Rs.)

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Revenue from operations	1,35,871.22
Other Income	7,906.56
Total Revenue	1,43,777.78
Profit for the year after tax	16,618.89

A declaration by the Director of the Applicant Company and a certificate by the Auditor to the effect that there has been no default in repayment of any deposits or interest thereon as on the date of the Company Application has been submitted as Exhibit - IV to the Company Application.

The Applicant Company submitted that there is no pending inspection, inquiry or investigation against the Applicant Company under the Companies Act, 1956 or under Companies Act, 2013.

3. **CONSENT OF THE BOARD OF DIRECTORS**

The Board Of Directors of the Company after evaluating various options and having regard to the implications flowing therefrom have decided to reduce the paid-up equity share capital of the Company by cancelling and extinguishing the 99,47,020 equity shares held in trust by Nav Energy Private Limited and 28,00,000 equity shares held in trust by the Nava Bharat Ventures Employee Welfare Trust, without any pay out. The selective reduction of share capital would also ensure compliance with Regulation 31 (2) (b) (ii) of The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. A certified copy of the Resolution by the Board of Directors of the Applicant Company at its meeting held on August 8, 2019 approving the reduction of equity share capital of the company has been submitted as **Exhibit - V** to the Company Application. It is further averred that reduction of capital would not have any adverse effect on the creditors of the Company or the Company's ability to fulfill its commitments or meet its obligations in the ordinary course of business as there is no pay out resulting from the proposed capital reduction.

4. The Applicant Company submits that a special resolution was passed by the shareholders of the Applicant Company, in accordance with section 66(1) of the Companies Act, 2013, through postal ballot after due notice as provided in the Act, to resolve as follows:





A. "RESOLVED THAT pursuant to Section 66 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder ('the Rules') (including any statutory modification (s) or re-enactment (s) thereof for the time being in force) and pursuant to Article 47 of the Articles of Association of the Company and subject to confirmation by the Hon'ble National Company Law Tribunal, Hyderabad bench ("NCLT"), approvals as may be required from the appropriate authorities and the consent of the creditors as may be required, the approval of the members be and is hereby accorded to the Scheme of reduction of capital ("the Scheme") of the Company by way of cancelling and extinguishing 99,47,020 (Ninety-nine lakhs Forty-seven thousand and Twenty only) fully paid-up equity shares of Rs. 2/- (Rupees Two only) each (Treasury Shares) from the total paid-up equity share capital of the Company, held under Trust by Nav Energy Private Limited ("NEPL") for the benefit of the Company and setting off the amount accounted as investment in Treasury shares from the General Reserve."

"RESOLVED FURTHER THAT upon confirmation of the Scheme by the NCLT and becoming effective and operative, the shareholding of NEPL in the Company standing at 99,47,020 (Ninety-nine lakhs Forty-seven thousand and twenty only) equity shares of Rs.2/- (Rupees Two only) each aggregating to Rs. 1,98,94,040/- (One crore Ninety-eight lakhs Ninety-four thousand and Forty only) held in trust for the Company shall stand cancelled, extinguished and rendered invalid without any obligations and consequences in what so ever nature to NEPL."

B. "RESOLVED THAT pursuant to Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder ("the Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to Article 47 of the Articles of Association of the Company and subject to confirmation by the Hon'ble National Company Law Tribunal, Hyderabad bench ("NCLT"), approvals as may be required from the appropriate authorities and the consent of the creditors as may be required, the approval of the members be and is hereby accorded to the Scheme of reduction of capital (the

"Scheme") of the Company by way of cancelling and extinguishing 28,00,000 (Twenty eight Lakh only) fully paid-up equity shares of Rs. 2/- (Rupees Two only) each (Treasury Shares) from the total paid-up equity share capital of the Company, held by Nava Bharat Ventures Employee Welfare Trust ("NBVEWT") through its Trustee - Barclays Wealth Trustees India Pvt. Ltd. and setting off the amount owed by the Trust to the Company accounted as investment in Treasury Shares from the General Reserve."

- C. *"RESOLVED FURTHER THAT upon confirmation of the Scheme by the NCLT and becoming effective and operative, the shareholding of the Trust standing at 28,00,000 (Twenty eight lakh only) equity shares of Rs.2/-(Rupees Two only) each shall stand cancelled, extinguished and rendered invalid without any obligations and consequences in what so ever nature to the Trust along with the Advance."*

"RESOLVED FURTHER THAT effective from the date of the confirmation of the Scheme by NCLT, Hyderabad Bench and all other approvals from any other appropriate authorities as may be required, the consent and approval of the members be and is hereby accorded to the reduction of the paid up share capital as it stands on the date of such confirmation by Rs. 2,54,94,040/- (Rupees Two crores Fifty-four lakhs Ninety-four thousand and Forty only) divided into 1,27,47,020 (One crore Twenty-seven lakhs forty seven thousand and Twenty only) shares of Rs. 2/- (Rupees Two only) each in the aggregate and accordingly the paid-up capital of the Company after such reduction shall be Rs. 32,69,40,000/- (Rupees Thirty-two crores Sixty nine lakhs and Forty thousand only) divided into 16,34,70,000 (Sixteen crores Thirty four lakhs and Seventy thousand only) equity shares of Rs. 2/- (Rupees two only) each fully paid up reduced from Rs. 35,24,34,040/- (Rupees Thirty-five crores Twenty-four lakhs Thirty-four thousand and Forty only) divided into 17,62,17,020 (Seventeen crores Sixty-two lakhs Seventeen thousand and Twenty only) equity shares of Rs. 2/- (Rupees two only) each".

"RESOLVED FURTHER THAT subject to confirmation of the Scheme by NCLT, Hyderabad Bench, and all other approvals from any other

appropriate authorities, the Company be and is hereby not required to add the words "And Reduced" to its name subsequent to such reduction of capital of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board") be and is hereby authorized to take all necessary steps and do all such acts, deeds, matters and things, as they may, in their absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company including issuing any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the reduction of capital, or to any modification thereof without being required to seek any further consent or approval of the members or otherwise."

"RESOLVED FURTHER THAT the Board be and is hereby authorized, in its absolute discretion, to bring into effect this resolution on such other terms and conditions as it may consider appropriate and to accept such other conditions and modifications as maybe prescribed by the NCLT and other appropriate authorities while according their confirmation or consent to this resolution or to suspend, withdraw or revive the proposal for reduction of capital from time to time as maybe specified by any statutory authority or as the Board may suo-moto decide."

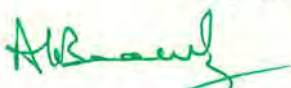
The Applicant Company has submitted the Srutinizer's report on postal ballot and e-voting as Exhibit - XI to the Company Application. The extract of aforesaid special resolution has been submitted by the Applicant Company as Exhibit - XIII to the Company Application.

5. The Applicant Company has submitted copy of Form MGT-14 by which the special Resolution passed by the shareholders of the Applicant Company held on 17.11.2019 through postal ballot has been filed with RoC (H) on 23.12.2019, as Exhibit XIV to the Company Application.
6. Mr. VSN Raju, Company Secretary and Vice-president of the Company has certified the shareholding pattern of the Applicant Company as on September 30, 2019, which has been submitted as Exhibit - XII to the Company Application.





7. There are seven (7) secured creditors of aggregate value of Rs.260,44,46,482.30/- and one thousand seven hundred and eighty two (1780) unsecured creditors of aggregate value of Rs.45,83,62,285.15 /- as on 31.12.2019. A list of secured and unsecured creditors of the Applicant Company as on December 31, 2019 duly certified M/s. Walker Chandiook & Co LLP Chartered Accountants and Auditors of the Applicant Company has been submitted as Exhibit XV to the Company Application.
8. It is further stated that M/s.Walker Chandiook & Co LLP Chartered Accountants and Auditors of the Company have vide their certificate dated August 20, 2019 certified that the accounting treatment followed in the Scheme for reduction of share capital is in conformity with the applicable accounting standards prescribed in Section 133 of the Companies Act, 2013, which is annexed and marked as Exhibit – XVI to the Company Application.
9. It is stated the while finalizing the Scheme of Reduction of Capital, the Applicant Company has taken into consideration valuation of Equity Shares of the Company rendered by Mr. V. Gangadhara Rao, Registered Valuer. The valuation report dated 08.08.2019 by Mr. V. Gangadhara Rao, Registered Valuer is annexed and marked as **Exhibit VII** to the Company Application. The fairness opinion dated August 28, 2019 by M/s. Karvy Investor Services Limited, on the valuation report rendered by Mr. V. Gangadhara Rao, Registered Valuer is annexed and marked as **Exhibit VIII** to the Company Application.
10. The Scheme of Reduction of Capital would not affect the employees and workers of the Company in any manner and their service shall be continuous and they would continue to enjoy the same benefits as they used to before the Reduction of Capital.
11. It is averred **that** the creditors of the Company are in no way affected by the proposed reduction of the equity share capital as there will be no reduction in the amounts payable to any of them. The Scheme does not in any manner alter, vary or affect the rights of the creditors.
12. The Company being a listed company, has obtained the approval of the BSE Limited and the National Stock Exchange of India Limited for the Scheme vide no objection/ observation letters viz. Letter No DCS/AMAL/DS/R37/1612/2019-20 dated November 6, 2019 and





NSE/LIST/21619_II dated November 5, 2019 respectively, copies of which are annexed and marked as **Exhibit IX** to the Company Application.

13. As seen from the records, this Tribunal has ordered notices to Regional Director, RoC, SEBI and Creditors in prescribed form and directed publication of notices in Business Standard, English daily newspaper in Nava Telangana, Telugu daily newspaper in the prescribed form vide its Order dated 03.02.2020. It is seen from records that the notices were served on 05.02.2020 on Regional Director, South Eastern Region, Hyderabad and on RoC, Telangana respectively and on 06.02.2020 on the Securities and Exchange Board of India at Mumbai. The Applicant Company has submitted that it has on 08.02.2020 despatched by Registered Post, notices upon the respective persons whose names, addresses and descriptions appear in the list of creditors filed with the Company Application. The Applicant Company filed an Affidavit dated 12.02.2020 furnishing the proof of service of notices on Creditors, Regional Director, RoC and SEBI as aforesaid and of publication of notice of hearing of the Application in "Business Standard" (English newspapers) and "Nava Telangana" (Telugu newspaper) on 10.02.2020.
14. The Registrar of Companies, Hyderabad vide his report dated 08.05.2020 while reiterating the averments made in the Application submitted at para 10 (d) that the observation letter dated 06.11.2019 from Bombay stock Exchange (BSE) under Regulation 37 (3) SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 is valid for a period of 6 months and No Objection Certificate from National Stock Exchange is dated 05.06.2019 and requested the Tribunal to direct the Applicant Company to provide necessary Affidavit on the validity of these communication on the date of application. Further in para 11, it was stated that the Ministry vide letter No. 03/120/2011-CL-II dated 11.10.2011 has directed RoC (H) to conduct an inquiry on the Applicant Company under Section 206 of the Companies Act, 2013 in respect of certain transactions during 2011 and requested this Tribunal to direct the Applicant Company to furnish 3 copies of the Balance Sheet as at 31.03.2019, 31.03.2011 to RoC (H) and to file an Affidavit that the Applicant Company would co-operate with such inquiry.





15. In response to the above observations, the Applicant Company filed reply dated 02.06.2020. Gist of the reply is as under:-
- 1) It is stated that the instant Company Application was filed before this Tribunal on 14.01.2020 which is within 6 months of the respective observation letters dated 06.11.2019 and 05.11.2019 and that the matter was listed at the first instance on 03.02.2020.
 - 2) With regard to the other observation relating to filing of Balance Sheets, the Applicant Company stated that audited financial statements for the financial years ended 31.03.2011 and 31.03.2019 adopted by the Applicant company have been filed with the statutory authorities and further undertakes to co-operate with the inquiry and submit the copies of the Balance sheet as at 31.03.2011 and as at 31.03.2019 as required which has been furnished on 19.08.2020.
 - 3) With regard to para 12 of the RoC (H) report, it is submitted that the proposed reduction of capital is not aimed at avoiding any tax obligations. The Applicant Company further undertakes to comply with the provisions of Income Tax Act, 1961 and all the other applicable statutes in the ordinary course and honour all statutory liabilities payable by the Applicant Company upon sanction of the present Scheme of Reduction of Capital.
16. The Regional Director (South Eastern Region), Ministry of Corporate Affairs vide his Report dated 12.06.2020, while reiterating the averments made in the Application made the following observations:-
- (a) That the Ministry vide its letter dated 11.10.2011 directed to conduct inquiry of the Applicant Company in respect of certain transactions during 2011 and further instructions is awaited. This Tribunal has been requested to direct the Applicant Company to furnish an undertaking to the effect that subject to the receipt of instructions of the Ministry and outcome of the Inquiry, if any violations are found, the Petitioner Company and its directors shall comply with the provisions of the Companies Act, 2013 and compound the offences identified if any, later on.





- (b) To direct the Applicant Company to undertake to comply with other statutory compliances under Income Tax and indemnify the liability found upon sanctioning of the present Scheme of Reduction of Capital.
- (c) Pursuant to order passed by the Hon'ble High Court of AP in CP No. 93 of 1996 dated 30.12.1996, sanctioning the Scheme of Amalgamation of Nav Chrome Limited with Bava Bharat Ferro Alloys Limited, certain number of shares in lieu of cancellation were vested in Nav Energy Private Limited as a Trustee which over a period of time and as a result of further rights/bonus issue, aggregated to 99,47,020 shares of Rs. 2/- each could have been sold to the strategic investors/public in the market as per SEBI Regulation and realized the proceeds for betterment of its revenue and in this regard the Applicant Company is directed to place on record full facts about the same.
- (d) It is further observed that the Petitioner Company originally advanced money to Nava Bharat Ventures Employees Welfare Trust for acquiring the shares of the Applicant Company. They acquired 28,00,000 equity shares of Rs.2/- each out of the money advanced by the Applicant Company. Therefore, opined that instead of reduction of 28,00,000 equity shares of Rs.2/- held by Nava Bharat Ventures Employees Welfare Trust through its Trustee Barclays Wealth Trustees (India) Private Limited, the Applicant Company could have opted for offering those shares to strategic investors / public in the open market as per SEBI Regulation which could realize sale proceeds and can be brought into the Company for betterment of its revenue. Therefore, the Company be advised to place on record full facts about the case.
17. In response to the observations pointed out by the Regional Director, SER Hyderabad, the Applicant Company filed an Affidavit dated 28.08.2020, gist of which is as under
- (1) The Applicant Company by way of an Affidavit dated 02.06.2020 has submitted an undertaking to co-operate with the enquiry by the



RoC and also submitted the copies of the balance sheets as required to the RoC on 19.08.2020.

- (2) The Applicant Company undertakes to comply with the statutory compliance under Income Tax Act, 1961 and to indemnify in the unlikely event any liability that may arise upon sanction of the present Scheme.
 - (3) The Applicant Company submitted that the rationale for preferring Reduction of Capital in respect of 99,47,020 equity shares of the Company, held pursuant to Sanction of Scheme of Amalgamation by Hon'ble High Court and subsequent accruals thereto by way of rights/bonus issue as opposed to sale in the open market has been reflected in the Scheme in order to avoid any undue market turbulence which would result from such bulk sale. It is further submitted the capital reduction route adopted by the Applicant Company in lieu of sale in open market is valid and legally tenable alternative to deal with such shares held as treasury stock which in the first instance would have otherwise been subject to cancellation as cross holding under the Scheme of Amalgamation.
 - (4) The, Applicant Company submitted that it had provided the rationale in the Scheme as to the preference to reduce the Capital as against sale of the shares to strategic investors/open market with the primary objective to wind up the said welfare trust following the recommendation by the Nomination and Remuneration Committee in the changed context of regulatory requirement under Regulation 31 (2) (b) (ii) of the SEBI (Share Based Employee Benefits) Regulations, 2014.
18. The Applicant Company further by way of Affidavit dated 02.06.2020 stated that there are no subsisting sustainable objections from any creditors and that the Applicant Company has made payments and settled dues of all the seven unsecured creditors who have responded as per its records. Out of the seven unsecured creditors who have responded, all except M/s Northern Power Distribution Company of Telangana Ltd has given their consent or subsequently withdrawn their objections. Further this claim by Northern Power is a subject matter of writ petitions W.P No.





23491/2002 and W.P. No. 17452/2017 pending before the Hon'ble High Court of Telangana. The Applicant Company has further clarified to Northern Power Distribution Company of Telangana Ltd that the alleged claim is beyond that is due which is not tenable and the said cases being subjudice, is not a ground for raising objection before this Tribunal, for which no further objection/ representation was received from Northern Power Distribution Company of Telangana Ltd.

19. The Applicant Company relied on the following judgments.
- (1) Garware Technical Fibres Ltd (CP 1114/66/(MB)/2019 wherein NCLT Mumbai Bench approved reduction of capital and the reduction was sought for a similar reason as to comply with the SEBI mandated Regulation to bring down the level of shares held by its welfare trust.
 - (2) Pigment and Dyestuffs Private Limited (CP No. 2771 of 2018) wherein NCLT Mumbai Bench quoting the decision of Delhi High Court in Reckitt Benckier (India) Ltd (2005) 122 DLT 612 which referred Westbarn Sugar Refineries Ltd (1951) 1 ALL E.R. 881 (HL) and decision of Madras High Court in Re Panruti Industrial Co. Private Ltd AIR 1960 Mad 537 held that the question of reduction of share capital is treated as matter of domestic concern and decision of majority prevails if majority by special resolution decide as to how this reduction should be carried into effect.
 - (3) The Applicant Company has further relied on the judgement of Bombay High Court in the matter of Elpro International Limited [CD] 2007 BHC 955; (2009) 149 Comp Cas 646 (Bom)] which referred to the Supreme Court decision in Ramesh B Desai & Others Vs. Bipin Vadilal Mehta & Ors. and cited Calcutta High Court in the matter of Hindustan Commercial Bank Ltd Vs. Hindustan General Electrical Corporation to record that (i) question of reducing capital is a domestic affair to be decided by majority and (ii) held that unless there are serious allegations as regards the bonafide of the proposed Scheme, the courts are hesitant in interfering with the view of the majority.



20. The Applicant further relied on the Hon'ble Supreme Court judgement in the matter **Miheer H. Mafatlal Industries Limited** (CDJ 1996 SC 1311, AIR 1997 SC 506; MANU/SC/2143/1996) and **Hindustan Lever Vs State of Maharashtra** (CDJ 2004 SC 112; AIR (SC) 326).
21. Heard the submissions made by the Learned Counsel for Applicant Company. It is pertinent to note here that according to Section 66 of the Companies Act, 2013, a Company having share capital may by a special resolution reduce the share capital in any manner and may extinguish or reduce its liability on any shares. From the cases cited above the principle laid down is that the question of reduction of share capital is a domestic concern of the company and if the same is approved by majority of shareholders, court will confirm it, except in situation like unfair or inequitable transaction or objection by creditors.
22. As seen from the records, this Tribunal had further directed the Applicant Company to order additional notice to SEBI and the same has been issued on 29.09.2020. However, the SEBI as well as Regional Director and RoC have not made any representation following the additional notice/intimation. Further we have gone through the explanation given by the Applicant Company vide memo dated 07.10.2020 and are satisfied with the decision taken by the Applicant Company to reduce treasury shares held by Nava Bharat Ventures Employee Welfare Trust and the reason for its discontinuation. We are also convinced with the reasoning given by the Applicant Company that reduction of capital is more appropriate as opposed to the option of sale to members of public or strategic investors
23. We are also convinced with the undertaking given by the Applicant Company by way of Affidavit dated 04.11.2020 to the effect that the Applicant Company would abide by the directions of the Court of competent jurisdiction in WP No. 23491/2002 and W.P. No. 17452/2017 against the impugned orders.
24. Considering the entire facts and circumstances of the case, reports filed by RD and RoC and in response the reply filed by the Applicant Company and on perusal of the documents produced on record, the reduction of share capital appears to be fair and reasonable and is not contrary to

public policy and does not violate any of the provisions of law. All the statutory compliances have been made under Section 66 of the Companies Act, 2013. There has been no objection from any creditors except one for which undertaking has been given by the Applicant Company. Hence, we hereby allow the Company Application with the following directions:-


ORDER


- 24.1 The Company Application is made absolute in terms of the prayer clause of the said Application and the reduction of capital is hereby approved and confirmed as approved by the Board of Directors of the Company in their meeting held on August 8, 2019 as set out in paragraph No. 7.7 of Company Application
- 24.2 The Applicant Company to publish notices about registration of order and form of minutes of reduction of share capital by concerned Registrar of Companies in the same newspaper in which notices of the Application were published, within 14 days of registration.
- 24.3 That a certified copy of this order including the minutes approved is to be delivered to the Registrar of Companies within 30 days of the receipt of the order.
- 24.4 All concerned Regulatory Authorities to act on the certified copy of the order duly certified by the Registrar of National Company Law Tribunal.
- 24.5 This order should not be construed to convey the compliance of any laws or regulations, in case further approval or permission is required from any other regulatory authority or Government under the relevant laws or regulations.
- 24.6 This order should not be construed as regularizing or validating any irregularities, contravention of or other lapses if any under the provisions of any other laws including tax laws/regulations including FEMA.



24.7 The **FORM OF MINUTE** permitted to be registered under section 66(5) is as follows:

The Paid-up capital of Nava Bharat Ventures Limited is henceforth Rs. 32,69,40,000 (Rupees Thirty Two Crores Sixty Nine Lakhs Forty Thousand only) divided into 16,34,70,000 (Sixteen Crores Thirty Four Lakhs Seventy Thousand only) equity shares of Rs. 2/- (Rupees two only) each fully paid up reduced from Rs. 35,24,34,040 (Rupees Thirty Five Crores Twenty Four Lakhs Thirty Four Thousand and Forty only) divided into 17,62,17,020 (Seventeen Crores Sixty Two Lakhs Seventeen Thousand and Twenty only) equity shares of Rs. 2/- (Rupees two only) each.


(VEERA BRAHMA RAO AREKAPUDI)
MEMBER (TECHNICAL)


(K. ANANTHA PADMANABHA SWAMY)
MEMBER (JUDICIAL)

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