



GARWARE
TECHNICAL FIBRES

GTFL:SEC:2020

July 15, 2020

BSE Limited

Corporate Relationship Department,
New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai 400001.

(Company code: 509557)

National Stock Exchange of India Ltd.

Exchange Plaza, Plot No. C/1, 'G' Block,
Bandra-Kurla Complex,
Bandra East,
Mumbai 400051.

(Symbol: GARFIBRES, Series: EQ)

Subject: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

NCLT Order- Reduction of Capital of the Company

Dear Sirs,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in continuation to our earlier letter dated 21st June, 2020, please be informed that Hon`ble National Company Law Tribunal, Mumbai Bench ("NCLT") has vide its order dated 13th February, 2020 confirmed reduction of capital of the Company. The said order was uploaded by Hon`ble NCLT on its website on today, 15th July 2020.

The Copy of the NCLT Order is attached herewith.


The Company has applied with Hon`ble NCLT, for obtaining of certified copy of the said order, the same is awaited.

Please acknowledge this communications.

Thanking You,

Yours faithfully,

For **GARWARE TECHNICAL FIBRES LIMITED**


Sunil Agarwal
Company Secretary
M. No. FCS6407
Encl.: as above

Registered Office

Garware Technical Fibres Ltd. (Formerly Garware-Wall Ropes Ltd.): Plot No. 11, Block D-1, M.I.D.C., Chinchwad, Pune 411 019, India.
T+91 20 3078 0000/0306 E pune_admin@garwarefibres.com www.garwarefibres.com CIN: L25209MH1976PLC018939

IN THE NATIONAL COMPANY LAW TRIBUNAL
(COURT - 1), MUMBAI BENCH

C.P. 1114/66/(MB)/2019

In the matter of section 66 read with section 52
of the Companies Act, 2013 and the rules framed
thereunder;

AND

In the matter of reduction of share capital of
GARWARE TECHNICAL FIBRES LIMITED (formerly
GARWARE-WALL ROPES LIMITED)

GARWARE TECHNICAL FIBRES LIMITED	}
A company incorporated under the	}
provisions of the Indian Companies Act,	}
1956 and having its registered office at	}
Plot No. 11, Block D-1, M.I.D.C.,	}
Chinchwad, Pune - 411 019	}
[CIN: L25209MH1976PLC018939]	}
	... Petitioner Company

Order dated 13th February 2020

Coram: Smt Suchitra Kanuparthi, Hon'ble Member (Judicial)
Shri V. Nallasenapathy, Hon'ble Member (Technical)

For the Petitioner(s): Advocate Prachi Wazalwar a/w. Advocate Heena
Vichare

ORDER

Per: Suchitra Kanuparthi, Member (Judicial)

1. Heard the Learned Counsel for the Petitioner Company.
2. The Petitioner Company M/s Garware Technical Fibres Limited (formerly Garware-Wall Ropes Limited) had filed this petition on 15th

March 2019 under section 66 read with section 52 of the Companies Act, 2013 for Reduction of Share Capital.

3. No objector has come before this Tribunal to oppose the Petition nor has any party controverted any averments made in the Petition save and except objections from two objectors. Objections were received from two unsecured Creditors. The objections of M/s Mechanica Systems have been withdrawn vide letter dated 26th November 2019. As regards objections from proprietary firm M/s Pioneer Enterprises, they had raised objections as regard the outstanding balance shown in the RSC-3 notice. The objection was raised by Proprietor of Proprietary firm 'Pioneer Enterprises' by making reference to only one RSC-3 sent to 'Pioneer Enterprises' ignoring the amount of credit shown in another RSC-3 sent separately to 'Pioneer Enterprises & Training Services'. The Petitioner Company has clarified to the objector that the Petitioner Company had sent two separate notices in RSC-3 to two proprietary firms 'Pioneer Enterprises' and 'Pioneer Enterprises & Training Services' correctly as per the Petitioner Company's records indicating the credit balances of each proprietary firm separately to the two addresses given by him / recorded in Petitioner Company's records. Both the proprietary firms 'Pioneer Enterprises' and 'Pioneer Enterprises & Training Services' are owned by the same Proprietor having two different addresses. For his reference, the copies of both the notices were sent again to the Objector and after the clarification, no further objections have been received from the said unsecured creditor. Thus, the objections have been duly dealt with.
4. The Learned Counsel submits that Article 13 of the Articles of Association of the Petitioner Company empowers the Petitioner Company to reduce its Share Capital and Securities Premium Account in any manner for time being authorized by law.

5. The Learned Counsel for the Petitioner Company further submits that the Petitioner Company has passed a Special Resolution with requisite majority by way of Postal Ballot and E-Voting on 10th February 2019 approving the reduction of Share Capital. For ready reference, the relevant portion of the Special Resolution is reproduced below:

"RESOLVED THAT pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions, if any, of the Companies Act, 2013 or any amendment thereof, to the extent applicable, read with the Rules made thereunder and pursuant to the provisions of Memorandum of Association and Article 13 of the Articles of Association of the Company, and subject to the confirmation by the Mumbai Bench of the National Company Law Tribunal ('Tribunal') or such other competent authority and such other approvals, consents, permissions and sanctions as may be necessary to be obtained from appropriate statutory or regulatory or Government authorities and third parties, as may be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which may be agreed by the Board of Directors (hereinafter called the 'Board', which term shall be deemed to include any Committee of the Board, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), the approval of the members of the Company be and is hereby accorded for Reduction of Capital of Garware Technical Fibres Limited ('GTFL' or 'Company'), as under:

- a. Reduction of equity share capital of the Company from ₹21,88,20,600/- (Rupees Twenty One Crores Eighty Eight Lakhs Twenty Thousand and Six Hundred only) divided into 2,18,82,060 equity shares of a face value of ₹10/- (Rupees Ten only) each to ₹20,93,55,600/- (Rupees Twenty Crores Ninety Three Lakhs Fifty Five Thousand and Six Hundred only) divided into 2,09,35,560 equity shares of a face value of ₹10/- (Rupee Ten only) each by cancellation of 9,46,500 equity shares of a face value ₹10/- each

held by "GWRL Managerial Staff Welfare Trust" ("Welfare Trust") without any payout for such reduction;

- b. Adjustment of the outstanding amount of interest free advance payable by Welfare Trust to the Company not exceeding ₹3,49,29,308.10. (Rupees Three Crores Forty-Nine Lakhs Twenty-Nine Thousand Three Hundred and Eight and paise Ten only) against the Securities (Share) Premium Account of the Company.*

RESOLVED FURTHER THAT *for the purpose of giving effect to this Resolution, the Board or any officer so authorized by the Board, be and are hereby authorized on behalf of the Company to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, proper or desirable, including but not limited to preparing, finalizing, signing, submitting, filing any undertaking, application, representation, petition, letter, form, deed, and any other documents in respect thereof, and / or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary and / or to seek the requisite approvals, as may be applicable, from the appropriate authorities including but not limited to the Tribunal, Stock Exchanges where the securities of the Company are listed, SEBI or other appropriate or competent authorities and / or to represent the Company before the said authorities and / or to settle any question, difficulty, doubt that may arise, if any or in regard to and of the meaning or interpretation thereof or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Reduction of Capital of the Company and if necessary, to waive any of those (to the extent permissible under law) or to suspend, withdraw in whole or in part or revive or modify the above proposal of the Reduction of Capital of the Company from time to time as may be specified or agreed or consented by any statutory authority including Tribunal or they may suo moto decide in their absolute discretion, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall*

be deemed to have given their approval thereto expressly by the authority of this resolution."

6. It is placed on record that MGT-14 was filed with the ROC, Maharashtra, Pune in respect of the Special Resolution passed by the Members / Shareholders of the Petitioner Company for the approval to the Reduction in Share Capital of the Company.
7. The Learned Counsel appearing on behalf of the Petitioner Company further submits that Regulation 31(2)(b)(ii) of the Share Benefits Regulations mandates employee welfare schemes of listed companies are to reduce their holding in the listed company to 10% or less of its total assets within a period of five (5) years from the date of the notification of Share Benefits Regulations. The Welfare Trust holds 9,46,500 equity shares of the Petitioner Company and it constitutes approximately 99% of the total assets of the Welfare Trust. The proposal of reduction of capital will thus also achieve the objective of reducing the holding of Welfare Trust in order to comply with the applicable provisions of the SEBI (Share Based Employee Benefits) Regulation, 2014, in a manner that is fair and equitable to all shareholders. The Learned Counsel appearing on behalf of the Petitioner Company submits that the Explanatory Statement to the said Special Resolution passed on 10th February 2019 also mentions various other grounds and reasons justifying the proposal of Reduction of Capital of the Company.
8. The Learned Counsel appearing on behalf of the Petitioner Company further submits that the actual amount to be adjusted against the Securities (Share) Premium Account of the Company as of this date is ₹3,06,29,308.10 (Rupees Three Crores Six Lakhs Twenty-Nine Thousand Three Hundred and Eight and paise Ten only) as against ₹3,49,29,308.10 (Rupees Three Crores Forty-Nine Lakhs Twenty-Nine Thousand Three Hundred and Eight and paise Ten only),

approved by the shareholders by way of a Special Resolution dated 10th February, 2019.

9. The Learned Counsel for the Petitioner Company submits that the Regional Director (Western Regional), Ministry of Corporate Affairs, Mumbai has filed his report dated 21st November 2019 wherein the Regional Director has made observations in para 7(a) to 7(c) which are set out below:

(a) The Petitioner Company is a listed Company, as per Exhibit 'F' & 'G' of the petition it seems that BSE & NSE has given Observation letter/NOC. In this regards the Hon'ble NCLT may kindly direct to the Petitioner Company to file an undertaking to comply with the respective Exchanges.

(b) Applicant to submit an Affidavit to effect that the interest of the creditors and all the stakeholders and Government Revenue are protected as well as statutory dues are paid off.

(c) The tax implication if any arising out of the proposal for reduction is subject to final decision of Income Tax Authorities. The approval of the Company Petition by this Hon'ble Court may not deter the Income Tax Authority to scrutinize the tax return filed by the Company after giving effect to the proposal reduction. The decision of the Income Tax Authority is binding on the petitioner Company. Subject to the Observations made in para 7(a) to (c) above, Hon'ble NCLT may pass appropriate orders/order as deem fit and proper on merits.

10. In response to the observations made by the Regional Director, the Petitioner Company has filed an Affidavit in Rejoinder dated 2nd December 2019 and have clarified that:

(i) As far as the observation of the Regional Director in paragraph 7(a) of the Report is concerned, the Petitioner Company has clarified that they undertake to comply with requirements of the

respective exchanges i.e. Bombay Stock Exchange Limited & National Stock Exchange of India Limited.

- (ii) As far as the observation of the Regional Director in paragraph 7(b) of the Report is concerned, the Petitioner Company has clarified that they have filed an affidavit to the effect that the Applicant Company is a financially sound company and thus the interest of the creditors and all stakeholders and Government Revenue are protected as well as statutory dues are being paid off in the ordinary course of business.
- (iii) As far as the observation of the Regional Director in paragraph 7(c) of the Report is concerned, the Learned Counsel for the Petitioner Company states that the Petitioner Company will comply with all applicable provisions of the Income Tax Act, 1961 and all tax issues, if any, arising out of the reduction of capital will be met and answered in accordance with law.

11. Ms Rupa Sutar, Deputy Director from office of the Regional Director, Ministry of Corporate Affairs, Westerns Region, Mumbai, states that they are satisfied with the undertakings given by the Petitioner Company. The said undertakings given by the Petitioner Company are accepted.

12. The Regional Director has filed a supplementary report dated 17th December 2019 stating therein that the reply of the Petitioner Company through an affidavit dated 2nd December 2019 on the observations made in the para 7(a) to 7(c) of the report of the Regional Director dated 21st November 2019 are found to be satisfactory and the Hon'ble NCLT may pass appropriate orders/order as it deem fit in the facts and circumstances of the case.

13. The Learned Counsel appearing on behalf of the Petitioner Company further submits that the Petitioner Company has complied with all statutory requirements as per the directions of the Tribunal and they

have filed the necessary affidavit in the Tribunal. Moreover, the Petitioner Company also undertakes to comply with statutory requirements, if any, under the Companies Act, 2013 and the Rules made thereunder, as may be applicable. The said undertaking is accepted.

14. The Special Resolution as approved by the shareholders of the Petitioner Company for the capital reduction passed with requisite majority by way of Postal Ballot and E-Voting on 10th February 2019 is confirmed hereby. Since the requisite statutory procedure has been fulfilled the petition is made absolute in terms of prayer clause 35 sub-clause (a) to (c) accordingly.
15. The minutes set forth hereto be and is hereby approved.
16. All concerned regulatory authorities to act on a certified copy of the order duly certified by the Deputy Registrar or Assistant Registrar, National Company Law Tribunal. The certified copy of this order including the minutes as approved be delivered to the Registrar of Companies, Maharashtra, Pune within 30 days of receipt of this order.
17. The Petitioner Company to publish the notices about registration of order and minutes of reduction by the concerned Registrar of Companies, Maharashtra, Pune in two newspapers viz. 'Free Press Journal' in English language and translation thereof in 'Navshakti' in Marathi language both having circulation in Maharashtra, Pune within 30 days of registration.

FORM OF MINUTES

- a. *The subscribed, issued and paid up equity share capital of Garware Technical Fibres Limited, is henceforth ₹20,93,55,600/- (Rupees twenty crores ninety three lakhs fifty five thousand and six hundred only) divided into 2,09,35,560 (Two crore nine lakhs thirty five thousand five hundred and sixty) equity shares of ₹10/- each, reduced from ₹21,88,20,600/- (Rupees Twenty One Crore Eighty Eight lakhs Twenty Thousand and Six Hundred only) divided into 2,18,82,060 (Two Crore Eighteen lakhs Eighty Two Thousand and Sixty) equity shares of ₹10/- each.*
- b. *The Securities (Share) Premium Account of the Garware Technical Fibres Limited is henceforth ₹73,93,81,409.90 (Rupees Seventy-Three Crores Ninety-Three Lakhs Eighty-One Thousand Four Hundred Nine and ninety paise only)-reduced from ₹77,00,10,718/- (Rupees Seventy Seven Crores Ten Thousands Seven Hundred Eighteen only).*

Sd/-

V. Nallasenapathy

Member (Technical)

Sd/-

Suchitra Kanuparthi

Member (Judicial)

Jenny DSouza - Steno