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CHARGE : 36

O/1410/2016

Read By :

Prepared By : MS. BITTAN RAJPUT

Applied on : 12/01/2016

Examined By : *[Signature]*
B-1-16

Prepared on : 12/01/2016

Notified on : 13/1/16

Delivered on : 16/1/16

Dy.S.O.

Section Officer

Decree Department

Decree Department

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORDER PASSED BY THE COURT IN THE CASE OF

1 GUJARAT TOOLROOM LIMITED
402, SHEEL COMPLEX, NEAR MITHAKHALI UNDER BRIDGE
NAVRANGPURA, AHMEDABAD-380009

Petitioner(s)

VERSUS

1 ..

..

Respondent(s)

Being COMPANY PETITION No. 346 of 2015

Appearance on Record:

MS DHARMISHTA RAVAL as ADVOCATE for the Petitioner(s) No. 1

COURT'S ORDER :

CORAM :

HONOURABLE SMT. JUSTICE ABHILASHA KUMARI

Date of Decision: 11/01/2016

(COPY OF ORDER ATTACHED HEREWITH)



D/COMP/346/2015

ORDER

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION NO. 346 of 2015

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GUJARAT TOOLROOM LIMITED....Petitioner(s)

Versus

.....Respondent(s)

=====

Appearance:
MS DHARMISHTA RAVAL, ADVOCATE for the Petitioner(s) No. 1

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CORAM: HONOURABLE SMT. JUSTICE ABHILASHA
KUMARI

Date : 11/01/2016

ORAL ORDER

1. The petitioner has filed the present petition seeking the sanction of this Court to the proposed reduction and cancellation of part of the Paid-Up Share Capital of the petitioner-Company under Sections-100 and 102 of the Companies Act, 1956. The petitioner also seeks an order dispensing with the procedure contemplated under Section-101(2) of the Companies Act, 1956, on the ground that there are no Secured Creditors and the proposed reduction would not, in any way, affect the rights and interest of the Unsecured Creditors of the Company.

2. The petitioner - Gujarat Toolroom Limited, has an



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authorized Share Capital of Rs.6,00,00,000/- divided into 60,00,000 equity shares of Rs.10/- each. The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on 30th September, 2014, is Rs.3,47,68,000/- divided into 34,76,800 equity shares of Rs.10/- each.




3. The company proposes to reduce the Paid Up Share Capital from Rs.3,47,68,000/- to Rs.69,53,600/- divided into 6,95,360 equity shares of Rs.10/- each, by reducing the paid-up value of all the shares in the capital of the Company from Rs.10/- per share to Rs.2/- per share and thereafter consolidation of the face value of Rs.2/- per share to Rs.10/- per shares by issuing 1 equity share of Rs.10/- each fully paid-up against 5 equity shares of Rs.2/- per shares.

4. Heard Ms.Dharmishta Raval, learned advocate for the petitioner.

5. Learned counsel for the petitioner has submitted that Article-8 of the Articles of Association of the Company authorized the petitioner for reduction of Share Capital. It was stated that prior to the filing

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of the present petition with the prayers, as above, the petitioner-Company passed the necessary Resolution in the meeting of the Board of Directors, held on 6th January, 2015. The Company, thereafter, also issued notices to its shareholders for convening the Annual General Meeting, which was held on 24th September, 2015, at 3:30 PM together with Explanatory Statement as required under Section-102 of the Companies Act, 1956 (hereinafter referred to as "the Act").

6. In the Annual General Meeting, the shareholders passed a Special Resolution for the reduction the of the Paid-Up Share Capital of the company as resolved in the Board Resolution. The extract of the Resolution of Shareholders reads thus :

"RESOLVED THAT pursuant to section 100 to 104 and other relevant provisions of the Companies Act, 1956, Article 8 of the Articles of Association of the Company and subject to confirmation by the Hon'ble High Court of Judicature at Ahmedabad, in the state of Gujarat, consent of the members of the Company be and is hereby accorded to the reduction in the paid-up share capital of the Company with effect from the appointed date of the Scheme from Rs.3,47,68,000/- (Rupees Three

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Crores Forty Seven Lacs Sixty Eight Thousand Only) divided into 34,76,800 Equity Shares of Rs.10/- (Rupees Ten Only) each fully paid up TO Rs.69,53,600/- (Rupees Sixty Nine Lacs Fifty Three Thousand Six Hundred Only) divided into 34,76,800 Equity Shares of Rs.2/- (Rupee Two Only) each fully paid up and that such reduction be effected by reducing the paid up value of shares of the Company from Rs.10/- per share to Rs.2/- per share, on 34,76,800 Equity Shares aggregating to Rs.2,78,14,400/- in the existing paid up Equity Share Capital which is lost or un-represented by the available assets i.e. Debit balance in Profit & Loss Account.

RESOLVED FURTHER THAT pursuant to applicable provisions of the Companies Act, 1956 and/or the Companies Act 2013 consent of the members of the Company, subject to necessary approvals of the applicable authority, be and is hereby granted to consolidate the reduced face value of Rs.2/- per share to Rs.10/- per share as fully paid up by issuing 1 equity share of Rs.10/- each fully paid-up against every 5 equity shares of Rs.2/- each fully paid-up and to do all such acts, deeds and things as may be necessary in this regard.

RESOLVED FURTHER THAT after reduction of the capital of the Company, the paid up capital of the Company be re-organised subject to such



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rights, privileges and conditions attaching thereto as are provided by the Memorandum and Articles of Association of the Company and the board be and are hereby authorized to implement, modify, amend and alter the REDUCTION OF CAPITAL of the Company in accordance with the order of the Hon'ble High Court judiciary at Ahmedabad in the state of Gujarat and such other authorities, Stock Exchange, Registrar of Companies and Securities and Exchange Board of India.



RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to move the petition/application to the Hon'ble High Court judiciary at Ahmedabad and/or to any tribunal for an order confirming the aforesaid reduction and to submit necessary applications under the Companies Act, 1956 and/or the Companies Act, 2013, Listing Agreement, SEBI Act, 1992 and other Applicable Rules and Regulation for the purpose of giving effect to the above mentioned reduction of capital and to do all such other acts, matters, deeds as may deem fit and proper to carry out the reduction of capital."

7. The petition came to be admitted by this Court by order dated 15th October, 2015. The Court also ordered the dispensation of the procedure under Section-101(2) of the Act. The notice of the petition was directed to

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be advertised in the English Daily newspaper 'Business Standard', Ahmedabad Edition and the Gujarati Daily newspaper 'Jantasatta', Ahmedabad Edition. The publication of the notice in the Official Gazette was ordered to be dispensed with.



8. It was submitted that the notice of petition was duly advertised in the local daily newspapers as directed. An affidavit dated 2nd November, 2015, was filed by the Authorized Officer of the petitioner, confirming the publication of the advertisements in the aforementioned local newspapers. Learned counsel for the petitioner stated that pursuant to the publication of the advertisements, no objection has been received by anyone against the proposed reduction Paid-Up Share Capital of the petitioner- Company.

9. In paragraph-15 of the supporting affidavit, the petitioner has made the following statements and averments:

"The proposed reduction in Share Capital does not involve either the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital nor is any

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call being waived. The creditors of the Company are in no way affected by the proposed restructuring by way of the reduction of capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors. There is no actual cash out flow. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business. Petitioner Company most humbly craves dispensation from the detailed procedure as to notice to the creditors prescribed under section 101(2) and Company (Court) Rules, 1959. It is respectfully submitted that as a result of the reduction of capital, no sacrifice or waiver is called from the creditors and the Petitioner Company would continue to honour its liabilities/ obligations as before."

10. Ms.Raval has relied on the decision in the cases of in M/s.Duron Energy Private Limited [Company Petition No. 238 of 2014] and Eagle Creek Knowledge Processing Services Private Limited [Company Petition No. 224 of 2015].

11. In the aforesaid view, the prayer in this

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petition can be favorably considered.



12. Having considered the above aspects and the documents produced on record, including the Special Resolution passed by the shareholders of the petitioner-Company, the proposed action of the petitioner to reduce the Paid-Up Share Capital as per the Special Resolution passed by the shareholders of the petitioner-Company deserves to be approved. The same is hereby approved. The Minutes as mentioned in paragraph-17 of the petition are also approved.

13. The petitioner shall take steps for registration of the order with the Registrar of Companies and to publish the approval of Minutes in English Daily newspaper 'Business Standard' in its Ahmedabad Edition and Gujarati Daily newspaper 'Jantasatta', Ahmedabad Edition, within 14 days of the registration of the order with the Registrar of Companies. The publication of the notice in the Official Gazette is dispensed with.

14. The petition is allowed, in the above terms and disposed of, accordingly.

sd
Smt. ABhila K...



TRUE COPY
01/11/2015
ASSISTANT REGISTRAR
TNSB-16 DAY OF