IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO. 269 OF 2015.

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 294 OF 2015

In the matter of the Companies Act 1 of 1956);

And

In the matter of Sections 100 to 104 of the Companies Act, 1956;

And

In the matter of Reduction of Share Capital of The Central Province Railways Company Limited

The Central Province Railways Company Limited, a company incorporated under Act No. VI of 1882 of the Legislative Council of India, having its registered office at Unit No 35/B Building No.1, Ganjawala Shopping Center, S.V.P Road, Borivali (West) Mumbai 400092 } ..... Petitioner Company

<u>Called For Hearing</u>

Mr. Rajesh Shah i/b M/s. Rajesh Shah & Co., Advocate for the Petitioner.

CORAM: S. J. Kathawalla, J.

DATE: 8th May, 2015

1. Heard counsel for the Petitioner. No objector has come before the Court to oppose the Reduction and nor any party has controverted party has any averments made in the Petition.

2. The sanction of the Court has been sought for the Reduction of Share Capital of The Central Province Railways Company Limited, the Petitioner Company, under 100 to 104 of the Companies Act, 1956, as approved in the Special Resolution passed by its Equity Shareholders at the Extra Ordinary General Meeting held on 5th day of January, 2015.

3. Learned Counsel for the Petitioner states that the reasons for reduction of Share Capital has been stated in paragraph 6 of the Petition interalia stating that the Company has been incurring losses for the past few years and due to the business losses and inadequate working capital facilities the present business of the company had suffered accumulated losses tremendously. Therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale. The proposed Scheme would enable the company to correct its existing capital by reduction and to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business value.

4. Learned Counsel for the Petitioner submits that the Article 7 of the Articles of Association of the Petitioner Company empowers the Petitioner Company to reduce its Share Capital and the Petitioner Company having passed Special Resolution in its Extraordinary General Meeting of its Equity Shareholders held on 5th January, 2015 being Exhibit 'E' to the Company Scheme Petition, resolution that an amount of Rs. 94,00,000/- (Rupees Ninety Four Lacs only) divided into 9,40,000 (Nine Lacs Forty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid-up to Rs. 5,64,000/- (Rupees Five Lacs Sixty Four Thousand only) divided into 56,400 (Fifty Six Thousand Four Hundred) equity shares of Rs.10/- (Rupees Ten only) each and that such reduction of Rs. 88,36,000/- (Rupees Eighty Eight Lacs Thirty Six Thousand Only) be effected by cancelling 8,83,600 (Eight Lacs Eighty Three Thousand Six Hundred) Equity Shares in Equity Paid up Share Capital to the extent of 94 equity shares for every 100 equity shares held which has been lost or is represented by accumulated losses of Rs.1,43,67,329/- as per the Audited accounts as on 31st March, 2014 be adjusted against the accumulated losses and in view of the averment made in Paragraph 15 of Company Scheme Petition the proposed reduction in the Share Capital Account does not involve any financial outlay/ outgo on the part of the Petitioner Company and is only in the nature of a book entry and that such reduction will also not cause any prejudice to the Creditors of the Petitioner Company and that the Petitioner states that the reduction of the Share Capital Account ('Securities Premium

Account') does not involve either the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital nor is any call being waived and that the Creditors of the Petitioner Company are also in no way be affected by the proposed reduction of the Share Capital Account as there is no reduction in the amount payable to any of the Creditors, no compromise or arrangement is contemplated with the Creditors and also there is no reduction in the security, which the Creditors may have in the Petitioner Company and that the proposed adjustment would not in any way adversely affect the ordinary operations of the Petitioner Company or the ability of the Petitioner Company to honour its commitments or to pay its debts in the ordinary course of business. In view of thereof vide order dated 10th April, 2015 the procedure prescribed under Section 101(2) of the Companies Act, 1956 was dispensed with.

5. Counsel appearing on behalf of the Petitioner states that they have complied with all the statutory requirements as per the directions of this Court and they have filed necessary affidavit of compliance in the Court. Moreover, Petitioner Company undertakes to comply with statutory requirements, if any, as required under the Companies Act, 1956/ 2013 and the Rules made thereunder whichever is applicable. The Undertaking is accepted.

6. None of the parties concerned have come forward to oppose the proposed reduction of Share Capital (Securities Premium Account). Since the requisite

statutory procedure has been fulfilled, the Petition is made absolute in terms of prayer clauses (a) and (b).

7. Petitioner is directed to file a copy of this order alongwith a copy of the Form of Minutes with the concerned Registrar of Companies, electronically, along with E-Form/ INC-28 in addition to physical copy as per the relevant provisions of the Act.

8. All concerned regulatory authorities to act on a copy of this order and the Form of Minutes annexed as Exhibit- 'G' to the Petition, duly authenticated by the Company Registrar, High Court, Bombay.

9. Filing and issuance of the drawn up order is dispensed with.

10. Petitioner to publish notices of registration of the Order and form of minutes of reduction of capital by concerned Registrar of Companies once each in the same newspapers viz. “Free Press Journal”, in English language and translation thereof in “Navshakti”, in Marathi language. Both having circulation in Mumbai within 14 days of registration.

(S. J. Kathawalla, J.)