HONOURABLE SRI JUSTICE A.RAMALINGESWARA RAO

COMPANY PETITION No.339 of 2016

ORDER:

1. This petition is filed by the petitioner company for confirmation of the reduction of equity share capital. The petitioner company was incorporated on 08.05.1978 and is situated in Hyderabad in the State of Telangana. The authorized share capital of the company is Rs.10,00,00,000/- divided into 1,00,00,000 equity shares of Rs.10/- each, whereas the paid up capital is Rs.9,69,55,000/- divided into 96,95,500 equity shares of Rs.10/- each. The Board of Directors of the company in its meeting held on 04.08.2016 passed a resolution approving the reduction of paid up equity share capital subject to approval of the shareholders and confirmation by this Court. A notice of postal ballot was issued to the shareholders on 18.08.2016 and the shareholders have approved the reduction of the equity share capital on 26.09.2016. The Scrutinizer and Chairman appointed for the said purpose submitted a report evidencing passing of the special resolution and voting through postal ballot.

2. The petitioner company has secured creditors to the tune of Rs.2538.64 lakhs, who issued No Objection Certificate for the proposed reduction of share capital, and the total unsecured creditors are to the tune of Rs.2427.40 lakhs as on 31.03.2016. As on the date of filing of the Petition, the company paid Rs.2204.59 lakhs

and the total outstanding is Rs.222.81 lakhs. Out of the said amount, Rs.124.13 is towards employee related liabilities. Further, an amount of Rs.76.58 lakhs, which was received from the customers towards advances for supply of chicks, will be adjusted against the supply of chicks and only Rs.22.10 lakhs remains outstanding. The company is having the reserves and surplus of Rs.9110.07 lakhs and after reduction of the share capital, it will have reserves of Rs.8421.35 lakhs. Thus, the proposed reduction would not affect the ability of the company to repay its creditors.

3. This Court in Company Application No.1421 of 2016 dispensed with the requirement of procedure laid down under Section 101 (2) of the Companies Act, 1956 by its order dated 30.09.2016 and ordered for publication of notice in Andhra Bhoomi and Business Standard State edition. After publication of the notice as aforesaid, the company has not received any objections from any one for the proposed reduction of the equity share capital.

4. In the circumstances, the reduction of the equity share capital as approved by the petitioner company in terms of the Special Resolution passed by the equity shareholders by way of postal ballot on 26.09.2016 by cancelling and extinguishing the shares held by 1450 public shareholders is confirmed and the Company Petition is accordingly ordered.

A.RAMALINGESWARA RAO, J

30-11-2016
Gsn