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21-02-2023

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
AHMEDABAD (COURT-II)**

**CP No. 50/(AHM)/2020**

(Under Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016)

**IN THE MATTER OF REDUCTION OF SHARE CAPITAL OF  
TINE AGRO LIMITED  
(APPLICANT)**

**Order Pronounced On: 06/02/2023**

**Coram:**

**DR. DEEPTI MUKESH,  
HON'BLE MEMBER (JUDICIAL)  
MR. AJAI DAS MEHROTRA,  
HON'BLE MEMBER (TECHNICAL)**

**MEMO OF PARTIES**

**In the Matter of**

**Tine Agro Limited  
39, Devashish Complex,  
Sardar Patel Nagar, Ellisbridge,  
Ahmedabad 380009**

**...Applicant**

**Present:**

For the Applicant: Mr. Navin Pahwa, Sr. Adv. a.w. Mr. Jatin Kapadia, PCS



CP No. 50/(AHM)/2020

**ORDER**

1. The instant application is filed by Tine Agro Limited ('Company') through its managing directed Mr. Karan Bairwa authorised through board resolution dated 07.08.2020 under Section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 seeking reduction in share capital by cancelling/ extinguishing of fully paid up 55,59,442 equity shares of Rs.10/- each held by shareholders having total value of Rs. 5,55,94,420 /-.
  
2. The Company is registered with Registrar of Companies, Ahmedabad as a company limited by shares on 20.04.1994 under the provisions of the Companies Act, 1956, originally with name Kansal Fibres Ltd. and CIN: L17116GJ1994PLC117990. During the pendency of this Application, the name of the Company was changed to Tine Agro Ltd. and thereby its CIN changed to L01100GJ1994PLC117990 with effect from 20.10.2021. The registered office of the Company is located at 39, Devashish Complex, Sardar Patel Nagar, Ellisbridge, Ahmedabad - 380009. The authorized share capital of the Company is Rs. 7,00,00,000/- and the Issued, Subscribed and Paid-up share capital of the Corporate Debtor is Rs. 5,67,29,000/-.
  
3. The main objects of the company as per Memorandum of Association of Company is to carry on the business of spinners, weavers, knitters, combers, manufacturers, producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of yarns and fibres whether synthetic, artificial or natural, nylon, polyester, acrylics, rayon, silk, artificial silk, linen, cotton, wool, Jute and any other fibre or fibrous



materials whether synthetic, artificial or natural, textile substance allied products, by-products and substitutes for all or any of them and to treat and utilise any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise along with other main objects.

4. It is submitted that the Company under Article 56 of its Article of Association is empowered to reduce its capital in any manner permitted by law. The relevant extract of Article 56 is reproduced below:

*“56. The Company may, by Special Resolution reduce its capital and any Capital Redemption Reserve account, or Share Premium Account in any manner and subject to any incident authorised and consent required under the Companies Act.”*

5. It is submitted that in order to write off the entire carried forward accumulated losses of past years and to get fresh infusion of funds for revival of business operations, the promoters of Company proposed reduction of capital of the Company.
6. It is submitted that the Company passed a board resolution on 28.05.2020 to reduce 56,72,900 equity shares of Rs. 10/- each by cancelling and extinguishing 98% of equity shares comprising 55,59,442 equity share of Rs. 10/- each. Consequently, every shareholder of the Company whose name appeared on the register of members on the record date shall be issued 2 (Two) equity shares of face value of Rs. 10/- (Rupees Ten) fully paid up for every 100 (Hundred) equity shares of Rs. 10/- (Rupees Ten) fully paid up held by them in the company prior to the Scheme.
7. It is stated that there are 3619 Equity Shareholders of the Company. List of shareholders as on 17.12.2020 of the Company is placed on record. 21



equity shareholders representing 47.31% of paid-up capital were present in the annual general meeting held on 10.07.2020, out of which 1 voted through electronic means, and by a special resolution confirmed by 100% voting, the reduction of share capital of the Company by cancelling and extinguishing 98% of share capital comprising 55,59,442 equity shares.

8. It is submitted that there is no secured creditor and 4 unsecured creditors of the Company. The certificates issued by the statutory auditors of the Company confirming the list of Creditors of the Company as on 30.09.2020 is filed. It is also submitted in affidavit filed on 09.04.2021 that all the unsecured creditors have acknowledged the notice issued in Form No. RSC-3 on 20.09.2021 and the company has also received no objection in form of affidavit from all creditors. Copy of acknowledgements and affidavits are placed on record.
9. It is also observed from the certificate issued by the Statutory Auditor that the scheme of reduction of share capital is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 1956/ Companies Act, 2013.
10. In compliance with the order dated 11.01.2021, the company issued notices to the Central Government through the Regional Director, the Registrar of Companies, Securities and Exchange Board of India and BSE Limited in Form No. RSC-2 and had also published notice in Form No. RSC- 4 in English Newspaper "Indian Express" and in Gujarati Newspaper "Financial Express" on 22.01.2021 inviting objections.



11. Pursuant to the receipt of notices in Form No. RSC-2, the Regional Director along with ROC made a representation on 11.10.2022 wherein it is observed that clause 1.6 of Part II of the Scheme provides that 56,72,900 equity shares of Rs. 10/- each will be reduced to 1,13,458 equity shares of Rs. 10/- each fully paid up. Consequently, every shareholder of the Company whose name appeared on the register of members on the Record date shall be issued 2 (Two) equity shares of face value of Rs. 10/- (Rupees Ten) fully paid up for every 100 (Hundred) equity shares of Rs. 10/- (Rupees Ten) fully paid up held by them in the company prior to the Scheme. It means the Shareholders who have less than 100 shares of the company, their shareholding will diminish from the company permanently without any consideration. Therefore, this scheme does not provide any exchange ratio for fractional shares who have less than 100 shares of the company.

12. The Company has annexed the observation letter dated 15.09.2020 of BSE wherein no adverse observation is made. The relevant extract is reproduced below:

*"In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT."*

13. It was noted that the Applicant has failed to file reply to the observations of the Regional Director. Thus, clarification was sought and thereby the Applicant has filed an affidavit and submitted as under:

"...considering the effect of Clause 1.7 of the Scheme in background of Clause 1.6, if shareholder holds between 75 to 99 equity shares, the shareholder will get 2 Equity shares (roundoff to 1 share) and if



the shareholder holds between 25 to 74 equity shares, the shareholder will get 1 equity share (roundoff to 1 share). In case the shareholder holds less than 25 shares, the concerned shareholder may not get any shares as what such shareholder will be entitled to, come to less than 0.5 share after reduction.”

14. It is stated that the Company has not obtained any deposits as defined under Section 73 of the Act read with the rules thereunder and therefore, the requirement under Rule 2(2)(c) of the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 is not applicable to the Applicant Company.
15. Section 66(1)(b) of the Act enables a Company to reduce its Share Capital ‘in any manner’ provided it is approved by the Shareholders by a Special Resolution. The Reduction of the Share Capital in present case is approved by the Shareholders of the Company unanimously by way of a Special Resolution. It is settled law that the question of reduction of Share Capital will be treated internal matter of the company wherein the decision of the majority will prevail. If majority, by Special Resolution, decides to reduce the Share Capital of the Company, it also has the right to decide as to how this reduction should be carried into effect. In the instant case, admittedly, the reduction of Share Capital is approved unanimously by the Shareholders by way of a Special Resolution.
16. Perused documents on record. No adverse observation is made by the Regional Director, Registrar of Companies & BSE. All necessary compliances for making the proposed reduction have been made. Also, no objection is received from any creditor, shareholder or any other stakeholder. Considering above, this application deserves to be allowed.

17. THIS TRIBUNAL DO ORDER:

- (a) The reduction of equity share capital resolved on and effected by the special resolution passed at annual general meeting of the Company on 10.07.2020 is hereby confirmed / ratified.
- (b) The Company is permitted to register the minutes of AGM held on 10.07.2020 as per Section 66(5) of the Companies Act.

18. It is hereby directed to the Company to publish about the reduction of share capital in two newspapers namely "Indian Express", English Daily & "Financial Express", Gujarati Daily both having circulation in the State of Gujarat within 30 days of the Registration.

19. A certified copy of this order including the minutes as approved, be delivered to the Registrar of Companies and all the Statutory Authorities concerned within 30 days of the date of receipt of this order. All the concerned regulatory authorities to act on receipt of the certified copy of this order.

20. The Application is accordingly disposed of on above terms.

-Sd-

**AJAI DAS MEHROTRA**  
**MEMBER (TECHNICAL)**

*Mansi J./LRA*

-Sd-

**DR. DEEPTI MUKESH**  
**MEMBER (JUDICIAL)**



Prepared by *Vinod*  
Signature *UP*  
Date 21.02.2023

