(2009) 12 AHC CK 0117

In the Allahabad High Court

J.K.Synthetics Limited

Date of Decision : 18-12-2009

Acts Referred:

Citation : (2009) 12 AHC CK 0117

Hon'ble Judges : Bharati Sapru, J

Judgement

Bharati Sapru, J.

J.K. Synthetics Limited, a Company registered under the Companies Act, 1913 and having its Registered Office at: Kamla Tower, Kanpur1 (UP).

1. This is a petition under Section 100/101 of the Indian Companies Act, 1956 by the applicant J.K. Synthetics Ltd. seeking confirmation of reduction in its Capital & Reserves. It is stated in paragraph 14 of the petition that the Reduction has been approved unanimously by the share holders in a meeting held on 19.9.2009 at the Merchant Chamber Halls Civil Lines, Kanpur. The resolution has been passed in accordance with the Provisions of Section 189 of the Companies Act. The resolution has been placed on record in this petition as Annexure5. The reduction sought is in the nature of an accounting arrangement. It reads thus:

(1) The issued, subscribed and paid up Equity Share Capital of the Company shall be reduced in the following manner and extent and subject to other provisions made in this resolution

(a) The aggregate issued, subscribed and paid up Equity Share Capital of the Company shall stand reduced from Rs.742695030.00 divided into 74269503 Equity Shares of Rs.10/ each fully paid up to Rs.37134752.00 divided into 37134752 Equity Shares of Rs.1/each;

(b) The number of Equity Shares held by each shareholder shall stand reduced to half of the existing number and the face value and paid up value of each existing Equity Share of Rs.10/ shall stand reduced to Rs.1/ per share by cancellation of remaining value and number of shares;

(c) The entire amount of reduction in Equity Capital so effected i.e.

Rs.705560278.00 shall be set off/adjusted against the accumulated losses of the Company;

(d) The Equity Shares (after reduction) shall continue to be listed and traded on Bombay and U.P. Stock Exchanges;

(2) The Securities Premium Account shall be reduced from Rs.706366112.00 to Rs.Nil by adjustment and set off against the accumulated losses of the Company;

(3) The Capital Redemption Reserve Account shall be reduced from Rs.70486000.00 to Rs.Nil by adjustment and set off against the accumulated losses of the Company.

(4) The existing balance in Capital Reserves A/c. amounting to Rs.155749.00 and existing balance in Forfeited Shares A/c. amounting to Rs.778465.00 be also reduced to Rs.Nil by adjustment and set off against accumulated losses of the Company.

(5) No part of the aforesaid reduction in the Equity Capital, Securities Premium Account. Capital Redemption Reserve Account, Capital Reserve Account or Forfeited Shares Account, as mentioned above shall be refunded/returned/paid to any of the shareholders or any other person in cash or in kind nor will there be any diminution of liability in respect of unpaid capital, if any.

(6) The shareholders becoming entitled to fractional shares pursuant to aforesaid reduction in capital will not be eligible for such fractional shares and all such fractions will be consolidated and allotted in the name or a director of any other officer of the Company as may be nominated by the Board of Directors, who will dispose off said shares in the market and distribute the proceeds thereof after deducting the expenses incurred on such disposal of shares, amongst the shareholders entitled to such fractions in proportion to their respective entitlement.

(7) The Board of Directors of the Company (or any Committee of the Board of any director or officer of the Company, if so empowered by the Board) be and is hereby authorized to do all such acts, deeds and things as may be necessary or required or thought fit including filing of petitions, applications, affidavits, other documents in the Hon''ble High Court at Allahabad or before any other authority, appointment of advocates and fixing their fees and remuneration, for obtaining the requisite sanction, approval, confirmation, no objection etc. and to agree to and accept conditions and modifications as may be imposed by any of the aforesaid authorities while granting such sanction, approval, confirmation, no objection etc. if thought fit, and to take all such steps and execute all such deeds and documents as may be required for giving effect to the above decisions and to settle any question, difficulty or doubt that may arise in this regard."

2. This Court passed an order on 28.10.2009 directing that the present petition be advertised in two Newspapers one in Hindi and another in English fixing 10th of December, 2009 as the date of hearing.

3. Learned Counsel for the petitionerCompany has filed an affidavit of compliance and has brought on record the advertisements made in two Newspapers. This Court has not received any objections in response to the said objections.

4. In view of the fact that no objections have come from any quarter to the proposal for the reduction in Share Capital & Reserves, the prayers made by the Company are allowed. This Court grants and allows prayer nos.1 and 2 which reads as hereunder:

(i) to confirm the reduction of issued, subscribed and paid up equity share capital and reserves of the petitioner company as approved by the shareholders of the petitioner company by special resolution set out in Para 14 above;

(ii) to approve the form of minutes under Section 103 (1) (b) of the Companies Act as set out in Para 22;

5. Office/Registry to proceed to issue the necessary formal order and minutes in the prescribed form within a period of one week.

6. This Petition is allowed.