(2020) 07 NCLT CK 0066

In the National Company Law Tribunal

Case No : Company Petition No. 43/Bb Of 2020

Olmec Technologies Private Limited APPELLANT

Vs

Registrar Of Companies RESPONDENT

Date of Decision : 10-07-2020

Acts Referred:

Companies (Accounts) Rules, 2014 — Rule 7
Companies Act, 2013 — Section 52, 66, 66(1), 66(5), 114, 133

Citation : (2020) 07 NCLT CK 0066

Hon'ble Judges : Rajeswara Rao Vittanala, J;Ashutosh Chandra, Member (Technical)

Bench : Division Bench

Advocate : Saji P. John

Final Decision : Disposed Of

Judgement

Ashutosh Chandra, Member (T)

1. This Company Petition has been filed on behalf of the Applicant/Petitioner Company namely M/s. Olmec Technologies Pvt. Ltd. U/ss 66 & 52 of the Companies Act, 2013, R/w the NCLT (Procedure for Reduction of Share Capital of the Company) Rules, 2016, and the applicable provisions of the NCLT Rules, 2016, by inter alia seeking the confirmation of reduction of capital, as resolved by a Special Resolution on 29th November 2019, etc.

2. The facts stated in the Company Petition are, briefly, as under:-

(1) M/s. Olmec Technologies Pvt. Ltd. (hereinafter referred to as Applicant/ Petitioner) is a private limited Company incorporated on 30.10.2012 under the Companies Act, 1956, with the ROC, Bangalore, vide CIN:U72200KA2012PTC066523 having its registered office at KAY ARR THE IVY No. 692, 16th Main, 6th A Cross, 3rd Block, Koramangala, Bengaluru- 560034. The Company is carrying on the business of designing, developing, researching and otherwise dealing or handling with all type of mobile applications, computers

and computer related systems etc.

(2) The authorised, issued, subscribed and paid-up share capital of the Petitioner Company as on 31st March 2019, was as follows:

Authorized Capital

Amount (INR)

2,30,000 equity shares of INR .1/- each fully paid up

2,30,000

7,000 Series A compulsorily convertible preference shares o INR. 10/-

70,000

32,000 Series A1 compulsorily convertible preference shares of INR. 10/-each

3,20,000

3,30,000 Series A2 compulsorily convertible preference shares of INR. 100/-each

3,30,00,000

30,500 Series A3 compulsorily convertible preference shares of INR. 10/- each

3,05,000

3,39,25,000

Issued, Subscribed and Paid-Up Capital

Amount (INR)

1,50,200 equity shares of INR.1/- each fully paid up

1,50,200

6,869 Series A compulsorily convertible preference shares ol INR. 10/-

68,690

31,294 Series A1 compulsorily convertible preference shares of INR. 10/-each

3,12,940

3,30,000 Series A2 compulsorily convertible preference shares of INR. 100/-each

3,30,00,000

30,443 Series A3 compulsorily convertible preference shares of INR. 10/-each

3,04,430

3,38,36,260/-

(3) Balance Sheet and provisional Balance Sheet as at 31.03.2019 & 30.09.2019 have been placed on record as Annexure B and B1 respectively. It is stated that there is no audit qualification, reservation or adverse remark or disclaimer made by the auditor in his report. Also, there are no pending inspection, inquiry or investigation against the company under the Companies Act, 2013.

(4) It is stated that the Company adapted Table F as its Articles and Article No. 38 of Table F is provided as follows:

"The Company, may by Special Resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,-

a. Its share capital

b. Any capital redemption reserve account or

c. Any share premium account"

(5) The reason for reduction of capital is for repayment of excess capital which is not required for carrying on the main objects of the Petitioner Company.

(6) The Board of Directors of the Company at its meeting held on 04.11.2019 resolved to reduce the paid up share capital from Rs. 3,38,36,260/- (Rupees Three Crore Thirty Eight Lakh Thirty Six Thousand Two Hundred and Sixty Only) comprising of 1,50,200 equity shares of Rs. 1/-each fully paid up, 6,869 (Six Thousand Eight Hundred Sixty Nine) Series A compulsorily convertible preference shares of Rs. 10/- each fully paid up, 31,294 Series A1 compulsorily convertible preference shares of Rs. 10/- each fully paid up; 3,30,000 Series A2 compulsorily convertible preference shares of Rs. 100/- each fully paid up; and 30,443 Series A3 compulsorily convertible preference shares of Rs. 10/- each fully paid up to Rs. 2,98,50,200/- (Rupees Two Crore Ninety Eight Lakh Fifty Thousand Two Hundred Only) consisting of 1,50,200 equity shares of Rs. 1/- each fully paid up; and 2,97,000 Series A2 compulsorily convertible preference shares of Rs. 100/- each fully paid up, by cancelling and reducing 6,869 Series A compulsorily convertible preference shares of Rs. 10/-; 31,294 Series A1 compulsorily convertible preference shares of Rs. 10/- each; 33,000 Series A2 compulsorily preference shares of Rs. 100/- each; 30,443 Series A3 compulsorily convertible preference shares of Rs. 10/- each, thereby, repaying a sum of Rs. 32,99,948.60/- (Rupees Thirty Two Lakh Ninety Nine Thousand Nine Hundred and Forty Eight and Sixty paisa only,), being Rs. 48.10/- (Rupees Forty Eight and one zero paisa) per share to the Series A, Series A1 and Series A3 preference shareholders and a sum of Rs. 60,00,060/- (Rupees Sixty Lakh Sixty Only), being Rs. 181.82/- (Rupees One Hundred Eighty One and Eighty Two paisa Only) per share to the Series A2 preference Shareholders of the Company. Further and the Securities Premium Account be and is hereby reduced from Rs. 120,458,908/- (Rupees Twelve Crore Four Lakh Fifty Eight Thousand Nine Hundred and Eight Only) to Rs. 115,144,959/- (Rupees Eleven Crore Fifty One Lakh Forty Four Thousand Nine Hundred and Fifty Nine Only).

(7) It is stated that the Special Resolution of the Company duly passed in accordance with section 66(1) read with Section 114 of the Companies Act, 2013, at the Extraordinary General Meeting held on 29.11.2019. Pursuant to due notice as provided under the Act dated 04.11.2019 it was resolved:

"RESOLVED THAT Pursuant to the provisions of Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and the applicable provisions of the National Company Law Tribunal Rules 2016 and subject to confirmation of the National Company Law Tribunal and any other competent authority as may be specified in this regard, the paid up share capital of the Company be and is hereby reduced from I NR. 3,38,36,260 (Indian Rupees Three Crores Thirty Eight Lakh Thirty Six Thousand Two Hundred and Sixty Only) to INR. 2,98,50,200 (Indian Rupees Two Crore Ninety Eight Lakh Fifty Thousand Two Hundred), by cancelling the following shares, being in excess of wants/requirements of the Company:

Name of the shareholder

Type of shares

No. of shares

Tracxn Labs Fund-I

Series A Preference

6,869

Scheme of Tracxn Labs

shares of INR. 10/- each

Accel India Venture IV

Series A1 Preference

31,294

(Mauritius) Limited

shares of INR. 10/- each

Accel India Venture IV

Series A2 Preference

33,000

(Mauritius) Limited

shares of INR. 100/- each

Accel India Venture IV

Series A3 Preference

30,443

(Mauritius) Limited

shares of INR. 10/- each

RESOLVED FURTHER THAT Pursuant to the reduction of share capital of the Company from INR. 3,38,36,260 (Indian Rupees Three Crores Thirty Eight Lakh Thirty Six Thousand Two Hundred and Sixty Only) to INR. 2,98,50,200 (Indian Rupees Two Crore Ninety Eight Lakh Fifty Thousand Two Hundred), a sum of INR. 32,99,948.60/- (Indian Rupees Thirty Two Lakh Ninety Nine Thousand Nine Hundred and Forty Eight point six zero only), being INR 48.10/- (Indian Rupees Forty Eight and one zero paisa) per share cancelled, be returned to the Series A, Series A1 and Series A3 preference shareholders and a sum of INR. 60,00,060/- (Indian Rupees Sixty Lakh Sixty only), being INR 181.82/- (Indian Rupees One Hundred Eighty One and Eight Two paisa) per share cancelled, be returned to the Series A2 preference shareholders.

RESOLVED FURTHER THAT the distinctive numbers of the shares proposed to be so cancelled are as detailed below:

SL.

Name of the Share Holder

Folio No.

Certificate No.

Distinctive Nos. to be cancelled

Number of Shares

1

Tracxn Labs Fund-1- Scheme of Tracxn Labs

4

P1

Jan-69

6,869

2

Accel India IV Mauritiu s Limited

5

P2

6870-38163

31294

3

Accel India IV Mauritius Limited

5

P-A3

01-30443

30443

4

Accel India IV Mauritius Limited

5

P-

01-33000

33,000

Total

1,01,606

RESOLVED FURTHER THAT a sum of Rs. 53,13,949/- (Rupees Fifty Three Lacs Thirteen Thousand Nine Hundred and Forty Nine Only) form the Securities Premium Account be utilized for the pay-out against equity shares being cancelled, and the Security Premium Account be and is hereby reduced from Rs. 120,458,908 (Rupees Twelve Crore Four Lacs Fifty Eight Thousand Nine Hundred and Eight Only) to Rs. 115,144,959 (Rupees Eleven Crore Fifty One Lacs Forty Four Thousand Nine Hundred and Fifty Nine Only) subject to the approval of shareholders and creditors and confirmation by NCLT. RESOLVED FURTHER THAT Mr. Kush Srivastava and Mr. Mrigank Shekhar, Directors of the Company be and are hereby severally and/or jointly authorized to take necessary action, including convening of Shareholders meetings, signing necessary application, Petition or any other documents, forms etc. to National Company Law Tribunal, Reserve bank of India, ROC, RD or any other competent authority as may be specified in this regard and for following the directions, if any, given by the National Company Law Tribunal, RBI, ROC, RD or any other competent authority as may be specified in this regard, filing of necessary forms with NCLT, RBI, ROC, RD and other regulatory authorities and doing any other acts for effecting the reduction of capital in the manner mentioned above until the final repayment to the shareholders.

(8) Details about Extraordinary General Meeting held on 29.11.2019 are as

follows:

i.

The number of members present and voting at such meeting and Number of shares or voting power held by them

5 members holding 150200 equity shares

ii.

The number of members who voted in favour of the resolution for reduction of share capital and The number of shares or voting power held by them;

5 members holding 150200 equity shares

iii.

The number of members who voted against the resolution and the number of shares or voting power held by them

NIL

(9) It is also stated that the proposed reduction of share capital by repayment to the shareholders against the paid up share requires to comply with procedures as set out in Section 66 of the Companies Act, 2013, and other applicable provisions, if any, and in accordance with Article 38 of Table F, the Articles of Association of the Company and subject to the approval and confirmation of the NCLT Bengaluru Bench or any other competent authority as may be prescribed.

(10) It is stated that the proposed reduction of share capital involves repayment of excess capital which is not required for carrying on the main objects of the Company. The reduction of paid up share capital does not involve the diminution of any liability in respect of unpaid share capital. The creditors of the Petitioner Company are also in no way affected by the proposed reduction of the share capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors and there is no reduction in the security, if any, which the creditors may have in the Petitioner Company. Further, the proposed reduction of share capital would not in any way adversely affect the ordinary operations of the Petitioner Company or the ability of the Petitioner Company to honor its commitments or to pay its debts in the ordinary course of its business. Subsequent to approval of the proposed reduction of equity share capital by this Tribunal, the proposed capital structure of the Company will be as follows:

Authorized Capital

Amount INR.

2,30,000 equity shares of INR.1/- each

2,30,000/-

3,99,500 preference shares of INR.10/- each & INR 100/- each

3,36,95,000/-

Issued, Subscribed and Paid-Up Capital

Amount INR.

1,50,200 equity shares of INR.1/- each fully paid up

1,50,200/-

3,98,606 preference shares of INR.10/- each & INR 100/- each fully paid up

3,36,86,060/-

(11) The Form of the minute proposed to be registered under section 66(5) is as follows:

"The paid-up share capital of Olmec Technologies Private Limited is henceforth INR. 2,98,50,200/- (Indian Rupees Two Crore Ninety Eight Lakh Fifty Thousand Two Hundred only) consisting of 1,50,200 equity shares of INR. 1/- each fully paid up; and 2,91,000 Series A2 compulsorily convertible preference shares of INR. 100/- each fully paid up, reduced from INR. 3,38,36,260/- (Rupees Three Crores Thirty Eight Lakh Thirty Six Thousand Two Hundred and Sixty Only) comprising 1,50,200 equity shares of INR. 1/- each fully paid up, 6,869 Series A compulsorily convertible preference shares of INR. 10/- each fully paid up, 31,294 Series A1 compulsorily convertible preference shares of I NR. 10/- each fully paid up; 3,30,000 Series A2 compulsorily convertible preference shares of I NR. 100/- each fully paid up; and 30,443 Series A3 compulsorily convertible preference shares of INR. 10/- each fully paid up and further the Securities Premium Account be and is hereby reduced from 120,458,908 (Rupees Twelve Crore Four Lacs Fifty Eight Thousand Nine Hundred and Eight Only) to Rs. 115144959 (Rupees Eleven Crore Fifty One Lacs Forty Four Thousand Nine Hundred and Fifty Nine Only).

(12) It is further stated that there are Nil secured Creditors and 04 (four) Unsecured Creditors in the Petitioner Company as on 30.09.2019. The said list of Creditors certified by 2 Directors of the Company has been placed on record as Ann. K. Further a Certificate dated 30.11.2019 by the Auditor namely MDA & Co., Chartered Accountants confirming the correctness of the above list of Creditors has also been placed on record as Ann. L.

(13) The Petitioner herein submits that there are no arrears in repayment of any deposits or interest payable thereon as on date of presenting this Petition. The declaration made by the Director that there are no arrears in repayment of any deposits or interest payable thereon is furnished at Ann. M and the same is verified by the Auditor namely MDA & Co., Chartered Accountants by certificate dated 30.11.2019 has also been placed on record as Ann. N.

(14) It is stated that the above reduction of capital is in compliance with the

Accounting Standard in conformity with the Companies Act, 2013. The Auditor namely MDA & Co. Chartered Accountants' Certificate dated 30.11.2019 certified that the Accounting treatment for the reduction is in conformity with accounting standard under Section 133 of the Companies Act 2013 and the same is filed at Ann. P.

3. The Respondent/Registrar of Companies has filed a Report dated 23.06.2020, by inter alia contending as follows:

(1) It is observed that Article No. 38 of Table of Articles of Association of the Petitioner Company permits reduction of share capital of the Company.

(2) The Scheme states that the reason for reduction of capital is for repayment of excess capital which is not required for carrying on the main objects of the Petitioner Company. The reduction of capital does not involve diminution of any liability in respect of unpaid share capital. The proposed reduction of share capital would not adversely affect the ordinary operation of the Petitioner Company or the ability of the Petitioner Company to honour its commitments or the pay its debts in the ordinary course of its business.

(3) The Board of Directors at their meeting held on 04.11.2019 considered and approved the reduction of paid up share capital. The Board Resolution has been filed by the Petitioner Company in Form No. MGT- 14 for reduction of capital vide SRN R24581746 dated 18.12.2019.

(4) It is also observed that the Shareholders have approved the proposal of reduction vide extra ordinary general meeting held on 29.11.2019. The relevant form for the present capital reduction was filed by the Petitioner Company in Form No. MGT-14 vide SRN R24581746 dated 18.12.2019.

(5) The Petitioner Company has no secured creditors and unsecured creditors for value of Rs. 4,10,411/- shown as existing as on 30.09.2019.

(6) All Shareholder of the CCCPS are foreign entities, compliance as FEMA/RBI regulations is required. If the Scheme is approved substantial amount has to be remitted to foreign Shareholders.

(7) It is observed that the Petitioner Company has submitted Certificate from Chartered Accountant MDA & Co. dated 30.11.2019 stating that the accounting treatment for the company's proposal of reduction of share capital is in accordance with the standards specified in Section 133 of the Companies Act, 2013, R/w Rule 7 of the Companies (Accounts) Rules, 2014 and other generally accepted accounting principles.

(8) It is further observed that the Petitioner Company has submitted Certificate from Chartered Accountant MDA & Co. dated 30.11.2019 stating that the Company has not accepted deposits from public and there are no arrears in the repayment of deposits or interest payable thereon.

(9) As per Balance Sheet, the Company is having four different kinds of

Compulsory Convertible Preference Shares totalling 3,98,806, all held by two different foreign entities.

(10) It is observed that the Company has to first correct CCPS to equity capital. In this case, the Petitioner Company has not corrected the compulsory convertible preference shares into equity before the Shareholders exist from the Company at a profitable proposition.

(11) The Petitioner Company is a continuous loss making entity.

(12) As the Balance Sheet as at 31.03.2019 the Company had credit balance of share premium amount of Rs. 12.05 Cr. the accumulated loss of the Company is Rs. 13.87 Crores and overall reserve is negative balance of Rs. 1.82 Crores after adjusting Share premium amount of Rs. 12.05 Crores. In such a situation it is to be explained from where the Company would be able to pay the amount to CCPS holders at a huge premium as per the proposed Scheme.

(13) a) As per the Scheme, the Company has got both equity and preference share capital (CCPS). Viz. equity share of 1,50,200 with a face value of Rs. 1/- each and CCPS of 5,48,806 shares as per details given below:

SI. No.

No. of Shareholder

Type

Shares

Amount

1.

1,50,200 of Rs. 1/-

Equity Shares

1,50,200

1,50,200

2.

6,869 of Rs. 10/-

A Series CCPS

6,869

68,690/-

3.

31,294 of Rs. 10/-

A1 Series CCPS

31,294

3,12,940/-

4.

3,30,000 of Rs. 100/-

A2 Series CCPS

3,30,00,000

3,30,00,000/-

5.

30,443 of Rs. 10/-

A3 Series CCPS

30,443

3,04,403/-

Total

3,38,36,260/-

b) The Petition seeking sanction of Reduction of Capital from Rs. 3,38,36,260/- to Rs. 2,98,50,200/-. After reduction the shareholding pattern would be:

Equity share of Rs. 1/- each Rs. 1,50,200/-

A2 Series CCPS Rs. 2,97,00,000/-

Total Rs. 2,98,50,200/-

c) As per the Scheme the below stated shares will be cancelled:

i) A1 CCPS 31,294 shares ii) A2 CCPS 30,000 shares iii) A3 CCPS 30,443 shares However, in the Scheme at 11(1) there was no reference about reduction of preference shares of Series 'A' of 6,869. The Petition needs correction to that extent.

d) As per the Scheme, CCPS 31,294 (A1 Series), 30,443 (A3 Series and 6869 (A Series) would be getting a premium of Rs. 38.10 per share totally Rs. 32,99,949/-. Further, A2 Series would be getting Rs. 81.82 as premium after reduction, totalling Rs. 60,00,060/-. The total amount shown for reduction as per the Scheme is Rs. 93,13,948/- including premium of Rs. 53,13,947/-. Since, the company's net worth is totally eroded including its capital, the Petitioner has to explain to the Tribunal from where the Company will get funds for reduction and payable to the preference Shareholders that too with a huge amount of Rs. 93 lakhs whereas including premium as per the Scheme the premium to be used only to the extent of Rs. 53.13 Lakh.

(14) No Prosecutions, Complaints, Technical Scrutiny and Inspection are pending with this office.

6. The authorised signatory of the Applicant/Petitioner Company has filed a reply Affidavit dated 29.06.2020, in response to the ROC's Reply dated 23.06.2020 with regard to the issues raised in the above reports it is submitted that:

(1) Regarding Para N0.8: It is stated that the company undertakes to comply with the applicable FEMA/RBI regulations.

(2) Regarding Para No. 12: It is stated that pursuant to Sec. 66(1) of the Companies Act, 2013, provides that subject to the confirmation of the Tribunal, a company can reduce its share capital in any manner after passing the special resolution. The CCPS Shares held by Foreign Investor Shareholders can be reduced by a Company without the same being converted into Equity Shares. There is no bar as per Section 66 of the Companies Act, 2013, in this regard. The said position is affirmed in the case of Rs. Livemedia Pvt. Ltd. Company Petition No. 572/2013 The Flon'ble High Court of Delhi confirmed that there is no requirement to first convert the CCPS into Equity Shares before going for reduction. The said observation is not at all tenable in law. Paragraph 22 of the said Judgement clearly affirms the position of law as justified by the Petitioner here.

(3) Regarding Para No. 13: it is stated that the Company is having bank balance of Rs. 1,49,92,892/- (Rupees One Crore Forty Nine Lakhs Ninety Two Thousand Eight Hundred and Ninety Two Only) in its account and after payment of reduction obligation company will have a cash balance of more than 56 lakhs for its future operation.

(4) Regarding Para No. 14: it is stated that the Company has an amount of Rs. 12,04,58,908/- in its Share Premium Account and an amount of Rs. 3,38,36,260/- as its Share Capital including Equity and Preference Share Capital. The Share Premium Account and Share Capital put together amounts to Rs. 15,42,95,168/- which is the actual amount the Petitioner Company possesses. The Reserves and Surplus after setting off the accumulated loss amounts to Rs. 13,86,98,525/-. Thus, the Petitioner Company would still have an amount of Rs. 1,55,96,643/- left with it which would be more than sufficient for the proposed Reduction.

SL.

PARTICULARS

AMOUNT

No.

1

Share Premium Account

12,04,58,908

2

Share Capital (Equity and Preference)

3,38,36,260

TOTAL (A)

15,42,95,168

3

Reserves and Surplus (B)

(13,86,98,525)

Balance (A-B)

1,55,96,643

(5) Regarding Para No. 15 (c): it is stated that in the objectives described in the company petition, while reproducing the details of shares cancelled pursuant to the reduction of capital of the particulars of Series A Preference Shares of 6,869 has been missed out inadvertently. But the details of the shares getting reduced is accurately mentioned in all other places and in the minutes of the meeting has been placed on record as Ann. J.

(6) Regarding Para No. 15 (d): it is stated that Company having bank balance of Rs. 1,49,92,892/- (Rupees One Crore Forty Nine Lakhs Ninety Two Thousand Eight Hundred and Ninety Two Only) in its account and after payment of reduction obligation Company will have a cash balance of more than 56 lakhs for its future operation. The Company has scaled down its operations and only doing consultancy business and require only less capital for its business activities.

7. Heard Shri Saji P. John, the learned Counsel for the Applicant/Petitioner through video conference. We have carefully perused the pleadings of both the parties and the extant provisions of the Companies Act, 2013, and the Rules made thereunder, as also the replies furnished by the Applicant/Petitioner to the observations of the ROC.

8. Section 66 of the Companies Act, 2013, deals with reduction of share capital of a Company limited by shares or guarantee, after applying to the Tribunal, and based on a Special resolution passed by the Board of Directors in this regard. This section provides for reduction of share capital either through extinguishment or reduction of the liability on any of the shares of a Company in respect of the share capital which is not paid-up, or on cancellation of any paid-up share capital which is lost or is unrepresented by available assets, or on payment of any paid-up share capital which is in excess of the wants of the Company, subject to the

conditions enumerated therein.

9. Article 7 of the Articles of Association filed by the Petitioner (adapted from Article 38 of Table F of Schedule 1 of the Companies Act, 2013) permits reduction of share capital of the Company. The Reduction of Capital has been done pursuant to the approval of the Board of Directors vide their Resolution dated 04.11.2019 and Resolution passed at the EGM held on 29.11.2019.

10. We have perused the report of the ROC, Karnataka, who has examined the Application and made certain observations, which have been answered by the Applicant vide its Reply Affidavit dated 29.06.2020. The same has been examined along with Financial Statements for the FY ending 31.03.2019 and 30.09.2019, which appear to reflect the position stated in the replies furnished by the Applicant. It appears that the Reduction of Capital has been contemplated for repayment of excess capital which is not required for carrying on the business of the Applicant Company, as it is proposed to scale down the business. The reduction of paid up share capital does not involve the diminution of any liability in respect of unpaid share capital. No prejudice is caused to any of the creditors or other stakeholders with the proposed reduction as there is no reduction in the amounts payable to them, no compromise or arrangement is contemplated with the creditors and there is no reduction in the security, if any. The Company also has sufficient funds even after the reduction, and hence neither its business operations would be adversely affected, nor its ability to honour its commitments or to pay its debts in the ordinary course of its business. Hence it appears that the impugned action will not cause prejudice to any of the stakeholders, if the Reduction of Capital is approved. On a perusal of the material brought on record, it appears that the Applicant fulfils the conditions laid down in Section 66 of the Companies Act, 2013 and the proposed reduction is conformity with the Accounting Standards specified in section 133 of the Company's Act 2013.

11. In view of the foregoing we are inclined to dispose of the Company Petition by according approval to the proposed Reduction of Capital. It is made clear that this order shall not preclude the RBI/FEMA authorities or any other statutory authority to take any appropriate action in the event of any violation under their respective regulations.

12. In the result, C.P. No. 43/BB/2020 is disposed with the following orders:

(1) The reduction of Capital as approved by the Board of Directors of the Company by a Resolution passed in its meeting held on 04th November, 2019, and also by the Members of the Petitioner Company in Extraordinary General Meeting held on 29th November, 2019, is hereby approved and confirmed;

(2) The Company is permitted to register the following Form of the Minute under Section 66(5) of the Act:

"The paid-up share capital of Olmec Technologies Private Limited is henceforth INR. 2,98,50,200/- (Indian Rupees Two Crore Ninety Eight Lakh Fifty Thousand

Two Hundred only) consisting of 1,50,200 equity shares of INR. 1/- each fully paid up; and 2,97,000 Series A2 compulsorily convertible preference shares of INR. 100/- each fully paid up, reduced from INR. 3,38,36,260/- (Rupees Three Crores Thirty Eight Lakh Thirty Six Thousand Two Hundred and Sixty Only) comprising 1,50,200 equity shares of INR. 1/- each fully paid up, 6,869 Series A compulsorily convertible preference shares of INR. 10/- each fully paid up, 31,294 Series A1 compulsorily convertible preference shares of INR. 10/- each fully paid up; 3,30,000 Series A2 compulsorily convertible preference shares of I NR. 100/- each fully paid up; and 30,443 Series A3 compulsorily convertible preference shares of I NR. 10/- each fully paid up and further the Securities Premium Account be and is hereby reduced from 120,458,908 (Rupees Twelve Crore Four Lacs Fifty Eight Thousand Nine Hundred and Eight Only) to Rs. 115144959 (Rupees Eleven Crore Fifty One Lacs Forty Four Thousand Nine Hundred and Fifty Nine Only).''

(3) The Company shall publish the reduction of Share Capital in an English daily "The Hindu" and a Kannada daily "Udayavani" newspapers, Bengaluru edition within a period of 2 weeks from the receipt of this order;

(4) The Company is directed to deliver a certified copy of this order along with the above Form of the Minute to the Registrar of Companies and all the Statutory Authorities concerned with the Company, within 30 days of the receipt of this order;

(5) The Petitioner Company shall strictly comply with the regulations of the RBI/ FEMA and the Income Tax Act, as may be applicable;

(6) The Applicant Company shall comply with the provisions of the Income Tax Act, 1961, consequent to its reduction of capital, as may be applicable;

(7) If at any point of time, any creditors oppose the Scheme, they are free to approach the Tribunal for settling their dues, if the Company fails to settle their dues as per terms and conditions of the contract/agreement with the Company;

(8) This Order is limited to the reduction of share capital alone, and it will not come in the way of Registrar of Companies or any other authority to take appropriate action(s) in accordance with law, for any other violations /offences or omissions, if any, committed by the Company or any of its personnel prior or during the reduction of share capital;

(9) The Petitioner Company shall hereafter suffix the words "as reduced" after the words "issued, subscribed and paid up capital";

(10) Any person shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

