(2020) 12 NCLT CK 0133

In the National Company Law Tribunal

Case No : Company Petition No. 3950 Of 2019

Pentair Water Treatment Private Limited Vs

Date of Decision : 03-12-2020

Acts Referred:
Companies (Registration Office And Fees) Rule, 2014 — Rule 12(2)
Companies Act, 2013 — Section 66, 66(1), 66(5)

Citation : (2020) 12 NCLT CK 0133

Hon'ble Judges : Suchitra Kanuparthi, J;Chandra Bhan Singh, Member (Technical)

Bench : Division Bench

Advocate : Zal Andhyarjunia, Ankita Singhania, Upasana Rao, Siddharth Ranade, Kaazvin Kapadia

Final Decision : Allowed

Judgement

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1. The Petitioner Company (Pentair Water Treatment Private Limited) is a private limited company limited by shares and was incorporated on 4thJuly,

1997 under the provisions of the Companies Act, 1956. The petitioner is in the business of trading in components/equipment for water/waste water",

treatment, liquid processing and handling equipment.",

Brief Facts:,

2. The Board of Directors (Board) in their meeting held on 24th October, 2019 has proposed the reduction, cancellation and extinguishment of the",

issued, subscribed and paid-up equity share capital of the Petitioner from INR 1,00,000 (Indian Rupees One Lakh) divided into 1,000 (One Thousand)",

equity shares of INR 100 (Indian Rupees One Hundred) each to INR 76,000 (Indian Rupees Seventy Six Thousand) divided into 760 (Seven Hundred",

and Sixty) equity shares of INR 100 (Indian Rupees One Hundred) each by cancelling and extinguishing paid up equity share capital of INR 24,000",

(Indian Rupees Twenty Four Thousand) divided into 240 (Two Hundred and Forty) equity shares of INR 100 (Indian Rupees One Hundred) each.,

3. The Board had sent a notice and explanatory statement dated 25th October, 2019 convening an extra ordinary general meeting to the shareholders",

of the Company on 30th October, 2019. By a special resolution of the Company, duly passed in accordance with Section 66(1) of the Companies Act",

2013, at the Extra Ordinary General Meeting thereof held after due notice as provided under the Companies Act, 2013 on 30th October, 2020, the",

shareholders unanimously accorded their approval to the reduction of the equity share capital:,

â??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) Rules, 2016 (including any statutory modification, amendment or re- enactment thereof for the",

time being in force) and subject to the confirmation ofthe National Company Law Tribunal (NCLT), the consent of the shareholders of the",

Company be and is hereby accorded to the proposed reduction of the paid-up share capital of the Company from INR 1,00,000 (Indian",

Rupees One Lakh) divided into 1000 (One Thousand) equity shares of 1NR 100 (One Hundred) each to INR 76,000 (Indian Rupees Seventy",

Six Thousand) divided into 760 (SevenHundred and Sixty) equity shares of INR. 100 each fully paid up, by cancelling and extinguishing",

paid-up equity share capital of INR 24,000 (Indian Rupees Twenty Four Thousand) divided into 240 (Two Hundred and Forty) equity",

shares of INR 100 (One Hundred) each fully paid up, being in excess of wants/ requirements of the Company and by returning to Gopi Suri",

Babu, a shareholder of the Company, an aggregate amount of INR 54,75,000 (Indian Rupees Fifty Four Lacs and Seventy Five Thousand)",

and an approximate amount of INR 22,813 (Indian Rupees Twenty Two Thousand Eight Hundred and Thirteen) per equity share (subject to",

adjustment based on the actual dollar rate on the date ofpayment).,

RESOLVED FURTHER THAT post obtaining all approvals for the proposed reduction of the share capital of the Company subject to the,

confirmation of the NCLT, the existing share certificates held by Gopi Suri Babu in relation to the existing equity shares of the face value of",

INR 100 (Indian Rupees One Hundred) each held in physical form shall be deemed to have been automatically surrendered and thereafter,

cancelled by the Company.,

RESOLVED FURTHER THAT subject to the confirmation of the NCLT, the paid-up share capital of the Company, shall stand reduced to",

the extent of the face value of the shares so extinguished and cancelled (as set out above).,

RESOLVED FURTHER THAT the Company shall debit the equity share capital account to the extent of the face value of the shares,

cancelled under the capital reduction application and the difference between the face value per share and the amount of consideration per,

share shall be debited to the 'Retained Earnings' under the head Reserves and Surplus' and that this accounting treatment is in conformity,

with the Accounting Standards applicable to the Company.,

RESOLVED FURTHER THAT any Director of the Company, be and is hereby authorized severally to do all such acts, matters, deeds and",

things asmay be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise,",

for the purpose of giving effect to the proposed reduction of the share capital of the Company as placed before the Board or to any,

modification thereof in particular:,

(i) file application with the NCLT for directions and confirmation of the proposed reduction of equity share capital, signing, affirming and",

verifying affidavit, applications, petitions, vakalatnama etc. before the NCLT;",

(ii) to appoint or engage any counsel, advocate, legal advisors, attorney, representatives and any other persons in connection with the",

proposed reduction of equity share capital;,

(iii) make representation on their own or through legal counsels before NCLT or other authorities for confirmation of the proposed,

reduction of equity share capital; and,

(iv) do all such acts and things necessary and convenient in relationthereto and to give effect to this resolution as the Board of Directors in,

their absolute discretion consider necessary, expedient andproper,", RESOLVED FURTHER THA cTonsequent amendments be made in the capital clause of memorandum of association and articles of,

association (if any) of the Company after the said reduction becomes operative and effective and necessary forms, documents and",

information be filed with the Registrar of Companies in accordance with the Companies Act, 2013.",

RESOLVED FURTHER THAT the Board be and is hereby authorised, in their absolute discretion, to make the reduction and cancellation",

of the share capital (as set out above) on such other terms and conditions as they may consider appropriate and to accept such other,

conditions and modifications as may be prescribed by the NCLT, and other appropriate bodies/authorities while according their",

confirmation to the proposed reduction and cancellation of share capital.,

AND RESOLVED THAT a certified true copy of the aforesaid resolution be issued as and when necessary under the signature of any of,

the Directors of the Company.""",

4. The Board of the Petitioner, after considering the business model, profitability, positive cash flow, its capital requirements, reserves and surplus and",

other business factors, is of the opinion that the Petitioner has surplus capital and free reserves which are in excess of the needs of the Petitioner for",

its business operations. The Board was also of the view that the business operations of the Petitioner would continue to generate significant profits in,

the foreseeable future and thus, the surplus position of capital free reserves would continue to increase. Thus, as per the Board, the current paid up",

Issued, subscribed and paid up share

capital of the Petitioner","INR 1,00,000 (1,000

equity shares of INR

100 each)

No. of shares held by Pentair Water

India Private Limited",740

No. of shares held by Pentair

Incorporation",20

No. of shares held by Mr. Gopi Suri

Babu",240

9. As per the audited financial statement of the Company for the year ending on 31st March 2019, turnover of the Company is INR 1,23,12.97 lakhs.",

The net worth of the Company as on 31 March 2019 is INR 3,056.01 lakhs. The Company's reserves and surplus stood at INR 3,055.01 lakhs.",

10. As per the audited financial statement of the Company for the year ending on 31st March 2018, turnover of the Company is INR 77,61.06 lakhs.",

The net worth of the Company as on 31st March 2018 is INR 2,566.26 lakhs. The Company's reserves and surplus stood at INR 2,565.26 lakhs.",

11. Further, prior to and after capital reduction, the net worth of the Company shall remain positive and therefore, the reduction of capital would not in",

any way have any adverse effect on the Company's ability to honor its commitments or meet its obligations in the ordinary course of business.,

12. Post reduction of share capital of the Company, Gopi Suri Babu being 24% shareholder of the Company, would receive his entire investment in",

share capital of the Company given that such amounts are in excess of the needs of the company.,

13. All three shareholders of the Petitioner have provided their unanimous consent to the Proposed Scheme by way of a special resolution of the,

shareholders and consent in writing, and it is not prejudicial to the interest of any shareholder of the Petitioner.",

14. The Outgoing Shareholder, Mr. Gopi Suri Babu has executed an Affidavit of Consent on 06.10.2020 stating that he has consented to the share",

capital reduction and the Consideration Amount offered under the Proposed Scheme.,

15. The Petitioner Company is authorized by way of the Articles of Association (AOA) to undertake reduction of its share capital. Article 7 of AOA,

is extracted below:,

â??The Company may from time to time, by special resolution reduce its capital in any manner for the time being authorized by law and in",

particular (without prejudice to the generality of the power) capital may be paid off on the footing that it may be called upon or otherwise.,

This Article is not to derogate from any power the Company would have if it were omitted.â??,

16. The Petitioner Company declares that they do not have any deposits.,

17. The Regional Director-Western Region has no objection to the Proposed Scheme being passed by the court, and the procedural issues raised by",

the Regional Director Western Region have been addressed.,

18. The Companies Act, 2013 does not stipulate any valuation requirement for payment of consideration to shareholders under a capital reduction",

scheme. The Consideration Amount under the Proposed Scheme was determined as a result of mutual discussions and commercial negotiations,

between the Board and shareholders, particularly the Outgoing Shareholder.",

19. The Petitioner further submits respectfully that a valuation would not be helpful in determining the proper consideration for the Proposed Scheme,

as it is a closely held private company and there is no market for the shares held by the Outgoing Shareholder otherwise. On the contrary, the",

Proposed Scheme provides the Outgoing Shareholder a convenient and swift means to exit the Petitioner in accordance with his expectation by,

receiving a commercially acceptable Consideration Amount.,

20. The Petitioner further submits that while in the case of companies with multiple shareholders, a valuation exercise could assist a company to",

establish a basis for obtaining the consent of different classes of shareholders to a proposed scheme, in the present case, there is only a single",

Outgoing Shareholder who has already consented to a Consideration amount which, in his commercial judgment, is fair and reasonable.",

21. The Petitioner submits that the proposed Scheme will not adversely affect the Petitionerâ??s ability to honor its commitments or meet its liabilities,

or settle the dues of all the creditors in the ordinary course of business and the Petitioner would continue to have a positive net worth after giving,

effect to the capital reduction.,

22. Therefore, the Proposed Scheme shall not prejudice the Outgoing Shareholder, other shareholders, creditors or any other liability of the Petitioner.",

There are no objections received from either of the shareholders, creditors or any statutory authority against the Proposed Scheme.",

Finding:,

23. The legal question arises for consideration is whether the Proposed Reduction of Capital by way of extinguishing the shareholding of 24%,

shareholder is just and equitable and not prejudicial to the interest of the outgoing shareholder?,

24. The Petitioner company proposed that an aggregate share capital of INR 54,75,000 (Indian Rupees Fifty Four Lakhs and seventy five thousand)",

which is in excess of the wants of the Petitioner (consideration amount) be paid and returned from the free reserves of the Petitioner Company to,

Gopi Suri Babu, a shareholder. Under the proposed scheme of Capital Reduction, as consideration in lieu of cancellation and extinguishment of 240",

equity shares of INR 100 each held by the outgoing shareholder. A premium of INR 22,700 on each share is offered and hence a total amount of Rs.",

54,48,000/- is being offered to him.",

25. The outgoing shareholder has consented to the share capital reduction and filed an affidavit to that effect. The contents of the affidavit filed by,

Mr. Gopi Suri, shareholder is reproduced below:",

26. The Petitioner Company at its EOGM held on 30th October 2019 resolved to reduce the share capital after obtaining the consent of the,

shareholders.,

27. The observations of the Regional Director on the proposed Scheme of Reduction of Capital are as under;,

â??(A) It is respectfully submitted that, the petitioner Company has proposed for reduction of the paid-up Share Capital of the Company",

from Rs. 1,00,000/- divided into 1000 equity Share of INR 100 each to Rs.76,000/- divided into 760 Equity shares of Rs.100 each fully paid",

up by cancelling and extinguishing paid up equity share capital of Rs. 24,000/- divided into 240 equity share of Rs. 100/- each fully paid by",

returning to Gopi Suri Babu, a shareholder of the Company, an aggregate amount of INR 54,75,000/- and an appropriate amount of Rs.",

22,813 per equity share. In this regard it is submitted that:",

(a) The proposed reduction of share capital is selective reduction hence unjust and unfair to the rest of shareholders /members holding,

equity share capital of the company.,

(B) Without prejudice the above:,

(a) In view of the observation of ROC, Goa mentioned at Para 22 in his report regarding non-filing of Form No. GNL-1 as required under",

Rule 12(2) of the Companies (Registration Office and fees) Rule, 2014. The Petitioner Company may be directed comply with the same.",

(b) Applicant to submit an Affidavit to the effect that the interest of the creditors and all stakeholders and Government Revenue are,

protected as well as statutory dues are paid off.,

(c) Applicant has to undertake to serve notice to RBI as shareholders are foreign entities.,

(d) The tax implication if any arising out of the proposal for reduction is subject to final decision of Income Tax Authorities. The approval,

of the Company Petition by this Hon'ble Court may not deter the Income Tax Authority to scrutinize the fax return filed by the Company after,

giving effect to the proposed reduction. The decision of the Income Tax Authority is binding on the Petitioner Company.â??,

28. The Petitioner Company is part of Pentair group of Companies and is engaged in the business of trading in components and equipment for waste-,

water treatment, liquid processing and handling equipment. The petitioner company is a closely held company with 76% shareholding being held by",

affiliated Pentair companies.,

29. The Petitioner Company has surplus share capital and free reserves which are in excess of needs of the petitioner company for its business,

operations.,

30. The Senior Counsel for the Petitioner relied on the judgement this Hon'ble Tribunal in the case of Better World Technology Private Limited (CP,

NO. 278 of 2019) wherein it was has held that, where all the shareholders have approved the reduction including shareholders whose shares are being",

cancelled as per the law as laid down, the petition for reduction of share capital should be allowed. In the aforementioned case, this Hon'ble held:",

The resolution for capital reduction has been passed unanimously at the meeting of the Board of Directors. All the shareholders of the",

Petitioner Company have participated in the special resolution approving the capital reduction and voted in favor of the resolution at the,

Shareholdersâ?? Extraordinary General Meeting held on 11th January 2019. Further, pursuant to the order for admission of capital",

reduction petition, notices were sent to all shareholders and newspaper advertisements were published. All the shareholders of the",

Petitioner Company are in agreement with the capital reduction and it is not prejudicial to the interest of the rest of the shareholders/, members of the Petitioner Company who wish to continue with the Petitioner Company.""",

In light of these facts, this Hon'ble Tribunal held that the capital reduction was not prejudicial to the interest of the rest of the shareholders or members",

of the Company who wished to continue with the company, and approved the scheme, despite a valuation report not being produced by the Petitioner",

Company in this case.,

31. The House of Lords in British and American Trustee and Finance Corporation case, reported in (1894) AC 399 held that the prescribed majority",

of the shareholders of a company would be entitled to decide whether there should be reduction of capital, and if so, in what manner and to what",

extent it should be carried into effect. Lord Macnagten supporting the view that a selective reduction of share capital as follows:,

â??If the parties to the transaction come to the conclusion that the bargain is a fair one, why should the Court say that there is a",

preference in the one side or on the other? If there is nothing unfair or inequitable in the transaction, I cannot see that there is any",

objection to allowing a company limited by shares to extinguish some of its shares without dealing in the same manner with all other shares,

of the same class. There may be no inequality in the treatment of a class of shareholders, although they are paid in the same coin, or in coin",

of the same denominationâ??.,

32. In the case of Re: Westburn Sugar Refineries Ltd (1951) 1 All ER 991, the House of Lords stated the principle in the following manner:",

â??The general rule is that the prescribed majority of the shareholders is entitled to decide whether there should be a reduction of capital,",

and, if so, in what manner and to what extent it should be carried into effectâ??.",

33. In Reckitt Benckiser (India) Limited case reported in (2005)122 DLT 612, it is held as under:",

â??(i) the question of reduction of share capital is treated as a matter of domestic concern, i.e., it is the decision of majority which prevails;",

(ii) If a majority by special resolution decides to reduce share capital of the company, it has also the right to decide as to how this reduction",

should be carried into effect;,

(iii) while reducing share capital the company can decide to extinguish some of its shares without dealing in the same manner as with all,

other shares of the same class. Consequently, it is purely a domestic matter and is to be decided as to whether each member shall have his",

share proportionately reduced, or whether some members shall retain their shares unreduced, the shares of others being extinguished",

totally, receiving a just equivalent.",

(iv) the company limited by shares is permitted to reduce its share capital in any manner, meaning thereby a selective reduction is",

permissible within the framework of law;,

(v) when the matter comes to Court, before confirming the proposed reduction the Court has to be satisfied that (1) there is no unfair or",

inequitable transaction and (ii) all creditors entitled to object to the reduction have either consented or been paid or secured.â??,

34. The Chennai Bench of this Hon'ble Tribunal in the case of Green House Promoters Pvt. Ltd. (CA/374/66(1)/2018) has reiterated that in cases,

where as per provisions of the, notices to the statutory authorities are issued as per the procedure prescribed under the Companies Act 2013, and",

where no objections to the reduction of share capital are received, the scheme must be approved irrespective of a valuation report being placed on",

record or not. The Hon'ble Tribunal held:,

The scheme of reduction of capital has been examined and it has been decided not to make any objection to the scheme and it is therefore",

prayed that this Tribunal may dispose of the application on merits. In this case as per provisions of the Companies Act 2013, notices were",

issued to the statutory authorities as per the procedure prescribed. However, there was no objection to the reduction of share capital under",

reference.""",

35. The High Court of Bombay in Locon Solutions Private Limited (Company Scheme Petition No. 398 of 2016) allowed a scheme for reduction of,

capital where an outgoing shareholder received INR 1 per share as payout:,

The counsel for the Petitioner states that the Petitioner Company has passed a Special Resolution with requisite majority at its adjourned",

Extraordinary General Meeting held on 15 March 2016, approving the reduction of Equity Share Capital of the Petitioner Company from", Rs. 11,87,356/- to Rs. 7,68,273/- by cancellation of 4,19,083/- shares held by Rahul Yadav and the company shall pay a consideration of",

Rs.4,19,083 at a price of Rs.1 per share, to Rahul Yadav for the aforesaid reduction of capital. Counsel appearing on behalf of the",

Petitioner Company states that the Petitioner has complied with all the statutory requirements as per the directions of this Court and they,

have filed necessary Affidavit of the compliance in this Court. No objector has come forward to oppose the proposed reduction. Since the,

requisite statutory procedure has been fulfilled, the Company Scheme Petition is made absolute in terms of the prayer clause.""",

The Hon'ble High Court held that since no objector came forward to oppose the proposed reduction, and since the requisite statutory procedure had",

been fulfilled, the reduction of capital could be allowed, without a valuation report, and with the outgoing shareholder receiving less than the face value",

of his shares.,

36. In IL & FS Engineering v. Wardha Power Company ((2013) 176 Comp Cas 156) wherein it was held that in the case of a reduction of capital, a",

court cannot interfere with the discretion and commercial wisdom of the stakeholders and the board of directors. If the reduction is one which is,

properly passed by the shareholders who are treated equitably and have had the facts explained to them, and provided the creditors are safeguarded,",

the court will habitually sanction reductions. It was of the following opinion that:,

Either in the case of a reduction of capital or a scheme of arrangement or both, the Court cannot interfere with the discretion and",

commercial wisdom of the stakeholders and the Board of Directors. If the reduction is one which is properly passed by the shareholders,

who are treated equitably, have had the facts explained, and provided the creditors are safeguarded, the court will habitually sanction",

reductions and exercise its discretion in favor of them unless the act is a pointless and hollow act. Provided those requirements are satisfied,",

the company may reduce its capital in any way that it thinks fit. The court does not exercise any appellate power over the decision of the,

Company or its management. The Court is required to satisfy itself and see that the procedure, by which the resolution is carried through, is",

legally correct and the shareholders and creditors are not prejudiced. It is also the duty of the Court to see that the scheme is fair and,

equitable between the different classes of shareholders, the arrangement is such as a man of business would reasonably approve, and the",

proposed reduction is within the powers of the company, and for the purposes allowed by the statute.""",

37. The Delhi High Court in In Re RS Media Private Limited ((2014) 209 DLT 229) held that:,

It is well settled that the approach of the company would be to determine whether the specified procedure in law has been followed and",

whether the reduction proposed has consent of the requisite number of creditors and/or shareholders. In the event the proposed reduction,

of capital meets with the requirement of approval of all necessary persons, then the next question is to determine whether there is any",

provision in law which would bar or prescribe such reduction of capital. And, lastly the Court must examine whether the proposed reduction",

in share capital is inequitable to any party and/or prejudicially affects any rights of interest of any person.""",

The court held that where there is no infirmity in the procedure adopted by the petitioner for reduction of capital, when there solution for the same has",

been passed by the board of directors of the company and where the shareholders of the company have also unanimously passed the resolution for,

reduction of capital as proposed, the scheme must be approved.",

38. The Delhi High Court in IL&FS Engineering v. Wardha Power Company (supra) has also laid down that the overall duty of a court is to satisfy,

itself that the scheme reduction of capital is such that an honest man, might reasonably approve and might reasonably consider to be fair and equitable.",

The Court held:,

Where the reduction of capital forms part of the scheme of arrangement, the overall duty of the Court is to satisfy itself that the scheme of",

arrangement, together with the reduction of capital, is such that an intelligent and honest man, a member of the class concerned and acting",

in respect of his interest might reasonably approve and might reasonably consider to be fair and equitable. The principles upon which the,

Court will require to be satisfied are, that all shareholders are treated equitably in any reduction. That usually means that they are treated", equally but may mean that they are treated equally save as to some who have consented to their being treated unequally. The next principle,

to be applied is that the shareholders, at the general meeting, had the proposals properly explained to them so that they could exercise an",

informed judgment upon them; that the creditors of the company are safeguarded so that money cannot be applied in any way which would,

be detrimental to creditors, and the reduction is for a discernible purpose"".",

39. It is relevant to refer to Section 66 of the Companies Act 2013 which contemplates the reduction of capital. Section 66 is extracted below:,

â??Subject to confirmation by the Tribunal on an application by the company, a company limited by shares or limited by guarantee and",

having a share capital may, by a special resolution, reduce the share capital in any manner and in, particular, mayâ?"",

(a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or,

(b) either with or without extinguishing or reducing liability on any of its shares:,

(i) cancel any paid-up share capital which is lost or is unrepresented by available assets; or,

(ii) pay off any paid-up share capital which is in excess of the wants of the company, alter its memorandum by reducing the amount of its",

share capital and of its shares accordingly:,

Provided that no such reduction shall be made if the company is in arrears in the repayment of any deposits accepted by it, either before or",

after the commencement of this Act, or the interest payable thereonâ??.",

Therefore it is hence observed that the Company is enabled under its Articles of association and empowered under Sec.66 of Companies Act, 2013 to",

reduce its share capital in the manner prescribed above. Since the outgoing shareholder has consented to receive certain amount of money and exit as,

resolved by the majority shareholders without valuation of shares, this scheme of reduction can be construed to be just and equitable.",

Conclusion:,

40. The net-worth of the Company as at 31 March 2019, before and after giving effect to the proposed reduction of share capital are INR 3,056.01",

lakhs and approximately INR 3,001.26 lakhs (subject to adjustment based on the actual dollar rate on the date of payment), respectively.",

41. The capital reduction shall not adversely affect the Company's ability to honor its commitments or meet its liabilities or settle the dues of all the,

creditors in the ordinary course of business and the Company would continue to have a positive net worth after giving effect to the capital,

reduction.Therefore, the present reduction of the share capital shall not prejudice any creditors of the Company.",

42. The Company shall debit the equity share capital account to the extent of the face value of the shares cancelled under this capital reduction,

application and the difference between the face value per share and the amount of consideration per share shall be debited to the 'Retained Earnings',

under the head 'Reserves and Surplus'. The aforementioned accounting treatment is in conformity with the accounting standards applicable to the,

Company and a certificate to this effect is enclosed with this application.,

43. The reduction of share capital is contemplated as under the Articles of Association of the Company.,

44. The Petitioner company has published notice (in Form No. RSC-4) in English Paper â??Navhind Timesâ? and Konkani Newspaper,

â??Bhaagnagar Bhuinâ? on 21st November, 2019. Notice to creditors (in Form No. RSC-3) was issued on 26th October, 2019. The petitioner has",

filed additional affidavit of service. There is no opposition to the proposed reduction from any creditor and the shareholders have unanimously,

consented to the proposed reduction.,

45. In the light of the above facts, the settled law as laid down in several judicial decisions aforesaid referred to and the vital aspect that the outgoing",

shareholder, Mr. Gopi Suri Babu, has no objection to the proposed scheme of reduction, but has consented to receive the said consideration upon",

negotiations and mutual agreement between the parties, this bench approves the reduction of capital without valuation of actual shares, by carving out",

an exception considering the extraordinary circumstances of this case. Such selective reduction is permissible under law in view of ratio laid down in,

several decisions of courts and hence the objection of Regional Director/ROC, Goa is untenable, as there are only three shareholders/ reduction was",

approved by unanimous voting and the outgoing shareholder agreed to exit. The commercial decision of the majority shareholders to provide an exit to,

the 24% shareholder has been approved by following due procedure of law and the rights of the outgoing shareholders is not prejudiced and seems to,

be a fair and equitable proposal and within the powers of the company to approve such scheme.,

Form of Minutes:,

46. The form of the minute proposed to be registered under section 66(5) of the Companies Act, 2013 is as follows:",

The paid up share capital of Pentair Water Treatment Private Limited, is henceforth INR 76,000 (Indian Rupees Seventy Six Thousand)",

divided into 760 (Seven Hundred and Sixty) equity shares of INR 100 (Indian Rupees One Hundred) each fully paid- up, as reduced from",

INR 1,00,000 (Indian Rupees One Lakh) divided into 1000 (One Thousand) equity shares of INR 100 (Indian Rupees One Hundred) each",

fully paid up.""",