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**IN THE NATIONAL COMPANY LAW TRIBUNAL,
SINGLE BENCH, CHENNAI**

CP/361/66(1)/CB/2018

Under Section 66(1) of the Companies Act, 2013

In the matter of

M/s. FCI OEN CONNECTORS LIMITED

Order delivered on 03.08.2018

CORAM

CH. MOHD SHARIEF TARIQ, MEMBER (JUDICIAL)

*For Applicant: Mr. Naveen Kumar Murthi, Advocate ✓
Mr.G. V. Mohan Kumar, Advocate*

ORDER

Per: CH.MOHD SHARIEF TARIQ, MEMBER (JUDICIAL):

1. Under consideration is an Application filed on 15.03.2018 under Section 66(1) of the Companies Act, 2013 for confirming the reduction of share capital.
2. The Applicant Company has made prayers as follows:-

*a) Fix a date for hearing of the present
Company Application as required under*



Rule 3(3) of National Company Law Tribunal (procedure for Reduction of Share capital) Rules, 2016, issue directions for advertisement of the date of hearing of application in newspaper Business Line (All India Edition) in English and Mathrubhumi in Malayalam (Cochin Edition) and for uploading the publication on the website of the Company.

b) That the reduction of paid-up Equity Share Capital approved on February 23, 2018 by the shareholders of the Applicant Company by the way of a Special Resolution set out in paragraph No 8 above be confirmed.

c) That the Form of Minutes as set out in paragraph 13 of this application be approved.

d) That a certified copy of the order made by this Hon'ble Tribunal confirming the reduction of paid-up Equity Share Capital and the approved Forms of Minutes be filed with the Registrar of Companies, Kerala within 3 days from the date of receipt of order made by this Hon'ble Tribunal.

e) That the Order of Confirmation of the reduction of paid-up Equity Share Capital by the Tribunal be published within 14 days of the registration in the same newspapers in which the notice of date of hearing of the application is published.

f) That the consideration payable by the Applicant Company on account of capital reduction be deposited to a separate bank



account opened and the total consideration to be deposited within 14 working days from filing the Form of the Minutes with the Registrar of Companies, Kerala.

g) That post the payment of the consideration for the capital reduction, if any sum which remains unpaid or unclaimed by the Non-Promoter Shareholder(s) of the Applicant Company for a period of 3 years from the date of deposit of the consideration to the separate bank account, then the said sum shall be transferred by the Applicant Company to the Investor Education and Protection Fund Account established under section 125 of the Companies Act, 2013.

h) That such further order(s) be made as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the case.

3. It has been stated in the Application that the Applicant is a Public company incorporated under the provisions of the Companies Act, 1956 as a company limited by shares on 19.12.2001. The registered office of the Company is situated at XXIX/2089, Thykoodam, Tripunithura Road, Vyttila, Cochin, Ernakulam-682019. The Company's Corporate Identity Number (CIN) is U32104KL1981PLC003348.



4. The main object of the Company is to manufacture and deal in Connectors of all sorts such as printed circuit board coaxial, rectangular, circular and fibre optic connectors.
5. The authorised Share Capital of the Company is Rs. 9,00,00,000/- divided into 90,00,000 equity shares of Rs. 10/-each. The issued, subscribed and Paid-up Share Capital of the Company is Rs. 6,30,95,170/- divided into 63,09,517 equity shares of Rs. 10/-each. The subscribed and Paid-up Capital of the Company is 6,30,52,390/- divided into 63,05,239 equity shares of Rs. 10/-each.
6. Article 50 of the Articles of Association of the Applicant Company provides that the Company may, by a Special Resolution, increase or reduce its share capital in a manner as provided therein.



7. It is averred that the equity shares of the Company were listed on BSE Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited where 31.69% of the paid-up capital was held by the public shareholders. On delisting, the public share holding was reduced to 9.67% of the paid up capital of the company. Further Promoter Group offered to acquire balance equity shares from the shareholders of the company which caused further reduction of the stake of the Non-Promoter Shareholders from 9.67% to a meagre 2.21% of the paid-up capital of the company. It is submitted that the Company has been receiving continuous request from Non-Promoter Shareholders to provide an exit opportunity. In consideration of these requests, the Company proposes to provide an exit opportunity to the Non-Promoter Shareholders holding 1,39,281 equity shares representing 2.21% of the paid-up



capital of the Company by paying off INR 767 (Seven Hundred Sixty Seven Only).

8. It is further averred that the applicant company has passed a special resolution in the Extra ordinary General Meeting of the company held on 23.02.2018, proposing to give an exit option to the non-promoter public shareholders constituting 2.21% of the paid up capital of the company amounting to Rs. 13,92,810 divided into 1,39,281 shares of Rs. 10/- each. After the reduction of capital due to the exit option the company's paid up capital will be reduced from Rs. 6,30,52,390/- to Rs.6,16,59,580/- consisting of 61,65,958 equity shares of Rs 10/- each, and cancellation of the said 1,39,281 fully paid-up equity shares of Rs 10/- each for a consideration of Rs. 767/- per equity share aggregating to Rs 1,68,28,527/- (Rupees Ten Crores Sixty Eight Lakhs Twenty Eight Thousand Five Hundred and Twenty Seven



Only) payable in cash to Non-Promoter Shareholders.

9. The Applicant Company has furnished the list of secured and unsecured creditors certified by the statutory auditors of the company as on 28.02.2018. In this regard, a list from the Auditor is placed at Annexure-11 of the typed set filed with the Application. The accounting treatment proposed by the Company for the reduction of share capital of the Company is in accordance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other Generally Accepted Accounting Principles.

10. It is further averred that the proposal is likely to have no significant adverse effect on any of the stake holders for all practical purposes as the proportion of their shareholding remains exactly



the same in the post and pre reduction shareholding.

11. This Bench vide its order dated 09.04.2018 directed the Registry to issue notice to RoC, Kerala, concerned and the Regional Director, Ministry of Corporate Affairs. The Registry is also directed to issue notice to BSE Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited. The Applicant Company was also directed to send private notice to the said authorities and to issue paper publication in the newspaper one in English and another in vernacular language having wide circulation in the area where the registered office of the Applicant Company is situated.

12. The Applicant Company has filed the proof of paper publication both in English and vernacular containing the proposed reduction of share capital. The Applicant Company has also,



sent the private notice to the concerned authorities as directed by this bench.


13. The RD has submitted its report dated 24.07.2018 wherein it has been stated that the Scheme of reduction of capital has been examined. The Company has furnished the Auditor's certificate to the effect that the company has not accepted any deposits as provided u/s 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. The company has also furnished the list of secured and unsecured creditors certified by the statutory auditors of the company as on 28.02.2018.

14. The RD has further submitted that as for the observation of RoC, Kerala , he has received a complaint from one Mr. P.P.Zibi Jose holding 778 equity shares in this company. His main grievance is that in the exit option the company is not giving adequate compensation to the



minority shareholders. To this the company has replied to ROC, Kerala dealing with the complaint in detail. The company has also furnished the said reply to this Directorate. However the Deponent submits that the exit price is arrived at upon valuation by an expert and therefore, appears to be reflecting the net worth of a share. Therefore, the RD has no objection to the Scheme.

15. No report/objection has been received from BSE Limited, National Stock Exchange of India Limited and Cochin Stock Exchange Limited. It appears that the said authorities do not have any objections to the proposed reduction of the capital.

16. After hearing the Counsel for the Petitioner and perusal of the record placed on file, the Application is allowed for reduction of the share capital of the company, the operative portion of the order follows as under: 



ORDER

It is hereby ordered to confirm the reduction of share capital of Applicant Company by approving the minutes of the EoGM dated 23.02.2017, wherein the members of the Applicant Company resolved for the reduction of share capital of the Company by Rs. 13,92,810/- divided into 1,39,281 shares of Rs 10/- each out of existing paid-up share capital of the Company of Rs. 6,30,52,390/- (Six Crores Thirty Lakhs Fifty Two Thousand Three Hundred and Ninety Only) divided into 63,05,239 fully paid-up equity shares of Rs. 10/- each which would subsequent to the Capital reduction be Rs 6,16,59,580/- divided into 61,65,958 fully paid up shares of Rs. 10/- each, and cancellation of the said 1,39,281 fully paid-up equity shares of Rs 10/- each for a consideration of Rs. 767/- per equity share aggregating to Rs 10,68,28,527/- (Rupees Ten Crores Sixty Eight Lakhs Twenty Eight



Thousand Five Hundred and Twenty Seven Only) payable in cash to Non-Promoter Shareholders.

17. In terms of the above, the necessary alteration shall be made in the Memorandum of Association by the Applicant Company for reduction of the amount of its share capital and of its shares. The copy of the altered Memorandum of Association and the minutes approved along with this order shall be delivered to the RoC by filling E-form INC-28, within 30 days of the receipt of copy of the Order. Accordingly, the Registry shall prepare an Order in FORM No. RSC-6 as per the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and issue to the Applicant.



G. Loganathan
DEPUTY REGISTRAR 6/8/18
NATIONAL COMPANY LAW TRIBUNAL
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CH. MOHD. SHARIEF TARIQ
(CH. MOHD. SHARIEF TARIQ)
MEMBER (JUDICIAL)

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