

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/VC Mode (Hybrid)]

ITEM No.22
C.P No.17/BB/2024

IN THE MATTER OF:

M/s Lifestyle International Pvt Ltd ... Petitioner

Petition under Section 66 of Companies Act, 2013

Order delivered on: 15.12.2025

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Uday Shankar
For ROC : Ms. Anuparna.B

ORDER

1. Heard Ld. Counsel for the Petitioner and Ld. Counsel for ROC.
2. **The petition is allowed vide separate order.**
3. File be consigned to records.

-Sd-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

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IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU
BENCH, BENGALURU

(Through Physical Hearing/VC Mode (Hybrid))

C.P No.17/BB/2024

Under Section 66 of the Companies Act, 2013

and

The National Company Law Tribunal

(Procedure for Reduction of Share Capital of Company), Rules 2016

IN THE MATTER OF:

M/S. LIFESTYLE INTERNATIONAL PRIVATE LIMITED,

77° Town Centre, Building No 3, West Wing,

Off HAL Airport Road, Yamlur P.O,

Bangalore-560037

- Petitioner Company

Order delivered on: 15.12. 2025

CORAM: 1. Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
2. Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

PRESENT:

For Petitioner : Shri Uday Shankar with Shri Anirdudh

For ROC/RD : Ms. Anuparna Bordoloi

ORDER

Per Radhakrishna Sreepada, Member(Technical):

1. This petition is filed by **M/s. Lifestyle International Private Limited** (hereinafter referred as 'Petitioner Company') Under section 66 of the Companies Act, 2013 read with Rule 2 (1) of the National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 inter-alia seeking following reliefs:

a. That to approve the reduction of capital as approved by the Petitioner Company in terms of the Special Resolution passed by the Shareholders at its Extraordinary General Meeting held

on 31st October 2023 and such reduction in share capital be confirmed by this Hon'ble Tribunal.

- b. That the proposed Minutes as set out in Annexure –G3 be approved as the minute relating to the Reduction of the share capital of the Petitioner so as to make the Reduction effective and the Petitioner Company be exempted from inserting the word "and Reduced" to its name;*
- c. All directions necessary and proper be made and given and*
- d. For such further and other orders may be deem fit and proper in the circumstances of the case;*
- e. The Applicant be permitted to carry out paper publication in one English daily "the Hindu" and the kannada daily "Udayavani" seeking objections from the creditors, if any, and informing them about the date of hearing of the application.*

2. The Petitioner Company was incorporated on 24th November, 1997 under the Companies Act, 1956 as a private limited company, limited by shares with the Registrar of Companies. The Petitioner's registered office is at 77, Town Centre, Building No. 3, West Wing, Off HAL Airport Road, Yamlur P.O, Bangalore-560037. A copy of Memorandum of Association and Articles of Association is placed on record as **Annexure A1** to the Petition.

3. Article 5(b) of Articles of Association empowers the Petitioner Company to reduce its Capital. The extracts of the said Article are given hereunder:

5 b) - "The Company may by special resolution reduce its share capital in any manner and subject to any incident or contingency authorized and consequent as required by law".

4. The authorized, issued and paid-up Share Capital of the Petitioner Company as on 31.03.2023, is as follows:

Authorized Capital	Amount (Rs)
14,00,00,000 equity shares of Rs. 10/- each	1,40,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount (Rs)
1,22,90,79,31 equity shares of Rs. 10/- each	1.22.90.79.310

5. It is submitted that Board of Directors of the Petitioner Company in their meeting held on 19th September, 2023, considered the proposal for carrying out capital reduction pursuant to the provisions of Section 66 of the Companies Act, 2013. The Petitioner Company had a surplus of idle funds and other current assets which are not required for its business purposes based on the current outlook of the Petitioner Company's business. The Petitioner Company was of the further opinion that reducing and returning its capital that is in excess of its needs will afford a greater flexibility in structuring its business. Such return of capital will also provide an exit opportunity to its shareholders.
6. The Capital of the shareholders of the Company, other than the Promoters and the Management Group, was Rupees 6,08,30,930 Comprising 60,83,093 equity shares of Rupees 10 each. After due consideration the Board of Directors approved the proposal to the return the excess share capital by reducing the paid-up share capital of the Petitioner Company by an amount of Rupees 6,08,30,930 consisting of 60,83,093 equity shares of Rupees 10 each. The said proposal was approved by way of Special Resolution passed at the Extraordinary General Meeting of the Equity shareholder of the Petitioner Company held on October 31, 2023.
7. The reduction of Capital of the shareholders of the Company, other than the promoters and the management Group would not have any adverse effect on the Petitioner Company's ability to honour its commitments or meet its obligations in the ordinary course of its business.
8. The Petitioner Company has no arrears of repayment of deposits or interest thereon. The declaration by the Director of the Petitioner

Company in relation to no arrears and deposits along with a certificate from the Statutory Auditors of the Petitioner Company certifying the same is attached as Annexure D & E to the Petition.

9. It is submitted that the Company has no secured creditors and has 2338 (Two Thousand Three Hundred and Thirty Eight) Unsecured Creditors in the Petitioner company as on 30th November, 2023. The Certificate by the Auditors confirming the correctness of the list of the Secured and unsecured creditors as on 30th November, 2023 are furnished as Annexure- E (collectively) of the Petition.
10. Pursuant to the Board Meeting dated 19th September 2023, the Extraordinary General Meeting was held on 31st October, 2023, wherein, the Equity Shareholders of the Petitioner Company vide Special Resolution, have unanimously approved the proposed reduction, which inter alia reads as follows;

"RESOLVED THAT pursuant to Section 66 of the Companies Act 2013 (the "Act"), the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company), Rules 2016, and any amendments thereto, the Articles of Association of the Company and subject to confirmation by the Honorable National Company Law Tribunal at Bengaluru ("NCLT") or any other appellate authority, and such other approvals, consents, permissions and sanctions if any, necessary to be obtained from any Government or statutory authority, consent of the members be and is hereby accorded to reduce the issued, subscribed and paid up capital of the Company from Rs. 122,90,79,310 (Rupees One Hundred and Twenty two crores ninety lakhs seventy nine thousand three hundred and ten) consisting of 12,29,07,931 (Twelve crore twenty nine lakhs seven thousand nine hundred and thirty one) fully paid up equity shares of Rs. 10 each to Rs. 116,82,48,380 (Rupees One Hundred and Sixteen Crores eighty- tow lakhs forty eight thousand three hundred and eighty) consisting of 11,68,24,838 (Eleven crore sixty eight lakhs twenty four thousand eight hundred and thirty eight)

equity shares of Rs. 10 each ("Capital Reduction") by cancelling and extinguishing, in aggregate 60,83,093 equity shares of Rs. 10 each (the "Identified Shares") being 4.96% of the total issued, subscribed and paid-up capital of the Company held by the shareholders of the Company, other than the Promoters and the Management Group (the "Identified Shareholders")

RESOLVED FURTHER THAT *subject to the confirmation of the Capital Reduction by the NCLT and such Capital Reduction becoming effective and operative, the Identified Shareholders shall be paid, for the equity shares held by them and which are cancelled and extinguished, a sum of Rs. 1,195 (Rupees One Thousand One Hundred and Ninety-Five) per equity share being the fair value of the equity shares of the Company as determined by an independent registered valuer.*

11. A certificate has been issued by M/s. B S R & Co LLP, Statutory Auditors of the Petitioner Company that the reduction of the share capital is in compliance with the Indian Accounting Standards specified under Section 133 of the Act and the same is mentioned under Paragraph 23 of the petition as attached in Annexure E to the Petition.
12. It is respectfully submitted that there is no pending inspection, inquiry or investigation against the Petitioner Company under the Companies Act, 1956 or Companies Act, 2013.
13. When the C.P was listed on 14th March 2024, following order was passed:
 1. *Heard the Ld. Counsel for the Petitioner.*
 2. *Issue notice to the Registrar of Companies Karnataka, Regional Director, Ministry of Corporate Affairs, and the Creditors of the Petitioner Company. Registry is directed to prepare the notice and serve it on the Registrar of Companies, Karnataka, Regional Director and Creditors of the Petitioner Company along with a copy of the Petition and other material documents through e-mail as well as by Speed Post and to file an Affidavit of Service along with tracking reports in the Registry well before the next date of hearing. Upon*

receipt of notice, Respondents are directed to file reply within four weeks thereafter, after duly serving the copy on other side. Further, the Petitioner is also permitted to cause paper publication in 'The Hindu', English Daily and translation thereof in 'Udayavani, Kannada Daily, Bangalore Edition, and to file proof of publication in the Registry within two weeks.

3. List the case on **13.06.2024**.

14. In compliance to the said order, the Petitioner Company has filed Compliance Affidavit vide Diary No. 4553 and dated 31-07-2024 and proof of paper publication vide Diary No. 2626 dated 02-05-2024. Along with the Affidavit, the Petitioner Company has also attached the postal receipts of notices sent to the Secured and Unsecured Creditors of the Company and the copies of paper publications of the advertisement made for the proposed reduction.

15. In Compliance to the order dated 13-06-2024 the petitioner company has filed the compliance Affidavit regarding the charges of the secured creditors vide Diary No. 3658 dated 25-06-2024 and Diary No. 4553 dated 31-07-2024 along with the NOC received from the secured creditors, Chartered Accountant Certificate etc.

16. **REPORT of the RD and ROC:**

The Registrar of Companies, Karnataka, Bengaluru and the Regional Director, South Eastern Region, Hyderabad have filed a Common Report vide Dairy No.5936 dated 21-10-2024 by inter alia observing as under:

1. This is a petition filed for reduction of capital under Section 66 of the Companies Act, 2013 and the Petitioner has served copy of this Company Petition on Registrar of Companies on 01.04.2024 and served a copy on the Regional Director on 18.04.2024.
2. That the Company was originally incorporated in the State of Karnataka, Bangalore on 24.11.1997 as **M/s LIFESTYLE**

INTERNATIONAL PRIVATE LIMITED. Under the jurisdiction of the Registrar of Companies, Karnataka. Presently the Registered office of the Petitioner Company is situated at 77 Town Centre, Building No. 3, West Wing, Off HAL Airport Road, Yamlur P.O, Bangalore, Karnataka, India, 560037, which is falling under the jurisdiction of this office and also under the jurisdiction of the Hon'ble Tribunal.

3. The present Paid-up Equity Share Capital as per Master Data is Rs. 122,90,79,310/-.
4. That the petition is filed for reduction of paid-up capital of the company seeking from Rs.122,90,79,310/- Consisting of 12,29,07,931 fully paid-up equity shares of Rs.116,82,48,380 consisting of 11,68,24,838 Equity shares of Rs.10/- each by reducing Rs.6,08,30,930/- comprising of 60,83,093 equity shares of Rs. 10/- each. The petitioner company is stating that the currently the promoters and management group holding 95.04% shareholding in the company viz. Life Style International Limited Maurities-42.51%, Mr. Mukesh W Jagatiani-0.23%, Mr. Renuka M Jagatiani (Director) collectively-47.56%, Mr. Ramanathan Hariharan-2.49%, Mr. Harish Ramanathan-1.24% and Mrs. Uma Ramanathan-1.24% respectively. The above matter is stated at para 4 (a) of the Petition. Through the present Scheme of Reduction of Capital, the Petitioner Company intends to reduce the paid up capital of Rs. 6,08,30,930/- consisting of 60,83,093 equity shares of Rs. 10/- each held by the shareholders who are other than the Promoters and Management Group (Consisting 25 members) which constitutes 4.96% of the paid- up capital of the Company and pay-off Rs.1,195 per equity share being the fair value of the equity shares of the Petitioner Company as per the value determined by the Independent Valuer.
5. That the Board of Directors of the Company at their meeting held on 30/09/2023 had considered and approved the proposal for the reduction of paid-up share capital of the Company.

6. That Clause 5(b) of the Articles of Associations of the company permits the Company to reduce the paid up capital of the Company, and the Company has approved the proposal for reduction of paid-up capital by passing Special resolution in the Extra Ordinary General Meeting held on 31.10.2023. The resolution for the present capital reduction was filed by the Petitioner Company in Form No. MGT-14 vide SRN: AA6094865 dated 06.11.2023 with ROC.
7. That the Petitioner Company has submitted declaration stating that the Company is not in arrears in the repayment of the deposits or interest thereon and a Certificate from, BSR & Co. LLP Chartered Accountant dated 08.12.2023 certifying that the Petitioner Company is not in arrears in the repayment of the deposits or interest thereon as on 30.11.2023.
8. The Special resolution for approval of this reduction of capital was passed by the Company in its EGM held on 31.10.2023 which was attended by 5 members in person and other 4 through proxy, interestingly, out of the total 31 shareholders holding 60,83,093 shares whose shares will be reduced completely through this reduction and who will no longer continue to be the equity holders of this company, only 5 shareholders holding 1,39,030 shares amounting to merely 2.28% of such non-promoter & non-management category have attended the Meeting and given their consent. Although the Company has approved this scheme in its EGM, as seen above, the interest of the concerned shareholders needs to be protected and the Petitioner Company may be directed to seek consent from them (Minority Shareholders) to protect the interest of such minority shareholders.
9. As per MCA records as on 30.11.2023, there were 7 open charges amounting to Rs. 770 Crores and as on date, 5 Secured creditors (open charges) are there with a secured charge amount of Rs. 550 crores.

Also as per Note no. 17(ii) of the Audited Financial Statements for the year ending 31.03.2023, it is mentioned that the Company has short term borrowings including overdraft and Indian Rupees denominated cash credit facility sanctioned from the bank(s) amounting to Rs. 950 crores secured by way of pari-passu charge on the current assets of the company.

It is clear from the above that the company had created secured charges on the assets of the company and this ought to have been clearly mentioned in the petition filed by the company. **In the present Petition, the Managing Director and the Auditor have failed to report the secured creditors as on date of filing of the Petition. Hence, the contents of the form RSC-1 as filed by the company is incomplete as the list of creditors is incomplete.**

Moreover, for withholding such an important information regarding secured creditors before the Tribunal, the company and its officers, as well as the auditors who has made wrong submissions and concealed and misrepresented the creditors may be liable for action under Section 447 Read with Section 449 of the Act as mentioned in Section 66(10) of the Companies Act, 2013. It is also to be stated that the Company has filed another affidavit on 13.06.2024 for adding name of the creditors whose details/name were not there in the certificates dated 11.12.2023 issued by the Managing Director and the Auditor presuming it as insignificant details that was left out. It is reiterated that the major stakeholders who have their interests at stake are creditors (both Secure & Unsecured) of the company which was initially not stated in the Petition by the Company, but later disclosed the same by filing separate affidavit in this matter without giving complete details thereof. In view of the above, the action under Section 447/449 of the Act as stated supra may kindly looked into by the Hon'ble Tribunal and may pass order as deemed fit in this regard.

10. Further to state that in the Revised list of creditors filed with Affidavit dated 18.06.2024 by the Company pursuant to NCLT (BB) order dated 13.06.2024, the following irregularities are found:

- i) That the Managing Director has conveniently not mentioned the date on the Certificate issued by him certifying the list of creditors wherein he has added the list of open charges as on 30.11.2023. It is to submit that the said facts may not be correct due to the above defects and hence, this list is not acceptable and it seems that the Company has not complied with the provisions of Section 66 of the Act.
- ii) Further the Auditor has issued similar cursory statement certifying the list of Charges created as at 30.11.2023 as issued before which also testifies non-compliance of the provisions of Section 66 of the Act.

In another affidavit dated 29.07.2024, the company has filed enclosing NOCs from all the secured charge holders. The authenticity of this NOCs submitted to the Hon'ble Tribunal have not been verified by this office. Since the petitioner Company has already once failed to disclose the details of names and addresses of secured charge holders and has now come with all the NOCs the Tribunal may kindly verify the authenticity and genuineness of these NOCs or may direct to comply with the provisions of the Act as applicable in this regard.

11. As per para 3 and 5 of the petition, the company proposes to reduce 60,83,093 equity shares and pay a sum of Rs. 1,195 per equity share to the non-promoter non-management shareholders. This amounts to an outflow of around Rs.726.92 crore. It is seen from the balance sheet of the company as on 31.03.2024 (latest audited & filed) that the Company has only Rs.160 crores in Cash and Cash Equivalents, and the only other somewhat liquid assets are current Financial Investments amounting to Rs. 202 crores. Even after liquidating the entire liquid investments etc. of the company, it would

still fall short of a whopping amount of Rs. 365 crores. The petitioner company ought to explain in the petition as to how the fund requirement for the purpose of reduction of capital will be achieved and its effect on the future of the company's day-to-day workings along with working capital management aspects since the Company has stated that the reduction of capital is to pay off excess fund of the company.

12. As per the Independent Auditor's Report of the Petitioner Company relating to the financial year ending 31.03.2023, the Petitioner Company has certain outstanding disputed dues such as value Added tax, service tax, Goods & Service tax and Income tax to the tune of around Rs. 71.35 crores. The Company is already in short of funds as stated above, thereby it may not have funds to settle the disputed statutory dues if this reduction of capital is allowed the Hon'ble Tribunal may kindly look into the matter and may pass order in this regard.

13. As per Note no. 18 of the Audited Financial Statement for the year ending 31.03.2023, the Petitioner Company has outstanding dues to be payable to Micro, Small and Medium enterprises to the tune of Rs. 446 crores. The Company may be asked to show as to how it has complied with the Micro, Small and Medium Enterprises Development Act and may be directed to settle the dues as per the said Act and may also to file an undertaking to comply with the requirements of the Act i.e to meet the liabilities due to MSME along with source of fund to meet such liabilities.

14. As per the list of creditors as on 30.11.2023, the company has outstanding dues to un-secured creditors to the tune of Rs. 1,625,74,96,893/-, but neither NOC nor proof of serving notice to them have been furnished. Hence to protect their interest as stipulated under the Act, the Hon'ble Tribunal may kindly pass order in this regard.

15. That, the copy of advertisement for Reduction of Capital as per NCLT Rules has not been attached along with the application submitted by the Petitioner Company. It is not known whether Petitioner has given advertisement of Section 66 as per the requirements of the Act. The Hon'ble Tribunal may kindly direct the petitioner to submit the same with documentary proof in this matter.

16. As per the Petition and reply of the Petitioner Company, it is found that some of the shareholders are Non-Resident Shareholders and hence, the Petitioner Company may be directed to furnish an undertaking with regard to compliance of the provisions of FEMA/RBI Guidelines.

17. As per records maintained/available with MCA portal, no prosecution, Complaint, Inquiry, Inspection and Investigations are pending with this office against the affairs of the Company.

17. RESPONSE OF THE PETITIONER:

The Petitioner Company in response to the Common Report of RD and ROC has filed a reply affidavit vide Diary No.6419 dated 14-11-2024 has inter alia stated as under:

1. The observations in Para 1 to 7 and 17 is a factual observation and requires no comments from the Petitioner Company.
2. As Regards the observation in para 8 of the Report: A meeting of the shareholders of the Petitioner Company was convened pursuant to Section 66 of the Companies Act, 2013, seeking their approval. As per the requirements of Section 103 of the Companies Act, 2013, 2 members personally present, shall be the quorum for the meeting and in case of the member being a body corporate will be counted as a member for the purpose of quorum as per Section 113 of the Companies Act, 2013. As adequate quorum was present at the said meeting and the proposed special resolution was approved by 100% of the members present and voting, the resolution was passed.

It may be noted that out of the 5 members who were present at the meeting, 3 members held proxies to the extent of 94.82% of the paid-up capital. In aggregate, the members present at the meeting together with the proxies represented 94.93% of the total paid-up capital of the company. A copy of the report furnished by the scrutineer appointed at the EGM is attached as Annexure-1

It will be relevant to note that the notice of the said EGM was sent to all shareholders. Despite such notice, only 5 shareholders were present in the said meeting. Further, none of the shareholders raised any objections before this Hon'ble Tribunal or with the Petitioner Company, in response to the notices as well as the news-paper publication that were made in compliance with the orders passed by this Hon'ble Tribunal. The Petitioner would like to submit that although the reference in the Report is to 31 shareholders holding 60,83,093 shares in the Petitioner company, the number of shareholders holding 60,83,093 shares of the Petitioner Company is 25 as reflected in para 4 in the Report.

3. As Regards the observation in para 9 of the Report: The Petitioner Company in order to carry out its day-to-day business operations, availed credit lines in the form of overdraft, cash credit facilities etc. in the event the Petitioner Company utilizes/draws down from the above credit facilities, the Petitioner company has the ability to service a repay such loans.

As the above was inadvertently not stated in the Petition, the Petitioner Company filed Affidavit dated June 22, 2024 before this Hon'ble Tribunal and the same has been taken on record. The copies of the said affidavit were also served on the RD and the ROC. The copy of the said affidavit is enclosed hereto as Annexure-II

The omission of the information regarding secured creditors and /or the charge holders under the list of creditors dated 13/12/2023 was inadvertent and the same was rectified suo-motu by the Directors of Petitioner Company by filing the above affidavit.

Subsequently, Affidavit were filed by the Petitioner Company on 22/06/2024 and 29/07/2024 to place on record the No objection certificates (NOCs) from the secured creditors and /or the charge holder. Hence, by issuance of the NOCs, the secured creditors have consented to the captioned petition and no prejudice is caused to any party. The Petitioner Company submits that no action is warranted under sections 447 and /or 449, since as stated above, the same was an inadvertent error and in view of the NOCs, the objections in the report stand resolved.

4. As Regards the observation in para 10 of the Report: **i)** By way of the Affidavit dated June 22, 2024, the Managing Director had also issued a fresh certificate, wherein he had certified the list of the creditors of the Petitioner Company as on November 30, 2023 as true and correct. This Hon'ble Tribunal vide its order dated June 13, 2024 permitted the Petitioner Company to place on record the above information by way of an affidavit. Since the Managing Director's certificate forms part of the Affidavit filed on June 22, 2024, the date of Affidavit should be construed as the date of the certificate.

ii) in addition to the original certificate issued by the auditors dated November 30, 2023, the auditors have certified the list of secured creditors (charge holders) on June 14, 2024.

As stated above, this Hon'ble Tribunal vide its order June 13, 2024 permitted the Petitioner Company to place on record the above certificate by way of an affidavit. Accordingly, the

auditor's certificate was filed along with the Affidavit filed on June 22, 2024. Thus, the provisions of Section 66 of the Act have been duly complied with.

All NOC's obtained from the Secured creditors and/or the charge holders are genuine and the same has been file with this Hon'ble Tribunal by way Affidavits dated June 22, 2024 and July 29, 2024 (enclosed as Annexure II and Annexure IV respectively).

5. As Regards the observation in para 11 of the Report: The petitioner Company has surplus funds available in investments (mutual funds and bank deposits) to the tune of Rs. 1,635 crores as on October 30, 2024, which is more than adequate to meet the capital reduction payout obligation of about Rs. 726 crores.

Extracts of Para 4(e) of the Company Petition and the relevant portion of the explanatory statement forming part of the notice convening the EGM are reproduced below.

Para 4(e)

"The reduction of capital of the shareholders of the Company, other than the Promoters and the Management Group would not have any adverse effect on the Petitioner Company's ability to honor its commitments or meet its obligations in the ordinary course of its business"

Para (V) (b) & (c) of the Explanatory statement of EGM notice forming part of the Company Petition is reproduced below:

"The proposed Capital Reduction will not cause any prejudice to the creditors of the Company as there is no reduction in the amount payable to any of the creditors. No compromise or arrangement is contemplated in relation to the creditors and the Company will continue to have assets in excess of all its liabilities post the Capital Reduction."

The proposed Capital Reduction will not, in any way, adversely affect the ordinary operations of the Petitioner Company or the ability of the Petitioner Company to honour its commitments or to pay its debts in the ordinary course of business.

6. As Regards the observation in para 12 of the Report: The disputed dues referred above are in the ordinary course of Petitioner Company's business and in appropriate stages of appeal/redressal before the concerned authorities and will be discharged appropriately in due course of time. The dues quantified as Rs. 71.35 crores are insignificant considering the turnover of the company of Rs. 11,672 crores and the profit before tax (PBT) of Rs. 933 crores for the FY ended on 31st March, 2023.
7. As Regards the observation in para 13 of the Report: The Petitioner Company settles the dues of all its vendors including MSME vendors as per the terms and conditions of trade and in compliance with the applicable law. The Petitioner Company undertakes to comply with the MSME Act, 2006 and settle the dues as per the terms and conditions of the contract and the applicable law. Please refer to our response in paragraph 12 above which bears out the Company's source of funds to meet its liabilities.
8. As Regards the observation in para 14 of the Report: As directed by this Hon'ble Tribunal notices were couriered to all the creditors by Registered post acknowledgement due (RPAD) and an Affidavit dated June 12, 2024 for proof of services of notice was filed with this Hon'ble Tribunal. (A copy of the said Affidavit is enclosed as Annexure III).
9. As Regards the observation in para 15 of the Report: As per the order of this Hon'ble NCLT dated March 14, 2024, the advertisement were published on April 3, 2024 in the Hindu

(English) and Udayavani (Kannada). The Affidavit for proof of paper publication was filed with this Hon'ble Tribunal dated 12th June 2024. The same has also been taken on record by this Hon'ble Tribunal vide its order dated June 13, 2024. A copy of the affidavit is enclosed as Annexure-III and the Advertisement enclosed as Annexure-V.

10. As Regards the observation in para 16 of the Report: The Petitioner Company undertakes to comply with the applicable provisions of FEMA and /or the RBI guidelines in connection with the captioned matter.
18. The Petitioner Company has filed a compliance Affidavit vide Diary. No.3513 dated 30-06-2025 stating that the objection raised by Woodland (Aero Club) Private limited ("Woodland") was settled amicably without getting into the merits of the objection raised by Woodland and Woodland had issued No objection letter to the Petitioner Company.
19. In compliance to the order dated 01-07-2025, the Petitioner Company has filed Compliance Affidavit vide Diary No. 3807 dated 15-07-2025, the petitioner company has obtained the necessary certificate from the valuer, which evidences that the valuer is registered with IBBI. The copy of the certificate from the valuer dated 1-07-2025 is enclosed as Annexure B of the compliance Affidavit.
20. Further in compliance to the order dated 10.09.2025, the Petitioner Company has filed affidavit along with document vide Dy.No. 5542 to 5544 dated 09.10.2025.
21. Heard the learned Counsel for the Petitioner and Learned Counsel for ROC & RD. We have carefully perused the pleadings of the parties and extant provisions of the companies Act 2013 and Rules made thereunder.
22. On the issue of Non-disclosure of the Secured Creditors of the Company, the explanation given by the Petitioner is not considered to be satisfactory. Only after this Tribunal pointed out the issue on

13.06.2024, the List of Creditors was provided. Even in doing so, there were many inconsistencies as pointed out by the RD/ROC report. This indicates a very Casual approach of the Petitioner towards the Proceedings before this Tribunal. We do not approve of such Casual approach on part of the Company and its Auditor and are of the Opinion that the Proceedings before this authority deserve and should be accorded due seriousness.

As a punitive measure, We impose a penalty of

- a. **Rs 3,00,000/- to be deposited in PM National Relief fund and**
- b. **Rs 2,00,000/- to be deposited in CM Relief fund, Karnataka**

by the Applicant Company within a period of Four weeks from the date of this Order and Compliance of this should be filed before this Tribunal.

23. The Petitioner Company is availing the option of reduction of paid-up share capital which is in consonance with Section 66 of the Companies Act, 2013.

24. In the circumstances, pursuant to the provisions of section 66 of the Companies Act, 2013 the proposed reduction of Capital is **APPROVED** and consequently the Minutes of EGM dated 31.10.2023, wherein, the members of the Petitioner Company resolved for reduction of company's existing subscribed and paid-up equity share capital from Rs.122,90,79,310 (Rupees One hundred and Twenty Two crore ninety lakhs seventy nine thousand three hundred and thirty one) consisting of 12,29,07,931 fully paid up equity shares of Rs.10 each to Rs.116,82,48,380 (Rupees one hundred and sixteen crores eighty two lakhs forty eight thousand three hundred and eighty) consisting of 11,68,24,838 (Eleven crore sixty eight lakh twenty four thousand eight hundred and thirty eight) equity share of Rs.10 each ("capital Reduction") by cancelling and extinguishing, in aggregate 60,83,093

- equity shares of Rs.10 each (the "Identified Shares") being 4.96% of the total issued, subscribed and paid up capital of the company held by the shareholders of the Company, other than the Promoters and the Management Group (the "Identified Shareholders") is also **APPROVED**.
25. The copy of the minutes approved along with this order shall be delivered to the ROC by filing the e-Form INC 28, within 30 days of the receipt of the copy of the order. Accordingly, the Registry shall prepare an order in form No.RSC-6 as per National Company Law Tribunal (Procedure for Reduction of share capital of the company) Rules, 2016 and issue to the Petitioner Company. The Petitioner Company shall publish this order of confirmation in "*Business Standard*", English daily, Bengaluru edition and "*Kannada Prabha*" Kannada daily, Bengaluru edition, expeditiously and not later than 30 days from the receipts of copy of the order, as required under Section 66(4) of the companies Act, 2013.
26. Consequent to the reduction in share capital, the amount which will be considered for payment shall be subject to the compliance of FEMA and RBI as are applicable. Further compliance also should be made to the provisions of I.T. Act with regard to Tax deduction at Source on such payment, as applicable, if any.
27. Accordingly, the prayer made in the Petition is **allowed** and the **C.P. No.17/BB/2024** is **disposed of**. File be consigned to the Records.

-Sd-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)