

Date: 13/04/2017

**The General Manager
Department of Corporate Services
BSE Limited
PhirozeJeejeebhoy Towers
Dalal Street
Mumbai 400001**

Sub: Intimation under Regulation 37(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

In terms of the Regulation 37(5) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, this is to inform you that the National Company Law Tribunal, New Delhi has approved the Scheme of Reduction of the Share Capital of the company thereby reducing the paid up value of each Equity Share of the company from Rs. 10 per share to Rs. 2 per share, vide its order reserved as on 23.03.2017 and issued as on 11/04/2017.

We are enclosing the detailed order for your kind perusal and records.

Thanking you

Yours Sincerely,

For Network Limited



**Vikas Jahu
Company Secretary**

Encl: a/a

BEFORE THE PRINCIPAL BENCH NATIONAL COMPANY LAW TRIBUNAL

AT NEW DELHI

Present: CHIEF JUSTICE (Retd.) SHRI M.M.KUMAR, HON'BLE PRESIDENT

& SHRI R.VARADHARAJAN, MEMBER (JUDICIAL)

COMPANY PETITION NO. 1228 OF 2016

(TRANSFERRED FROM THE FILE OF HON'BLE HIGH COURT OF DELHI)

IN THE MATTER OF SECTIONS 100 TO 104 OF THE COMPANIES ACT, 1956

(PRESENTLY SECTIONS 66 OF THE COMPANIES ACT, 2013)

AND

IN THE MATTER OF:

Network Ltd.

Company incorporated under Companies Act, 1956.

Having its Registered Office at:

W-39, Okhla Industrial Area,

Phase-II

New Delhi-110020

CIN: L 322090L1989 PLC 034797

.....Petitioner Company

ADVOCATE FOR THE PETITIONERS:

Mr. Rajeev K. Goel, Advocate,

FOR REGIONAL DIRECTOR (NR), MCA:

Mr. C. Balooni, Company Prosecutor



ORDER

This is a Petition which is filed by the Petitioner above-named for the purpose of confirmation of reduction of its equity share capital. The Petition was originally filed in the Hon'ble High Court of Delhi under the erstwhile provisions of Companies Act, 1956 and the matter was listed before it on 07.12.2016. The Hon'ble High Court on the said date was pleased to direct that notice of the Petition be issued to the Registrar of Companies as well as Regional Director and also direct the Petitioner to carry out publication in the newspapers "Statesman" in English and "Veer Arjun" in Hindi both Delhi Edition. The proceedings as above pending before the Hon'ble High Court of Delhi in view of Section 66 of the Companies Act, 2013 having been notified by the Central Government vide Notification No.3677E dated 07.12.2016 effective from 15.12.2016 as well as the Rules titled as "National Company Law Tribunal (Procedure for Reduction of Share Capital of Companies) Rules, 2016" having also been notified, the Hon'ble High Court vide its Order dated 15.02.2017 has transferred the instant Petition as well as transmitted the records connected therewith to this Tribunal which in view of all the above is now vested with the powers to consider matters concerning Reduction of Share Capital.

2. Subsequent to the transfer, the matter came up before us on 23.03.2017 for hearing and the Counsel for the Petitioner represented that the report of the Regional Director/Registrar of Companies has been filed as directed by the Hon'ble High Court. The Learned Counsel for the Petitioner took us through the Petition and represented that:

(a) The paid up value of each Equity Share of the Company will be reduced from Rs. 10 per share to Rs. 2 per share and the total paid up Share Capital of the Company shall be reduced

from Rs. 49, 14,84,980 divided into 4,91,48,498 Equity Shares of Rs. 10 each, fully paid-up, to Rs. 9,82,96,996 divided into 4,91,48,498 equity Shares of Rs. 2 each, fully paid-up. The Reduction of Capital shall be on proportionate basis and all the pre-Scheme shareholders will remain as the shareholders of the Company even after the Scheme in the same proportion.

(b) Upon the Scheme coming into effect, the entire accumulated losses of the company being the debit balance of profit and loss account to the tune of Rs. 37,32,77,301 as per the audited balance sheet of the company as on 31.03.2017, will be written off against the aforesaid Reduction of Capital.

(c) The difference between the amount of reduction in share capital and the amount of debit balance of profit and loss account written off shall be credited to the Capital Reserve Account.

(d) Upon the Scheme coming into effect, all the equity shareholders holding equity shares of Rs. 10/- each will continue to hold the same number of equity shares. However, the face value and the paid-up value of each of the equity shares shall be reduced to Rs.2/- per share.

and that the rationale is stated in Paragraph 15 of the Petition as extracted below:-

a. The present issued, subscribed and paid-up share capital of the Company is Rs. 49,14,84,980 divided into 4,91,48,498 Equity Shares of Rs. 10 each. As on 31st March, 2016, the Company has accumulated losses (debit balance of Profit & Loss Account) to the tune of Rs. 37,32,77,301. Capital of the Company has been lost to the extent.

b. In order to re-align the relation between capital & assets; and to accurately and fairly reflect the liabilities & assets of the Company in its books of accounts; and for better presentation of

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the financial position of the Company, the Board of Directors has decided to write off the Company in accordance with section 100 to 104 of the Companies Act, 1956 and other applicable provisions.

c. The Reduction of Capital is proposed for the aforesaid reasons. The Board of Directors and Management of Petitioner Company are of the opinion that the proposed reduction of capital is in best interest of the Company and its stakeholders.

3. The Board of Directors of the company is said to have approved the reduction of the paid up equity share capital of the Petitioner Company on 16.05.2016 and further it is also seen that the same has been approved by the Equity Shareholders in the Extra Ordinary General Meeting held on 28.09.2016 vide Special Resolution passed there at. Subsequently, the Company Petition before the Hon'ble High Court seems to have been preferred.

4. From the records, it is evident that the company is a Public limited company and is listed on Bombay Stock Exchange and that Article 13 of Articles of Association empowers the petitioner company to have its share capital reduced in accordance with law.

"Article 13

The Company may, subject to the provisions of Section 100 to 105 and other applicable provisions, if any, of the Act, from time to time, by special resolution, reduce its capital and any capital redemption reserve account or premium account in any manner for the time being authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise, and the Company may, if and as far as in necessary, alter its Memorandum and Articles of Association by reducing the amount of its Share Capital and of its shares accordingly. Provided that such special resolution shall not be necessary in case of application of share premium account in the manner authorized by Section 78 of the Act."

The Petitioner Company has also produced a Certificate issued by the Statutory Auditor of the Company dated 26.10.2016, a perusal of which discloses that the company does not have any Secured Creditors as on 31st March, 2016.

In relation to the unsecured creditors of the Petitioner Company it is evident from the certificate issued by the Statutory Auditor dated 26.10.2016 that there were only five unsecured creditors as on 31.03.2016 and that consents from all of them have been produced. A perusal of the report/observation filed by the Regional Director does not disclose any adverse observations in relation to proposed reduction of equity share capital of the Petitioner Company, other than the observations made in para 6,7 & 8 of the RD Affidavit which is as follows:-

a. The petitioner company has Foreign/Non-resident shareholders. The petitioner company may be directed to comply with the provisions of FEMA/RBI in this regard.

b. The registrar of companies has stated that the petitioner company is under technical scrutiny and the same is under examination.

c. the authorized share capital of the company shall be modified with regard to the face value of equity shares from Rs. 10 to Rs. 2 per share. The petitioner company may be advised to comply with the provisions of the companies act, 2013 and rules made thereunder in this regard.

In response to the above observations, the Petitioner company through its company secretary and authorized signatory has filed an affidavit wherein an undertaking to the following effect has been given at para 6 and same is reproduced hereunder:

a. *"The Petitioner Company has some foreign/ non-resident shareholders. We confirm and undertake that the requisite compliance with the applicable provisions of FEMA and the RBI Regulations (including filing of necessary forms/returns, etc., if any) will be made by the Petitioner Company with regard to the proposed reduction of share capital for such foreign/ non-resident shareholders. It may, however, be noted that no approval is*

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required to be obtained from the RBI or any other authority for the proposed reduction of capital vis-à-vis the said foreign/ non- resident shareholders.

It is pertinent to mention that the proposed reduction of share capital involves writing off accumulated losses of the Petitioner Company, as on 31st March, 2016, against part of its paid-up equity share capital. No payment is proposed to be made to any shareholder.

- b. The Registrar of Companies, New Delhi initiated technical scrutiny of the audited annual accounts of the Petitioner Company for 15 months period ended 30th June, 2009. The Petitioner Company has already filed its reply dated 11th March, 2013 which is still under examination at the ROC office. The Petitioner Company will take necessary steps as per the findings of the ROC with regard to the aforesaid scrutiny. It may be noted that the present Scheme is for reduction of capital and the Petitioner Company will remain existence existence after the reduction of capital.*
- c. Upon the Scheme coming into effect, the Face Value and the Paid-up Value of each of the Equity Share of the Company shall be reduced to Rs. 2 per share. We confirm and undertake that the necessary compliance with the provisions of the Companies Act, 2013, will be made and necessary e-forms will be filed with the ROC for modification of the Authorised Share Capital of the Petitioner Company with regard to change the face value of Equity Shares from Rs. 10 to Rs. 2 per share, in terms of the Scheme."*

The above undertaking is taken on record and Regional Director does not have any further objection. It is made clear that the confirmation granted herein shall be subject to all compliance with not only FEMA/RBI regulations but also other laws whether it be fiscal or otherwise which may have a bearing on the proposed reduction to equity share capital as enunciated in the petition.



In relation to paper publication, the same seems to have been effected on 02.03.2017, in compliance with the order of the Hon'ble High Court and it is stated by the Petitioner that save the publication to be made in the website of the petitioner of which it does not maintain one. Further it is stated on Affidavit that neither the counsel nor the Petitioner has received any objection subsequent to effecting the paper publication by the Petitioner in relation to the reduction of share capital.

5. Taking into consideration the above, there being no objections from any quarter in relation to the reduction of capital as contemplated by the petitioner Company, this Tribunal do order as follows:-

(1) That the reduction of the share capital of the above company resolved on and effected by the special resolution passed at a general meeting of the said company held on the 28th day of September, 2016, which resolution was in the words and figures following, viz,

Resolved That pursuant to Section 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956, Article no. 13 of Articles of Association of the company and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to the approval of the Hon'ble High Court of Delhi and subject to such other concerned authority, body or institution, if any, (hereinafter collectively referred to as "the concerned authorities") as may be required and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any of such concerned authorities, from time to time, while granting such approvals, consents, permissions or sanctions; the consents, permissions or sanctions; the consent of the members of the Company be and is hereby accorded for the reduction of share capital of the Company by 80% and writing off the entire accumulated losses of the Company as on 31st March, 2016, against such reduction of capital.

Resolved Further that the terms and conditions of such Reduction of Capital which, inter-alia, include the following:

- a. The paid up value of each Equity Share of the Company will be reduced from Rs. 10 per share to Rs. 2 per share and the total paid up Share Capital of the Company shall be

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reduced from Rs. 49,14,84,980 divided into 4,91,48,498 equity Shares of Rs. 10 each, fully paid-up, to Rs. 9,92,96,996 divided into 4,91,48,498 Equity Shares of Rs. 2 each, fully paid-up.

- b. The entire accumulated losses of the Company being the debit balance of Profit & Loss Account to the tune of Rs. 37,32,77,301 as per the audited Balance Sheet of the Company as on 31st March, 2016, will be written off against such Reduction of Capital.
- c. The difference between the amount of reduction in Share Capital and the amount of debit balance of Profit and Loss Account Written off, shall be credited to the Capital Reserve Account.
- d. The Reduction of Capital shall be on proportionate basis and all the pre-reduction shareholders will remain as the shareholders of the Company even after the Reduction in the same proportion.

Be and are hereby approved.

(2) That the petitioner company in view of confirmation the reduction of its capital shall for a period of two years from the date of this order add to its name as the last words thereof the words "and reduced".

(3) That the minute set forth in the schedule hereto be and is hereby approved.

(4) That a certified copy of this order including the minute as approved be delivered to the Registrar of Companies within thirty days of receipt of the order and paper publication confirming the reduction by this Tribunal of the Equity share capital shall also be issued in the same newspapers as published earlier in the prescribed format within a period of thirty days from the date of this order.





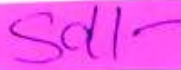
SCHEDULE

"The paid up capital of Network Ltd is henceforth Rs.9,82,96,996 (Rupees nine crore eighty two lac ninety six thousand nine hundred and ninety six) divided into 4,91,48,498 (four crore ninety lac forty eight thousand four hundred ninety eight) Equity shares of Rs. 2 (Rupees two) each."

Dated this...11th...day of April...2017..



(CHIEF JUSTICE M.M.KUMAR)
PRESIDENT



(R.VARADHARAJAN)
MEMBER (JUDICIAL)

Date: 11th April, 2017

U.D Mehta