SL.No.2

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH
COURT HALL NO: II

PHYSICAL HEARING

CORAM: JUSTICE TELAPROLU RAJANI – HON'BLE MEMBER (J)
CORAM: SHRI CHARAN SINGH - HON'BLE MEMBER (T)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH, HELD ON 22.05.2023 AT 02:30 PM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	**Company Petition /14/61/2023**
NAME OF THE COMPANY	**Sensa Core Medical Instrumentation Pvt Ltd**
NAME OF THE PETITIONER(S)	
NAME OF THE RESPONDENT(S)	
UNDER SECTION	**61**

ORDER

This application is allowed vide separate orders.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

Apoorva

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH-II

C.P. (CAA) No. 14/61/HDB/2023
[Application u/s. 61(1)(b) of the Companies Act
read with rule 71 of NCLT Rules, 2016]

In the matter of consolidation of share capital
Of
Sensa Core Medical Instrumentation Private Limited

Sensa Core Medical Instrumentation Pvt. Ltd.,
CIN: U74999TG2006PTC051992)
Plot No. 3, EPIP, Pashamylaram,
Telangana – 502 307.

… Applicant Company

Date of Order: 22.05.2023

Coram:

Hon'ble Justice Mrs. Telaprolu Rajani, Member (Judicial)
Hon'ble Sri Charan Singh, Member (Technical)

Counsel present:

For the Applicant : Mr. P.Sriram PCS

Heard on: 01.05.2023

Per : Bench

O R D E R

1. We have heard the Representative for the Applicant Company and the Representative of the Regional Director. No objector has come before this Tribunal to oppose the Company Petition for Consolidation of share capital of Sensa Core Medical Instrumentation Private Limited.

2. The sanction of the Tribunal is sought under Section 61(1)(b) of the Companies Act, 2013 read with Rule 71 and applicable provisions of the NCLT Rules, 2016 for consolidating every 10,00,000 fully paid-up Equity Shares of face value of Rs.10/- each into 1 fully paid up Equity share of face value of Rs.1,00,00,000/- (One Crore only) each.

3. The Applicant Company was incorporated under the Companies Act, 1956 in the State of Telangana in the name of "**Sensa Core Medical Instrumentation Private. Limited**" on 14th December, 2006 with Corporate Identification No. U74999TG2006PTC051992. The Registered Office of the Applicant is situated at Plot No. 3, EPIP, Pashamylaram, Telangana – 502 307, India.

4. The Authorized Share Capital of the Applicant Company as on 31st March, 2022 was Rs. 50,00,00,000/- consisting of 5,00,00,000 Equity Shares of Rs.10/- each and Issued, Subscribed and Paid-up Share Capital was Rs. 37,58,06,980/- consisting of 3,75,80,698 Equity Shares of Rs.10/- each.

4.1 Subsequent to March 31, 2022 and before the date of filing of the application, there has been increase in share capital of the Applicant Company pursuant to bonus allotment of shares undertaken by the Applicant Company as on December 5, 2022. The authorized share capital of the Applicant Company as on December 31, 2022 was Rs. 50,00,00,000/- consisting of 5,00,00,000 equity shares of Rs. 10/- each and issued, subscribed and paid up share capital was Rs. 38,00,00,000/- consisting of 3,80,00,000 equity shares of Rs. 10/- each.

5. The Applicant Company is engaged in the business, which is as under:

> *a) To design, develop, manufacture and export analytical and medical diagnostic instruments and analyzers, stand-alone sensors, electrodes & automated Analytical Instruments, wide variety of test menu in testing of products like electrolytes, dissolved gases and metabolites,*

drugs, chemicals of interest. To synthesize organic molecules in small & large scale for analytical purposes (for diagnostic & test kit development). To undertake projects to provide automated solutions to clients in selective analytical & testing needs or to develop analyzers to perform wet chemistry.

b) To design, develop, test, repair and deal with components, devices, input, Printed circuit Board & Embedded Software for developing, operating or to be used in medical instruments and equipments, diagnostic equipment, medical kits. To undertake projects to provide automated solutions to OEM (Original Equipment manufacturer) in the medical technology.

c) To design, develop, import, export, improve, maintain, lease or hire the process to install and undertake various medical instruments, medical equipments, medical devices, surgical equipments or instruments used for improving the analytical and diagnostic perspectives, medical technology, bio medical technology.

d) To buy, sell, manufacture, refine, manipulate, import, export, deal in Analytical/Medical Appliances and instruments and to alter, improve exchange, hire, let on hire, treat, prepare for market, sell, export and generally deal analytical/medical instruments and carry on business as merchants Importer and exporters."

6. Pursuant to Article 40 (a) of the Articles of Association of the Applicant Company and in order to obtain the Approval for Consolidation of Share Capital of Sensa Core Medical Instrumentation Private Limited, the Board of Directors of the Applicant Company are of the opinion that the Applicant Company has to restructure the capital by undertaking the consolidation of face value of for the following reasons:

i) Increase in market price of each share so that it will attract the attention of institutional investors and help in fund raise by the Company. Further, the increased price per share will also generate interest amongst investors.

ii) Shareholders will have good liquidity in their hands and reasonable returns on their investments on exit.

iii) Benefit from reduction in administrative and procedural work and legal compliances, and general efficiency in corporate decision making where the holding of non-promoter shareholder in the Applicant Company is very small.

iv) Proposed consolidation does not involve payment of any kind to any shareholders of the Applicant Company.

v) Each consolidated shares will rank pari-passu against in respect of each other and there will be no impact on the effective dividend yield of the Applicant Company.

7 In view of the aforesaid, the Board of Directors at their meeting held on January 31, 2023 decided to consolidate the face value of equity share capital from Rs. 10 /- (Rupees Ten only) to Rs. 1,00,00,000 (Rupees One Crore Only).

8 The Applicant Company has submitted that the proposed consolidation is authorized by the **Article No. 40 (a)** of the Articles of Association of the Company, stated as follows:

> ***"Subject to the provisions of section 61, the Company may, by ordinary resolution—***
>
> ***Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;***

9. The Equity Shareholders of the Applicant Company duly passed a resolution at the Extra- Ordinary General Meeting of the Company held on February 10, 2023, approving the consolidation of Equity Share Capital of the Applicant Company, by passing the following special resolution:

> **"RESOLVED THAT** pursuant to section 61(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification, amendment or re-enactment thereof for the time being in force) and any other statutory provisions and regulations, as may be applicable, and in accordance with Article 40 of Articles of Association of the Company, and subject to such approvals, sanctions, consents and permissions, as may be necessary or required from the National Company Law Tribunal (hereinafter referred to as "NCLT ") or such other appropriate authorities, consent of the members of the Company be and is hereby accorded for consolidation of the entire authorized, issued, subscribed and paid up share capital of the Company by increasing the face value of the equity shares from Rs. 10/- (Rupees Ten Only) each to Rs.

1,00,00,000/- (Rupees One Crore Only) each, so that every 10,00,000 equity shares with face value of Rs. 10/- (Rupees Ten Only) each held by a member are consolidated into 1 (one) equity share with nominal value of Rs. 100,00,000/- (Rupees One Crore Only) each.

RESOLVED FURTHER THAT the Authorised Share Capital of Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 5,00,00,000 (Five Crore) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each be consolidated, to comprise of 50 (Fifty) Equity Shares of face value of Rs. 1,00,00,000/- (Rupees One Crore Only) each aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crores Only) and consequently the existing Clause V of the Memorandum of Association of the Company be altered and substituted by the following new clause:—

> *"V. The Authorised share capital of the company is Rs. 50,00,00,000/- (Rupees Fifty Crore Only) divided into 50 (Fifty) equity shares of Rs. 1,00,00,000/- (Rupees One Crore Only) each."*

RESOLVED FURTHER THAT the aforementioned alteration in Authorised Capital shall be effective only upon approval of consolidation of shares by the National Company Law Tribunal or such other appropriate authority.

RESOLVED FURTHER THAT equity shares shall be on the basis of those shareholders whose names appear in the register of members as on the record date, which the Board be and is hereby authorized to fix for this purpose ("Record Date").

RESOLVED FURTHER THAT pursuant to the consolidation of the Equity Shares of the Company, every 10,00,000 (Ten Lakh) Equity Shares of the Company of the face value of Rs. 10/- (Rupees Ten Only) each, as existing on the Record Date shall stand consolidated into 1 (One) Equity Share of the face value of Rs. 100,00,000/- (Rupees One Crore Only) each fully paid up, with effect from the Record Date.

RESOLVED FURTHER THAT no letter for consolidation of shares shall be issued to any shareholder of the Company however fresh/ new share certificates for the consolidated new equity shares of face value of Rs. 100,00,000/- (Rupees One Crore Only) each shall be delivered to the shareholders holding the existing shares without calling for the surrender of their existing/ old share

certificates held by them and the existing/ old share certificate of Rs. 10/- (Rupees Ten Only) each shall stand cancelled from the date of issue of new share certificate of face value of Rs. 100,00,000/- (Rupees One Crore Only) each.

RESOLVED FURTHER THAT no shareholder shall be entitled to a fraction of a share and all fractional entitlements resulting from the consolidation shall be aggregated into whole shares and the number of shares so arising shall be held in **"Sensa Core Medical Instrumentation Trust"** i.e., a private trust settled by the Company for the purpose of holding aggregated fractional shares arising on account of the consolidation of face value of shares and the beneficiaries of such Trust would be the shareholders who were entitled to such fractional shares in the Company pursuant to consolidation of shares.

RESOLVED LASTLY THAT the Directors and the Company Secretary be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution."

10. The Applicant Company has 6 (Six) Shareholders. Majority of the Shareholders i.e, 5 (five) shareholders either through themselves or through their authorized representative were physically present at the Extraordinary General Meeting of the Company and the Equity Shareholders holding 98.27% shares, were present in the meeting have voted in favour of the resolution approving the consolidation of the Share Capital.

11. The Shareholding structure of the Applicant Company prior to and post the consolidation of the Share Capital as follows:

S. No	**Name of the Shareholder**	**Number of Shares held by the Shareholders**			
		Prior to consolidation	**%**	**Post Consolidation**	**%**

1.	Meruvu Ravi Kumar	3,39,12,543	89.24	33	86.84
2.	Darma Devi Narayana	15,28,523	4.02	1	2.63
3.	Nagaraju Meruvu	4,85,366	1.28	0	0
4.	Kasi Sri Ram Kumar	4,05,149	1.07	0	0
5.	Pavan Chandra Nagoor	6,57,252	1.73	0	0
6.	Esweraiah Meruvu	10,11,167	2.66	1	2.63
7.	Trust*	-	-	3	7.89*
Total		**3,80,00,000**	**100**	**38**	**100***

*The Applicant Company in their Board Meeting and the members at Extra – Ordinary General meeting have decided that the fraction of shares arising pursuant to consolidation of face value of equity share capital be transferred to a Private Trust in the name of **"Sensa Core Medical Instrumentation Shareholders' Trust",** will be incorporated by the Company wherein the beneficiaries of such Trust would be the shareholders who were entitled to fractional shares in the Applicant Company pursuant to consolidation of equity share capital. The details of such fractional equity shareholders will be provided to the Trustee so as to enable Trustee to distribute the net proceeds on future sale of such fractional shares amongst the shareholders in proportion to their entitlement over such fractional shares after payment of all expenses of the sale and other related expenses.

The said Trust will function on behalf of shareholders who's shares transferred to Trust.

The Applicant Company submitted that, the proposed consolidation which will effect to the shareholding percentage of the current shareholders in the manner such that their portion of shares will be held by the Trust with them as the beneficiary.

12. The Applicant Company further submitted that, upon the approval of the Hon'ble tribunal and pursuant to approval of the Equity Shareholders at the Extra- Ordinary General Meeting of the Applicant Company held on February 10, 2023, the Memorandum of association Class V will be altered as follows;

> *"V. The Authorized share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 50 (Fifty) Equity Shares of Rs. 1,00,00,000/- (Rupees One Crore Only)"*

13. The Applicant Company submits that the details of the capital structure pre and post consolidation of shares being undertaken by the Company as follows:

a. Prior to consolidation

Authorised Share Capital	**Amount (in Rs.)**
5,00,00,000Equity Shares of Rs 10/- each	50,00,00,000
Total	**50,00,00,000**
Issued, Subscribed and Paid-up Share Capital	**Amount (in Rs.)**
3,80,00,000 Equity Shares of Rs 10/- each	38,00,00,000
Total	**38,00,00,000**

b. Post Consolidation

Authorised Share Capital	**Amount (in Rs.)**
50 Equity Shares of Rs 1,00,00,000/- each	50,00,00,000
Total	**50,00,00,000**
Issued, Subscribed and Paid-up Share Capital	**Amount (in Rs.)**
38 Equity Shares of Rs 1,00,00,000/- each	38,00,00,000
Total	**38,00,00,000**

14. The Applicant Company also stated that the proposed consolidation does not in any way affect or dilute or change the paid-up capital of the Applicant Company. In pursuant to Section 61(1)(b) of Companies Act, 2013, the face value of the equity shares is consolidated from Rs. 10/- per share to 1,00,00,000/- per share.

15. The Applicant Company has submitted that there are no pending inspection, inquiry or investigation against the Company under the Companies Act, 1956 or Companies Act, 2013.

16. The Applicant Company also submitted that the proposed consolidation of face value will not affect the interest of any creditors or stakeholders of the company except the changing voting percentage of the equity shareholders and that 98.27% Equity Shareholders of the Applicant Company had at their meeting held on February 10, 2023 agreed for the proposed consolidation of face value of the Equity shares.

17. In view of the facts mentioned as above, the Applicant Company has prayed for the following:

1. **Consolidation of Equity Shareholders:** In view of the submissions made in this application, the Applicant Company humbly prays that this Hon'ble Bench of National Company Law Tribunal, Hyderabad Bench may be pleased to approve the consolidation of Equity Share Capital of the Applicant Company as approved by the Equity Shareholders at the Extraordinary General Meeting held on February 10, 2023 as set out in para V above be confirmed by this Hon'ble Tribunal, so as to be binding on all shareholders and creditors of the Applicant Company;

2. **Alter clause V of the Memorandum of Association:** In view of the submissions made in this application, the Applicant

company humbly prays that this Hon'ble Bench of National Company Law Tribunal, Hyderabad Bench may be pleased to Approve Alteration of Clause V of the Memorandum of Association of the Applicant Company as approved by the shareholders in the Extraordinary General Meeting of the Company held on February 10, 2023.

18. The Regional Director (South East Region), Ministry of Corporate Affairs, Hyderabad has filed his Report dated 25th April, 2023 and in paragraph 6 (a) to (f) of the Report, the RD has made certain observations. In response to the observations made by the Regional Director, the Applicant Company in its reply to the Regional Director submitted as under:

a) The present petition is only for consolidation of the face value of shares held by the shareholders and the present petition will not prejudice the interest of the creditors nor affect their position in the petitioner company. Further, section 61(1)(b) of the Companies Act, 2013 also do not mandate the approval of the creditors. In the light of the above facts, specific approval of the creditors were not obtained. The charge as per the MCA will continue to exist and shall be discharged by the Petitioner Company as and when such loans are required to be repaid.

b) Petition Company is not governed by any sectoral regulator like the RBI or IRDA and accordingly the Petitioner Company is not required to serve notices on such regulators.

c) Petitioner company is authorized by Article No. 40(a) of the Articles of Association to undertake consolidation of share capital.

d) Petitioner company has duly obtained the approval of the shareholders who were present in the meeting convened at February 10, 2023 for reclassification of equity share capital consolidation of

the equity share capital and for the amendment of Clause V of the Memorandum of Association.

e) Petitioner company has duly filed MGT-14 for reclassification of authorized share capital and consolidation of equity share capital.

f) Pursuant to NCLT order dated March 29, 2023, the Petitioner company has duly filed the paper publication viz in English Newspaper, Business standard and in Telugu Daily on Andhra Prabha on April 5, 2023.

g) Petitioner company hereby states that as on date of this response, the company has not received any objections from any of the regulators/stakeholders. The petitioner company hereby undertakes to comply with the provisions of Rule 71(4) of NCLT Rules, in case of any such objections raised within the statutory timelines.

h) Petitioner company states that all the shareholders who have attended the meeting had voted in favour of the application filed under section 61(1)(b) of the Companies Act, 2013, there were no dissenting shareholders and thus the requirement of providing remedy to dissenting shareholders does not arise. Further, stated that the shareholders holding balance 1.73% of the equity share capital has neither attended the meeting nor raised any objections to the application filed with respect to consolidation of equity share capital of the petitioner company.

i) Petitioner company has not accepted any amounts from any person other than banks, public financial institutions and bodies corporate.

j) Company in its reply has stated that there are no prosecution proceedings against the Petitioner Company and its Directors for violation of various laws such as the Companies Act, 1956, 2013, FEMA, IPC, SEBI Act, RBI Act etc. pending before any Court.

k) Company in its reply has stated that there are no investigation proceedings pending against the petitioner company under any of the provisions of the Companies Act, 1956 and Companies Act, 2013.

l) Petitioner Company has only 1 shareholder i.e. Dr. Meruva Ravi Kumar who is non-resident Indian (NRI) and holds 91,36,499 shares under repatriation route under Foreign Direct Investment (Non-debt instruments) Rules, 2019.

m) That all the shareholders who have attended the meeting held on 10/02/2023 had voted in favour of the application filed u/s 61(1)(b) of the Companies Act, 2013.

19 The Representative of the Regional Director (RD) submits that the replies of the Petitioner Company are satisfactory and Regional Director has no further observations/ objections to the proposed consolidation of equity shares of the Petitioner Company.

20. We have perused the material of the record and heard the counsel for Applicant Company.

21. It is noticed that the Board of Directors and Equity Shareholders of the Applicant Company have approved the consolidation of the Share Capital of the Applicant Company; the notices have been duly served upon RD & ROC, and no one has filed any objection before this Bench to oppose this Company Petition; the Applicant Company has published the notice of consolidation in the newspaper; and the requisite procedure prescribed U/s 61 (1) (b) of the Companies Act, 2013 and under Rule 71 of the NCLT Rules has been followed.

22. In view of above facts, this Bench hereby orders that:

a. The face value of the Equity Share of the Petitioner Company shall be consolidated to Rs. 1,00,00,000/- per Equity Share from Rs.10/- per Equity Share.

b. Henceforth, the Authorised Share Capital of the Petitioner Company shall be Rs. 50,00,00,000/- (Fifty Crores only) divided into 50 (Fifty) Equity Shares of Rs. 1,00,00,000/- each.

c. Henceforth the Issued, Subscribed and Paid up Share Capital of the Petitioner Company shall be Rs. 38,00,00,000/- (Three Crores Only) divided into 38 (Thirty Eight) Equity Shares of Rs.1,00,00,000/- each.

d. There shall not be any other alteration / modification in the Share Capital of the Petitioner Company, except stated in this order at clause no. 20.a to clause 20.c.

f. Since all the requisite statutory compliances have been fulfilled, Company Petition in CP No./14/61/HDB/2023 filed by Petitioner Company is made absolute in terms of clause (a) to (d) of the said Company Petition.

g. The Petitioner Company is directed to lodge a certified copy of this Order with the concerned Registrar of Companies, electronically along with e-Form INC-28, within 30 days from the date of receipt of the order by the Registry, duly certified by the Assistant/ Deputy Registrar of this Tribunal.

23. Accordingly, CP/14/61/HDB/2023 is allowed and disposed of.

Sd/-
Charan Singh
Member, Technical

Sd/-
Justice Telaprolu Rajani
Member, Judicial

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