

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
NEW DELHI

Company Appeal (AT) No. 342 of 2017

IN THE MATTER OF:

**M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616
Represented by its Managing Director**

...Appellant

Versus

- 1. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301**
- 2. Mr. K. Srinivasa Rao,
S/o Mr. Subbiah,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh**
- 3. Kavuri Geetha,
W/o Mr. Bhaskar Rao,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626**
- 4. Mr. Muvva Srinivasa Rao,
S/o Mr. Venkateswarlu,
Staff Quarters,
Amaravathi Textiles (P) Ltd.,
N.H. 5, Martur,
Andhra Pradesh – 523 301.**
- 5. Mr. Madamanchi Sambasiva Rao,
S/o Mr. Subba Rao,
Pusuluru village,
Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**

6. **Mr. Muvva Ramesh Babu,
S/o Muvva Venkateswarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
 7. **Ms. Komarneni Subbayamma,
W/o Mr. Sitaramaiah,
C/o Muvva Venkateshwarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
 8. **Mr. Jampani Raghunath Babu,
S/o Mr. Veeraiah,
Degaramudi Village, Martur Mandal,
Andhra Pradesh – 523 301.**
 9. **Mr. Ramineni Veeraiah,
S/o Mr. Madhavaiah,
Pusuluru Village,
Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
 10. **Mr. Muvva Venkateshwarlu,
S/o Muvva Venkateswarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
 11. **Mr. Gannamaneni Purnachandra Rao,
S/o Mr. Koteswara Rao,
Punuru, Prakasam District,
Andhra Pradesh – 523 169.**
 12. **Ms. Gannamaneni Rangamma,
W/o Mr. Koteswara Rao,
Punuru, Prakasam district,
Andhra Pradesh – 523 169.**
- ...Respondents**

IN THE MATTER OF:

**Kavuri Geetha,
W/o Mr. Bhaskar Rao,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626**

...Appellant**Versus**

- 1. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**
- 2. M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Panduripuram, Chilakalurpet,
Andhra Pradesh – 522 616.**
- 3. Mr. Chittineni Ramaiah,
S/o. Mr. Seethaiah,
Pusuluru, Guntur District,
Andhra Pradesh – 522 235.**

...Respondents**Company Appeal (AT) No. 344 of 2017****IN THE MATTER OF:**

**Kavuri Geetha,
W/o Mr. Bhaskar Rao,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626**

...Appellant**Versus**

- 1. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**

2. **M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616.**

3. **Mr. Ramineni Veeraiah Choudhary,
S/o Mr. Venkata subbaiah,
Pusuluru, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**

...Respondents

Company Appeal (AT) No. 345 of 2017

IN THE MATTER OF:

**M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616
Represented by its Managing Director**

...Appellant

Versus

1. **Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301**

2. **Ms. K. Lakshmi Samrajyam,
W/o Mr. K. Srinivasa Rao,
3-1-2, Stambalagaravu (Brindavan Gardens)
Ring Road, (Next to Chebrolu Hanumiah's House)
Guntur,
Andhra Pradesh – 522 616.**

3. **Shri Dommalapati Mallaiah,
S/o Mr. Ramadas, Murukipudi,
Guntur District,
Andhra Pradesh – 522 626.**

4. **Ms. Dommalapati Subbayamma,
W/o Mallaiah, Murukipudi,
Guntur District,
Andhra Pradesh – 523 301.**

... Respondents

Company Appeal (AT) No. 346 of 2017

IN THE MATTER OF:

**M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616
Represented by its Managing Director**

...Appellant

Versus

**1. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**

**2. Kavuri Geetha,
W/o Mr. Bhaskar Rao,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626.**

**3. Mr. Chittineni Ramaiah,
S/o. Mr. Seethaiah,
Pusuluru, Guntur District,
Andhra Pradesh – 522 235.**

...Respondents

Company Appeal (AT) No. 347 of 2017

IN THE MATTER OF:

**M/s. Amaravathi Textiles Pvt. Ltd.,
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616
Represented by its Managing Director**

...Appellant

Versus

**1. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**

2. **M/s. Amravati Textiles Pvt. Ltd.**
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616.

3. **Mr. Ramineni Veeraiah Choudhary,**
S/o Mr. Venkata subbaiah,
Pusuluru, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.

...Respondents

Company Appeal (AT) No. 348 of 2017

IN THE MATTER OF:

Ms. K. Lakshmi Samrajyam,
W/o Mr. K. Srinivasa Rao,
3-1-2, Stambalagaravu (Brindavan Gardens)
Ring Road, (Next to Chebrolu Hanumiah's House)
Guntur,
Andhra Pradesh – 522 616.

Versus

1. **Smt. Sri Rajarajeswari**
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.

2. **M/s. Amravati Textiles Pvt. Ltd.**
33-263, Kandimalla Road,
Pandaripuram, Chilakalurpet,
Andhra Pradesh – 522 616.

3. **Shri Dommalapati Mallaiah,**
S/o Mr. Ramadas, Murukipudi,
Guntur District,
Andhra Pradesh – 522 626.

4. **Ms. Dommalapati Subbayamma,**
W/o Mallaiah, Murukipudi,
Guntur District,
Andhra Pradesh – 523 301.

... Respondents

Company Appeal (AT) No. 349 of 2017

IN THE MATTER OF:

**Ms. K. Lakshmi Samrajyam,
W/o Mr. K. Srinivasa Rao,
3-1-2, Stambalagaravu (Brindavan Gardens)
Ring Road, (Next to Chebrolu Hanumiah's House)
Guntur,
Andhra Pradesh – 522 616.**

Versus

- 1. Smt. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**
- 2. M/s. Amravati Textiles Pvt. Ltd.
33-263, Kandimalla Road,
Panduripuram, Chilakalurpet,
Andhra Pradesh – 522 616.**
- 3. Mr. Podila Bhaskar Rao,
S/o Mr. Butchaiah,
Pusuluru, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
- 4. Ms. Doppalapudi Ankamma,
Pusuluru, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**

...Respondents

Company Appeal (AT) No. 350 of 2017

IN THE MATTER OF:

- 1. Muvva Venkateswarulu,
S/o Mr. Seetharamaiah,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**

2. **Mr. Nagandla Nageswara Rao Chowdary,
S/o. Mr. Appaiah,
Staff Quarters, Amaravathi Textiles,
NH5, Martur,
Andhra Pradesh – 523 301.**
 3. **Shri Muvva Srinivasa Rao,
S/o Mr. Venkateswarlu,
Staff Quarters, Amaravathi Textiles,
NH5, Martur,
Andhra Pradesh – 523 301.**
 4. **Mr. Muvva Ramesh Babu,
S/o Muvva Venkateswarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru Village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
 5. **Mr. Nagandla Subba Rao,
S/o Mr. Appaiah,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru Village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
 6. **Mr. Komarneni Damodhara Rao,
S/o Mr. Sitaramaiah,
Ms. Komarneni Subbayamma,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru Village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
 7. **Mr. Komarneni Murali Krishna,
S/o Mr. Sitaramaiah,
C/o Ms. Komarneni Subbayamma,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru Village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
- ... Appellants**

Versus

1. **Smt. Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**
2. **M/s. Amravati Textiles Pvt. Ltd.
33-263, Kandimalla Road,
Panduripuram, Chilakalurpet,
Andhra Pradesh – 522 616.**

3. **Shri Dommalapati Mallaiah,
S/o Mr. Ramadas, Murukipudi,
Guntur District,
Andhra Pradesh – 522 626.**
 4. **Ms. Dommalapati Subbayamma,
W/o Mallaiah, Murukipudi,
Guntur District,
Andhra Pradesh – 523 301.**
- ... Respondents**

Company Appeal (AT) No. 351 of 2017

IN THE MATTER OF:

1. **Mr. K. Srinivasa Rao,
S/o Mr. Subbiah,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626.**
 2. **Kavuri Geetha,
W/o Mr. Bhaskar Rao,
3-1-2, Stambalagaru (Brindavan Gardens)
Ring road, (Next to Chebrolu Hanumiah's House),
Guntur District,
Andhra Pradesh – 522 626**
- ...Appellants**

Versus

1. **Sri Rajarajeswari
W/o Mr. Kandimalla Bhaskar,
6-188/5, Teachers Colony,
Martur,
Andhra Pradesh – 523 301.**
2. **M/s. Amravati Textiles Pvt. Ltd.
33-263, Kandimalla Road,
Panduripuram, Chilakalurpet,
Andhra Pradesh – 522 616.**
3. **Mr. Muvva Srinivasa Rao,
S/o Mr. Venkateswarlu,
Staff Quarters,
Amaravathi Textiles (P) Ltd.,
N.H. 5, Martur,
Andhra Pradesh – 523 301.**

4. **Mr. Madamanchi Sambasiva Rao,
S/o Mr. Subba Rao,
Pusuluru village,
Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
5. **Mr. Muvva Ramesh Babu,
S/o Muvva Venkateswarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
6. **Ms. Komarneni Subbayamma,
W/o Mr. Sitaramaiah,
C/o Muvva Venkateshwarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Andhra Pradesh – 522 235.**
7. **Mr. Jampani Raghunath Babu,
S/o Mr. Veeraiah,
Degaramudi Village, Martur Mandal,
Andhra Pradesh – 523 301.**
8. **Mr. Ramineni Veeraiah,
S/o Mr. Madhavaiah,
Pusuluru Village,
Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
9. **Mr. Muvva Venkateshwarlu,
S/o Muvva Venkateswarlu,
(C/o Mr. Kandimalla Srinivasa Rao's House),
Pusuluru village, Pedanandipadu Mandal,
Guntur District,
Andhra Pradesh – 522 235.**
10. **Mr. Gannamaneni Purnachandra Rao,
S/o Mr. Koteswara Rao,
Punuru, Prakasam District,
Andhra Pradesh – 523 169.**
11. **Ms. Gannamaneni Rangamma,
W/o Mr. Koteswara Rao,
Punuru, Prakasam district,
Andhra Pradesh – 523 169.**

...Respondents

Present:

**For Appellants
in the Appeals :**

Shri Yogesh Raavi, Advocate

ORDER

23.10.2017 Heard learned counsel for the appellant(s). In these appeals, the appellant(s) are aggrieved by the similar impugned orders passed in Company Petition Nos. 4 to 9 /111A/CB/2015, which were later transferred and re-numbered before the National Company Law Tribunal, Hyderabad Bench, Hyderabad. Learned counsel submits that the impugned orders have wrongly granted relief to Respondent No. 1 – Sri Rajarajeswari, who was the petitioner in the Company Petitions filed under Section 111 of the Companies Act, 1956 (now Section 59 of the Companies Act, 2013), questioning transfer of shares, *inter-se*, the respondents some of which transferees were members and some were non-members. The stand of the Respondents was that Article 11 of the Articles of Association applied. Learned counsel stated that the NCLT did not consider the stand taken by the Respondents of applicability of Article 11 and erroneously the impugned orders have been passed, in the matters.

In this regard, paragraphs 31 and 32 of the impugned order in Company Appeal No. C.P. No. 8/111A/CB/2015 needs to be reproduced and the same reads as follows:

“31. *Articles of Association of the R.1 Company prescribes certain procedures which have to be followed regarding transfer of shares. The petitioner alleged that the transfer is without any transfer notice to the company as per Article 12 of R1 Company. Though*

the matter was earlier reserved for orders, in the absence of the documents/ evidence submitted by either party (mainly relating to Rules framed in General Body Meeting, Board's Approval), the case was again listed on 05-06-2017 and clarifications/ documents were sought from the parties. However, it is observed that the Respondents once again just reiterated the submissions made during previous pleadings. As per the Articles of Association, transfer notice was not served on the other shareholders including the petitioner. They have also not submitted the crucial document, i.e. Minutes of the Board of Directors meeting held on 11-03-2010 & 22-07-2010 wherein the shares were transferred on 11-03-2010 from R.3 to R.11 to R.2 and in turn to R.12 from R.2 on 22-7-2010. In the absence of crucial evidence with regard to facts and circumstances, discretionary powers of Board considered while approval was granted by the Board of Directors for the aforesaid transactions, and rules made in the General Meeting of R.1 Company with regard to the transfers, we are convinced that the above said transfer of shares are not in accordance with Articles of Association of R.1 Company, therefore the same is liable to be set-aside. Accordingly we hold that the transfer of above 1,92,550 shares from R.3 to R.11 to Rs.2 on 11-03-2010 and in turn 2,00,050 shares from R.2. to R.12 on 22-07-2010 in the name of Ms. K. Geethais illegal therefore, we direct the R.1 Company to rectify the Register of Members within 10 days from the date of receipt of copy of this order, and report compliance of the same to the Registry immediately.

32. *With regard to the prayer of the petitioner, to direct the company to transfer the impugned shares to the credit of the petitioner, we are of the view that the same has to be dealt by the Transferor/ Transferees/R-1 Company in accordance with the applicable provisions of Companies Act, Articles of Association of R-1 Company.”*

Learned counsel for the appellant(s) agrees that in all these appeals the impugned order(s) concerned were passed disposing of the company petition(s) mainly on the reasoning as referred above (with slight matter specific variations). According to the learned counsel some of the appellants were transferee shareholders and they could not have produced the crucial documents as stated in the paragraph 31 of the impugned order.

It is also submitted that the direction in paragraph 32 as above could not have been given as it was not part of the prayer.

Going through the above referred paragraph of the impugned order as mentioned, we find that NCLT considered Article 12 and found it applicable to the facts of the matter. It was necessary to give notice regarding the transfer of shares which admittedly was not given. The argument that Article 11 was applicable cannot stand without crucial documents, which are referred in the above paragraph of the impugned order, being brought on record. There was no reason why the documents were not brought on record if according to the appellants some other provision of the Articles of the Association was required to be accepted. We have considered the impugned orders of these appeals. Learned NCLT in last part of the judgments considered the matters on above lines. Matter specific questions were also considered and matters of members transferring to members and member transferring to non-members were considered. We do not find any fault with the impugned order(s) in these matter(s). As far as the directions in paragraph 32 mentioned above, NCLT has rather left it to the company to deal with the issue rather than to give enforceable directions. We do not find any reason to interfere in the impugned order/s and decline to admit the appeals.

Hence the appeal(s) are rejected.

[Justice A.I.S. Cheema]
Member (Judicial)

[Justice Bansi Lal Bhat]
Member(Judicial)

[Balvinder Singh]
Member (Technical)

/ns/