Sharda Motor Industries Ltd.

SMIL: BSE/NSE: 17-18/2109-01 **21st September, 2017**

BSE Limited
Department of Corporate Services
Pheroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
(SCRIP CODE - 535602)

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra - Kurla Complex, Mumbai - 400 051
(Symbol - SHARDAMOTR) (Series - EQ)

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam

In the matter of Company Petition "CP No. 61(ND)/2017" filed with National Company Law Tribunal, Delhi ('NCLT'), and in continuation of our previous intimations in this regard, please find enclosed herewith the copies of the orders on the proceedings of 18th, 19th and 20th September, 2017.

Please take the same on record.

Thanking you,
Yours faithfully,
For SHARDA MOTOR INDUSTRIES LIMITED

Nitin Vishnoi
Company Secretary
Encl:

SHARDA MOTOR INDUSTRIES LTD. NEW DELHI

Regd. Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110 020 (INDIA)
Tel.: 91-11-47334100, Fax : 91-11-26811676
E-mail : smil@shardamotor.com, Website : www.shardamotor.com
CIN NO-L74899DL1986PLC023202

IN THE NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI

PRINCIPAL BENCH

C.P. No. 61(ND)/2017

IN THE MATTER OF:

Rohit Relan & Ors. .....Petitioner

v.

Sharda Motor Industries Ltd. & Ors. .....Respondents

SECTION : UNDER SECTION 241-242

Order delivered on 18.09.2017

Coram:

CHIEF JUSTICE M.M. KUMAR
Hon'ble President

R. VARADHARAJAN
Hon'ble Member (J)

For the Petitioner(s) : Dr. A.M. Singhvi, Senior Advocate
Mr. Virendra Ganda, Senior Advocate
Mr. Balbir Singh, Senior Advocate
Mr. Pawan Sharma, Mr. Pritpal Singh Nijjar, Mr. Anuj Shah & Ms. Nripi Jolly, Advocates

For the Respondent(s) : Dr. U.K. Chaudhary, Senior Advocate
Ms. Manisha Chaudhary, Mr. Karan Malhotra & Mr. Himanshu Vij, Advocates
Ms. Malini Sud and Mr. S.P. Singh, Chawla, Advocates for Respondent No. 7

ORDER

On the request made by the learned counsel for the parties, hearing is deferred to 19.09.2017.

Sd-

(CHIEF JUSTICE M.M. KUMAR)
PRESIDENT

Sd-

(R. VARADHARAJAN)
MEMBER JUDICIAL

18.09.2017
VINEET

IN THE NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI

PRINCIPAL BENCH

C.P. No. 61(ND)/2017

IN THE MATTER OF:
Rohit Relan & Ors. .....**Petitioners**
v.
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SECTION : UNDER SECTION 241/242

Order delivered on 19.09.2017

Coram:
CHIEF JUSTICE M.M. KUMAR
Hon'ble President

R. VARADHARAJAN
Hon'ble Member (J)

For the Petitioner(s) : **Mr. Virendra Ganda, Senior Advocate**
Mr. Pawan Sharma, Mr. Anuj Shah & Ms. Nripi Jolly, Advocates

For the Respondent(s) : **Mr. Salman Khurshid, Senior Advocate**
Dr. U.K. Chaudhary, Senior Advocate
Ms. Smarika Singh, Ms. Shreya Sircar, Mr. Saipur R. Faridhi, Mr. Himanshu Vij, Mr. Karan Malhotra, Ms. Mitali Chauhan & Ms. Manisha Chaudhary, Advocates

ORDER

Due to paucity of time, the matter could not be taken up for hearing.

List on 20.09.2017.

Interim relief to continue.

High up in the list.

Sd/-

(CHIEF JUSTICE M.M. KUMAR)
PRESIDENT

Sd/-

(R. VARADHARAJAN)
MEMBER JUDICIAL

19.09.2017
VINEET

IN THE NATIONAL COMPANY LAW TRIBUNAL
SPECIAL BENCH
NEW DELHI

CANo.315 of 2017-09-20
in
No.CP-61(ND)/2017

SECTION: UNDER SECTION 241-242 OF THE COMPANIES ACT, 2013

IN THE MATTER OF:

ROHIT RELAN & Ors. ..... **Petitioner**

V/s

SHARDA MOTOR INDUSTRIES LTD. & Ors. .....**Respondent**

Order delivered on 20.09.2017

Coram:

R.VARADHARAJAN
Hon'ble Member (Judicial)

R.MOHAPATRA
Hon'ble Member (Technical)

For the Petitioner(s) : **Dr.Abhishek Manu Singhvi, Senior Advocate**
Mr.Virendra Ganda, Senior Advocate
Mr. Balbir Singh, Sr. Advocate
Mr.Pawan Sharma, Mr. Pritpal Nijjar, Mr. Anuj Shah &
Mr. Nripi Jolly, Advocates

For the Respondent(s) : **Mr. Salman Khurshid, Senior Advocate**
Dr. U.K.Choudharay, Senior Advocate
Mr. Sudhir Makkar, Sr. Advocate
Mr. Ajoy Roy, Ms.Smaraika Singh, Ms. Shreya Sircar,
Mr. Saifur R.Faridhi, Mr. Himanshu Vij, Mr. Karan Malhotra,
Mr. Jayant Mehta, Ms. Mitali Chauhan & Ms. Manisha Chaudhary,
Advocates.

ORDER

This is an application which is filed by the applicant/Petitioner seeking for the following reliefs:

(i) Direct that the special notice dated 05.09.2017 will not be acted upon in any manner;

(ii) Permit Petitioner No.1 to exercise the voting rights on behalf of Respondent No.1 at the forthcoming AGM of BSL on 21.09.2017 or in the alternative restrain Respondent No.1 to vote n the AGM of BSL.

The gravamen of the charge of the applicant in this application AND REPRESENTED BY Ld. Sr. Counsel inter alia is that the respondent in cohoots with each other are trying to remove him from the Board of the Company namely Bharat Seats Limited (for brevity BSL) in the AGM proposed to be held on 21.9.2017. It is also alleged that in relation to agenda items 1-9, as circulated in relation to the AGM proposed to be held on 21.9.2017, the respondents are threatening not to approve the accounts to be passed of the said BSL. Both the above acts it is stated that seriously prejudice the interest of not only the BSL but also of R-1 company namely Sharda Motors Industries Ltd. and Ors.

as they are interlinked through common shareholding and will jeopardize the joint venture agreement dated 10.5.1988 annexed along with the petition at p.194 as entered into between its joint venture partner namely Maruti Suzuki India Ltd. and which is the sole customer of R-1 company as well as BSL. Taking into consideration the above facts, it is submitted that the proposed removal as contemplated vide special notice dated 5.9.2017 should not be acted upon and also for exercising the voting rights on behalf of R-I on 21.9.2017 at the proposed AGM by the petitioner or in the alternative to restrain R-1 to vote in the AGM of BSL. Ld. senior counsel for the petitioner/applicant also represented that the actions of the respondents shall result in destabilization of R-1 company as well as BSL. Further, it will also result in pull out of Maruti Suzuki Ltd.. In addition, the above action also is sought to be taken when the company petition is pending before this Tribunal where in the main CP, prayers have been sought for not to disturb the directorship of the petitioner company in the joint venture companies and that the same has also been affirmed by the order passed by the Hon'ble Principal Bench on 3.4.2017.

As a counter to the above application, it is submitted by the Ld. Counsel for the respondents that in view of BSL not being a party to the present proceedings as the

petitioners have failed to implead BSL as a necessary party , no directions can be issued by this Tribunal in relation to the said BSL leave alone restraining the AGM to be convened or giving any directions in relation to the special notice dated 5.9.2017 as circulated by the Members of BSL. Any directions which may be issued will be in violation of principles of natural justice as enjoined upon this Tribunal under Section 424 of the Companies Act, 1956. It is also further represented on behalf of respondents that in view of no legal right having accrued to the petitioner to challenge the special notice nor in relation to the representation on behalf of R-1 company by him in the proposed AGM to be held on 21.9.2017 and hence in the said circumstances the relief as sought for by the petitioner/applicant cannot be granted. It is also contended on behalf of the respondents that by virtue of the provisions of Section 113 of the Companies Act,2013 the Board of Directors of the R-1company has authorized to exercise the voting rights vide resolution dated 26.5.2014 to the Company Secretary of the company and hence the petitioner cannot seek to over ride the decision of the Board of Directors of R-1 company.

Ld. Sr. Counsel for the respondent has also pointed out the decision of the Hon'ble Supreme Court as passed in the decision of Life Insurance Corporation of India vs.

Escorts Ltd.& Ors. reported in (1986)1.SCC 264 to fortify his contention that special notice as circulated by Members of BSL cannot be restrained or in calling the meeting and that they are not bound to disclose the reasons for the resolution proposed to be moved in the meeting for the removal of a Director and that every shareholder has a right to call an Extraordinary General Meeting of the Company for the purpose of moving a resolution to remove some Director and appoint others in the place and in the circumstances the relief as sought under paragraph (a) as extracted above is not maintainable.

In rebuttal to the above the ld. Counsel for the petitioner represents that by the conduct of the parties the parties to be the have already submitted for interim directions to be passed against the said BSL in relation to the affairs of which the applicant is seeking directions and in this connection, the ld. Counsel for the applicant/petitioner pointed out to the detailed order passed by the Hon'ble Principal Bench dated 27.6.2017,. It is further pointed out by the Ld. Counsel for the petitioner that the said application for seeking intervention of this Tribunal in relation to the affairs of the said BSL was moved by the respondents herein and even though the same was rejected will now virtually estopp the respondents from making a claim that unless the BSL is included as necessary

party to the proceedings, no relief can be granted in relation to the same. It is also brought to the notice of this Tribunal that the appeal which was filed against the above order dated 27.6.2017 as passed by the Hon'ble Principal Bench before the Hon'ble NCLAT stands withdrawn unconditionally by the respondents herein. Under the circumstances, the above order dated 27.6.2017 has become final and in view of the same it will not lie in the teeth of the respondents to contend that no directions can be issued in relation to the affairs of BSL. Further, it is also contended that due to the conduct of the parties the principles of natural justice also cannot be made as a ground for avoiding intervention in the affairs of the said BSL by this Tribunal.

At the time of arguments it was fairly conceded by the ld. Counsel for the respondents that in view of the provisions contained in Section115 of the Companies Act,2013read with Companies Management and Administration Rules,2014 and also taking into consideration the status quo orders as passed by this Tribunal on 12.9.2017 and followed by subsequent orders, the notice along with agenda of this special notice dated 5.9.2017 for the AGM has not been circulated and in the circumstances in view of the non-compliance of rules as stated above, prayer (a) as made in the application is virtually infructuous. The Ld. Sr. Counsel appearing for the Petitioner also agrees with

the representation of the Ld. Sr. Counsel for the respondents. Since removal of the applicant from directorship in BSL shall not be considered in the ensuing AGM this Tribunal is not exercising its mind over the relief as sought for in prayer (a) of the above application. In relation to prayer (b) we are not inclined to interfere in the regular affairs of the BSL in the absence of it being a party before us in the petition.

In relation to exercise of voting rights of R-1 Company in the AGM in relation to items listed as agenda No.1-9, as reflected in the notice calling for convening the AGM of BSL, we are inclined to pass the following order since the affairs of R-1 Company is before us by virtue of the above CP and affairs and thereby the assets of the company which also includes investments of R-1 Company in BSL over which this Tribunal is having seisin, we are directing the parties to abide by the resolution as passed by the Board of Directors of the Company annexed along with rejoinder as filed as annexure-B specifically at p.18 and 19 of the typed set since it has also been brought to the notice that the Board of Director of BSL in which respondent No.2 as well as his mother are part have approved the accounts either by express or implied consent at the BoDM held on 20.4.2017. The said respondents will not take any adverse action either directly or indirectly in obstructing the passing of accounts without any reasonable basis being

recorded in writing having already approved it in Board Meeting dated 20.04.2017 of the said BSL.

In addition, to request for extension of electronic voting timings we are not inclined to grant the same beyond 5.00 P.M. as scheduled as other shareholders other than the parties present will not be privy to the same.

It is clarified that the meeting of BSL as scheduled on 21.9.2017 will go on with the agenda items listed as 1-9 of the notice issued to the shareholders of the said company and as annexed as Annexure AC alongwith Rejoinder typed set filed by the Petitioner.

With the above, this application is disposed of.

—Sd—
20/9/17
(S.K.MOHAPATRA)
MEMBER (TECHNICAL)

—Sd—
(R.VARADHARAJAN)
MEMBER (JUDICIAL)

U.D.Mehta
20.09.2017