

**THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH**

CO. APPL.(M) 154(ND)/2017

IN THE MATTER OF:

NCJShare and Stock Brokers Limited.....Applicant No.1/Demerged
Company

AND

Yuvraj Investngrow Private Limited ...ApplicantNo.2/Resulting
Company

AND

Their Respective Shareholders and Creditors

Through: Mr. Manish Gupta, CS

PRESENT:

MS. INA MALHOTRA, MEMBER (JUDICIAL)

Order Delivered on: 22.12.2017



ORDER

PER SMT. INA MALHOTRA, MEMBER (J)

This is a joint petition filed by way of a 1st Motion under Sections 230-235 read with Section 66 of the Companies Act, 2013 (hereinafter referred to as 'the Act') by NCJ Share and Stock Brokers Limited (Applicant No. 1/ Demerged Company) and Yuvraj Investngrow Private Limited (Applicant No.2/Resulting Company) in connection with the Scheme of Arrangement (hereinafter referred to as 'the Scheme') for demerging the business of the Demerged Company with the Resulting Company.

2. As per averments, the registered offices of both the Applicant Companies are situated in the National Capital Territory of Delhi, falling within the jurisdiction of this Court.
3. The Applicant No. 1 was incorporated under the Act on 27th October, 1997 under the name and style of "NCJ Share and Stock Broker Limited" having CIN No. U67120 DL1997 PTC 090430. Its authorized share capital is 7,00,00,000/- while its issued paid up capital is Rs. 3,21,69,740/- divided into 32,16,974 shares of Rs.10/- each.
4. The main objects of Applicant No. 1 Company/Demerged Company is to carry on the business as share, stock and Finance Brokers, as consultants on behalf of individuals, firms, companies and other persons in relation to shares, stocks, bonds, securities, units, debentures, small saving schemes, fixed and other deposits,

certificates and to deal in securities and derivatives of all kinds. To assist, control and negotiate loans and underwriting contracts, to act as managing and issue of share, debentures, other securities, to act as underwriters and transfer agents and registrar to the issue and to take up membership and / dealership of any stock exchange, OTC Exchange, National Stock Exchange, or of other Exchange and to act as sponsors and market makers.

5. The Applicant No. 2 Company / Resulting Company was incorporated under the Act on 20thFebruary, 2017 under the name and style of "Yuvraj Investngrow Limited" having CIN No. U65929 DL2017 PTC 313139. Its authorized share capital is 10,00,000/- while its issued paid up capital is Rs. 88,590/- divided into 8,859 equity shares of Rs.10/- each.

6. The object of the Resulting Company is to carry on the business to act as Investment Consultants, stock brokers, underwriters and to invest or subscribe for purchase or otherwise, acquire and sell, dispose of exchange, hold and otherwise deal in shares or other securities issued by any authority Central, State, Municipal, Local or otherwise and to carry on the business generally carried on by investment companies.

7. Copies of the Memoranda of Association and Articles of Association along with their audited Balance Sheets, as on 31.03.2017 and reports of the auditors of both the Applicant Companies have been filed. Provisional Financial Statements for the period 01.04.2017 to 30.10.2017 have also been placed on record.

The Memorandum and Articles of Association of each company provides for a entering into a Scheme of such Arrangement.

8. The Applicant Companies belong to the same promoter Group holding 27,81,155 and 8716 shares in each company respectively. Applicant No.1 proposes to demerge its investment business into the Resulting Company to engage in the business of Stock and Finance Brokering.

9. It has been stated on behalf of the Applicant Companies that the Scheme of Demerger is necessitated and justified on grounds of:-

- a. The management of the Demerged Company believes that the business interests of the Demerged Company in the Demerged Undertaking requires dedicated management focus to develop the growth potential in the relevant business market.
- b. The demerger of the Demerged Undertaking and vesting of the same with the Resulting Company would enable the Resulting Company to focus on stock broking, underwriting, managing investment pool, stocks, securities etc. and to carry on the business carried on by investment companies.
- c. The demerger would enable greater/ enhanced focus of management of the resulting Company at demerged Undertaking and thereby facilitating the management to exploit further opportunities for the said undertaking. The proposed segregation will create enhanced value for shareholders by allowing a focused strategy in stock broking



business, which would be in best interest of all the stakeholders and the persons connected with Demerged Company and Resulting Company.

- d. The Demerger will help in growth of Demerged Company and Resulting Company by providing the scope for independent collaboration and expansion.
- e. The Demerger would also enable greater/enhanced focus of management of the Resulting Company at demerged Undertaking and thereby facilitating the management to exploit further opportunities for the said undertakings.

10. With a view to achieve greater management focus and keeping in mind the paramount and overall interest of the shareholders, the Board of Directors of the Demerged Company held a meeting on 17th April, 2017 and unanimously approved the proposed Scheme of Arrangement with the Transferee Company. The Demerged Company has 10 shareholders who have given their consent affidavits to the proposed Scheme of Arrangement. The Demerged Company does not have any secured creditors. The Demerged Company has 11 unsecured creditors who have given their consent affidavits to the proposed Scheme of Arrangement.

11. Similarly, the Board of Directors of the Resulting Company in its separate meeting held on 17th April, 2017 has unanimously approved the proposed Scheme. Copies of the separate Resolutions dated 17th April, 2017 by the Board of Directors of each of the Applicant Companies, approving the scheme have been filed with the application and the same are on record.

12. The Resulting Company has 5 shareholders who have given their consent vide their affidavits. The Resulting Company does not

have any secured creditor. The Resulting Company has 2 unsecured creditors who have given their consent affidavits to the proposed Scheme of Arrangement.

13. The details pertaining to the Secured/ Unsecured Creditors have been duly certified by the Statutory Auditors.

14. So far as the Share Exchange Ratio is concerned, in terms of scheme, it has been determined in accordance with the Report on Valuation of Shares & Share Exchange Ratio dated 12th April 2017, issued by P.L Arora & Co., Chartered Accountants, New Delhi, as per the settled principles of valuation.

15. The proposed scheme provides for all assets and liabilities including Income Tax And all other statutory liabilities, if any, of the Demerged Business of the Demerger Company to be transferred to vest in the Resulting Company.

16. All the employees of the Transferor Company employed in the activities relating to the Demerged Business, in service on the Effective Date shall become the employees of the Transferee Company on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those applicable to them in the Demerged Business of the Applicant Company No. 1, from the Effective Date.

The copy of the Scheme has been filed along with the application. The Salient features of the Scheme in brief are:-

1. The Appointed date shall be 1st April, 2017;
2. The Scheme focus on Stock Broking, underwriting, managing investment pool, stocks, securities etc.

3. The Scheme is for the scope for Independent Collaboration and Expansion.
17. That the Applicants submits that the provisions relating to the accounting treatment for the proposed amalgamation, as contained in the Scheme of Amalgamation, is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The Statutory Auditors of the Transferee Company have duly certified the same.
18. The said written consents Affidavits have been placed on record of all the Shareholders and the Secured Creditors of the Demerged Company and have been examined and found to be in order.
19. The prayer of the applicants is for dispensing with the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of both the Applicant Companies for approving the proposed Scheme, as well as for effecting any publication.
20. In view of the aforesaid facts, it directed:-
- A. In respect of the Demerged Company:-**
- As all the 10 shareholders have accorded their consent vide affidavits placed on record, the requirement for convening meetings of the equity shareholders of the Demerged Company is hereby dispensed with.

- Further there is no secured creditor of the Demerged Company. Therefore, the requirement of holding the meeting does not arise.
- There are 11 Unsecured creditors of the Demerged Company, whose consent vide affidavits are placed on record. Therefore the convening a meeting for the unsecured creditors is dispensed with.

B. In respect to the Resulting Company:-


- Consent of its 5 Shareholders is on record. Convening their meeting therefore is dispensed with.
- Further there are no secured of the Resulting Company. Therefore, the requirement of holding the meeting does not arise.
- There are 2 Unsecured creditors of the Resulting Company, whose consent vide affidavits are placed on record. Therefore the convening a meeting for the unsecured creditors is dispensed with.

21. The companies shall individually send notices to the Central Government, through the Regional Director, the Income Tax Authorities and Registrar of Companies NCT Delhi & Haryana, and to any sectoral regulator along with copy of the Scheme and other required documents and as disclosures required under the provisions of 'The Act', read with 'The Rules'.

Publication shall also be affected in the English edition of the daily newspaper "Indian Express" and in the Hindi in the daily "Jansatta".

- 22.** The applicant company shall further furnish a copy of the Scheme, free of charge within one day of any requisition for The Scheme made by any creditor or member of all the companies.
- 23.** The authorized representative of the Applicant Companies shall furnish an affidavit of service of notice on all concerned.
- 24.** All the aforesaid directions are to be complied with strictly in accordance with the applicable law including forms and formats contained in the 'The Rules' as well as the provisions of the 'The Act' by the Applicants.

The application stands allowed in the aforesaid terms.


(Ina Malhotra)
Member Judicial