

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, AT HYDERABAD

C.P.(CAA) No.133/230/HDB/2017
U/s 230 & 232 of the Companies Act, 2013

In the matter of

M/s. Edelcap Securities Limited
2nd Floor, MB Towers, Plot No.5,
Road No.2, Banjara Hills,
Hyderabad - 500 034, Telangana,
Rep. by its Authorised Signatory
Sri. Shekar Prabhudesai

CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

.. Petitioner Company /
Resulting Company

Date of pronouncement 01.12.2017

CORAM:

Hon'ble Mr. Rajeswara Rao Vittanala, Member (Judicial)

Parties Present:

Counsels for the Petitioner : Mr. V.S.Raju & V.B.Raju
Counsel for Regional Director: Mr. B. Appa Rao, Central
Govt. Standing Counsel

Per Rajeswara Rao Vittanala, Member (Judicial)



ORDER

1. The Company Petition bearing C.P.(CAA) No.133/230/HDB/2017 is filed by M/s. Edelcap Securities Limited (Petitioner / Resulting Company) under Sections 230 & 232 of the Companies Act, 2013, by inter-alia seeking to sanction and confirm Scheme of Arrangement in question so as to be binding on all the Equity Shareholders / Members, and employees of the Petitioner / Resulting Company, etc.
2. Brief facts of case, which are relevant to the issue in question, in brief, are submitted as under:
 - a. M/s Edelcap Securities Limited (Petitioner / Resulting Company) is a Public Limited Company incorporated under the provisions of the Companies Act, 2013 on 11.01.2008. Its Registered Office is situated at 2nd Floor, MB Towers, Plot No. 5, Road No. 2, Banjara Hills, Hyderabad- 500034, Telangana;.

Company petition for sanctioning the scheme of Arrangement between the Demerged Company and Resulting Company and their respective shareholders before the National Company Law Tribunal, Mumbai Bench at Mumbai. Accordingly, the National Company Law Tribunal, Mumbai Bench has sanctioned the said scheme of arrangement in question on 10-08-2017 and a copy of the same is filed by the learned counsel for petitioner by means of a Memo dated 26-09-2017.

3. Both the companies are closely held companies held by the same management. The scheme of Arrangement will have the following benefits.
- (i) Stronger business focus on individual businesses as the business risks and growth strategies related to these businesses are significantly different;
 - (ii) More focused management and greater visibility on the performance of individual businesses;
 - (iii) Enable unlocking of value of the businesses, as and when required and desired;
 - (iv) Building strong capability to effectively meet future challenges in competitive business environment.
 - (v) Facilitate investment and strategic partnership for individual businesses;
 - (vi) Synergy of the combined strength of Capital based business.
4. Since the proposed demerger is expected to be beneficial to Demerged Company and Resulting Company and their respective shareholders, creditors and all other stakeholders and enable Demerged Company and Resulting Company to achieve and fulfil their objectives more efficiently and economically, the Board of Directors of the Petitioner Company / Resulting Company at its meetings held on 27.03.2017 approved the Scheme of Arrangement between Edelweiss Business Services Limited and Edelcap Securities Limited and their respective shareholders.





- (b) The objects of the Resulting Company is to carry on the business an Investment Company and to acquire by purchase or otherwise shares, stocks, debentures, debenture-stock, bonds, obligations or securities of any Company or corporation etc.,
- (c) The present Authorised Share Capital of the Petitioner / Resulting Company as on 28.02.2017 is Rs.50,00,00,000/- divided into 5,00,000 Equity Shares of Rs.10/- each and 4,95,00,000/- Preference shares of Rs.10/- each. The issued, subscribed and paid up of the Resulting Company is Rs. 48,92,00,000/- divided into 3,00,000 equity shares of Rs.10/- each and 4,86,20,000 - 7% Non-cumulative, Non-convertible Redeemable Preference Shares of Rs.10/- each.
- (d) M/s. Edelweiss Business Services Limited, (hereinafter referred to as "the Demerged Company" or "EBSL") is a company incorporated under the Companies Act, 1956 in the State of Maharashtra and its Registered office situated at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400 098, Maharashtra, India and its main objects are to carry on the business in India and abroad of a loan and investment company and for this purpose to provide finance, whether by making loans or advances or otherwise, and to lend or advance money with or without interest either upon or without security, etc.,
- (e) The present Authorised, issued, subscribed and paid-up share capital of the Demerged Company / "EBSL") as on 28.02.2017 is Rs.10,00,00,000/- divided into 60,00,000 Equity Shares of Rs.10/- each and 40,00,000 Preference Shares of Rs.10/- each. The issued, subscribed and paid-up Share Capital of the Demerged Company / "EBSL" is Rs. 7,22,74,510/-, divided into 42,27,451 Equity shares of Rs.10/- each and 30,00,000 9% Non-cumulative Redeemable Preference Shares of Rs.10/- each.
- (f) As the Demerged / EBSL is having its Registered office in the State of Maharashtra and accordingly the said Demerged Company has filed corresponding company application and

5. The following are brief terms of Scheme of Arrangement:

a) **TRANSFER AND VESTING OF CAPITAL BASED BUSINESS OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY**

Upon the Scheme becoming effective, the whole of the Undertaking and properties of the Capital based business shall, pursuant to the provisions contained in the Section 230 to 232 and all other applicable provisions, if any of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company on a going concern basis so as to vest in the Resulting Company all rights, title and interest pertaining to such Properties.

(b) **Legal proceedings**

All legal proceedings of whatsoever nature by or against the Demerged Company pending and / or arising before the Effective Date and relating to the Capital based business, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything continued in this Scheme but shall be continued and enforced by or against the Demerged Company.

After the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters relating to Capital based business as referred above, it shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

c) **Demerged Company Staff, Workmen and Employees**

Upon the Scheme becoming effective, all employees of the Demerged Company engaged in or in relation to the Capital based business of the Demerged Company and who are in such employment as on the Effective Date shall become the employees of the Resulting Company and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the



Demerged Company and without any interruption of or break in service as a result of the Capital based business and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947, etc.

d) **Saving of concluded transactions**

The transfer of properties and liabilities above and the continuance of proceedings by or against the Resulting Company above shall not affect any transaction or proceeding already concluded in the Demerged Company, in relation to the respective Capital based business on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Capital based business in respect thereto as done and executed on its behalf.

e) **Consideration**

Upon the Scheme becoming effective and in consideration of transfer and vesting of the undertaking of the Demerged Company into Resulting Company, the Resulting Company shall, without any further application or deed, issue and allot, at par, to the shareholders of the Demerged Company (other than the Resulting company, if applicable) whose name appears in the Register of Members of the Demerged Company as on the Effective Date or to their successors-in-title, fully paid up Preference Shares (terms and conditions are given in Schedule I), in the following ratio:

For equity shareholders of the Demerged Company.

5,000 fully paid up Preference Shares of face value of Rs.10 each of ESL to be issued and allotted to the shareholders of the Demerged Company holding 42,27,451 Equity Shares of Rs.10 each, in proportion of the number of Equity Shares held by the shareholders in the Demerged Company

For Preference shareholders of the Demerged Company.

5,000 fully paid up Preference Shares of face value of Rs.10 each of ESL to be issued and allotted to the shareholders of



the Demerged Company holding 30,00,000 9% Non-cumulative Redeemable Preference Shares of Rs.10 each, in proportion of the number of Preference shares.

g) Approvals

In the event all of the aforesaid approvals not being received by June 30, 2018 or such other date as may be decided by the Boards of the Demerged Company and the Resulting Company, they may resolve that the said Section or transfer of that particular asset or liability shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise be expedient and be agreed by the Boards of the Demerged Company and the Resulting Company.

h) Accounting treatment

Pursuant to the Scheme coming into effect on the effective Date with effect from the Appointed Date, the Resulting Company shall provide for the following accounting treatment in its books of accounts;

The Resulting Company shall record the assets and liabilities of the Demerged Undertakings, transferred to and vested in it at their respective carrying values as appearing in the books of account of the Demerged Company as on the Appointed Date and shall account for Preference Shares issued to the shareholders of the Demerged Company on terms and conditions set out in Schedule I to this Scheme at par.

The surplus of the value of Net Assets ("Net Assets" means excess of value of assets over the value of liabilities as per Clause 2.4.1) pertaining to the Demerged Undertaking and the amount of Preference Shares issued under Clause 2.2.1 above shall be credited to Capital Reserve Account. The deficit, if any, shall be recorded as goodwill.



i) **Modifications/amendments to the Scheme**

Subject to approval of the Tribunal, the Resulting Company and the Demerged Company may, with the approval of their respective Boards, consent from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters, and things necessary for bringing this Scheme into effect or agree to any terms and/ or conditions or limitations that the Tribunal or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of the Resulting Company and the Demerged Company to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards or any person authorised in that behalf by the concerned Board, subject to approval of the Tribunal or any other authorities under the applicable laws.



j) **Scheme conditional on approvals / sanctions**

This Scheme is conditional on being approved by requisite majority by the members and creditors of the Demerged and Resulting Company and approval of permission of Central Government or any other statutory or regulatory authority etc.

6. The case was listed before this Bench on 01.08.2017, 24.08.2017, 13.09.2017, 27.09.2017, 10.10.2017, 25.10.2017 and finally on 27.07.2017.
7. Heard, Mr. V.S.Raju and V.B.Raju, Learned Counsels for the Petitioner / Resulting Company, Mr. B. Appa Rao, Central Government Standing Counsel have carefully perused all pleadings along with material papers filed in its support.

8. The Learned Counsel submitted that as per the directions of the Tribunal, the Petitioner got published in Newspaper advertisement of the "Notice of Petition" in English Daily (Business Standard - Hyderabad Edition) and Telugu Daily (Namasthe Telangana - Hyderabad Edition) on 04.08.2017 and filed a proof of the same before this Tribunal on 21.08.2017. In pursuance to said notification, no objections / oppositions were received about the scheme in question.
9. The Petitioner / Resulting Company has earlier filed C.A.(CAA) No.32 /230/HDB/2017 under Section 230 read with Section 232 of the Companies Act, 2013, by inter-alia seeking to dispense with meetings of the Equity and Preference Shareholders and Unsecured Creditors of the Applicant / Resulting Company. The said C.A. (CAA) No. 32/230/HDB/2017 was disposed of by the Tribunal vide its Order dated 05.05.2017 directing the dispensation of meetings of Equity Shareholders and Preference Shareholders and Unsecured Creditors of the Petitioner / Resulting Company. The Learned Counsel for the Petitioner had submitted that the NCLT Mumbai Bench at Mumbai has already sanctioned the said scheme of arrangement in question vide its orders dated 10-08-2017. He further submits that in pursuant to the Orders dated 01.08.2017 of the Tribunal, notices were also issued to the Registrar of Companies, Regional Director (SER), and the Income Tax Department.
10. The Regional Director (SER), Hyderabad has filed an affidavit dated 26.09.2017 in C.P. Nos. 133/ 230 / HDB / 2017 by stating that the Resulting Company is regularly filing the statutory returns and no complaints, no investigations and no inspections are pending against the petitioner Company. However, no comments / objections of the Income Tax Department were received in response to the said notice till date. Further, the Counsel for Central Government submitted that the Tribunal can consider the case as per the merits and pass appropriate orders.



11. I have carefully gone through all the pleadings, Report of the Regional Director (SER) and I am convinced that the Petitioner / Resulting Company has complied with all statutory requirements as required under Section 230 & 232 and other relevant provisions of Companies Act, 2013 as detailed supra. The Board of Directors of the Petitioner Company at its meeting held on 27.03.2017 have duly considered the pros and cons of Scheme of Arrangement in question, after perusing various reports on the issue, and found it is advantageous and beneficial to the Company, its members, the Unsecured Creditors and all other concerned parties of the Company, and thus it was approved. It is to be mentioned herein that the Scheme in question is not opposed by any authorities and the Petitioner Company / Resulting Company is admittedly following all rules / regulations of Companies Act as stated by Regional Director. Hence, I am of considered view that the Company Petition deserves to be allowed as prayed for.



12. In the result, the C.P(CAA) No.133/230/HDB/2017 is disposed of with the following directions:-

- a) Sanctioned and confirmed the Scheme of Arrangement (enclosed at Page No. 260 to 277 of the Petition) with appointed date as 01.04.2016 for demerger of Capital based business from Demerged Company to the Resulting Company and it is ordered that the same is binding on all the Equity Shareholders / Members and Creditors (Unsecured) of the Petitioner / Resulting Company.
- b) The Petitioner / Resulting Company is directed to take appropriate steps to submit the said scheme to Registrar of companies within 30 days from the date of receipt of Copy of this order.
- c) The Petitioner Company / Resulting Company is directed to issue newspaper publication with respect to approval of Scheme of arrangement, in the same newspapers in which previous publications were issued in order to ensure transparency / dissemination of complete information to all



concerned parties about the approval granted by the Tribunal for the Scheme as proposed.

- d) The Petitioner Company / Resulting Company is further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Arrangement under the Provisions of the Act.
- e) Liberty is granted to any party(s) who are aggrieved by this order to seek any direction(s) by way of filing miscellaneous application in the present CP.

Sd/-

RAJESWARA RAO VITTANALA
MEMBER (JUDICIAL)

प्रमाणित प्रति

CERTIFIED TRUE COPY

केस संख्या

CASE NUMBER: C.P.(CAA) No. 133/230/HDB/2017

निर्णय का तारीख

DATE OF JUDGEMENT: 1.12.2017

प्रति तैयार किया गया तारीख

COPY MADE READY ON: 1.12.2017

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OF THE ORIGINAL

For Dy. Regr./Asst. Regr./Court Officer/
National Company Law Tribunal, Hyderabad Bench

2.2.2. Any fraction arising on issue of Shares as above will be rounded off to the nearest integer.

2.2.3. The Shares to be issued by the Resulting Company pursuant to Clause 2.2.1 above shall be issued in physical form by the Resulting Company, unless otherwise requested in writing by the shareholders of the Demerged Company.

2.2.4. The Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of the Resulting Company.

2.2.5. The Resulting Company shall take necessary steps to increase or alter or re-classify, if necessary, its authorized share capital suitably to enable it to issue and allot the Shares required to be issued and allotted by it under this Scheme.

2.2.6. Approval of this Scheme by the Equity Shareholders of the Resulting Company shall be deemed to be in due compliance of the provisions of Section 62 and other relevant and applicable provisions of the Act relating to the issuance and allotment of Resulting Company's new Preference Shares by the Resulting Company to the Equity and Preference shareholders of the Demerged Company, as provided in this Scheme.

2.2.7. In the event that the Demerged Company restructure its Equity share capital by way of Share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the consideration mentioned in clause 2.2.1 above shall be adjusted accordingly to take into account the effect of any such corporate actions.

2.3. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards and Companies Act, 2013:

2.3.1. The Demerged Company shall reduce from its books, the book value of assets and liabilities, as on the Appointed Date, transferred as part of the Capital based business pursuant to the Scheme.

2.3.2. Capital reserve account of the Demerged Company shall be credited with the difference between the values of net assets i.e. book values of assets as reduced by the book value of the liabilities pertaining to the Capital based business.



2.4. ACCOUNTING TREATMENT

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2.5. IN THE BOOKS OF THE RESULTING COMPANY

Pursuant to the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Resulting Company shall provide for the following accounting treatment in its books of accounts:

2.5.1. The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme, at their respective carrying values as appearing in the books of account of the Demerged Company as on the Appointed Date.

2.5.2. The Resulting Company shall account for Preference Shares issued to the shareholders of the Demerged Company on terms and conditions set out in Schedule I to this Scheme at par.

2.5.3. The surplus of the value of Net Assets ("Net Assets" means excess of value of assets over the value of liabilities as per Clause 2.4.1) pertaining to the Demerged Undertaking and the amount of Preference Shares issued under Clause 2.2.1 above shall be credited to Capital Reserve Account. The deficit, if any, shall be recorded as goodwill.



SECTION 3

GENERAL CLAUSES, TERMS AND CONDITIONS

3.1. REMAINING BUSINESS OF THE DEMERGED COMPANY

3.1.1. It is clarified that the Remaining Business and all the assets, liabilities and obligations of the Demerged Company, other than those transferred pursuant to this Scheme, shall continue to belong to and be managed by the Demerged Company.

3.1.2. All legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date, relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.

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3.1.3. After the Effective Date, if any proceedings are taken against the Resulting Company in respect of matters relating to the Demerged Undertaking, the Demerged Company shall indemnify and keep indemnified the Resulting Company against all costs liabilities and obligations incurred by the Resulting Company in respect thereof.

3.2. CONDUCT OF BUSINESS OF DEMERGED UNDERTAKING UNTIL THE EFFECTIVE DATE

3.2.1. With effect from the Appointed Date and up to and including the Effective Date:

(a) The Demerged Company shall carry on and be deemed to have been carrying on all the business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the contracts, liabilities or property or assets or the benefit or obligations thereof or thereunder pertaining to the Demerged Undertaking for and on behalf of and in trust for the Resulting Company.

(b) The Demerged Company shall carry on the respective business and activities of the Demerged Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Resulting Company, as the case may be, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Demerged Undertaking or any part thereof otherwise in normal course of business.

(c) All profits/benefits accruing to the Demerged Company in relation to the Demerged Undertaking and all taxes thereof or losses, expenses and/ or interest arising or incurred by it shall, for all purposes, be treated as the profits, benefits, taxes or losses and/ or interest, as the case may be, of the Resulting Company.

(d) the Demerged Company shall not vary the terms and conditions of employment of any of the employees engaged in and for the Demerged Undertaking except in the ordinary course of business or without the prior consent of the Resulting Company or pursuant to any pre-existing obligation undertaken by the Demerged Company as the case may be, prior to the Appointed Date.

3.2.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, Union Territories, and all other agencies,



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departments and authorities (statutory, regulatory or otherwise) concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which any or all of them may require to own and to operate respectively the Demerged Undertaking.

3.3. LEGAL PROCEEDINGS

3.3.1. All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising before the Effective Date and relating to the Capital based business, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Demerged Company.

3.3.2. After the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters relating to Capital based business as referred above, it shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

3.3.3. The Resulting Company undertakes to have all respective legal or other proceedings initiated by or against the Demerged Company as referred in Clause 3.3.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.

3.4. CONTRACTS, DEEDS, ETC.

3.4.1. Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, memorandum of understandings and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Capital based business of the Demerged Company, shall continue in full force and effect against or in favour of the Resulting Company and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.

3.4.2. The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any



contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company.

3.5. SAVING OF CONCLUDED TRANSACTIONS

3.5.1. The transfer of properties and liabilities above and the continuance of proceedings by or against the Resulting Company above shall not affect any transaction or proceeding already concluded in the Demerged Company, in relation to the respective Capital based business on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Capital based business in respect thereto as done and executed on its behalf.

3.6. STAFF & EMPLOYEES

3.6.1. Upon the coming into effect of this Scheme, all employees of the Demerged Company engaged in or in relation to the Capital based business of the Demerged Company and who are in such employment as on the Effective Date shall become the employees of the Resulting Company and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company and without any interruption of or break in service as a result of the transfer of the Capital based business.

3.6.2. In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees related to the Capital based business (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to the Capital based business being transferred to the Resulting Company, in terms of Clause 3.6.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of the Demerged Company, until such time that the Resulting Company create its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to Capital based business shall be transferred to the funds



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created by the Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Boards of the Demerged Company and the Resulting Company may decide to continue to make the said contributions to the Funds of the Demerged Company.

SECTION 4

OTHER TERMS AND CONDITIONS

4.1. APPLICATION TO THE TRIBUNAL

The Demerged Company and the Resulting Company shall, as may be required, make applications and/or petitions under the Section 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal for sanction of this Scheme and all matters ancillary or incidental thereto.

4.2. MODIFICATION OR AMENDMENTS TO THE SCHEME

Subject to approval of the Tribunal, the Resulting Company and the Demerged Company may, with the approval of their respective Boards, consent from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters, and things necessary for bringing this Scheme into effect or agree to any terms and/ or conditions or limitations that the Tribunal or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of the Resulting Company and the Demerged Company to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards or any person authorised in that behalf by the concerned Board, subject to approval of the Tribunal or any other authorities under the applicable laws.

4.3. CONDITIONALITY OF THE SCHEME

4.3.1. This Scheme is and shall be conditional upon and subject to:

- a) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/ or creditors of the Demerged Company and the Resulting Company as may be directed by the Tribunal or any other competent authority, as may be applicable.

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- b) The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, other than as mentioned above in this Clause, which by law or otherwise may be necessary for the implementation of this Scheme.

The Scheme being sanctioned by the Tribunal or any other authority under the Section 230 to 232 of the Companies Act, 2013.

- d) Certified copies of the Orders of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies by the Demerged Company and the Resulting Company.

4.4. EFFECT OF NON-RECEIPT OF APPROVALS

In the event all of the aforesaid approvals not being received by June 30, 2018 or such other date as may be decided by the Boards of the Demerged Company and the Resulting Company, they may resolve that the said Section or transfer of that particular asset or liability shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise be expedient and be agreed by the Boards of the Demerged Company and the Resulting Company.

4.5. WITHDRAWAL OF THIS SCHEME

The Demerged Company and the Resulting Company may through mutual consent and acting through their respective Board of Directors withdraw this Scheme from the Tribunal.

4.6. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne solely by the Resulting Company.



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SCHEDULE I

KEY TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES

Issuer	Edelcap Securities Limited
Instrument	Non-Convertible Non-Cumulative Redeemable Preference Shares
Face value	Rs.10 per share
Issue price	Rs.10 per share
Tenure	Within 24 months from the date of allotment
Dividend	7% p.a. on the Face Value
Redemption on maturity	Each Preference Share shall be redeemed at the Issue Price

