

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH
AT HYDERABAD**

CA(CAA)No.32/230/HDB/2017

Date of order: 05.05.2017

M/s Edelcap Securities Limited
having its registered office at 2nd Floor,
MB Towers, Plot No. 5, Road No. 2,
Banjara Hills, Hyderabad- 500034,
Telangana.

... Applicant/Resulting Company

Parties present:

Counsel for Applicant Company: Mr. V.S Raju along with Mr. V.B. Raju

CORAM

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

**CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL**

ORDER

[As per Rajeswara Rao Vittanala, Member (Judicial)]



1. The present Company application bearing CA(CAA) No.32/230/HDB/2017 is filed by M/s Edelcap Securities Limited (hereinafter referred to as "Applicant/Resulting Company") under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions 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 and pass such order or orders as this Hon'ble Tribunal may deem fit and proper in the circumstances of the case.
2. Brief facts, which are relevant to issue in question, are as follows:-

(a) Details of the Applicant/Resulting Company:

- i) M/s Edelcap Securities Limited (hereinafter referred to as "the Resulting Company") was incorporated as a Public Limited Company on 11.01.2008 in the then State of Andhra Pradesh (now Telangana) with Corporation Identity No.U67120AP2008PLC057145.

ii) The Registered Office of the Applicant/Resulting Company is situated at 2nd Floor, MB Towers, Plot No. 5, Road No. 2, Banjara Hills, Hyderabad– 500034, Telangana;

iii) The main objects, as set in the Memorandum of Association, in brief, are 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 and to deal in the same as brokers, sub-brokers or underwriters or sub-underwrites and also to engage in stock, share broking services including sub-broking in India and/or abroad for any person including institutions, pension funds, mutual funds, corporations, retail clients and to become a corporate members of stock exchange in India and/or abroad for this purpose, etc. Presently the Applicant/Resulting Company is engaged in (a) Capital based business (treasury operations) and (b) Agency Business (broking and advisory services).

iv) The authorized, issued, subscribed and paid-up share capital of the Applicant/Resulting Company as on 28.02.2017 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
5,00,000 Equity shares of Rs.10 each	50,00,000
4,95,00,000 Preference Shares of Rs.10 each	49,50,00,000
TOTAL	50,00,00,000
Issued, subscribed and paid-up Share Capital	
3,00,000 Equity shares of Rs.10 each fully paid up	30,00,000
4,86,20,000 - 7% Non-cumulative Non-convertible Redeemable Preference Shares of Rs.10/- each	48,62,00,000
TOTAL	48,92,00,000



Subsequent to the of the Scheme date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Applicant/Resulting Company.

(b) Details of the Demerged Company:

- i) Edelweiss Business Services Limited (hereinafter referred to as “the Demerged Company”) was originally incorporated as Private Limited Company under the name and style of “Tiffin Investments Private Limited under the Companies Act, 1956, in the State of Maharashtra on 28th June,2005. Later on the company had changed its name to “Edelcap Securities and Transaction Services Private Limited” and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Maharashtra on 04.05.2007. Subsequently, the Company changed its constitution from private to public limited company under the name and style of “Edelcap Securities and Transaction Services Limited” and a fresh certificate of Incorporation consequent to this change was issued by the Registrar of Companies, Maharashtra on 16.02.2009. Again the Company had changed its name from “Edelcap Securities and Transaction Services Limited” to “Edelweiss Capital Services Limited” and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Maharashtra on 16.11.2009. Subsequently, the company had changed its name to “Edelweiss Web Services Limited” and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Maharashtra on 22.02.2011. Further, the Company had changed to its present name i.e. “Edelweiss Business Services Limited” and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Maharashtra on 10.02.2017. The Registered Office of the Demerged Company is situated at Edelweiss House, Off C.S.T Road, Kalina, Mumbai – 400 098, Maharashtra, India.



ii) The main objects of the Demerged Company, as set out in the Memorandum of Association, in briefly, 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.

iii) The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 28.02.2017 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
60,00,000 Equity shares of Rs.10 each	6,00,00,000
40,00,000 Preference Shares of Rs.10 each	4,00,00,000
TOTAL	10,00,00,000
Issued, subscribed and paid-up Share Capital	
42,27,451 Equity shares of Rs.10 each	4,22,74,510
30,00,000 9% Non-cumulative Redeemable Preference Shares.	3,00,00,000
TOTAL	7,22,74,510

Subsequent to the of the Scheme date and till the date of filing the Scheme, there has been no change in the issued, subscribed and paid up capital of the Demerged Company.

3. It is further submitted that both the companies are closely held companies held by the same management. Further the Demerger of the Capital based business of the Demerged Company to the Resulting Company pursuant to this Scheme shall, *inter alia*, result in 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

The proposed demerger is expected to be beneficial to Demerged Company and Resulting Company and their respective shareholders, creditors and all other stakeholders and will enable Demerged Company and Resulting Company to achieve and fulfil their objectives more efficiently and economically.

4. In view of the aforesaid advantages, the Board of Directors of the Applicant/Resulting Company vide its meeting held on 27.03.2017 approved the Scheme of Arrangement between Edelweiss Business Services Limited and Edelcap Securities Limited and their respective shareholders (which is enclosed to the application).



It is stated that no investigation or proceedings have been instituted or are pending against the Applicant/Resulting Company. There are 7 (seven) Equity shareholders in the Applicant/Resulting Company, out of the which one shareholders i.e. M/s Ecap Equities Limited who holds 99.99% of the equity share capital has given its consent along with other equity shareholders to the proposed Scheme of Arrangement by means of affidavits dated 10.04.2017. There are 2 (two) Preference shareholders in the Applicant/Resulting Company namely M/s Edelweiss Securities Limited (46.28%) and M/s Ecap Equities Limited (53.72%) and both of them have given their consent to the proposed Scheme of Arrangement by means of Affidavits dated 10.04.2017.

6. It is stated that there are no secured creditors in the Applicant/Resulting Company. There are 162 Unsecured/Trade creditors in the

Applicant/Resulting Company and no objection letters are received from 7 (seven) constituting 93.97% of the said Unsecured Creditors.

7. It is further submitted that a similar application is being filed by the Demerged Company before the National Company Law Tribunal, Mumbai Bench at Mumbai.
8. I have heard Mr. V.S. Raju & Mr. V.B. Raju, Learned Counsels for the Applicant/Resulting Company and I have carefully perused all documents filed along with relevant provisions of Companies Act, 2013. The Applicant/Resulting Company has fulfilled requirements to grant dispensation as sought for. There would be no purpose served to order to conduct any meetings of those Equity Shareholders/Preference Shareholders and Unsecured Creditors as they have all submitted their voluntary declarations by accepting the Scheme of Arrangement in question. Hence, the Applicant/Resulting Company is entitled to grant dispensation for meetings of its Equity Shareholders/Preference Shareholders and Unsecured/Trade Creditors.

9. In the result, the CA(CAA)No.32/230/HDB/2017 is allowed with the following directions:-

- a) Dispensed with meetings of the Equity Shareholders/Preference Shareholders and Unsecured Creditors of the Applicant/Resulting Company for consideration of the Scheme of Arrangement.
- b) The Applicant/Resulting Company is directed to communicate this Order to the Registrar of Companies, Hyderabad and all other concerned authorities within three weeks from the date of receipt of copy of this order.



**CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL**

V. Annapoorna
V. ANNAPOORNA
Asst. DIRECTOR
NCLT, HYDERABAD.

sd/-
Rajeswara Rao Vittanala
Member (Judicial)

*Order received by the
Registry on : 27-06-2017*