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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

AT NEW DELHI

Present: SMT. INA MALHOTRA, MEMBER (JUDICIAL)

& SHRI S. K. MOHAPATRA, MEMBER (TECHNICAL)

DD/DR/AR/Court Officer
National Company Law Tribunal
New Delhi

CAA- 97(ND) 2017

IN THE MATTER OF SCHEME OF ARRANGEMENT

BETWEEN

BLUEBLOOD VENTURES LIMITED

(APPLICANT NO.1/ DEMERGED COMPANY)

WITH

DEVOTED CONSTRUCTION LIMITED

(APPLICANT NO. 2/RESULTING COMPANY)

ORDER DELIVERED ON - 27.10.2017



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ORDER

PER SMT. INA MALHOTRA, MEMBER (J)

1. This Joint application has been filed by the Applicant Companies under sections 230 and 232 and other relevant provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangement, and Amalgamation) Rules, 2016 for the purpose of approving the Scheme of Arrangement, as contemplated between the Demerged Company with Resulting Company.
2. Both the Demerged and Resulting Companies have their registered offices at Room No- 101, P-27 Malviya Nagar, New Delhi-110017, which lies within the jurisdiction of this Tribunal.
3. A perusal of the petition discloses that initially the Demerged Company and Resulting Company had jointly filed the first motion application bearing C.A. No. (M) 02/2017 which had been disposed off by the Tribunal vide its order dated 28.04.2017 directing :-

A.) With respect to the Demerged Company:

- i. Meeting to be convened on 15.06.2017 in respect of the Equity Shareholders as consent had been received only from 61 of the 75 shareholders.
- ii. Dispensing with the requirement of convening a meeting in respect of its 2 Secured Creditors, as their consents/affidavits had been placed on record.
- iii. Dispensing with the requirement of convening a meeting in respect of its 21 Unsecured Creditors, as the consents/affidavits of those having more than 90% debt had been placed on record.



B.) With respect to the Resulting Company:

- i. Dispensing with the requirement of convening a shareholders meeting in view of the consent affidavits of its 7 equity shareholders.
- ii. As there were no Secured and Unsecured Creditors of the Resulting Company, the requirement of convening meeting of the Secured and Unsecured Creditors did not arise.

4. The aforesaid meeting of Equity Shareholders of the Demerged Company was duly held on 15.06.2017 as directed by the Tribunal, wherein the proposed Scheme was duly approved. The Chairman's reports dated 29.06.2017 recording their approval of the proposed scheme without modification subsequent to the voting process is on record.
5. The applicant companies have now initiated the Second Motion. An affidavit dated 18.09.2017 discloses that the applicants had effected publication in the English edition of the daily newspaper "The Indian Express" dated 22.08.2017 and in Hindi in the daily newspapers "Jansatta" dated 23.08.2017 having circulation in Delhi. The affidavits filed further disclose that due notice of the proposed scheme had been served on the Registrar of Companies, Regional Director, Northern Region and the Income tax Department/ and the Sectorial regulator which in the case is SEBI in compliance with the order of the Tribunal, inviting objections if any to the proposed Scheme of Arrangement.

Pursuant to the Publication in the daily newspapers, notifying the listing of the matter before this Bench, no objector has appeared before us. Additionally, the petitioners have also filed an affidavit before this tribunal that neither the petitioner companies, nor their Legal Counsels have received



any objection/representation against the proposed scheme of Arrangement till the date of such affidavit. The replies of the Regional Director, Northern Region, Ministry of Corporate Affairs dated 15.09.2017 has been placed before us.

6. An objection was raised by the Sectoral Regulation SEBI requiring the Resulting Company to apply for listing of its equity shares on the BSE (in the SME Segment) as the equity shares of the Demerged Company were also listed on the BSE (SME Segment).

Vide an Affidavit dated 27.09.2017 it has been deposed that the Resulting Company undertakes to comply in this respect and due modification was also made in the proposed Scheme. In fact, the proposed scheme has been modified and duly approved to incorporate the aforesaid requirement. Mr. Abhishek Baid Ld. Counsel for SEBI has also confirmed before this Tribunal that in view of the steps taken, they have no further objection to the Scheme being sanctioned.

7. In reply dated 15.09.2017 filed by the Regional Director, Northern Region. It has been confirmed that the Demerged and Resulting Company are regular in filing their statutory returns. No prosecution has been filed, no complaints are pending and no inspection or investigation has been conducted. Further in their report, they have stated that they have no objection to the sanction of the proposed scheme.

8. As per averments:-

- (i) Petitioner/Demerged Company, by itself is engaged in 3 distinct lines of business namely:

- a.) Investment Banking Activities like Venture Capitalist, Private Equity Investments, Trading on Stock and Commodity exchange (collectively referred to as the "Investment Banking Business")



- b.) Special purpose Acquisition Company (Collectively referred to as the "SPAC Business"); and
 - c.) Real estate Development & Construction like FSI Trading, Acquiring & Trading in Development rights, underwriting Real Estate Projects. (Collectively referred to as the "Real Estate Business/ Demerged Undertaking")
- (ii) The nature of risk and competition involved in each of the Investment Banking and Trading in Shares & Commodity on Exchange Business is distinct, given that they operate in Financial Market governed by RBI and SEBI. Whereas the Real Estate Business will now be governed by real Estate (regulation and Development) Act, 2016.
- (iii) Thus, separation of the Demerged Undertaking, by way of the Scheme of Arrangement (Demerger), including its business, undertaking and investments from the Petitioner/ Demerged Company would lead to significant benefits for both the businesses including :
- a.) Enhanced strategic flexibility to build a vibrant industrial platform;
 - b.) Enable a dedicated management focus and to accelerate growth of the Demerged Undertaking unlocking significant value for the shareholders of Petitioner/ Demerged Company; and
 - c.) Access to varied sources of funds for the rapid growth of both businesses.
 - d.) Would also provide scope for independent leadership, growth plans, collaboration, expansion and creating enhanced value for all the stakeholders.
- (iv) With a view to achieve the aforesaid growth potential, the Petitioner/ Demerged Company proposes to re-organise and segregate, by way of the Scheme of Arrangement (Demerger), its



business, undertaking and investments in Demerged Undertaking. The restructuring proposed by this Scheme of Arrangement (Demerger) will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

9. The scheme of Arrangement as contended by the Petitioners is sought to be justified, inter alia, on grounds that it would:-

- a.) Enhance strategic flexibility to build a vibrant industrial platform
- b.) Enable a dedicated management focus and to accelerate growth of the Real estate business/demerged unlocking significant value for the shareholders
- c.) Access to varied sources of funds for the rapid growth of both businesses.
- d.) Would also to provide scope for independently leadership, growth plans, collaboration, expansion and creating enhanced value for all the stakeholders.

10. The Audited Financial statements for the Financial Year ending 31.03.2016 of both the applicant companies have ^{been} filed while their unaudited Balance Sheets as on 31.05.2017 ^{are} ~~is~~ on record. In ^{the} report dated 24.10.2017 of the Statutory Auditor, it has been certified that the accounting treatment was in conformity with the Accounting Standards as prescribed under Sec 133 of the Act read with rules there under and other recognized accounting practices prevalent in India.

11. In view of the foregoing, upon considering the approval accorded by the members and creditors of ^{both} ~~all~~ companies to the proposed Scheme, and no objections having been raised by the office of the Regional Director or any other interested party, there appears to be no impediment in granting sanction to the Scheme. Consequently, sanction is hereby granted to the



Scheme under sections 230-232 of the Companies Act, 2013. The sanctioned Scheme of arrangement shall be binding on the Transferor and the Transferee Company and on all their respective shareholders and creditors. The Petitioners shall also be bound to comply with the statutory requirements in accordance with law.

12. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this court to the scheme will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of both the petitioner companies.
13. While approving the Scheme as above, we further clarify that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes or any other charges, if any, and payment in accordance with law or in respect to any permission/ compliance with any other requirement which may be specifically required under any law.
14. THIS TRIBUNAL DO FURTHER ORDER
 - a.) The Appointed Date shall be 31st May, 2016 as per the Scheme;
 - b.) That all the property, rights and powers of the demerged company, in respect of demerged undertaking, be transferred without further act or deed, to the resulting company and accordingly the same shall pursuant to section 232 of the Act, be transferred to and vest in the resulting company for all the estate and interests of the demerged company in respect of demerged undertaking therein but subject nevertheless to all charges now affecting the same; and
 - c.) That all the liabilities and duties of the demerged company, in respect of demerged undertaking, be transferred without further act



- or deed, to the resulting company and accordingly the same shall pursuant to section 232 of the Act, be transferred to and become the liabilities and duties of the transferee company; and
- d.) That the Demerged Company shall reduce the Book Value assets and liabilities from its books of account at the values appearing as on the Appointed date. The difference between the Book Value of assets and liabilities shall be debited/credited to the Capital Reserve of the Applicant Company.
- e.) That all proceedings now pending by or against the demerged company, in respect of demerged undertaking, be continued by or against the resultant company; and
- f.) That petitioner shall within thirty days of the date of the receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration.
- g.) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.
- h.) The Demerged Company has consented to pay a sum of Rs. 50,000/- to the Prime Minister Relief Fund within four weeks from the date of the order.

The petition stands disposed of in the above terms.



(S. K. Mohapatra)
Member Technical



— Sd —

(Ina Malhotra)
Member Judicial


उपनिर्देशक / Assistant Director
राष्ट्रीय कम्पनी विधि अदालत / National Company Law Tribunal
भारत सरकार / Govt. of India
नई दिल्ली / New Delhi