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***IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ CO.PET. 680/2014

IN THE MATTER OF

RELIGARE CAPITALS MARKETS LIMITEDPetitioner

Through: Mr. Anirudh Das and Mr.
Arjun Pall Advocates for
the Petitioner.

CORAM:

HON'BLE MR. JUSTICE SANJEEV SACHDEVA

ORDER

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07.11.2014

SANJEEV SACHDEVA, J (ORAL)

1. This is petition filed under Section 100 to 105 of the Companies Act, 1956 read with Rule 46 of the Companies (Court) Rules, 1959 for proposing a reduction of preference share capital of the Petitioner Company. The Petitioner has prayed for dispensation of the procedure prescribed under Section 101(2) of the Companies Act, 1956.
2. The Counsel for the Petitioner Company has submitted that the total accumulated losses of the Petitioner Company as on 31.03.2014 is Rs. 1580,08,12,788/- which comprise of losses on account of the business

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operations and diminution in value of investments held by the Petitioner Company in Religare Capital Markets International (Mauritius) Limited.

3. It is further submitted that since the net worth of the Petitioner Company has eroded considerably, any improvement of the Petitioner Company will not be represented appropriately unless past losses are written off. It has further been submitted that a reduction of the paid up share capital against accumulated losses will improve the financial position of the Petitioner Company.
4. The Petitioner Company seeks reduction in its paid up preference share capital by cancelling and extinguishing 52,50,00,000 preference shares of Rs.10/- each fully paid up aggregating to Rs. 525,00,00,000/-.
5. It is submitted that Article 24 of the Articles of Association of the Petitioner Company authorizes Petitioner Company to reduce its share capital in any manner for the time being authorized by law.
6. The proposed reduction has been approved by the Board of Directors of the Petitioner Company in its

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meeting held on 17th September 2014. Copy of Resolution passed by the Board of Directors of the Petitioner Company approving the reduction of the preference share capital of the Petitioner Company has been placed on record. The said resolution for the reduction of share capital of Petitioner Company has also been approved by the members of the Petitioner Company as a Special Resolution in its Extra-Ordinary General Meeting held on 22nd October 2014.

7. The Shareholders have also passed a Special Resolution at the Extra-Ordinary General Meeting held on 22.10.2014 approving the reduction of capital, as under:

"RESOLVED THAT pursuant to the provisions of Sections 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956 and the Companies Act 2013, Memorandum and Articles of Association of the Company and subject to approval of NSE and BSE and subject to the confirmation of the Hon'ble High Court of Judicature at New Delhi and such other approvals, consent, permissions and sanction as may be necessary to be obtained from appropriate governmental authorities, departments, offices, institutions, bodies, agencies and third parties and such conditions as may be prescribed while

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granting such approvals, consent, permissions and sanctions, which may be agreed by the Board of Directors, the approvals of the members of the company be and is hereby accorded to the proposal to set off the operating clauses of the company of Rs 2,150,812,788 and diminution in the value of investments in Religare Capital Markets International (Mauritius) Limited to the tune of Rs. 3,099,187,212 aggregating to Rs. 5,250,000,000 by reducing the issued, subscribed and paid up share capital of the company, which shall be affected by way of,

- (a) A selective extinguishment and cancellation of (i) 25,000,000 (Two crore fifty lakh) 0.001% non-convertible cumulative redeemable fully paid up preference shares of Rs.10 (Rupees Ten) each held by Religare Enterprises Limited (“**REL**”), which were issued at premium of Rs. 90 per share, and having an aggregate paid up value of Rs.250,000,000 (Rupees Twenty five crores); and (ii) 500,000,000 (Fifty crores) 0.001% non-convertible cumulative fully paid up preference shares of Rs.10 each (Rupees Ten) held by REL, having an aggregate paid up value of Rs.5,000,000,000 (Rupees Five hundred crores) (“**Proposed Capital Reduction**”).
- (b) NIL consideration being payable by the Company to REL in lieu of the

selective reduction, extinguishment
and cancellation of the fully up
preference shares held by REL as
mentioned hereinabove.

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8. Learned Counsel for the Petitioner submits that the reduction of preference share capital has been approved by the Shareholders of the Petitioner Company. Further, the Petitioner Company has submitted that the said reduction does not involve either the diminution of any liability in respect of un-paid capital or the payment to any Shareholders of any paid-up capital and that the net worth of the Petitioner Company based on 31st March 2014 would be positive upon completion of reduction of preference share capital.
9. Further, it has been submitted that the proposed reduction of paid up preference share capital does not impair the liability of Secured and Unsecured Creditors, their claims are not reduced or affected in any manner. The Petitioner Company submits that they have been meeting and will meet all its liabilities as and when they arise, in the normal course of business.
10. Issue notice to the Regional Director (Northern

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Region), Ministry of Corporate Affairs returnable on 13th February, 2015. The Petitioner Company is directed to publish citation in the newspapers “Hindustan Times” (English Edition) and “Hindustan” (Hindi Edition)

CO.APPL. 2540/2014

By this Application, the Petitioner Company seeks dispensation from the requirement to follow the procedure as set out in Section 101 (2) of the Companies Act, 1956. Counsel for the Petitioner Company submits that the present reduction in the paid up preference share capital of the Petitioner Company does not involve either diminution of liability in respect of unpaid share capital or payment to shareholders of any paid up share capital.

Keeping in view the aforesaid averments, the procedure laid down under Section 101(2) of the Companies Act, 1956 is dispensed with. Application stands allowed.

Renotify on 13th February, 2015.

SANJEEV SACHDEVA, J

NOVEMBER 07, 2014/st

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