

IN THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH

CP (CAA) No. 4710 OF 2018

CONNECTED WITH

CA (CAA) No. 1148 OF 2018

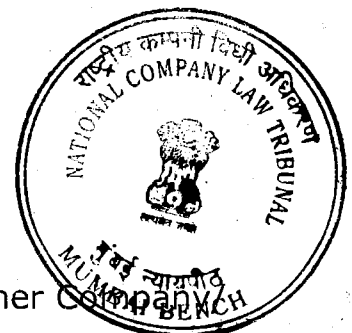
IN THE MATTER OF SECTIONS 230
TO 232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES
ACT 2013

AND

IN THE MATTER OF COMPOSITE
SCHEME OF ARRANGEMENT
AMONGST (i) IIFL HOLDINGS
LIMITED; (ii) INDIA INFOLINE
MEDIA & RESEARCH SERVICES
LIMITED; (iii) IIFL SECURITIES
LIMITED; (iv) IIFL WEALTH
MANAGEMENT LIMITED; (v) INDIA
INFOLINE FINANCE LIMITED; AND
(vi) IIFL DISTRIBUTION SERVICES
LIMITED AND THEIR RESPECTIVE
SHAREHOLDERS

1. IIFL Holdings Limited, a)
company incorporated)
under the Companies Act)
1956 having Company)
Identification Number:)
L74999MH1995PLC093797,)
and having its registered)
office at IIFL House, Sun)
Infotech Park, Road No.)
16V, Plot No. B-23, Thane)

...First Petitioner



Industrial Area, Wagle
Estate, Thane 400604 India

Demerged Company/
Transferee Company 1

2. India Infoline Media &
Research Services Limited,
a company incorporated
under the Companies Act
1956 having Company
Identification Number:
U93090MH2006PLC165592,
and having its registered
office at IIFL House, Sun
Infotech Park, Road No.
16V, Plot No. B-23, Thane
Industrial Area, Wagle
Estate, Thane, Maharashtra
400604 India

...Second Petitioner
Company/ Transferor
Company 1

3. IIFL Securities Limited, a
company incorporated
under the Companies Act
1956 having Company
Identification Number:
U99999MH1996PLC132983,
and having its registered
office at IIFL House, Sun
Infotech Park, Road No.
16V, Plot No. B-23, Thane
Industrial Area, Wagle
Estate, Thane, Maharashtra
400604 India

...Third Petitioner Company/
Resulting Company 1

4. IIFL Wealth Management
Limited, a company
incorporated under the

...Fourth Petitioner Company/
Resulting Company 2/



Companies Act 1956 having
Company Identification
Number:)
U74140MH2008PLC177884,)
and having its registered)
office at IIFL Centre,)
Kamala City, Senapati)
Bapat Marg, Lower Parel,)
Mumbai City, Maharashtra)
400013 India)
)

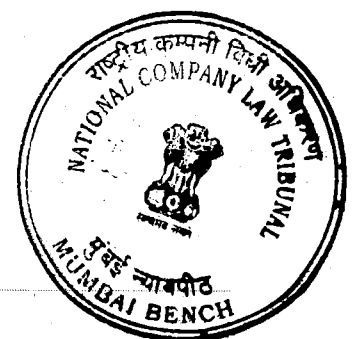
Transferor Company 3

...Fifth Petitioner Company/
Transferor Company 2

5. India Infoline Finance
Limited, a company
incorporated under the)
Companies Act 1956 having)
Company Identification)
Number:)
U67120MH2004PLC147365,)
and having its registered)
office at 12A-10, 13th Floor,)
Parinee Crescenzo, G Block,)
C-38&39, Bandra Kurla)
Complex, Bandra-East,)
Mumbai City, Maharashtra)
400051 India)

...Sixth Petitioner Company/
Transferee Company 2

6. IIFL Distribution Services
Limited, a company
incorporated under the
Companies Act 1956 having
Company Identification
Number:
U45201MH1995PLC228043,
and having its registered
office at IIFL Centre,



Kamala City, Senapati
Bapat Marg, Lower Parel,
Mumbai City, Maharashtra
400013 India

Order delivered on:07.03.2019

Coram: HON'BLE BHASKARA PANTULA MOHAN, MEMBER (J)
HON'BLE V. NALLASENAPATHY, MEMBER (T)

Senior Counsel Mr. Janak Dwarkadas, Counsel Mr. Zal Andhyarujina, Mr Peshwan Jehangir, MsPriyanka Desai, Mr Sanket Shah, Mr Aman Yagnik and Ms Sraddha Kedai/b Khaitan & Co, Advocates for the Petitioner Companies

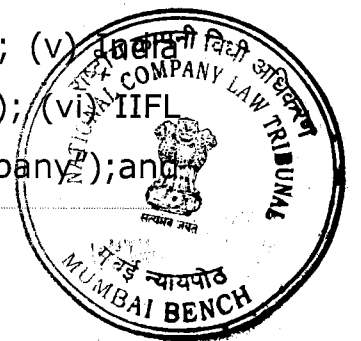
For the Regional Director:

Ms. Rupa Sutar, Assistant Director for the Regional Director

Per: Bhaskara Pantula Mohan, Member (J)

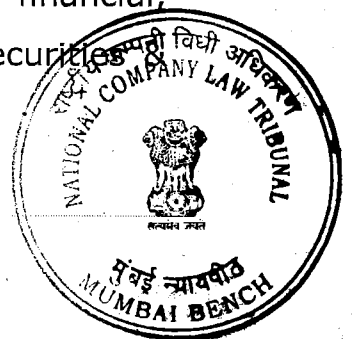
ORDER

1. Heard the Learned Counsel for the Petitioner Companies. No objector has come before the Tribunal to oppose the Petitions and nor has any party controverted any averments made in the Petitions.
2. The sanction of this Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of Companies Act, 2013, to a composite scheme of arrangement amongst (i) IIFL Holdings Limited ("First Petitioner Company"); (ii) India Infoline Media & Research Services Limited ("Second Petitioner Company"); (iii) IIFL Securities Limited ("Third Petitioner Company"); (iv) IIFL Wealth Management Limited ("Fourth Petitioner Company"); (v) India Infoline Finance Limited ("Fifth Petitioner Company"); (vi) IIFL Distribution Services Limited ("Sixth Petitioner Company"); and



their respective shareholders ("Scheme"). The First Petitioner Company, Second Petitioner Company, Third Petitioner Company, Fourth Petitioner Company, Fifth Petitioner Company and the Sixth Petitioner Company are collectively referred to as "Petitioner Companies".

3. The Petitioner Companies have approved the said Scheme by passing respective Board Resolutions and thereafter they have approached this Tribunal by the captioned Petition for sanction of the Scheme.
4. The First Petitioner Company is *inter alia* engaged in the securities business, wealth business and loan and mortgage business carried on through its subsidiaries.
5. The Second Petitioner Company is *inter alia* engaged in the business of online distribution of media content. It is also focused on research which provides media content advisory support to the broking, commodities, mutual fund and portfolio management services business.
6. The Third Petitioner Company is *inter alia* engaged in the business of offering Securities broking, depository participant, portfolio management, distribution of mutual funds, bonds and other financial products.
7. The Fourth Petitioner Company is *inter alia* engaged in the business of providing portfolio management and advisory services and acts as the wealth manager to high net worth individuals and corporate clients. It also carries on all kinds of distribution services for units of mutual funds, shares, stocks, debentures, bonds, government securities, insurance products, national savings certificates and such other financial, investment, personal loans, home loans products, securities and debt instruments.

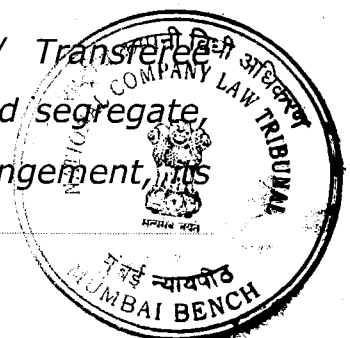


8. The Fifth Petitioner Company is *inter alia* engaged in the business of offering a broad suite of financial products such as mortgage loan, gold loan, loan against securities, commercial vehicle loan, loans to small and medium enterprise and healthcare finance to retail and corporate clients. It is also engaged in housing finance and microfinance business through its subsidiaries.
9. The Sixth Petitioner Company is *inter alia* engaged in the business of distribution of mutual funds and in providing manpower services to its associate companies.
10. The Learned Counsel for the Petitioner Companies submits that the rationale of the Scheme as under:

(i) *Over the course of time, the Demerged Company/ Transferee Company 1 has grown into a diversified financial conglomerate with interests in loans & mortgages, wealth management services, distribution of financial products and capital market services. Each of the core businesses have acquired critical mass, requiring flexibility and independence to grow faster in the fast-changing technology and innovation driven environment.*

(ii) *Each core business has a differentiated strategy, different industry specific risks and operate inter alia under different market dynamics and growth trajectory. The nature and competition involved in each of the businesses is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.*

(iii) *Accordingly, the Demerged Company/ Transferee Company 1 proposes to re-organize and segregate, by way of a composite scheme of arrangement,*



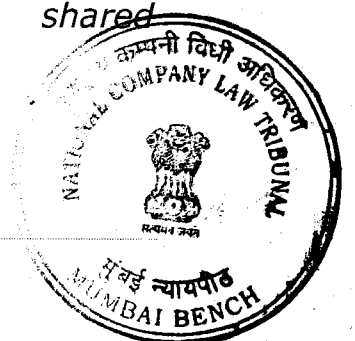
businesses and undertakings into three different listed verticals dealing in loans & mortgages business, wealth management services and capital market business. These listed entities will be subject to public, media, analysts and regulatory review. A clean corporate structure with no cross holdings will ensure transparency, accountability, highest standards of corporate governance and compliance. It also enhances operational flexibility and helps quick response to competitive or environmental challenges.

(iv) The proposed reorganisation pursuant to this Scheme is expected, inter alia, to result in the following benefits:

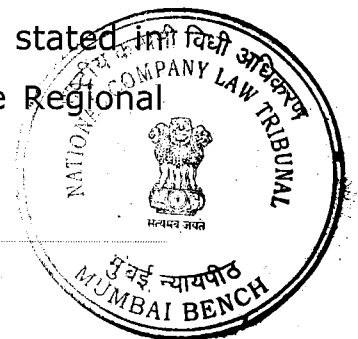
a) unlocking of value and create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all the stakeholders; and

b) creation of listed entities specializing in loans & mortgages business, wealth management services and capital market business with ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital.

(v) Further, each listed company can separately attract and motivate its key people with stock options such that their rewards are strongly correlated with their own business's performance and connect to the IIFL Group's philosophy of 'owner mindset', which believes in shared ownership and shared accountability by all team members."

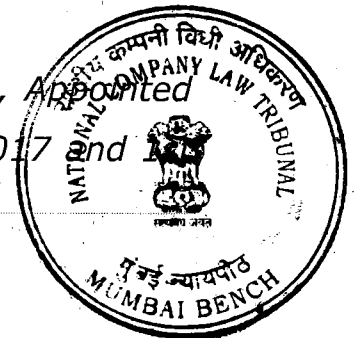


11. The Learned Counsel for the Petitioner Companies further submits that the Petition had been filed in consonance with the Order dated 22nd October 2018 passed by this Hon'ble Tribunal in Company Application No.1148 of 2018.
12. The Learned Counsel for the Petitioner Companies states that the Petitioner Companies have complied with all requirements as per the directions of this Hon'ble Tribunal and have filed necessary Affidavits of compliance before this Tribunal. Moreover, the Petitioner Companies, through its Counsels undertake to comply with all statutory requirements, if any, as required under the Companies Act, 2013 and the Rules made there under whichever is applicable. The said undertaking given by the Petitioner Companies is accepted.
13. The Learned Counsel for the Petitioner Companies states that the shares of the First Petitioner Company are listed on BSE Limited and NSE Limited. The shares of the Second Petitioner Company, Third Petitioner Company, Fourth Petitioner Company, Fifth Petitioner Company and Sixth Petitioner Company are not listed on BSE Limited and NSE.
14. The Official Liquidator has filed its report dated 12th February 2019 with this Tribunal, submitting that on a perusal of the Chartered Accountant's report and specifically the questionnaire relating to the same and the Petition, the affairs of the Second Petitioner Company and the Fifth Petitioner Company, being the Transferor Companies have been conducted in a proper manner. Therefore, his representation may be taken on record by this Tribunal.
15. The Regional Director has filed its Report on 28th February 2019 ("Report") praying that the Hon'ble Tribunal may pass such orders as it thinks fit, save and except as stated in paragraph IV. In paragraph IV of the said Report, the Regional Director has stated that: -



"IV. The observations of the Regional Director on the proposed Scheme to be considered by the Hon'ble NCLT are as under:-

- a) The Petitioners under provisions of section 230(5) of the Companies Act, 2013 have to serve notices to concerned authorities which are likely to be affected by Amalgamation. Further, the approval of the scheme by this Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such Authorities is binding on the Petitioner Company(s).
- b) It is observed that the Petitioner companies have not submitted a Chairman's Report, admitted copy of the Petition, and Minutes of Order for admission of the Petition. In this regard, the Petitioner has to submit the same for the record of Regional Director.
- c) The Hon'ble NCLT may kindly direct to the Petitioners to file an undertaking to the extent that the Scheme enclosed to the Company Applications and the scheme enclosed to the Company Petition are one & same and there is no discrepancy or deviation.
- d) In compliance of AS-14 (IND AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8) etc.
- e) As per Definition of the Scheme, Appointed Date means the 1st day of April, 2017

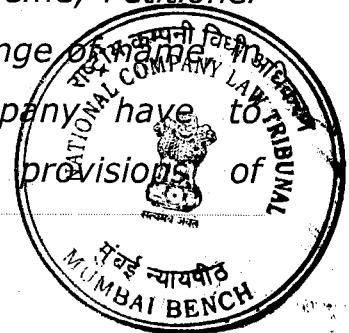


day of April, 2018 or such other date as may be approved by the NCLT or such other competent authority as may be applicable. In this regard, it is submitted that Section 232(6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers.

f) Petitioner Company have to undertake to comply with section 232(3)(i) of Companies Act, 2013, where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation and therefore, petitioners to affirm that they comply the provisions of the section.

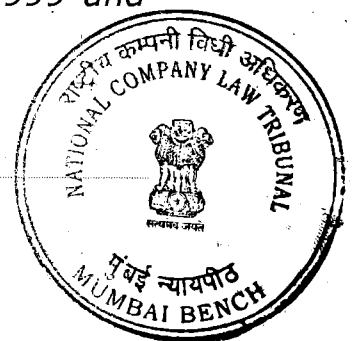
g) As per clause 17.4, 25.4, 32.5 of the scheme, Petitioner Companies are issuing employee stock option to their exiting employees, in this regards, Petitioner Company have to undertake to comply with provisions of Companies Act, 2013 read with rules and other applicable act.

h) As per clause 38 of the scheme, Petitioner Company has proposed for change of name in this regards, Petitioner Company have to undertake to comply with provisions of



Companies Act, 2013 read with rules and other applicable act.

- i) *As per clause 39 of the scheme, Petitioner Company has proposed for change of Charter document of transferee company - 1, in this regards, Petitioner Company have to undertake to comply with provisions of Companies Act, 2013 read with rules and other applicable act.*
- j) *As per clause 48 & 49 of the scheme, Petitioner Company has proposed for reduction and cancellation of equity share capital 1, in this regards, Petitioner Company have to undertake to comply with provisions of Companies Act, 2013 read with rules and other applicable act.*
- k) *As per clause 48 & 49 of the scheme, BSE vide its observation letter dated 14 September 2018 and NSE vide its observation letter dated 11 September 2018 and 27 September 2018 has been pointed out certain observations, in this regards, Petitioner Company have to undertake to do due requirement of observations in aforementioned clause, before sanctioning the scheme by the Tribunal.*
- l) *It is observed that pursuant to Clause 19.1, Clause 27.1 and 34.1 of the Scheme, equity shares will be issued to shareholders including foreign shareholders. Accordingly, the respective issuer companies to undertake that they will comply with applicable provisions of Foreign Exchange Management Act, 1999 and other applicable regulations.*



m) *It is observed that the India Infoline Finance Limited (IIFL Finance), NBFC registered with RBI is merging into IIFL Holdings Limited (IIFL Holdings). Accordingly, IIFL Finance and IIFL Holdings undertakes to comply with rules, regulations and licensing requirements as prescribed or directed by RBI to carry out the business of an NBFC.*

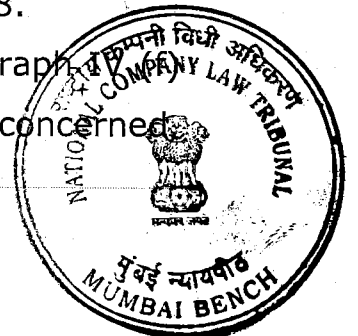
n) *It is observed that an inquiry notice had been issued by Registrar of Companies, Mumbai to IIFL Holdings Limited, response to the same has been filed by IIFL Holdings Limited and the matter is pending. In this regard, the Petitioner undertakes to complete the inquiry initiated by Registrar of Companies, Mumbai."*

16. In response to the above observations of the Regional Director, the Learned Counsel for the Petitioner Companies states as follows:

a) As far as the observations made in paragraph IV (a) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies have served notices to the authorities which are likely to be affected by the Compromise or Amalgamation or Arrangement in accordance with Section 230(5) of the Companies Act, 2013. An affidavit to this effect has been filed by the Petitioner Companies with the Hon'ble Tribunal on 5th December 2018. Further, Petitioner Companies undertake that the sanctioning of the Scheme shall not deter the authorities from raising any issues in accordance with Applicable Law and the decision of such authorities shall be binding on the Petitioner Companies to the extent permitted under law.



- b) As far as the observations made in paragraph IV (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies have submitted the Chairman's Report, admitted copy of the Petition and Minutes of order for admission of the Petition with the office of the Regional Director on 28th February 2019.
- c) As far as the observations made in paragraph IV (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies confirm that the Scheme enclosed with the Company Application and the Company Petition are one and the same and that there is no deviation.
- d) As far as the observations made in paragraph IV (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies undertake to pass such accounting entries which are necessary in connection with the Scheme to comply with such accounting standards notified under Section 133 of the Companies Act, 2013 as may be applicable to the Petitioner Companies (including Ind AS 103 and Ind AS-8).
- e) As far as the observations made in paragraph IV (e) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Appointed Date for Part II of the Scheme shall be 1st April 2017 and for all other parts of the Scheme shall be 1st April 2018.
- f) As far as the observations made in paragraph IV (f) of the Report of the Regional Director is concerned,



the Learned Counsel for the Petitioner Companies submits that the fees payable by the Transferee Company 1 on clubbing of authorized share capital of the Transferor Company 1 and Transferor Company 2 be set off against the fees already paid by the Transferor Company 1 and Transferor Company 2 for its authorized share capital in accordance with the provisions of Section 232(3)(i) of the Companies Act, 2013.

g) As far as the observations made in paragraph IV (g) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the equity shareholders of the Resulting Company 1, the Resulting Company 2 and the Transferee Company 1 have at their meeting on 12th December 2018 approved the Scheme which includes approval to employee stock option scheme consequential to the approval of the Scheme. Thus, issuance of employee stock options, on the Scheme becoming effective, has been duly approved by the shareholders of the Resulting Company 1, the Resulting Company 2 and the Transferee Company 1. Resulting Company 1, the Resulting Company 2 and the Transferee Company 1 undertakes to comply with the other procedural requirements of the Companies Act, 2013 and other laws including filing of the requisite forms with the Registrar of Companies.

h) As far as the observations made in paragraph IV (h) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the equity shareholders of the Transferee Company 1 have at their meeting on 12th December 2018 approved the Scheme



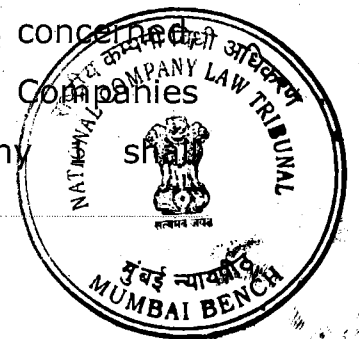
includes change of name of the Transferee Company 1. Thus, the change of name of the Transferee Company 1, on the Scheme becoming effective, has been duly approved by the shareholders of the Transferee Company 1. The Transferee Company 1 undertakes to comply with the other procedural requirements of Section 13 of the Companies Act, 2013 including filing of the requisite forms with the Registrar of Companies.

- i) As far as the observations made in paragraph IV (i) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the equity shareholders of the Transferee Company have at their meeting on 12th December 2018 approved the Scheme which includes change in the Memorandum of Association of the Transferee Company 1. Thus, the change in the Memorandum of Association of the Transferee Company 1, on the Scheme becoming effective, has been duly approved by the shareholders of the Transferee Company 1. The Transferee Company 1 undertakes to comply with the other procedural requirements of the Companies Act, 2013 including filing of the requisite forms with the Registrar of Companies.
- j) As far as the observations made in paragraph IV (j) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the equity shareholders of the Resulting Company 1 and Resulting Company 2 have at their meeting on 12th December 2018 approved the Scheme which includes reduction of their capital. Thus, the reduction of capital of the Resulting Company 1 and the Resulting Company 2, on the Scheme becoming effective, has been duly approved



by the shareholders of the Resulting Company 1 and the Resulting Company 2 respectively. The Resulting Company 1 and the Resulting Company 2 undertake to comply with the other procedural requirements of the Companies Act, 2013 including filing of the requisite forms with the Registrar of Companies.

- k) As far as the observations made in paragraph IV (k) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Companies have duly complied with the observations made by BSE Limited and National Stock Exchange of India Limited vide their observations letters dated 14th September 2018 and 11th September 2018 respectively.
- l) As far as the observations made in paragraph IV (l) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Resulting Company 1, the Resulting Company 2 and the Transferee Company 1 undertake to comply with the applicable provisions of Foreign Exchange Management Act, 1999 and other applicable regulations.
- m) As far as the observations made in paragraph IV (m) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Transferee Company 1 shall comply with the rules, regulations and licensing requirements as prescribed or directed by RBI to carry out the business of an NBFC.
- n) As far as the observations made in paragraph IV (n) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Transferee Company



complete the inquiry initiated by the Registrar of Companies, Mumbai.

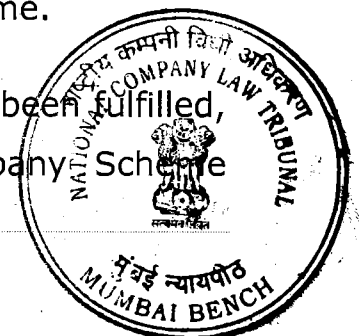
17. The Learned Counsel for the Petitioner Company has brought to our attention that by a letter dated 27th February 2019 received by the First Petitioner Company at 7:47 p.m. on 27th February, 2019 from the National Stock Exchange of India Limited wherein, the National Stock Exchange of India Limited has directed the First Petitioner Company to bring to our attention that SEBI has by its letter dated 26th February 2019 directed that:

"The Company is advised that the Enquiry Proceedings against India Infoline Commodities Limited which have been initiated in respect of NSEL Payout Default and India Infoline Commodities Limited is an entity which is under same management / control as IIFL Holdings Limited and IIFL Wealth Management Limited is adequately brought to the notice of NCLT."

The Learned Counsel for the Petitioner Companies submit that the First Petitioner Company has duly filed an affidavit dated 28th February 2019 in compliance with the said letter and has clarified that India Infoline Commodities Limited is not a party to the instant Scheme and as such the sanction of the Scheme shall not in any manner prevent India Infoline Commodities Limited from compliance with the SEBI Order dated 22nd February 2019 or seeking further legal remedies against the said order or prevent any regulatory authority from taking any steps or actions as per applicable law.

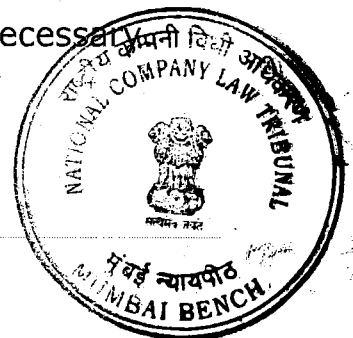
18. From the material on record, the Scheme annexed as Exhibit A-1 to Company Scheme Petition No. 4710 of 2018 appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the Scheme.

19. Since all the requisite statutory compliances have been fulfilled, the Scheme annexed as Exhibit A-1 to Company Scheme



Petition No. 4710 of 2018 is sanctioned and Company Scheme Petition No. 3607 of 2018 is made absolute in terms of the prayer clauses 40 (a) to 40 (l) in the said Company Scheme Petition.

20. The Petitioner Companies is directed to file a copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy within 30 days from the date of issuance of the Order by the Registry.
21. The Petitioner Companies are to lodge a copy of this order and the Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the certified copy of the Order.
22. The Petitioner Companies are to pay costs of Rs.25,000/- each to the Regional Director, Western Region, Mumbai. The costs are to be paid within four weeks from the date of the receipt of the duly Certified Copy of this Order.
23. The Second Petitioner Company and the Fifth Petitioner Company, being the Transferor Companies, to pay costs of Rs.25,000/- each to the Official Liquidator. Costs to be paid within four weeks from the date of the receipt of the duly Certified Copy of this order.
24. All concerned regulatory authorities to act on a copy of this Order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.
25. Any person interested is at liberty to apply to the Tribunal in the above matters for any directions that may be necessary.



26. Any concerned Authorities are at liberty to approach this Tribunal for any further clarification after sanctioning of the Scheme.
27. The Scheme is sanctioned, and the appointed date of the Scheme is fixed as 1st April 2017 for Part II of the Scheme and 1st April 2018 for all other parts of the Scheme.

SD/-

V Nallasenapathy
MohanMember (T)

SD/-

Bhaskara Pantula
Member (J)

/nm/

Certified True Copy
Date of Application 08.03.2019
Number of Pages 19
Fee Paid Rs. 45
Applicant called for collection copy on 15.03.2019
Copy prepared on 15.03.2019
Copy Issued on 15.03.2019

B. A. Patil
Dy. Assistant Registrar
National Company Law Tribunal, Mumbai Bench

