



# **IIFL HOLDINGS LIMITED**

Notice of Meeting of the Equity Shareholders  
convened as per the directions of the  
NCLT, Mumbai Bench



## IIFL HOLDINGS LIMITED

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23,  
Thane Industrial Area, Wagle Estate, Thane – 400 604  
CIN: L74999MH1995PLC093797

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### NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF IIFL HOLDINGS LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

MEETING:	
Day	Wednesday
Date	12 December 2018
Time	4:00 p.m.
Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018
E-VOTING:	
Start Date	7 December 2018, Friday, at 9:00 a.m.
Last Date	11 December 2018, Tuesday, till 5:00 p.m.

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IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH  
COMPANY APPLICATION 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 THE COMPOSITE SCHEME OF ARRANGEMENT AMONGST IIFL HOLDINGS  
LIMITED AND INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED AND IIFL SECURITIES LIMITED  
AND IIFL WEALTH MANAGEMENT LIMITED AND INDIA INFOLINE FINANCE LIMITED AND IIFL  
DISTRIBUTION SERVICES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

**IIFL Holdings Limited,**

(CIN: L74999MH1995PLC093797), a public listed  
company incorporated on 18 October 1995 under the  
provisions of the Companies Act, 1956 and having its  
registered office at IIFL House, Sun Infotech Park, Road  
No. 16V, Plot No. B-23, Thane Industrial Area, Wagle  
Estate, Thane – 400 604

**APPLICANT COMPANY/ DEMERGED  
COMPANY/ TRANSFEREE COMPANY 1**

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF IIFL HOLDINGS LIMITED  
PURSUANT TO THE ORDER DATED 22 OCTOBER 2018 OF THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH**

To,

The Equity Shareholders of IIFL Holdings Limited (the “**Company**”).

**TAKE NOTICE** that by an Order dated 22 October 2018 the National Company Law Tribunal, Mumbai Bench (“**NCLT**”) has directed that a meeting of the equity shareholders of the Company be convened, for the purpose of considering, and if thought fit, approving with or without modifications, the Composite Scheme Of Arrangement amongst IIFL Holdings Limited and India Infoline Media & Research Services Limited and IIFL Securities Limited and IIFL Wealth Management Limited and India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders (“**Scheme**”).

**TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a meeting of the equity shareholders of the Company will be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Wednesday, 12 December 2018 at 4:00 p.m. and the said equity shareholders of the Company are requested to attend to consider and, if thought fit, approve with or without modification(s), the following resolution under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with requisite majority:

**“RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including amendments, modifications and circulars issued thereunder) and subject to the applicable provisions of the Memorandum and Articles of Association of the Company, sanctions and permissions of the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”), NCLT having jurisdiction over the Company, IIFL Wealth Management Limited, India Infoline Media & Research Services Limited, IIFL Securities Limited (Formerly India Infoline Limited), India Infoline Finance Limited and IIFL Distribution Services Limited, requisite approvals of the members and other classes of persons, if any, of the Company, IIFL Wealth Management Limited, India Infoline Media & Research Services Limited, IIFL Securities Limited (Formerly India Infoline Limited), India Infoline Finance Limited and IIFL Distribution Services Limited and statutory/regulatory authorities, as may be required, the draft composite scheme of arrangement amongst the Company, IIFL Wealth Management Limited, India Infoline Media & Research Services Limited, IIFL Securities Limited (Formerly India Infoline Limited), India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders (“**Scheme**”) on the terms and conditions as stated therein placed before the Board and initialled by the Chairman for the purpose of identification be and is hereby accepted and approved.

**RESOLVED FURTHER THAT** the Board, which includes any Committee thereof and / or any individual(s) authorised by the Board, be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this Resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper.”

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representatives, is deposited with the registered office of the Company not later than 48 (forty-eight) hours before the commencement of the meeting. The form of proxy can be obtained from the registered office of the Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 or can be downloaded from the website of the Company ([www.iifl.com](http://www.iifl.com)).

**TAKE FURTHER NOTICE** that in compliance with the provisions of (i) Section 230(4) read with Sections 108 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 and other applicable provisions of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (v) Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017 (as amended) issued by the Securities and Exchange Board of India, the Company has provided the facility of remote e-voting so as to enable the equity shareholders to consider and approve the Scheme by way of the aforesaid resolution. The Company has provided the facility of voting through polling paper or remote e-voting. Accordingly, you may cast your vote either through polling paper at the venue of the meeting or remote e-voting.

It is clarified that the votes cast by means of remote e-voting does not disentitle an equity shareholder as on the cut-off date from attending the meeting. However, the shareholders who have cast their votes by remote e-voting will not be eligible to cast their votes at the meeting. It is further clarified that votes may be cast personally or by proxy at the meeting as provided in this notice.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained, free of charge, at the registered office of the Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Pin Code – 400 604.

The NCLT has appointed Mr. Nirmal Jain, Chairman of the Company or in his absence, Mr. Rajamani Venkataraman, Managing Director of the Company or in his absence Mr. Arun Kumar Purwar, Independent Director of the Company or in his absence Mr. Nilesh Vikamsey, Independent Director of the Company to be the Chairperson of the Meeting. The above Scheme, if approved by the equity shareholders, will be subject to the subsequent approval of the NCLT.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the Index are enclosed.

**Sd/-**

**Nirmal Jain**  
**Chairperson appointed for the Meeting**  
**(DIN: 00010535)**

**Place:** Mumbai

**Date:** 6 November 2018

**Registered Office:**

**IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23,  
Thane Industrial Area, Wagle Estate, Thane – 400 604**

**Notes:**

1. Only registered equity shareholders of the Company may attend and vote either in person or by proxy (a proxy need not be an equity shareholder of the Company) or in the case of a body corporate or Registered Foreign Portfolio Investors ("**RFPI**") or Foreign Institutional Investor ("**FII**"), by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the equity shareholders of the Company. The authorised representative of a body corporate/RFPI/FII which is a registered equity shareholder of the Company may attend and vote at the meeting of the equity shareholders of the Company provided a copy of the resolution of the Board of Directors or other governing body of the body corporate/RFPI/FII authorising such representative to attend and vote at the meeting of the equity shareholders of the Company, duly certified to be a true copy by a director, the manager, the secretary or other authorised officer of such body corporate/RFPI/FII, is deposited at the registered office of the Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the equity shareholders of the Company.  
  
As per Section 105 of the Companies Act, 2013 and the rules made thereunder, a person can act as proxy on behalf of not more than 50 (fifty) equity shareholders holding in aggregate, not more than 10% (ten percent) of the total share capital of the Company carrying voting rights. Equity shareholders holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or equity shareholder.
2. All alterations made in the form of proxy should be initialled.
3. In compliance with Regulation 44(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided the facility of remote e-voting.
4. The Company has engaged the services of Central Depository Services (India) Limited for facilitating the remote e-voting. Equity shareholders desiring to exercise their vote by using remote e-voting facility are requested to follow the instructions mentioned in Note 21 below.
5. During the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
6. The quorum of the meeting of the equity shareholders of the Company shall be 30 (Thirty) equity shareholders of the Company, present in person.
7. A registered equity shareholder or his proxy, attending the meeting, is requested to bring the Attendance Slip duly filled-in and signed.
8. Electronic copy of this Notice is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the said Notice is being sent in the permitted mode. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
9. The registered equity shareholders who hold shares in dematerialized form and who are attending the meeting are requested to bring their DP ID and Client ID for easy identification.
10. The registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Applicant Company/ list of beneficial owners as received from National Securities Depository Limited ("**NSDL**")/ Central Depository Services (India) Limited ("**CDSL**") in respect of such joint holding, will be entitled to vote.
11. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Company between 10:00 a.m. and 5:00 p.m. on all working days other than Saturdays/Sundays and public holidays up to the date of the meeting.

12. The Notice convening the meeting, the date of dispatch of the Notice and the Explanatory Statement amongst others, will be published through advertisement in the following newspapers, namely, (i) Free Press Journal in the English language; and (ii) translation thereof in Navshakti in the Marathi language.
13. The Company has appointed CS Nilesh Shah (Membership No. F-4554) or failing him CS Mahesh Darji (Membership No. F-7175) failing whom CS Hetal Shah (Membership No. F-8063) to act as the Scrutinizer to conduct the voting through polling paper and remote e-voting process in a fair and transparent manner.
14. In compliance with the provisions as stated hereinabove, the Company is pleased to offer remote e-voting facility to its equity shareholders holding equity shares as on 30 November 2018, being the cut-off date, to exercise their right to vote on the above resolution. A person, whose name is not recorded in the Register of Members or in the Register of Beneficial Owners maintained by NSDL/CDSL as on the cut-off date i.e. 30 November 2018 shall not be entitled to avail the facility of remote e-voting or voting at the meeting to be held on 12 December 2018. Voting rights shall be reckoned on the paid-up value of the equity shares registered in the names of the members as on 30 November 2018. Persons who are not equity shareholders of the Company as on the cut-off date should treat this notice for information purposes only.
15. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e. 30 November 2018 may obtain the User ID and Password by sending a request at helpdesk.evoting@cdsindia.com. However, if such person is already registered with CDSL for remote e-voting then he / she can use his / her existing User ID and Password for casting his / her vote.
16. The equity shareholders of the Company attending the meeting and who have not cast their vote through remote e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity shareholders who have already cast their votes through remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. In case of vote casted by remote e-voting and by poll, the vote casted by remote e-voting shall be considered as final.
17. In addition, the Company is seeking the approval of its equity shareholders to the Scheme by way of voting through remote e-voting. Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI"), inter alia, provides that approval of public shareholders of the Company to the Scheme shall be obtained by way of voting through remote e-voting. Since, the Company is seeking the approval of its equity shareholders (which includes Public Shareholders) to the Scheme by way of voting through e-voting, this notice will be deemed (i) to be issued in accordance with the provisions of the Act; and (ii) to be the notice sent to the public shareholders of the Company in accordance with the SEBI Circular. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly. In terms of the SEBI Circular, the Company has provided the remote e-voting to its Public Shareholders.
18. In accordance with the provisions of Sections 230 – 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourth in value of the equity shareholders (which includes Public Shareholders) of the Applicant Company, voting in person and remote e-voting, agree to the Scheme.

Further, in accordance with the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of the aforesaid resolution for approval of Scheme are more than the number of votes cast by the Public Shareholders against it.

19. The scrutinizer will submit his combined report to the Chairperson of the meeting after completion of the scrutiny of the votes cast by the equity shareholders, which includes Public Shareholders, of the Company through (i) remote e-voting process, and (ii) polling paper at the venue of the meeting. The scrutinizer will also submit a separate report regarding the result of the remote e-voting in respect of Public shareholders. The scrutinizer's decision on the validity of the vote (including e-votes) shall be final. The results of votes cast through (i) remote e-voting process, and (ii) polling paper at the venue of the meeting including the separate results of the e-voting exercised by the Public Shareholders will be announced on or before Friday,

14 December 2018 at the registered office of the Company. The results, together with the scrutinizer's Reports, will be available at the registered office of the Company, on the website of the Company ([www.iifl.com](http://www.iifl.com)) and on the website of CDSL at ([www.cdslindia.com](http://www.cdslindia.com)), besides being communicated to BSE and NSE.

20. The route map of the venue of the Meeting is given in the Notice. The prominent landmark for the venue is Nehru Planetarium.

21. INSTRUCTIONS FOR ELECTRONIC VOTING BY MEMBERS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India, the Company is pleased to provide members facility to exercise their right to vote on a resolution proposed to be considered at the meeting of the equity shareholders **("NCM") by electronic means and the business may be transacted through e-voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the NCM ("remote e-voting" or "e-voting") will be provided by the Central Depository Services (India) Limited ("CDSL").**
- II. The facility for casting the vote through ballot paper shall be made available at the NCM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. **The members who have cast their vote by remote e-voting prior to the NCM may also attend the NCM but shall not be entitled to cast their vote again.**
- IV. The remote e-voting period commences on Friday, 7 December 2018 (9:00 a.m.) and ends on Tuesday, 11 December 2018 (5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 30 November 2018, may cast their vote by remote e-voting. The remote e-voting shall be disabled by 5:00 p.m. after the remote e-voting period ends. Once the vote is cast, the Member shall not be allowed to change it subsequently.
- V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the NCM through electronic system / ballot paper.
- VI. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, 30 November 2018.
- VII. The process and manner for remote e-voting are as under:

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Friday, 7 December 2018 at 9:00 a.m. and ends on Tuesday, 11 December 2018 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30 November 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.



- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</li> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for IIFL Holdings Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

**(xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

**(xx)** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com),

under help section or write an email to helpdesk.evoting@cdslindia.com.

**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH  
COMPANY APPLICATION 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 THE COMPOSITE SCHEME OF ARRANGEMENT AMONGST IIFL HOLDINGS  
LIMITED AND INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED AND IIFL SECURITIES LIMITED  
AND IIFL WEALTH MANAGEMENT LIMITED AND INDIA INFOLINE FINANCE LIMITED AND IIFL  
DISTRIBUTION SERVICES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

**IIFL Holdings Limited,**

(CIN: L74999MH1995PLC093797), a public listed company incorporated on 18 October 1995 under the provisions of the Companies Act, 1956 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604

**APPLICANT COMPANY/ DEMERGED  
COMPANY/ TRANSFEREE COMPANY 1**

**EXPLANATORY STATEMENT UNDER SECTION 230(3) READ WITH SECTION 232(2) AND 102 OF THE  
COMPANIES ACT, 2013 READ WITH THE COMPANIES (COMPROMISES, ARRANGEMENTS AND  
AMALGAMATIONS) RULES, 2016**

1. Pursuant to the order dated 22 October 2018 , passed by the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**"), in Company Application No. 1148 of 2018 ("**Order**"), a meeting of the equity shareholders of **IIFL Holdings Limited ("Applicant Company or Demerged Company or Company or Transferee Company 1")** is being convened at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Wednesday, 12 December 2018 at 4:00 p.m for the purpose of considering, and if thought fit, approving, with or without modification(s), the Composite Scheme of Arrangement amongst the Company and India Infoline Media & Research Services Limited ("**Transferor Company 1**") and IIFL Securities Limited ("**Resulting Company 1**") and IIFL Wealth Management Limited ("**Resulting Company 2/Transferor Company 3**") and India Infoline Finance Limited ("**Transferor Company 2**") and IIFL Distribution Services Limited ("**Transferee Company 2**") and their respective shareholders ("**Scheme**").
2. In terms of the said Order, the quorum for the said meeting for equity shareholders shall be 30 (Thirty) members present in person. Further in terms of the said Order, NCLT has appointed Mr. Nirmal Jain, Chairman of the Company or in his absence, Mr. Rajamani Venkataraman, Managing Director of the Company or in his absence Mr. Arun Kumar Purwar, Independent Director of the Company or in his absence Mr. Nilesh Vikamsey, Independent Director of the Company as the Chairperson of the meeting of the equity shareholders of the Company.
3. A copy of the Scheme setting out the terms and conditions of the arrangement which has been approved by the Board of Directors of the Company at its meeting, held on 31 January 2018, is enclosed with the notice convening the meeting, to which this Explanatory Statement is also an enclosure.
4. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 ("**Act**") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Rules**").
5. As stated earlier, NCLT by its said Order has, *inter alia*, directed that a meeting of the equity shareholders of the Company shall be convened and held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Wednesday, 12 December 2018 at 4:00 p.m for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Equity shareholders would be entitled to vote in the said meeting either in person or through proxy. In addition, the Company is seeking the

approval of its Public Shareholders to the Scheme by way of voting through remote e-voting.

6. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the members, or class of members, of the Company, as the case may be, voting in person or by proxy or remote e-voting, agree to the Scheme.

Further, in accordance with the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of the aforesaid resolution for approval of Scheme are more than the number of votes cast by the Public Shareholders against it.

In addition, the Applicant Company is seeking the approval of its equity shareholders to the Scheme by way of voting remote e-voting. Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March 2017 (“SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”), *inter alia*, provides that approval of Public Shareholders of the Company to the Scheme shall be obtained by way of remote e-voting. Since, the Applicant Company is seeking the approval of its equity shareholders (which includes Public Shareholders) to the Scheme by way of voting through remote e-voting, this notice will be deemed (i) to be issued in accordance with the provisions of the Act; and (ii) to be the notice sent to the Public Shareholders of the Company in accordance with the SEBI Circular. For this purpose, the term “Public” shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term “Public Shareholders” shall be construed accordingly.

7. Background of the companies involved in the Scheme is as under:

**7.1. Details of the Demerged Company/ Transferee Company 1: IIFL Holdings Limited**

- a) The Demerged Company is a listed public company incorporated on 18 October 1995 under provisions of the Companies Act, 1956. The Demerged Company is a diversified conglomerate engaged in, *inter alia*, presently engaged in (i) the Securities Business comprising the investment banking business and (ii) the Wealth Business. The Demerged Company’s investment banking business works closely with companies across their lifestyle offering a gamut of services ranging from equity capital markets, private equity, and M&A advisory services. The investment banking division works closely with companies to identify their funding needs and enables its clients to raise funds effectively through a variety of products such as IPOs, qualified institutions placements/ preferential allotment, rights issues, FPOs and private/ public placement of debt. The Demerged Company also advises unlisted companies in raising capital through private equity advisory services and strategic advisory services which involves placements, deal structuring and closure. The Securities Business also includes insurance broking, securities and commodities broking, real estate broking and advisory and portfolio management services business carried on through various subsidiaries. The Demerged Company’s Wealth Business includes the investment advisory business of the Demerged Company of providing investment advice to clients or other persons or group of persons relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products and also includes wealth management services provided to high net worth individuals and corporate clients and media content advisory carried on through its subsidiaries; and (iii) loan and mortgage business carried on through its subsidiaries.
- b) Corporate Identity Number (CIN): L74999MH1995PLC093797
- c) Permanent Account Number (PAN): AABCI0745G
- d) Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane - 400 604
- e) E-mail address: csteam@iifl.com
- f) The equity shares of the Demerged Company are listed on BSE and NSE.
- g) The relevant main objects of the Demerged Company as set out in its Memorandum of Association are as follows:

*“III THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE THE FOLLOWING:*

1. *To carry on in India or abroad the business of securities broking including share stock broking, derivative broking, and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivative funds, mutual funds, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of internet, e-broking, telephone, personal contact or through other media, e-commerce, to carry on all kinds of intermediary activity in the capital markets, carry on mutual fund activities in India or abroad, acting as a sponsor to a mutual fund, onshore fund, off shore fund, promoting, incorporating or causing the incorporation of and or acquiring and investing shares in an asset management company and/ or trustee company to a mutual fund and to engage in such other activities relating to the mutual fund business, to sponsor, promote, and engage in venture capital activities as permitted under the applicable laws and to act as an agents, market makers, merchant bankers (but not to carry on all or any part of banking business as contemplated by Reserve Bank of India Act, 1934/ Banking Regulation Act, 1949), portfolio managers, fund managers, asset managers, managers or agents to the issue, registrar to issue, registrar and share transfer agents, underwriters to the issue, financial advisors, venture capital, trusteeship services, wealth advisory services and to act as distributor of mutual funds, bonds, debentures of corporate bodies, RBI bonds, government of India Bonds, post office schemes, and such other financial and investment products and to acquire and hold one or more memberships/ dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses in India or any part of the world which will or is likely in any way to facilitate the conduct of the company’s business.*
  2. *To carry on the business of providing services of Depository, depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market for Foreign Institutional Investors, financial institutions, corporate, individuals and other entities; and to conduct de-materialisation and rematerialisation of shares; set up depository participant centers at various regions in India and to perform all related, incidental, ancillary and allied services.”*
- h) There has been no change in object and registered office in last five years. There has been change in name of the Demerged Company in the last five years. The said change is highlighted in the Memorandum of Association of the Demerged Company, the copies of which are available for inspection.
- i) The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on 30 September 2018 is as under:

<b>SHARE CAPITAL</b>	<b>In ₹</b>
<b>Authorised Share Capital</b>	
60,00,00,000 equity shares of ₹ 2 each	1,20,00,00,000
<b>Total</b>	<b>1,20,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
319,064,647 equity shares of ₹ 2 each fully paid up	63,81,29,294
<b>Total</b>	<b>63,81,29,294</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company till the date of this notice.

j) Names of the promoters and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

<b>Name</b>	<b>Address</b>	<b>Shareholding(s) as at 30 September 2018</b>
Mr. Nirmal Bhanwarlal Jain	103 A - Wing, Guruprasad Chs Ltd, TPS II, CTS 777, F.P. 10 Hanuman Road, Vile Parle [E] Mumbai 400057 MH IN	4,79,52,000
Mr. Venkataraman Rajamani	604,Glen Heights Powai Mumbai 400076 MH IN	1,09,09,432
Mrs. Madhu N Jain	601, Shree Shyam Sadan, 58 Hatkesh Society N S Road No 7 JVPD Scheme, Juhu Vile Parle (W) Mumbai 400049 MH IN	1,37,00,000
Mrs. Aditi Avinash Athavankar (in her capacity as trustee of Kalki Family Private Trust)	Flat No 2001 2002 Era III Marathon Next Gen G K Marg Lower Parel Mumbai 400013	90,00,000
Mr. Mansukhlal Jain & Harshita Nirmal Jain (in their capacity as trustee of Nirmal Madhu Family Private Trust)	Hatkesh CHS N S Rd No 7 JVPD Scheme, Near Jamnabai Narsee School, Juhu Vile Parle West, Mumbai-400049	66,00,000
Mrs. Aditi Athavankar	Aditi Athavankar 21,Laburnum Road Jayashree Gamdevi Mumbai 400007	2,00,000
M/s. Ardent Impex Pvt Ltd	19-B, Shayam Kamal, Agarwal Market, Vile Parle (East), Mumbai- 400057	27,00,000
M/s. Orpheus Trading Pvt Ltd	Bldg No 24, First Floor, Nirilon Complex, Goregaon (East) Mumbai 400063	13,00,000

**Details of Directors**

<b>Name of the Director</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Mr. Kranti Sinha	Independent Director	Flat No 3 2nd Floor Jeevan Sangram Chs Plot No 24 Sector II Rdp I Charkop Kandivali West Mumbai 400067	00001643
Mr. Nirmal Bhanwarlal Jain	Chairman & Whole time Director	103 a - Wing, Guruprasad CHS LTD, TPS II, CTS 777, F.P. 10 Hanuman Road, Vile Parle [E] Mumbai 400057	00010535
Mr. Venkataraman Rajamani	Managing Director	604 ,Glen Heights Powai Mumbai 400076	00011919
Mr. Arun Kumar Purwar	Independent Director	C - 2303/4, Flr - 23, Ashok Tower, Dr. SS Rao road, Parel- 400012	00026383

Name of the Director	Designation	Address	DIN
Mr. Nilesh Shivji Vikamsey	Independent Director	Kalpataru Habitat, 184/A wing Dr. S. S. Rao road, near Gandhi Hospital, Parel-400012	00031213
Mr. Subbaraman Narayan	Independent Director	Flat No.2b, Nithyasree Apartments No.51, Chamiers Road, Raja Annamalaipura M, Chennai 600028	00094081
Mr. Chandran Ratnaswami	Non-Executive Director	177 McKee Avenue, Ontario, M2N4C6 Toronto	00109215
Ms. Geeta Mathur	Independent Director	B-1/8, Vasant Vihar-1, South West Delhi, Vasant Vihar Delhi 110057.	02139552

## 7.2. Details of the Transferor Company 1: India Infoline Media & Research Services Limited

- The Transferor Company 1 is a public company. It was incorporated on 16th November 2006 under the Companies Act, 1956 in Mumbai. The Transferor Company 1 is engaged in, *inter alia*, presently 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.
- Corporate identity number (CIN): U93090MH2006PLC165592
- Permanent Account Number (PAN): AABC16095D
- Registered office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane Thane-400 604.
- E-mail address: csteam@iifl.com
- The equity shares of the Transferor Company 1 are not listed on any of the stock exchanges.
- There has been no change in the name, registered office and objects of the Transferor Company 1 during the last five years except changes highlighted in the Memorandum of Association of the Transferor Company 1 the copies of which are available for inspection.
- The relevant main objects of the Transferor Company 1 as set out in its Memorandum of Association are as follows:

### "A. THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY OF ITS INCORPORATION

- To engage or undertake the business of buying, selling, taking on rent, designing, developing various websites, web portals and providing software and internet based services, data processing, IT enabled service, software development services, selling advertisement space on the site, web consulting and related services including web designing web maintenance, software product development, computer consultancy services, e-commerce, electronic financial intermediation business, e-broking, market research, business and management consultancy services, call centre services, medical transcription, data base management, marketing and software supply services.*
- To undertake, conduct, study, carry on, help, promote any kind of research, probe, investigation, survey, developmental work on economy, industries, corporates, business houses, agricultural and mineral, financial institutions, foreign financial institutions, capital markets, primary equity market, secondary equity market, debentures, bond, ventures, capital funding proposals, competitive analysis, preparation of corporate/ industry profile etc., and trade/ invest in researched securities, and includes research on various sectors of the economy or fields selected for research but not limited to capital market, Spot current and upcoming problems in any industry, politics, commerce, economy, general and*

*Identify new opportunities, Develop plans of action for the purpose of selling, distribution, marketing and consulting through publication in print or electronic format, books, memoranda, journals, magazines, circulars, reports, newspapers and any documents, website, television, radio and such other media.”*

- i) The authorised, issued, subscribed and paid-up share capital of the Transferor Company 1 as on 30 September 2018 is as under:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
50,000 equity shares of ₹ 10 each with voting rights	5,00,000
36,000,000 Preference shares of ₹ 10 each	36,00,00,000
<b>TOTAL:</b>	<b>36,05,00,000</b>
Issued, Subscribed and Paid-up Share Capital	
50,000 equity shares of ₹ 10 each fully paid-up with voting rights	5,00,000
<b>TOTAL:</b>	<b>5,00,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 1 till the date of this notice.

- j) Names of the promoters and promoter group and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

Name of the Promoter	Address	Shareholding(s) as at 30 September 2018
IIFL Holdings Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane – 400 604	50,000 (including shares held by nominees)

**Details of Directors**

Name of the Director	Designation	Address	DIN
Mr. Narendra Deshmaj Jain	Director	Flat no. 202, Shri Narmada CHS Haridas Nagar, Shimpoli Road, Borivali (West) Mumbai 400092	01984467
Mr. Anil Nelson Mascarenhas	Director	Row House No 1 Rishi Paradise Samarth Comp Bolinj Thane 401303	03575717
Mr. Bhawani Jhanwar*	Additional Director	B-302, Edgware, Shiv Sai Paradise, Majiwada Village Road, New Fateema Church, Majiwada, Thane 400601	08250590

\* Mr. Bhawani Jhanwar was appointed as a Additional Director w.e.f. 30 October 2018

**7.3. Details of the Resulting Company 1: IIFL Securities Limited**

- a) The Resulting Company 1 is a public company. It was incorporated on 21st March 1996 under the Companies Act, 1956. The Resulting Company 1 is presently engaged in, inter alia, in the business of offering Securities broking, depository participant, portfolio management, distribution of mutual funds, bonds and other financial products. It is registered with NSDL and CDSL as a depository participant, providing a one stop solution for clients trading in equities markets.
- b) Corporate identity number (CIN): U99999MH1996PLC132983
- c) Permanent Account Number (PAN): AAACI7397D
- d) Registered office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane Thane-400 604.



- e) E-mail address: csteam@iifl.com
- f) The equity shares of the Resulting Company 1 are not listed on any of the stock exchanges.
- g) There has been no change in the registered office and objects of the Resulting Company 1 during the last five years. There has been a change in the name of the Resulting Company 1 in the last five years. The said change is highlighted in the Memorandum of Association of the Resulting Company 1, the copies of which are available for inspection.
- h) The relevant main objects of the Resulting Company 1 as set out in its Memorandum of Association are as follows:

*“A. THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY OF ITS INCORPORATION*

- 1. To carry on all kinds of agency business and to act as advisors, developers, consultants, agents, sub-agents, distributors, sellers of Deposits, loans, Units of Unit Trust of India and other Mutual Funds, shares, stocks, debentures, Bonds, Government securities, insurance products, National Savings Certificates and such other financial, investment, personal, home loans products, securities & debt instruments.*
- 2. To engage in research, consultancy and to act as advisors relating to personnel, industrial, business management, distribution, marketing and selling and to collect, prepare and distribute information and statistics relating to any type of business or industry and generally to act as market business research consultants.*
- 3. To carry on in India or abroad the business of securities broking including share and stock broking, derivative broking including currency derivatives, and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivative funds, mutual funds, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of internet, e-broking, telephone, personal contact or through other media, e-commerce, to carry on all kinds of intermediary activity in the capital markets, carry on mutual fund activities in India or abroad, acting as a sponsor to a mutual fund, onshore fund, off shore fund, alternative investment fund, venture capital fund, promoting, incorporating or causing the incorporation of and or acquiring and investing shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the mutual fund business, to sponsor, promote and engage in venture capital activities as permitted under the applicable laws and to act as an agents, market makers, merchant bankers (but not to carry on all or any part of banking business as contemplated by Reserve Bank of India Act, 1934 / Banking Regulation Act, 1949), portfolio managers, fund managers, asset managers, managers or agents to the issue, registrar to issue, registrar and share transfer agents, underwriters to the issue, financial advisors, venture capital, trusteeship services, wealth advisory services and to act as distributor of mutual funds, bonds, debentures of corporate bodies, RBI Bonds, government of India Bonds, post office schemes and such other financial and investment products and to acquire and hold one or more memberships/dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses in India or any part of the world which will or is likely in any way to facilitate the conduct of the company's business.*
- 4. To carry on the business of providing services of Depository, depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market for Foreign Institutional Investors, financial institutions, corporate, individuals and other entities; and to conduct de-materialisation and rematerialisation of shares; set up depository participant centers at various regions in India and to perform all related, incidental, ancillary and allied services.*

- i) The authorised, issued, subscribed and paid-up share capital of the Transferor Company 1 as on 30 September 2018 is as under:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
20,000,100 equity shares of ₹ 10/- each	20,00,01,000
<b>TOTAL:</b>	<b>20,00,01,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
18,718, 281 equity shares of ₹ 10/- each fully paid-up each	18,71,82,810
<b>TOTAL:</b>	<b>18,71,82,810</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 1 till the date of this notice.

- j) Names of the promoters and promoter group and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

Name of the Promoter	Address	Shareholding(s) as at 30 September 2018
IIFL Holdings Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane - 400 604	18,718,281 (including shares held by nominees)

**Details of Directors**

Name of the Director	Designation	Address	DIN
Mr. Kranti Sinha	Independent Director	Flat No 3 2nd floor Jeevan Sangram CHS Plot No 24 Sector II RDP I Charkop Kandivali West Mumbai 400067	00001643
Mr. Mohan Radhakrishnan	Wholetime Director	2003 20th Flr B-Wing Lakshchandi Heights Gokuldharm, Goregaon (East) Mumbai 400063	00012070
Mr. Narendra Deshmaj Jain	Non Executive Director	Flat no. 202, Shri Narmada Chs Haridas Nagar, Shimpoli Road, Borivali (West) Mumbai 400092	01984467
Ms. Geeta Mathur	Independent Director	B-1/8, Vasant Vihar-1, South West Delhi, Vasant Vihar Delhi 110057	02139552
Mr. Aniruddha Dange	Wholetime Director	2701/2702 27th floor Marathon Era Ganpatrao Kadam Rd Lower Parel Mumbai 400013	02599853

**7.4. Details of Resulting Company 2: IIFL Wealth Management Limited**

- a) The Resulting Company 2 is a public company incorporated on 17th January 2008, under the provisions of the Companies Act, 1956 in Mumbai. The Resulting Company 2 is presently engaged in, inter-alia, 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 & debt instruments.

- b) Corporate Identity Number (CIN): U74140MH2008PLC177884
- c) Permanent Account Number (PAN): AABC18294C
- d) Registered Office: IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel Mumbai -400 013
- e) E-mail address: secretarial@iiflw.com
- f) The equity shares of the Resulting Company 2 are not listed on any stock exchange.
- g) The relevant main objects of the Resulting Company 2 as set out in its Memorandum of Association are as follows:

*"III THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE THE FOLLOWING:*

1. *To act as the wealth managers, investment managers, asset managers, financial consultants, management consultants, advisors and provide consultancy, advisory, counselling services, financial services and facilities of every description and to manage and mobilize funds and assets of various companies, mutual fund, individual investors, firms, associations and other bodies corporate, private and institutional investors and carry on the activities of managing investment in equity and derivative instruments, commodities, debt instruments, mutual funds, alternative investment funds, government securities, post office schemes, saving instruments, insurance products, money market instruments and securities of all types and to promote, support and to carry on the business of providing asset management services to funds including alternative investment funds and wealth management services to the individuals, firms, associations, institutions, corporate and body corporate and to pass on the benefits of such investments as interest, dividend, bonus etc. and provide complete range of financial services.*
  2. *To carry on all kinds of agency business and to act as advisors, consultants, agents, sub-agents, distributors, sellers of Deposits, loans, Units of Unit Trust of India and other Mutual Funds, shares, stocks, debentures, Bonds, Government securities, insurance products, National Savings Certificates and such other financial, investment, personal loans, home loans products, securities & debt instruments and to acquire and hold one or more memberships/ dealership with or without trading privileges of associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses, stock exchanges, commodity exchanges in India or any part of the world which will or is likely in any way to facilitate the conduct of the company's business.*
  3. *To carry on the activities of depository participant by obtaining necessary membership with authorized depositories and to carry on all the permitted activities ancillary to depository participant services including depository clearing services, custodian clearing services and professional clearing services.*
  4. *To carry on in India or abroad the business of broking including share and stock broking, derivative broking and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivatives, mutual funds, currencies, bonds, units, options, participation certificates, company deposits, deposits certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kind by way of internet, e-broking, telephone, personal contact or through other media, e-commerce, to acquire and hold one or more memberships/ dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges, and any other recognized stock exchanges with trading privileges, clearing houses."*
- h) There has been no change in the name of the Resulting Company 2 during the last five years. There has been a change in the objects and registered office of the Resulting

Company 2 in the last five years. The said change is highlighted in the Memorandum of Association of the Resulting Company 2, the copies of which are available for inspection.

- i) The authorised, issued, subscribed and paid-up share capital of the Resulting Company 2 as on 30 September 2018 is as under:

<b>SHARE CAPITAL</b>	<b>In ₹</b>
<b>Authorised Share Capital</b>	
10,00,00,000 equity shares of ₹ 2 each	20,00,00,000
<b>TOTAL:</b>	<b>20,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
8,44,97,407 equity shares of ₹ 2 each	16,89,94,814
<b>TOTAL:</b>	<b>16,89,94,814</b>

Subsequent to the above date, there has been a change in the issued, subscribed and paid up share capital of the Resulting Company 2 till the date of this notice

- j) Names of the promoters and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

<b>Name of the Promoter</b>	<b>Address</b>	<b>Shareholding(s) as at 30 September 2018</b>
Mr. Karan Bhagat	4501, Aqua Tower 2 Planet Godrej Complex, 30, K.K. Marg, Mahalaxmi East, Mumbai (MH)- 400011	59,91,875
Mr. Yatin Shah	51 Kedia Apts, 29/F Dongarsi Road, Malabar Hill, Walkeshwar Road, Mumbai (MH)- 400006	33,10,526
IIFL Holdings Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane MH 400604	4,50,00,000

- k) **Details of Directors**

<b>Name of the Director</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Mr. Nirmal Bhanwarlal Jain	Director	103 A - Wing, Guruprasad CHS Ltd, TPS II, CTS 777, F.P. 10 Hanuman Road, Vile Parle (E) Mumbai 400057	00010535
Mr. Venkataraman Rajamani	Director	604, Glen Heights Powai Mumbai 400076	00011919
Mr. Nilesh Shivji Vikamsey	Director	Kalpataru Habitat, 184/A Wing Dr. S. S. Rao Road, Near Gandhi Hospital, Parel Mumbai 400012	00031213
Mr. Sandeep Achyut Naik	Nominee Director	1301, floor 13, B wing, Lodha Bellissimo, N.M. Joshi Marg, Apollo Mills Compound, Mahalaxmi, Jacob Circle, Mumbai 400011	02057989
Ms. Geeta Mathur	Independent Director	B-1/8, Vasant Vihar-1, South West Delhi, Vasant Vihar Delhi 110057	02139552

Name of the Director	Designation	Address	DIN
Mr. Yatin Shah	Wholetime Director	51 Kedia Apts, 29/F Dongarsi Road, Malabar Hill, Walkeshwar Road, Mumbai Mumbai 400006	03231090
Mr. Karan Bhagat	Managing Director	4501, Aqua Tower 2 Planet Godrej Complex, 30, K.K. MARG, Mahalaxmi East, Mumbai 400011	03247753
Mr. Shantanu Rastogi	Nominee Director	Planet Godrej, Tower 2, 3601/02 30 K K Marg, Saat Rasta, Jacob Circle Mahalaxmi Mumbai 400011.	06732021
Mr. Amit Nitin Shah	Director	A/1004, Prestige Tower, Near Judges Bunglow Bodakdev Ahmadabad 380054	06765300

#### 7.5. Details of Transferor Company 2: India Infoline Finance Limited

- a) The Transferor Company 2 is a public company incorporated on 7th July 2004, under the provisions of the Companies Act, 1956 in Mumbai. The Transferor Company 2 is presently *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.
- b) Corporate Identity Number (CIN): U67120MH2004PLC147365
- c) Permanent Account Number (PAN): AABC12915C
- d) Registered Office and e-mail address: 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra- East Mumbai Mumbai- 400 051
- e) E-mail address: governance@iifl.com
- f) The equity shares of the Transferor Company 2 are not listed on any stock exchange.
- g) The relevant main objects of the Transferor Company 2 as set out in its Memorandum of Association are as follows:

*“III THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE THE FOLLOWING:*

1. *To carry on the activities as investment company and to buy, sell, trade, invest, deal or to do broking in shares, stocks, debentures, bonds, derivatives, commodities, obligations, bills, securities, movable and immovable property and other investments.*
2. *To carry on the business of borrowing/lending money by way of pledge, mortgage, hypothecation, charge or otherwise with or without any securities to any person, individual, body-corporate, firm, organization, authority but the company shall not carry on banking business within the meaning of Banking Regulations Act, 1949.”*
- 2A. *To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto*
- 2B. *To distribute the various Mutual Fund products and to undertake such other activities as are incidental or ancillary thereto.*
- h) There has been no change in the name and registered office of Transferor Company 2 in the last five years. The objects of the Transferor Company 2 were changed during the

last five years. The said change is highlighted in the Memorandum of Association of the Transferor Company 2, the copies of which are available for inspection.

- i) The authorised, issued, subscribed and paid-up share capital of the Transferor Company 2 as on 30 September 2018 is as under:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
30,00,00,000 equity shares of ₹ 10 each	3,00,00,00,000
19,99,600 equity shares of ₹ 100 each	19,99,60,000
400 Preference Shares of ₹ 100 each	40,000
57,50,00,000 Preference Shares of ₹ 10 each	5,75,00,00,000
<b>TOTAL:</b>	<b>8,95,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
28,08,01,741 equity shares of ₹ 10 each fully paid up with voting rights	2,80,80,17,410
<b>TOTAL:</b>	<b>2,80,80,17,410</b>

Subsequent to the above date, there has been a change in the issued, subscribed and paid up share capital of the Transferor Company 2 pursuant to issuance of shares under the employee stock option scheme of the Transferor Company 2. The authorised, issued, subscribed and paid-up share capital of the Transferor Company 2 as on the date of this notice is as under:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
30,00,00,000 equity shares of ₹ 10 each	3,00,00,00,000
19,99,600 equity shares of ₹ 100 each	19,99,60,000
400 Preference Shares of ₹ 100 each	40,000
57,50,00,000 Preference Shares of ₹ 10 each	5,75,00,00,000
<b>TOTAL:</b>	<b>8,95,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
28,08,20,601 equity shares of ₹ 10 each fully paid up with voting rights	2,80,82,06,010
<b>TOTAL:</b>	<b>2,80,82,06,010</b>

- j) Names of the promoters and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

Name of the Promoter	Address	Shareholding(s) as at 30 September 2018
IIFL Holdings Limited (Refer Note)	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Wagle Estate, Thane - 400 604	23,73,69,386

Note: Out of the total equity shares as on 30 September 2018, 9990 equity shares were held as on said date by IIFL Holdings Limited through its nominees. The shares have subsequently been transferred in the name of IIFL Holdings Limited.

- k) **Details of Directors**

Name of the Director	Designation	Address	DIN
Mr. Nirmal Bhanwarlal Jain	Wholetime Director	103 A - Wing, Guruprasad CHS Ltd, TPS II, CTS 777, F.P. 10 Hanuman Road, Vile Parle [E] Mumbai 400057	00010535

Name of the Director	Designation	Address	DIN
Mr. Venkataraman Rajamani	Wholetime Director	04,Glen Heights Powai Mumbai 400076	00011919
Mr. Nilesh Shivji Vikamsey	Independent Director	Kalpataru Habitat, 184/A wing Dr. S. S. Rao road, near Gandhi Hospital , Parel, Mumbai 400012	00031213
Mr. Nagarajan Srinivasan	Non-Executive Director	#64, 31 St Cross, 7th Block Jayanagar, Bangalore South, BSK II Stage Bangalore 560082	01480303
Mr. Vijay Kumar Chopra	Independent Director & Chairman	4-A, Harmony Tower, Dr. E Moses Road Worli mumbai 400018	02103940
Ms. Geeta Mathur	Independent Director	B-1/8, Vasant Vihar-1, South West Delhi, Vasant Vihar Delhi 110057	02139552
Mr. Sumit Bali	Wholetime Director & CEO	Flat no.201,2 floor Sea spray Juhu Janki Kutir,Church Road Near Prithvi Theatre,Vile Parle West Mumbai 400049.	02896088

#### 7.6. Details of Transferee Company 2: IIFL Distribution Services Limited

- a) The Transferee Company 2 is a public company was incorporated on 30th January 1995, under the Companies Act, 1956. The Transferee Company 2 is *inter alia* presently engaged in the business of distribution of mutual funds and in providing manpower services to its associate companies.
- b) Corporate Identity Number (CIN): U45201MH1995PLC228043
- c) Permanent Account Number (PAN): AAACF2837R
- d) Registered Office: IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai City, Maharashtra 400 013 India.
- e) E-mail address: secretarial@iiflw.com
- f) The equity shares of the Transferee Company 2 are not listed on any stock exchange.
- g) The relevant main objects of the Transferee Company 2 as set out in its Memorandum of Association are as follows:

*“III THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE THE FOLLOWING:*

1. *To undertake and to carry on in India and/ or in any part of the world whether singly and/ or jointly the business as wealth managers, brokers, sub brokers, agents distributors, investment in and distribution of commodities contracts, shares, securities, derivatives, scrips, warrants, bonds, debentures, debenture stock, units of mutual funds, units of collective investment funds, units of Alternate Investments Funds, units of Venture Capital Fund, interporate deposits, public deposits, whether issued by government, semi government, local authorities, public sectors undertakings, companies corporations or otherwise and subject to approval of appropriate authority; if any, also, to act as insurance advisors/ intermediaries, franchiser, agent, surveyor, sub insurance, agent.*
- 1a. *To carry on in India or abroad the business of broking including share and stock broking, derivative broking and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivatives, mutual funds, currencies subject to approval of Reserve bank of India or any other regulatory authority,*

*bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of internet, e-broking, telephone, personal contact or through other media, e-commerce, to acquire and hold one or more memberships/dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, clearing houses.*

- 1b. *To undertake, conduct, study, carry on, help, promote any kind of research, probe, investigation, survey, developmental work on economy, industries, corporates, business houses, agricultural and mineral, financial institutions, foreign financial institutions, capital market on matters related to investment decisions primary equity market, secondary equity market, debentures, bond, ventures, capital funding proposals, competitive analysis, preparation of corporate/industry profile etc. and trade/invest in researched securities.*
  - 1c. *To carry on activities of depository participant by obtaining necessary membership with authorised depositories and to carry on all the permitted activities ancillary to depository participant services including depository clearing services, custodian clearing services and professional clearing services.*
  2. *To carry on the business of providing outsourcing services for all processes, sub processes, transactions, activities and all other work performed by business in various industries within India and across the world including those process or sub processes that are enabled by information technology like data, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, storage, disaster recovery, accounting, pay roll, inventory management, customer relationship management, enterprises resources planning and to develop software, provide consultancy, software solution and services that are normally offered by the outsourcing business and information technology service providers, the software development houses and application services providers.*
  - 2A. *To carry on and transact in India or elsewhere in any manner whatsoever, the business to establish, organize, manage, distribute, promote, encourage, provide, conduct, sponsor, subsidize, operate, develop and commercialize all kinds of insurance business including but not limited to Life, Non-life, General, indemnity or guarantee business of all kinds, classes, nature and description, fire, marine, aviation, transit, motor vehicles, engineering, accident, including rural, livestock, crop insurance, miscellaneous insurances and all branches of the above classes and also the business of insurance against war, riots, strikes, terrorism, civil commotion, loss of profits, health, other contingencies and insurances covering any liability under any law, convention or agreement and to act as corporate agent, representative, surveyor, sub-insurance agent, franchiser, consultant, advisor, collaborator or otherwise to deal in all incidental and allied activities related to general insurance business.”*
- h) There has been a change in the name, objects and registered office of the Transferee Company 2 in the last 5 (five) years. The said change is highlighted in the Memorandum of Association of the Transferee Company 2, the copies of which are available for inspection.



- i) The authorised, issued, subscribed and paid-up share capital of the Transferor Company 2 as on 30 September 2018 is as under:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
10,000 equity shares of ₹ 100 each with voting rights	10,00,000
<b>TOTAL:</b>	<b>10,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
5120 equity shares of ₹ 100 each fully paid up	5,12,000
<b>TOTAL:</b>	<b>5,12,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company 2 till the date of this notice

- j) Names of the promoters and directors along with their addresses and shareholdings:

**Details of Promoters and promoter group**

Name of the Promoter	Address	Shareholding(s) as at 30 September 2018
IIFL Wealth Management Limited	IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel Mumbai -400013	5120 (including shares held through nominees)

- k) **Details of Directors**

Name of the Director	Designation	Address	DIN
Mr. Anu Ravi Jain	Director	Krishna Kunj, 3rd Floor, Raghavji Lane Gowalia Tank, August Kranti Marg Mumbai 400026	01001502
Mr. Pankaj Binod Fitkariwala	Director	704-A, Wing Chembur, Heights 8th Road Sindhi Society Near Sindhi Society Gymkhana Mumbai 400071	07356813
Mr. Umang Jagmohan Papneja	Director	6910/11/12,B Wing, Samartha Aangan 2,Oshiwara Andheri West Mumbai 400053	07357053

## 8. Corporate Approvals

The proposed Scheme was placed before the Audit Committee of the Demerged Company at its meeting held on 31 January 2018. The Audit Committee of the Demerged Company considered the Share Entitlement and Share Exchange Ratio Report dated 31 January 2018 issued by M/s. Walker Chandiook & Co LLP, Chartered Accountants, and Fairness Opinion dated 31 January 2018 issued by M/s. ICICI Securities Limited. The Audit Committee of the Demerged Company based on the aforesaid, *inter alia*, recommended the Scheme to the Board of Directors of the Demerged Company.

The Board of Directors of the Demerged Company (after taking on record the recommendation of their respective Audit Committee) and the Board of Directors of the Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2 and Transferee Company 2, approved the proposed Scheme on 31 January 2018, after taking on record Share entitlement and Share Exchange Ratio Report dated 31 January 2018 issued by M/s. Walker Chandiook & Co LLP, Chartered Accountants, and Fairness Opinion dated 31<sup>st</sup> January 2018 issued by M/s. ICICI Securities Limited.

A copy of the Scheme setting out in detail the terms and conditions of the arrangement has been approved by Board of Directors of the Demerged Company, Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2 and Transferee Company 2 at their respective Board Meetings is annexed to this Notice as **Annexure A** and forms part of this Statement. The Share entitlement and Share Exchange Ratio Report and the Fairness Opinion issued to the Board of Directors of the Resulting Company are annexed as **Annexure B-I** and **Annexure B-II** respectively to this Notice.

**Names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate in such resolution:**

**(a) Demerged Company**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Kranti Sinha	Independent Director	Favour
Mr. Nirmal Bhanwarlal Jain	Wholetime Director	Favour
Mr. Venkataraman Rajamani	Managing Director	Favour
Mr. Arun Kumar Purwar	Independent Director	Favour
Mr. Nilesh Shivji Vikamsey	Independent Director	Absent
Mr. Subbaraman Narayan	Independent Director	Favour
Mr. Chandran Ratnaswami	Non-Executive Director	Favour
Ms. Geeta Mathur	Independent Director	Favour

**(b) Transferor Company 1**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Narendra Deshmal Jain	Non-Executive Director	Favour
Mr. Amar Kirti Ambani*	Non-Executive Director	Favour
Mr. Anil Nelson Mascarenhas	Non-Executive Director	Favour

\* Mr. Amar Kirti Ambani resigned as a Director w.e.f 30 October 2018 and in his place Mr. Bhawani Jhawar was appointed as an Additional Director on Board w.e.f. 30 October 2018.

**(c) Resulting Company 1**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Kranti Sinha	Independent Director	Favour
Mr. Mohan Radhakrishnan	Wholetime Director	Absent
Mr. Narendra Deshmal Jain	Non-Executive Director	Favour
Ms. Geeta Mathur	Independent Director	Favour
Mr. Aniruddha Dange	Wholetime Director	Favour

**(d) Resulting Company 2**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Nirmal Bhanwarlal Jain	Non-Executive Director	Favour
Mr. Venkataraman Rajamani	Non-Executive Director	Favour
Mr. Nilesh Shivji Vikamsey	Independent Director	Absent
Mr. Sandeep Achyut Naik	Nominee Director	Favour
Ms. Geeta Mathur	Independent Director	Favour
Mr. Yatin Shah	Wholetime Director	Favour
Mr. Karan Bhagat	Managing Director	Favour
Mr. Shantanu Rastogi	Nominee Director	Favour
Mr. Amit Shah	Non-Executive Director	Favour

**(e) Transferor Company 2**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Nirmal Bhanwarlal Jain	Wholetime Director	Favour
Mr. Venkataraman Rajamani	Wholetime Director	Favour
Mr. Nilesh Shivji Vikamsey	Independent Director	Absent
Mr. Nagarajan Srinivasan	Non-Executive Director	Favour
Mr. Vijay Kumar Chopra	Independent Director & Chairman	Favour
Ms. Geeta Mathur	Independent Director	Favour
Ms. Shubhalakshmi Aamod Panse	Independent Director	Favour

**Note:** Mr. Sumit Bali was appointed as an Executive Director of the Transferor Company 2 on 25 June 2018 and Ms. Shubhalakshmi Aamod Panse resigned as an Independent Director.

**(f) Transferee Company 2**

Name of the Directors	Designation	Voted in Favour / Against / Abstained
Mr. Anu Ravi Jain	Director	Favour
Mr. Pankaj Binod Fitkariwala	Director	Favour
Mr. Umang Jagmohan Papneja	Director	Favour

**9. Rationale of the Scheme**

- 9.1. 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.
- 9.2. 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.
- 9.3. Accordingly, the Demerged Company/ Transferee Company 1 proposes to re-organize and segregate, by way of a composite scheme of arrangement, its 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.
- 9.4. 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.

- 9.5. 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.

**10. Description of the Scheme**

- A. This Scheme provides for:
- a) the demerger, transfer and vesting of the Demerged Undertakings (*as defined in the Scheme*) from the Demerged Company to the Resulting Companies (*as defined in the Scheme*) on a going concern basis, and the consequent issue of shares by the Resulting Companies (*as defined in the Scheme*) in the manner set out in this Scheme (*as defined in the Scheme*) and other applicable provisions of Applicable Law;
  - b) the amalgamation of the Transferor Company 1 with the Transferee Company 1 and amalgamation of the Transferor Company 2 with the Transferee Company 1, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law;
  - c) The transfer of Broking and Depository Participant Business from Transferor Company 3 to Transferee Company 2, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law; and
  - d) the reduction of the share capital of the Resulting Companies in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.
- B. Appointed Date for the amalgamation of the Transferor Company 1 with the Transferee Company 1 is 1 April 2017 and the Appointed Date for all other transactions contemplated in the Scheme is 1 April 2018.
- C. Share Exchange Ratio
- a) For the amalgamation of the Transferor Company 1 with the Transferee Company 1  
No shares shall be issued by the Transferee Company 1 as the Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1.
  - b) For the transfer and vesting of the Securities Business Undertaking from the Demerged Company into the Resulting Company 1  
For every 1 (One) fully paid equity share of ₹ 2 each held in the Demerged Company; 1 (One) fully paid equity share of ₹ 2 each of the Resulting Company 1.
  - c) For the transfer and vesting of the Wealth Business Undertaking from the Demerged Company into the Resulting Company 2  
For every 7 (Seven) fully paid equity share of ₹ 2 each held in the Demerged Company; 1 (One) fully paid equity share of ₹ 2 each of the Resulting Company 2.
  - d) For the amalgamation of the Transferor Company 2 with the Transferee Company 1  
For every 100 (One hundred) fully paid equity shares of ₹ 10 each held in the Transferor Company 2; 135 (One Hundred and Thirty Five) fully paid equity shares of ₹ 2 each of the Transferee Company 1.
  - e) For the transfer and vesting of the Broking and Depository Participant Business Undertaking from the Transferor Company 3 into the Transferee Company 2  
The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to ₹ 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only)

**NOTE: THE FEATURES/ DETAILS SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET THEMSELVES FULLY AQUAINTED WITH THE PROVISIONS THEREOF.**

11. Observation Letters dated 14 September 2018 and 28 September 2018 from BSE conveying no objection to the Scheme and Observation Letters dated 11 September 2018 and 27 September 2018 from NSE conveying no objection to the Scheme are enclosed herewith as **Annexure**

**C-I and C-II.** Complaints Report dated 12 April 2018 submitted by the Company to BSE and Complaints Report dated 12 April 2018 submitted by the Company to NSE are enclosed herewith as **Annexure D-I and D-II.**

12. The unaudited Financial Results of the Demerged Company, Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2, and Transferee Company 2 for the period ended 30 September 2018 are enclosed as **Annexure E-I to E-VI.**
13. Pre and post-shareholding pattern of the Demerged Company, Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2, and Transferee Company 2 is enclosed as **Annexure F-I to F-VI.**
14. The applicable information of the Resulting Company 1 in the format specified for the abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed as **Annexure G-I.**
15. The applicable information of the Resulting Company 2 in the format specified for the abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed as **Annexure G-II.**
16. The applicable information of the Transferor Company 2 in the format specified for the abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is enclosed as **Annexure G-III.**
17. The Summary of Share entitlement and share exchange ratio report is enclosed herewith as **Annexure H.**
18. Amounts due to unsecured creditors as on 30 September 2018

Demerged Company	
Number	Amount (₹)
23	435,551

Transferor Company 1	
Number	Amount (₹)
29	242,760

Resulting Company 1	
Number	Amount (₹)
403	9,88,18,88,460

Resulting Company 2	
Number	Amount (₹)
39	1,06,66,58,145

Transferor Company 2	
Number	Amount (₹)
382	1,82,74,121

Transferee Company 2	
Number	Amount (₹)
7	78,56,753

19. Effect of the Scheme on various parties

**A. Key Managerial Personnel (KMPs) and Directors**

*None of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Demerged Company, Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2 and Transferee Company 2 and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares and employee stock options held by them in the Demerged Company and other parties to the Scheme and/or to the extent that the said Director(s) are common director(s) of the said companies and/or to the extent that the Key Managerial Personnel is holding shares in said companies as a nominee and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective companies. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.*

Details of shares held by the present Directors and KMPs of the Demerged Company, Transferor Company 2, Resulting Company 1, Resulting Company 2 and Transferee Company 2 either individually or jointly as a first holder or second holder or as a nominee and by their relatives, in the respective companies are as under:

**Demerged Company**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company
1.	Mr. Kranti Sinha	Independent Director	1,15,000
2.	Mr. Nirmal Bhanwarlal Jain	Wholetime Director	4,79,52,000
3.	Mr. R Venkataraman	Managing Director	1,09,09,432
4.	Mr. A K Purwar	Independent Director	95,000
5.	Mr. Nilesh Vikamsey	Independent Director	1,65,000
6.	Mr. Prabodh Agrawal	Chief Financial Officer	27,31,019
7.	Mr. Gajendra Thakur	Company Secretary	3,000
8.	Mr. Bhanwarlal Pyarchand Jain	Relative	2,15,000
9.	Mr. Mansukhlal Jain	Relative	1,50,000
10.	Ms. Sangeeta Jain	Relative	6,59,957
11.	Ms. Pushpa Jain	Relative	2,59,500

**Note:** None of the Directors of the Demerged Company have any interest in any other entity which is a party to the Scheme

**Transferor Company 1**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company
1.	Mr. Amar Kirti Ambani*	Non-Executive Director	3,75,055
2.	Mr. Narendra Deshmal Jain	Non-Executive Director	56,500
3.	Mr. Anil Mascarenhas	Non-Executive Director	84,401

\* Mr. Amar Kirti Ambani resigned as Non-Executive Director w.e.f. 30 October 2018.

**Notes:**

1. The above list only includes information of directors/ KMPs of the Transferor Company 1 who are not directors/ KMPs of the Demerged Company and whose information is not captured in the details given for the Demerged Company.
2. The above shareholding does not include shares held as nominee.

**Transferor Company 2**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company
1.	Mr. Sumit Bali	Wholetime Director & CEO	4,900
2.	Mrs. Meeta Bali	Relative of Director	670

**Notes:**

1. The above list only includes information of directors/ KMPs of the Transferor Company 2 who are not directors/ KMPs of the Demerged Company and whose information is not captured in the details given for the Demerged Company.
2. The above shareholding does not include shares held as nominee.

**Resulting Company 1**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company
1.	Mr. Mohan Radhakrishnan	Wholetime Director	1,00,000
2.	Mr. Narendra Deshmal Jain	Non-Executive Director	56,500
3.	Mr. Aniruddha Dange	Wholetime Director	17,72,631
4.	Mr. Jayesh Upadhyay	Company Secretary	300

**Notes:**

- The above list only includes information of directors/ KMPs of the Resulting Company 1 who are not directors/ KMPs of the Demerged Company and whose information is not captured in the details given for the Demerged Company.
- The above shareholding does not include shares held as nominee.

**Resulting Company 2**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company	Number of equity shares held as on 30 September 2018 in the Resulting Company 2
1.	Mr. Sandeep Achyut Naik	Nominee Director	Nil	Nil
2.	Mr. Karan Bhagat	Managing Director	Nil	59,91,875
3.	Mr. Yatin Shah	Wholetime Director	Nil	33,10,526
4.	Ms. Geeta Mathur	Independent Director	Nil	Nil
5.	Mr. Amit Nitin Shah	Non-Executive Director	Nil	15,68,421
6.	Mr. Shantanu Rastogi	Nominee Director	Nil	Nil
7.	Mrs. Ami Yatin Shah (Spouse of Mr. Yatin Shah)	Relative of Director	4,000	Nil
8.	Mr. Prakash Chunilal Shah (Father of Mr. Yatin Shah)	Relative of Director	25,000	Nil
9.	Yatin Prakash Shah HUF	Relative of Director	80,000	Nil
10.	Yatin Investments (Yatin Shah is Partner of the firm)	Relative of Director	44,939	Nil
11.	Ashutosh Naik	Company Secretary	Nil	8,000
12.	Mihir Nanavati	Chief Financial Officer	Nil	Nil

**Notes:**

- The above list only includes information of directors/ KMPs of the Resulting Company 2 who are not directors/ KMPs of the Demerged Company and whose information is not captured in the details given for the Demerged Company.
- The above shareholding does not include shares held as nominee.

**Transferee Company 2**

Sr. No.	Name of the Director/ KMPs and relatives of directors and KMPs	Designation	Number of equity shares held as on 30 September 2018 in the Demerged Company	Number of equity shares held as on 30 September 2018 in the Resulting Company 2
1.	Ms. Anu Ravi Jain	Director	Nil	92,856
2.	Ms. Tanu Anand (Sister of Ms. Anu Ravi Jain)	Relative of Director	3,999	Nil
3.	Mr. Pankaj Binod Fitkariwala	Director	21,000	1,58,522
4	Mr. Umang Jagmohan Papneja	Director	6,000	3,05,482

**Notes:**

1. The above list only includes information of directors/ KMPs of the Resulting Company 2 who are not directors/ KMPs of the Demerged Company and whose information is not captured in the details given for the Demerged Company.
2. The above shareholding does not include shares held as nominee.

**B. Promoter and Non-Promoter Equity Shareholders of the Demerged Company, Transferor Company 1, Resulting Company 1, Resulting Company 2, Transferor Company 2 and Transferee Company 2**

In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the Demerged Company and the Resulting Company, in their meetings held on 31 January 2018 have adopted a report, *inter alia*, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders amongst others. Copy of the reports adopted by the respective Board of Directors of the Demerged Company and the Resulting Company are enclosed as **Annexure I-I to I-VI**.

**C. Depositors**

Neither of the Parties to the Scheme have accepted any deposits.

**D. Creditors & Debenture-Holders**

The proposed Scheme does not involve any compromise or arrangement with the creditors, debenture holders or debenture trustee. The rights of the creditors, debenture holders or debenture trustee shall not be affected by the Scheme. There will be no reduction in their claims on account of the Scheme. The creditors will be paid in the ordinary course of business as and when their dues are payable. There is no likelihood that the creditors would be prejudiced in any manner as a result of the Scheme being sanctioned.

**E. Employees**

Demerger of Securities Business Undertaking and Wealth Business Undertaking

With effect from the Effective Date, the respective Resulting Companies undertake to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Securities Business Undertaking and Wealth Business Undertaking (“**Employees**”), on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The respective Resulting Companies undertake to continue to abide by any agreement/settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the Employees or union representing them in relation to the Securities Business Undertaking and Wealth Business Undertaking. The respective Resulting Companies agree that the services of all such Employees with the Demerged Company prior to the demerger shall be considered for the purposes of all existing benefits to which the said Employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity, leave encashment and other retirement/terminal benefits. The decision on whether or not an employee is part of the Securities Business Undertaking and Wealth Business Undertaking shall be decided by the Board of the Demerged



Company and shall be final and binding on all concerned.

Amalgamation of Transferor Company 1 and Transferor Company 2

With effect from the Effective Date, all employees of the Transferor Company 1 and Transferor Company 2 in service on the Effective Date, shall be deemed to have become employees of the Transferee Company 1 with effect from the Appointed Date 1 or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company 1 shall not be less favourable than those applicable to them with reference to the Transferor Company 1 on the Effective Date. The Transferee Company 1 undertakes to continue to abide by any agreement/ settlement, if any, validly entered into by the Transferor Company 1 and Transferor Company 2 with any union/employee of the Transferor Company 1 and Transferor Company 2, as the case may be. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company 1 and Transferor Company 2, are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company 1 or to be established and caused to be recognized by the appropriate authorities, by the Transferee Company 1.

Transfer of Broking and Depository Participant Business

All employees of the Transferor Company 3 in service on the Effective Date, engaged in or in relation to the Broking and Depository Participant Business Undertaking, shall be deemed to have become employees of the Transferee Company 2, with effect from the Appointed Date 2 or their respective joining date, whichever is later, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company 3. The Transferee Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 3 with any of the aforesaid employees or union representing them. The Transferee Company 2 agrees that the services of all such employees with the Transferor Company 3 prior to the transfer shall be considered for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Broking and Depository Participant Business Undertaking, be decided by the Transferor Company 3, and shall be final and binding on all concerned.

**20. Capital Structure pre and post Scheme**

**Pre Scheme capital structure**

The Pre-Scheme capital structure of the Demerged Company, Transferor Company 1, Transferor Company 2, Resulting Company 1, Resulting Company 2 and Transferee Company 2 is detailed in clause 7 above.

**Post Scheme capital structure**

Demerged Company

The Post-Scheme capital structure of the Demerged Company considering the capital structure as on the date of issuance of this notice shall be as follows:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
2,35,52,50,000 equity shares of ₹ 2 each	4,71,05,00,000
50,00,00,000 preference shares of ₹ 10 each	5,00,00,00,000
<b>Total</b>	<b>9,71,05,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
37,76,98,328 equity shares of ₹ 2 each fully paid up	75,53,96,656
<b>Total</b>	<b>75,53,96,656</b>

Resulting Company 1

The Post-Scheme capital structure of the Resulting Company 1 considering the capital structure as on the date of issuance of this notice shall be as follows:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
50,00,00,500 equity shares of ₹ 2 each	1,00,00,01,000
<b>Total</b>	<b>1,00,00,01,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
319,064,647 equity shares of ₹ 2 each fully paid up	6,38,129,294
<b>Total</b>	<b>6,38,129,294</b>

Resulting Company 2

The Post-Scheme capital structure of the Resulting Company 2 considering the capital structure as on the date of issuance of this notice shall be as follows:

SHARE CAPITAL	In ₹
<b>Authorised Share Capital</b>	
10,00,00,000 equity shares of ₹ 2 each	20,00,00,000
<b>TOTAL:</b>	<b>20,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
8,50,78,064 equity shares of ₹ 2 each	17,01,56,128
<b>TOTAL:</b>	<b>17,01,56,128</b>

Upon the Scheme coming into effect, the Transferor Company 1 and Transferor Company 2 shall be dissolved without winding up.

There shall be no change in the share capital of the Transferee Company 2 pursuant to the Scheme.

**21. Investigation or proceedings, if any, pending against the Company under the Companies Act, 2013**

No investigation proceedings have been instituted or are pending in relation to the Demerged Company under Sections 210 to 229 of Chapter XIV of the Act or under the corresponding provisions of the Act of 1956. Further, No proceedings are pending under the Act or under the corresponding provisions of the Act of 1956 against any of the aforementioned companies.

To the knowledge of the Demerged Company, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.

**22. Approvals/Sanctions/ No-Objections from Regulatory or any Governmental Authorities**

Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:

- i. obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
- ii. approval of the Scheme by the requisite majority of each class of shareholders and creditors of the Transferor Companies (as defined in the Scheme), the Transferee Companies (as defined in the Scheme), the Demerged Company, and the Resulting Companies (as defined in the Scheme) and such other classes of persons of the said

- Companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal (as defined in the Scheme);
- iii. the Parties, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders, of the Demerged Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
  - iv. the sanctions and orders of the Tribunal, under Sections 230 to 232 read with Section 66 of the Act being obtained by the Transferor Companies, the Transferee Companies, the Demerged Company and the Resulting Companies;
  - v. certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and
  - vi. The requisite consent, approval or permission of Appropriate Authority including SEBI, Stock Exchanges, depositories etc. or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

### **23. Inspection**

The following documents will be open for inspection by the shareholders of the Resulting Company at its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 between 10:00 a.m. and 5:00 p.m. on all working days (except Saturdays/Sundays and Public Holidays) up to the date of the meeting:

- i. Copy of the order passed by NCLT in Company Application 1148 of 2018, dated 22 October 2018 directing the Demerged Company to, inter alia, convene the meetings of its equity shareholders;
- ii. Copy of the Memorandum and Articles of Association of all the companies;
- iii. Copy of the annual reports of all the companies for the financial year ended 31st March 2018;
- iv. Copy of the Statutory Auditors' certificate of the Demerged Company dated 8 March 2018 issued by M/s. Deloitte Haskins and Sells, LLP, Chartered Accountants, to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- v. Copy of the Statutory Auditors' certificate of the Resulting Company 1 dated 21 September 2018 issued by M/s. V Sankar Aiyar and Co., Chartered Accountants, to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- vi. Copy of the Statutory Auditors' certificate of the Resulting Company 2 dated 23 March 2018 issued by M/s. Deloitte Haskins and Sells, LLP, Chartered Accountants, to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- vii. Copy of the Statutory Auditors' certificate of the Transferee Company 2 dated 23 March 2018 issued by M/s. Deloitte Haskins and Sells, LLP, Chartered Accountants, to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013; and
- viii. Copy of the Scheme.

## Notice of Meeting of the Equity Shareholders

24. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy shall be furnished by the Demerged Company to its shareholders, free of charge, within one (1) working day (except Saturdays/Sundays/public holidays) on a requisition being so made for the same by the shareholders of the Demerged Company.
25. After the Scheme is approved by the equity shareholders, of the Resulting Companies and Transferor Companies, it will be subject to the approval/sanction by NCLT.

Dated this 6 November 2018

S/d

Nirmal Jain

**Chairperson appointed for the Meeting**

**DIN: 00010535**

**Registered office:** IIFL House, Sun Infotech Park,  
Road No. 16V, Plot No. B-23, Thane Industrial Area,  
Wagle Estate, Thane – 400 604

**COMPOSITE SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF**  
**THE COMPANIES ACT, 2013**  
**AMONGST**  
**IIFL HOLDINGS LIMITED**  
**AND**  
**INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED**  
**AND**  
**IIFL SECURITIES LIMITED**  
**AND**  
**IIFL WEALTH MANAGEMENT LIMITED**  
**AND**  
**INDIA INFOLINE FINANCE LIMITED**  
**AND**  
**IIFL DISTRIBUTION SERVICES LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS**

**A. BACKGROUND OF THE COMPANIES**

- (i) **IIFL Holdings Limited**, the “**Demerged Company**” or “**Transferee Company 1**”, is a public listed company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number L74999MH1995PLC093797. The Demerged Company is engaged, *inter alia*, in 1) Securities Business comprising the investment banking business. The Company’s investment banking business works closely with companies across their lifecycle offering a gamut of services ranging from equity capital markets, private equity, and M&A advisory services. The investment banking division works closely with companies to identify their funding needs and enables its clients to raise funds effectively through a variety of products such as IPOs, qualified institutions placements/preferential allotment, rights issues, FPOs and private/public placement of debt. The Company also advises unlisted companies in raising capital through private equity advisory services and strategic advisory services which involves placements, deal structuring and closure. The Securities Business also includes insurance broking, securities and commodities broking, real estate broking and advisory and portfolio management services business carried on through various subsidiaries; 2) Wealth Business includes the investment advisory business of the Demerged Company of providing investment advice to clients or other persons or group of persons relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products and also includes wealth management services provided to high net worth individuals and corporate clients and media content advisory carried on through its subsidiaries; and 3) loan and mortgage business carried on through its subsidiaries.
- (ii) **India Infoline Media & Research Services Limited**, the “**Transferor Company 1**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U93090MH2006PLC165592. The Transferor Company 1 is engaged, *inter alia*, in the business of online distribution of media content. It is also focussed on research which provides media content advisory support to the broking, commodities, mutual fund and portfolio management services business. The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1.
- (iii) **IIFL Securities Limited**, the “**Resulting Company 1**”, is an unlisted public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U99999MH1996PLC132983. The Resulting Company 1 is one of the leading players in the financial services sector offering equity and currency broking, depository participant, portfolio management, distribution of mutual funds, bonds and other saving products. The Resulting Company 1 is a member of BSE Limited, National Stock Exchange of India Limited and Metropolitan Stock Exchange of India Limited. It is also registered with NSDL and CDSL as a depository participant, providing a one stop solution for clients trading in equities market. The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company.
- (iv) **IIFL Wealth Management Limited**, the “**Resulting Company 2**” or “**Transferor Company 3**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U74140MH2008PLC177884. The Resulting Company 2 is registered as portfolio manager with Securities and Exchange Board of India since May 2008 and registered as a distributor of mutual funds with Association of Mutual Funds in India since March

2008. The Resulting Company 2 provides 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 & debt instruments. The Resulting Company 2 is a subsidiary of the Demerged Company.

- (v) **India Infoline Finance Limited**, the “**Transferor Company 2**”, is a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U67120MH2004PLC147365. The Transferor Company 2 is registered with the Reserve Bank of India as a Systemically Important Non-Banking Financial Company not accepting public deposits (NBFC-ND-SI). The Transferor Company 2 offers 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. The debentures of the Transferor Company 2 are listed on the Stock Exchanges.
- (vi) **IIFL Distribution Services Limited**, the “**Transferee Company 2**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U45201MH1995PLC228043. The Transferee Company 2 is engaged, *inter alia*, in the business of distribution of mutual funds and in providing manpower services to its associate companies. The Transferee Company 2 is a wholly owned subsidiary of the Transferor Company 3.

## B. OVERVIEW AND OPERATION OF THIS SCHEME

This Scheme provides for:

- (i) the demerger, transfer and vesting of the Demerged Undertakings (*as defined hereinafter*) from the Demerged Company to the Resulting Companies (*as defined hereinafter*) on a going concern basis, and the consequent issue of shares by the Resulting Companies (*as defined hereinafter*) in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) the amalgamation of the Transferor Company 1 with the Transferee Company 1 and amalgamation of the Transferor Company 2 with the Transferee Company 1, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law;
- (iii) The transfer of Broking and Depository Participant Business from Transferor Company 3 to Transferee Company 2, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law; and
- (iv) the reduction of the share capital of the Resulting Companies in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

**C. PARTS OF THIS SCHEME**

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme and the share capital of the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies;
- (ii) **PART II** deals with the amalgamation of the Transferor Company 1 with the Transferee Company 1;
- (iii) **PART III** deals with the transfer and vesting of the Securities Business Undertaking from the Demerged Company into the Resulting Company 1 and the consideration thereof;
- (iv) **PART IV** deals with the transfer and vesting of the Wealth Business Undertaking from the Demerged Company into the Resulting Company 2 and the consideration thereof;
- (v) **PART V** deals with the amalgamation of the Transferor Company 2 with the Transferee Company 1;
- (vi) **PART VI** deals with the transfer of the Broking and Depository Participant Business from the Transferor Company 3 to the Transferee Company 2;
- (vii) **PART VII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 1 held by the Demerged Company;
- (viii) **PART VIII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 2 held by the Demerged Company; and
- (ix) **PART IX** deals with the general terms and conditions that would be applicable to this Scheme.

**D. RATIONALE FOR THIS SCHEME**

- (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, its 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.

## PART I

### DEFINITIONS AND SHARE CAPITAL

#### 1. DEFINITIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the meanings ascribed hereunder:

**"Act"** means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time;

**"Appointed Date 1"** means opening of business hours of 1 April 2017;

**"Appointed Date 2"** means opening of business hours of 1 April 2018;

**"Applicable Law"** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of Demerged Company;

**“Appropriate Authority”** means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (*as defined hereinafter*), RBI (*as defined hereinafter*), the Tribunal (*as defined hereinafter*); and
- (d) any Stock Exchange.

**“Board”** in relation to each of Resulting Companies, Transferor Companies and Transferee Companies, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to the amalgamation, transfer and demerger, this Scheme or any other matter relating thereto;

**“Broking and Depository Participant Business Undertaking”** means all the retail broking, research analyst and securities trading and depository participant business and ancillary and support services in relation thereto of the Transferor Company 3 together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Transferor Company 3, in relation to and pertaining to the broking and depository participant business and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages,

- benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Company 3 in relation to and pertaining to the broking and depository participant business;
- (b) registrations and memberships of the Transferor Company 3 with BSE Limited, and National Stock Exchange of India Limited and the stock broking, depository participant and the research analyst license. It shall also include any and all memberships and registrations of the Transferor Company 3 in relation to and pertaining to the broking and depository participant business;
  - (c) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Transferor Company 3 in relation to and pertaining to the broking and depository participant business;
  - (d) all contracts, agreements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description including all client registration forms/ KYC/ POA, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the broking and depository participant business;
  - (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Transferor Company 3 in relation to and pertaining to the broking and depository participant business; and
  - (f) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the broking and depository participant business of the Transferor Company 3.

It is clarified that the question of whether a specified asset or liability pertains to the Broking and Depository Participant Business Undertaking or arises out of the activities or operations of Broking and Depository Participant Business Undertaking shall be decided by the Board of the Transferor Company 3.

**“Demerged Company”** or **“Transferee Company 1”** means IIFL Holdings Limited, a public listed company incorporated under the provisions of the Indian Companies Act, 1956 under the corporate identity number L74999MH1995PLC093797 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;

**“Demerged Undertakings”** means collectively, the Securities Business Undertaking and the Wealth Business Undertaking;

**“Effective Date”** means the day on which the last of the approvals/ conditions specified in Clause 56 (Conditions Precedent) of this Scheme are obtained or complied with. Reference in

this Scheme to the date of “**coming into effect of this Scheme**” or “**effectiveness of this Scheme**” shall mean the Effective Date;

“**Encumbrance**” means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term “**Encumber**” shall be construed accordingly;

“**EPF Act**” means the Employees Provident Fund and Miscellaneous Provisions Act, 1952;

“**IIFL ESOS**” means the Employee Stock Option Scheme 2007 and 2008 of the Demerged Company framed under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and aligned with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

“**India Infoline Finance ESOP**” means the Employee Stock Option Plan – 2015 of the Transferor Company 2;

“**INR**” means Indian Rupee, the lawful currency of the Republic of India;

“**IT Act**” means the Income Tax act, 1961;

“**Parties**” shall mean collectively the Demerged Company, the Resulting Companies, Transferor Companies and the Transferee Companies and “**Party**” shall mean each of them, individually;

“**Permits**” means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law and includes approvals of Stock Exchanges, SEBI, depositories, Association of Mutual Funds of India, Insurance Regulatory and Development Authority and such other authority or body for carrying out activities of stock broker, trading member, portfolio manager, depository participant, mutual fund distributor etc.;

“**Person**” means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

“**RBI**” means the Reserve Bank of India;

“**Record Date**” means the date to be fixed by the Board of the Demerged Company/ Transferee Company 1 in consultation with the respective Resulting Companies for the purpose of determining the shareholders of the Demerged Company/ Transferee Company 1 for issue of the equity shares, pursuant to this Scheme. It is clarified that different Record Dates could be declared for different parts of the Scheme;

“**Remaining Business**” means all the business, units, divisions, undertakings and assets and

liabilities of the Demerged Company other than those forming part of the Demerged Undertakings. It is clarified that post transfer of the Securities Business Undertaking and the Wealth Business Undertaking and prior to the amalgamation of the Transferor Company 2 with the Transferee Company 1, the Remaining Business shall constitute only the loan and mortgage business carried on by the Demerged Company through its subsidiary, the Transferor Company 2;

**“Resulting Companies”** means collectively, the Resulting Company 1 and Resulting Company 2;

**“Resulting Company 1”** means IIFL Securities Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U99999MH1996PLC132983, 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. The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company;

**“Resulting Company 2”** or **“Transferor Company 3”** means IIFL Wealth Management Limited, a public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U74140MH2008PLC177884 having its registered office at IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel, Mumbai 400013. The Resulting Company 2 is a subsidiary of the Demerged Company;

**“RoC”** means the Registrar of Companies, Mumbai having jurisdiction over the Demerged Company, the Resulting Companies, Transferor Companies and Transferee Companies as the case may be;

**“Scheme”** means this composite scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal;

**“SEBI”** means the Securities and Exchange Board of India;

**“SEBI Circular”** shall mean the circular issued by the SEBI, being Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;

**“Securities Business Undertaking”** means all the securities and investment banking business (including such trademarks listed in Schedule 1) and ancillary and support services in relation thereto of the Demerged Company together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation to and pertaining to the securities and merchant banking business and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate/ subsidiary/ joint venture companies (except investment in Transferor Company 1, Resulting Company 2 and Transferor Company 2), furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of

intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the securities and investment banking business;

- (b) registrations and memberships of the Demerged Company in relation to and pertaining to the securities and investment banking business including the merchant banking license with SEBI;
- (c) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the securities and investment banking business;
- (d) all contracts, agreements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the securities and investment banking business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the securities and investment banking business; and
- (f) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the securities and investment banking business.

It is clarified that the question of whether a specified asset or liability pertains to the Securities Business Undertaking or arises out of the activities or operations of Securities Business Undertaking shall be decided by the Board of the Demerged Company.

**“Stock Exchanges”** means BSE Limited (“BSE”) and National Stock Exchange of India Limited

(“**NSE**”), as the case may be;

“**Taxation**” or “**Tax**” or “**Taxes**” means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company, the Resulting Companies, the Transferor Company or the Transferee Company or any other Person and all penalties, charges, costs and interest relating thereto;

“**Tax Laws**” means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

“**Transferee Companies**” means the Transferee Company 1 and the Transferee Company 2;

“**Transferee Company 2**” means IIFL Distribution Services Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity number U45201MH1995PLC228043 and having its registered office at IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel, Mumbai 400013. The Transferee Company 2 is a wholly owned subsidiary of the Resulting Company 2;

“**Transferor Companies**” means the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3;

“**Transferor Company 1**” means India Infoline Media & Research Services Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity 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;

“**Transferor Company 2**” means India Infoline Finance Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity 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, Maharashtra 400051. The Transferor Company 2 is a subsidiary of the Demerged Company;

“**Tribunal**” means the Mumbai Bench of the National Company Law Tribunal having jurisdiction over the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies, as the case may be; and

“**Wealth Business Undertaking**” means the investment advisory and media and research business and ancillary and support services in relation thereto of the Demerged Company together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation thereto and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or

intangible) of whatsoever nature, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the investment advisory and media and research business;

- (b) registrations and memberships of the Demerged Company pertaining to the investment advisory and media and research business including the investment advisory license with SEBI;
- (c) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the investment advisory and media and research business;
- (d) all contracts, agreements, purchase orders/ service orders, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description including all client registration forms/ KYC/ POA, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the investment advisory and media and research business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the investment advisory and media and research business; and
- (f) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the investment advisory and media and research business.

It is clarified that the question of whether a specified asset or liability pertains to the Wealth Business Undertaking or arises out of the activities or operations of Wealth Business



Undertaking shall be decided by the Board of the Demerged Company.

- 1.2 In this Scheme, unless the context otherwise requires:
- 1.2.1 words denoting singular shall include plural and vice versa;
  - 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
  - 1.2.3 references to the word “include” or “including” shall be construed without limitation;
  - 1.2.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
  - 1.2.5 unless otherwise defined, the reference to the word “days” shall mean calendar days;
  - 1.2.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
  - 1.2.7 word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.

## 2. SHARE CAPITAL

- 2.1 The share capital of the Demerged Company/ Transferee Company 1 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
600,000,000 equity shares of INR 2 each	1,200,000,000
<b>Total</b>	<b>1,200,000,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
318,475,556 equity shares of INR 2 each	636,951,112
<b>Total</b>	<b>636,951,112</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company/ Transferee Company 1 till the date of approval of the Scheme by the Board of the Demerged Company/ Transferee Company 1.

The Demerged Company/ Transferee Company 1 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company/ Transferee Company 1.

The equity shares of the Demerged Company/ Transferee Company 1 are listed on Stock Exchanges.

2.2 The share capital of the Transferor Company 1 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
50,000 equity shares of INR 10 each	500,000
36,000,000 preference shares of INR 10 each	360,000,000
<b>Total</b>	<b>360,500,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
50,000 equity shares of INR 10 each	500,000
<b>Total</b>	<b>500,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 1 till the date of approval of the Scheme by the Board of the Transferor Company 1.

The Transferor Company 1 is a wholly owned subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Transferor Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

2.3 The share capital of the Resulting Company 1 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
20,000,100 equity shares of INR 10 each	200,001,000
<b>Total</b>	<b>200,001,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
18,718,281 equity shares of INR 10 each	187,182,810
<b>Total</b>	<b>187,182,810</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 1 till the date of approval of the Scheme by the Board of the Resulting Company 1.

The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Resulting Company 1 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Resulting Company 1 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company 1.

- 2.4 The share capital of the Resulting Company 2/ Transferor Company 3 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
85,000,000 equity shares of INR 2 each	170,000,000
<b>Total</b>	<b>170,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
79,753,463 equity shares of INR 2 each	159,506,926
<b>Total</b>	<b>159,506,926</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 2/ Transferor Company 3 till the date of approval of the Scheme by the Board of the Resulting Company 2/ Transferor Company 3.

The Resulting Company 2/ Transferor Company 3 is a subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Resulting Company 2/ Transferor Company 3 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Resulting Company 2/ Transferor Company 3 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company 2/ Transferor Company 3.

- 2.5 The share capital of the Transferor Company 2 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
300,000,000 equity shares of INR 10 each	3,000,000,000
1,999,600 equity shares of INR 100 each	199,960,000
400 preference shares of INR 100 each	40,000
575,000,000 preference shares of INR 10 each	5,750,000,000
<b>Total</b>	<b>8,950,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
237,378,672 equity shares of INR 10 each	2,373,786,720
4,33,34,409 0.01% compulsorily convertible preference shares of INR 10 each	433,344,090
<b>Total</b>	<b>2,807,130,810</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company 2 till the date of approval of the Scheme by the Board of the Transferor Company 2.

The Transferor Company 2 is a subsidiary of the Demerged Company/ Transferee Company 1. The equity shares of the Transferor Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

The Transferor Company 2 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferor Company 2.

2.6 The share capital of the Transferee Company 2 as on 30 January 2018 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
10,000 equity shares of INR 100 each	1,000,000
<b>Total</b>	<b>1,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
5,120 equity shares of INR 100 each	512,000
<b>Total</b>	<b>512,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company 2 till the date of approval of the Scheme by the Board of the Transferee Company 2.

The Transferee Company 2 is a wholly owned subsidiary of the Transferor Company 3/ Resulting Company 2. The equity shares of the Transferee Company 2 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

### **3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME**

3.1 This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 55 of this Scheme duly approved or imposed or directed by the Tribunal shall be effective from the Appointed Date 1 or Appointed Date 2, as the case may be, but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes the respective parts of the Scheme would be effective from the Appointed Date 1 or the Appointed Date 2, as the case may be, of this Scheme. Notwithstanding the above, the accounting treatment to be adopted (as set out under the Scheme) to give effect to the provisions of the Scheme would be in consonance with applicable accounting standards including Indian Accounting Standards 103 ("**Ind AS 103**"), as may be applicable, and the mere adoption of such accounting treatment will not in any manner affect the transfer and vesting from the Appointed Date 1 or the Appointed Date 2, as the case may be, and set out in the respective parts of the Scheme.

## **PART II**

### **AMALGAMATION OF TRANSFEROR COMPANY 1 WITH TRANSFEE COMPANY 1**

#### **4. TRANSFER OF ASSETS AND LIABILITIES**

4.1 With effect from the Appointed Date 1 and subject to the provisions of this Scheme and pursuant to Section 232 of the Act and Section 2(1B) of the IT Act, the Transferor Company 1

shall stand amalgamated with the Transferee Company 1 as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company 1 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company 1, so as to become as and from the Appointed Date 1, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company 1 by virtue of, and in the manner provided in this Scheme.

4.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon Part II of the Scheme becoming effective and with effect from the Appointed Date 1:

4.2.1 with respect to the assets of the Transferor Company 1 that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company 1 by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company 1 as on the Appointed Date 1;

4.2.2 subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company 1, other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company 1 shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company 1, with effect from the Appointed Date 1, by operation of law as transmission or as the case may be in favour of Transferee Company 1;

4.2.3 all debts, liabilities, duties and obligations (debentures, bonds, notes or other debt securities) of the Transferor Company 1 shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company 1, so as to become on and from the Appointed Date 1, the debts, liabilities, duties and obligations of the Transferee Company 1 on the same terms and conditions as were applicable to the Transferor Company 1, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 4;

4.2.4 the vesting of the entire undertaking of the Transferor Company 1, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company 1 or part thereof on or over which they are subsisting on and vesting of such assets in Transferee Company 1 and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 1. Any reference in any security documents or arrangements (to which Transferor Company 1 is a party) related to any assets of Transferor Company 1 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company 1. Similarly, Transferee

Company 1 shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferor Company 1 shall not extend or be deemed to extend or apply to the assets so vested;

- 4.2.5 Taxes, if any, paid or payable by the Transferor Company 1 after the Appointed Date 1 shall be treated as paid or payable by the Transferee Company 1 and the Transferee Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 4.2.6 if the Transferor Company 1 is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the Transferee Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be automatically without any specific approval or permission;
- 4.2.7 upon Part II of the Scheme becoming effective, the Transferor Company 1 and / or the Transferee Company 1 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme;
- 4.2.8 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 1, shall, if so required by the Transferee Company 1, issue notices in such form as the Transferee Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 1, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1, to recover or realise the same, stands transferred to the Transferee Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.9 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 1 has been replaced with that of the Transferee Company 1, the Transferee Company 1 shall be entitled to maintain and operate the bank accounts of the Transferor Company 1 in the name of the Transferor Company 1 and for such time as may be determined to be necessary by the Transferee Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 1 after the Effective Date shall be accepted by the bankers of the Transferee Company 1 and credited to the account of the Transferee Company 1, if presented by the Transferee Company 1; and
- 4.2.10 without prejudice to the foregoing provisions of Clause 4.2, and upon the effectiveness of Part II of the Scheme, the Transferor Company 1, and the Transferee Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee

Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.

## **5. PERMITS**

With effect from the Appointed Date 1, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 1, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and be available to, the Transferee Company 1 so as to become as and from the Effective Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 1 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Appointed Date 1 and until the Permits are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company 1, the Transferee Company 1 is authorized to carry on business in the name and style of the Transferor Company 1 and under the relevant license and/or permit and/or approval, as the case may be, and the Transferee Company 1 shall keep a record and/or account of such transactions.

## **6. CONTRACTS**

- 6.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, subsisting or having effect on or immediately before the Appointed Date 1, to which the Transferor Company 1 is a party shall remain in full force and effect against or in favour of the Transferee Company 1 and shall be binding on and be enforceable by and against the Transferee Company 1 as fully and effectually as if the Transferee Company 1 had at all material times been a party thereto. The Transferee Company 1 will, if required, enter into novation agreement(s) in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above. Any *inter-se* contracts between the Transferor Company 1 on the one hand and the Transferee Company 1 on the other hand shall stand cancelled and cease to operate upon the effectiveness of Part II of this Scheme.
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the assets and liabilities of the Transferor Company 1 occurs by virtue of this Scheme, the Transferee Company 1 may, at any time after Part II of the Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 1 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Transferee Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 1 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 1.
- 6.3 On and from the Effective Date, and thereafter, the Transferee Company 1 shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 1 in the name of the Transferor Company 1 in so far as may be necessary until the transfer of rights and obligations of the

Transferor Company 1, to the Transferee Company 1 under this Scheme has been given effect to under such contracts and transactions.

## **7. EMPLOYEES**

- 7.1 On Part II of the Scheme becoming effective, all employees of the Transferor Company 1 in service on the Effective Date, shall be deemed to have become employees of the Transferee Company 1 with effect from the Appointed Date 1 or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company 1 shall not be less favourable than those applicable to them with reference to the Transferor Company 1 on the Effective Date. The Transferee Company 1 undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company 1 with any union/employee of the Transferor Company 1 recognized by the Transferor Company 1. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company 1 are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company 1 or to be established and caused to be recognized by the appropriate authorities, by the Transferee Company 1.
- 7.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of the Transferor Company 1 would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 1.
- 7.3 Upon transfer of the aforesaid funds to the respective funds of the Transferee Company 1, the existing trusts created for such funds by the Transferor Company 1 shall stand dissolved and no further act or deed shall be required to this effect. It is further clarified that the services of the employees of the Transferor Company 1 will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.
- 7.4 Without prejudice to the aforesaid, the Board of the Transferee Company 1, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts or funds within the Transferee Company 1 for the erstwhile fund(s) of the Transferor Company 1.

## **8. LEGAL PROCEEDINGS**

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the “**Proceedings**”) by or against the Transferor Company 1 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company 1 in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Transferor Company 1 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 1 may initiate any legal proceeding for and on behalf of the Transferor Company 1.

## **9. COMBINATION OF AUTHORISED CAPITAL**

Upon Part II of the Scheme becoming effective, the authorised share capital of the Transferee Company 1 shall stand increased without any further act, instrument or deed on the part of



Transferee Company 1 including payment of stamp duty and fees to Registrar of Companies, by the authorised share capital of the Transferor Company 1 amounting to INR 360,500,000 (Thirty Six Crore and Five Lakh Only) and the consent of the shareholders of the Transferee Company 1 to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company 1 shall be utilized and applied to the increased authorized share capital of the Transferee Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company 1 for increase in the authorised share capital to that extent.

**10. CONSIDERATION**

- 10.1 The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1 and therefore there shall be no issue of shares by the Transferor Company 1 as consideration for the amalgamation of the Transferor Company 1 with the Transferee Company 1.
- 10.2 Upon Part II of this Scheme becoming effective, all equity shares of the Transferor Company 1 held by the Transferee Company 1 (held either directly or through its nominees) shall stand cancelled without any further application, act or deed.

**11. ACCOUNTING TREATMENT BY THE TRANSFEE COMPANY 1 IN ITS BOOKS OF ACCOUNTS**

On the Scheme taking effect, the Transferee Company 1 shall account for amalgamation of the Transferor Company 1 with the Transferee Company 1 in its books of account as per the pooling of interest method in accordance with the accounting standards prescribed under section 133 of the Act with effect from the Appointed Date 1, being the beginning of the preceding period in the financial statements.

**12. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

Upon the coming into effect of Part II of this Scheme, the resolutions/ power of attorneys executed by the Transferor Company 1, as are considered necessary by the Board of the Transferor Company 1, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company 1, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 1 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 1 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of Transferee Company 1.

**13. DISSOLUTION OF TRANSFEROR COMPANY 1**

On Part II of this Scheme becoming effective, the Transferor Company 1 shall stand dissolved without winding up. On and from the Effective Date, the name of the Transferor Company 1 shall be struck off from the records of the concerned RoC.

**PART III**

**DEMERGER AND VESTING OF THE SECURITIES BUSINESS UNDERTAKING**

**14. DEMERGER AND VESTING OF THE SECURITIES BUSINESS UNDERTAKING**

- 14.1 Upon Part III of the Scheme becoming effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Securities Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 1 as a going concern so as to become the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 1 by virtue of, and in the manner provided in this Scheme, on and from the Appointed Date 2.
- 14.2 In respect of such of the assets and properties forming part of the Securities Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 1.
- 14.3 Subject to Clause 14.4 below, with respect to the assets of the Securities Business Undertaking, other than those referred to in Clause 14.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company 1, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Resulting Company 1. With regard to the licenses of the properties, the Resulting Company 1 will enter into novation agreements, if it is so required.
- 14.4 Without prejudice to the aforesaid, the Securities Business Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Securities Business Undertaking shall stand transferred to and be vested in the Resulting Company 1, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 1.
- 14.5 Notwithstanding anything contained in this Scheme, the immovable properties of the Demerged Company situated within the state of Gujarat and such other states in relation to the Securities Business Undertaking as the Resulting Company 1 may determine, whether owned or leased, whether executed before or after the Effective Date, for the purpose *inter alia* payment of stamp duty, and vesting unto the Resulting Company 1 and if the Resulting Company 1 so decides, the concerned parties, shall execute and register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company 1 in respect of such immovable properties. Each of the

immovable properties, only for the payment of stamp duty, shall be deemed to be conveyed at a consideration being the fair market value of such properties (arrived at by a government approved independent valuer). The execution of such conveyance shall form an integral part of the Scheme.

- 14.6 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 1 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 14.7 Upon effectiveness of Part III of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date 2 and relatable to the Securities Business Undertaking ("**Transferred Securities Business Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 1 to the extent that they are outstanding as on the Appointed Date 2 and the Resulting Company 1 shall meet, discharge and satisfy the same. The term "**Transferred Securities Business Liabilities**" shall include:
- 14.7.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Securities Business Undertaking;
- 14.7.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Securities Business Undertaking); and
- 14.7.3 in cases other than those referred to in Clauses 14.7.1 or 14.7.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Securities Business Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 2.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date 2 in relation to the Demerged Company shall not be transferred as part of the Securities Business Undertaking to Resulting Company 1.

- 14.8 In so far as any Encumbrance in respect of Transferred Securities Business Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company 1. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Securities Business Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Securities Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 1 pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

- 14.9 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 2 and specifically pertaining to Securities Business Undertaking shall be treated as paid or payable by the Resulting Company 1 and the Resulting Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 14.10 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Securities Business Undertaking under any Tax Laws or Applicable Laws, the Resulting Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission.
- 14.11 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 1 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 14.12 Subject to Clause 14 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Securities Business Undertaking, the Demerged Company shall, if so required by the Resulting Company 1, issue notices in such form as the Resulting Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 1, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 14.13 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Securities Business Undertaking, have been replaced with that of the Resulting Company 1, the Resulting Company 1 shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Securities Business Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 1 and credited to the account of the Resulting Company 1, if presented by the Resulting Company 1.
- 14.14 Without prejudice to the provisions of the foregoing sub clauses of this Clause 14, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

## **15. PERMITS**

- 15.1 With effect from the Appointed Date 2, Permits relating to the Securities Business Undertaking shall be transferred to and vested in the Resulting Company 1 and the concerned licensor and

grantors of such Permits shall endorse where necessary, and record the Resulting Company 1 on such Permits so as to empower and facilitate the approval and vesting of the Securities Business Undertaking in the Resulting Company 1 and continuation of operations pertaining to the Securities Business Undertaking in the Resulting Company 1 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 1 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 1 as if the same were originally given by, issued to or executed in favour of the Resulting Company 1 and the Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 1.

- 15.2 The benefit of all Permits pertaining to the Securities Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 1 pursuant to the sanction of this Scheme.

## **16. CONTRACTS**

- 16.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Securities Business Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Resulting Company 1 and shall be binding on and be enforceable by and against the Resulting Company 1 as fully and effectually as if the Resulting Company 1 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 1 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 16.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Securities Business Undertaking occurs by virtue of this Scheme, the Resulting Company 1 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Resulting Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 16.3 On and from the Effective Date, and thereafter, the Resulting Company 1 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Securities Business Undertaking, in the name of the Resulting Company 1 in so far as may be necessary until the transfer of rights and obligations of the Securities Business Undertaking to the Resulting Company 1 under this Scheme have been given effect to under such contracts and transactions.

**17. EMPLOYEES**

- 17.1 On Part III of the Scheme becoming effective, all employees of the Demerged Company in service on the Effective Date, engaged in or in relation to the Securities Business Undertaking, shall be deemed to have become employees of the Resulting Company 1 with effect from the Appointed Date 2 or their respective joining date, whichever is later, without any interruption in service, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company 1 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company 1 agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Securities Business Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.
- 17.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 1 and/ or such new gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company 1. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.
- 17.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Resulting Company 1, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 1 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Securities Business Undertaking who are transferred to the Resulting Company 1, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 1 for the purpose of compliance with the provisions of the EPF Act.
- 17.4 Employee stock options:
- 17.4.1 Upon the coming into effect of Part III of the Scheme, the Resulting Company 1 shall either formulate new employee stock option scheme/(s) or make changes to the existing employee stock option scheme/(s) by adopting the IIFL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 17.4;
- 17.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become

employees of the Resulting Company 1 or its subsidiaries pursuant to this Scheme) under the IIFL ESOS; and upon the Scheme becoming effective, the said employees shall be granted 1 (One) stock option by the Resulting Company 1 under the new scheme(s) for every 1 (One) stock option held in the Demerged Company, whether the same are vested or not, on terms and conditions similar to the IIFL ESOS;

- 17.4.3 The stock options granted by the Demerged Company under the IIFL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 1 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the IIFL ESOS in a manner considered appropriate and in accordance with the applicable laws, in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 1, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under Applicable Law;
- 17.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 1 shall determine the exercise price of the stock options issued by the Resulting Company 1 in lieu of stock options granted under IIFL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted under stock option plans of the respective companies in lieu of the options held in IIFL ESOS and any adjustment to the exercise price of stock options granted under IIFL ESOS are not less favourable than existing terms of the stock options granted under IIFL ESOS;
- 17.4.5 While granting stock options, the Resulting Company 1 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 1, for determining of minimum vesting period required for stock options granted by the Resulting Company 1, subject to applicable laws;
- 17.4.6 The Resulting Companies and Transferee Company 1 shall reimburse each other for cost debited to the profit & loss account or any suspense / subsidy account, subsequent to the Appointed Date 2, in relation to stock options issued to employees of the other company or its subsidiaries, if necessary and required;
- 17.4.7 The Board of the Demerged Company and Resulting Company 1 may provide cash compensation, if required, to the employees of the Demerged Company holding stock options in the Demerged Company in order to provide fair treatment if the effect from Clauses 17.4.1 to 17.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 1; and
- 17.4.8 The Board of the Demerged Company and Resulting Company 1 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 17.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 1 shall also be deemed to be approval granted to any modifications made to the IIFL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 1, respectively.

## 18. LEGAL PROCEEDINGS

- 18.1 Upon the coming into effect of this Scheme, proceedings relating to the Securities Business Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company 1 with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 18.2 The Resulting Company 1: (a) shall be replaced/ added as party to such proceedings relating to the Securities Business Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Securities Business Undertaking that stand transferred to the Resulting Company 1.

## 19. CONSIDERATION

- 19.1 Upon Part III of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 1 shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company, 1 (One) fully paid up equity share of INR 2 (Indian Rupees Two) each of the Resulting Company 1 ("**Securities Business Undertaking New Equity Shares**"), credited as fully paid up, for every 1 (One) equity share of INR 2 (Indian Rupees Two) each of the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date. It is hereby clarified that no shares shall be issued by the Resulting Company 1 in respect of the shares held by the Demerged Company in the Resulting Company 1. The equity shares of the Resulting Company 1 to be issued and allotted as provided in this Clause 19.1 shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 1, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company 1, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company 1.
- 19.2 The issue and allotment of equity shares as provided in Clause 19.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company 1 or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company 1 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 19.1.
- 19.3 The equity shares issued pursuant to Clause 19.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 1 on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such



shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 1 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1, then Resulting Company 1 shall issue the equity shares in physical form to such shareholder or shareholders.

- 19.4 In the event, the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 19.1 above shall be adjusted (including stock options) accordingly, to consider the effect of any such corporate actions.
- 19.5 Resulting Company 1 shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 1 in terms of Clause 19.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 1 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 19.6 Resulting Company 1 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

**20. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 1 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS**

20.1 Accounting treatment in the books of the Demerged Company:

- 20.1.1 The Demerged Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Securities Business Undertaking vested in the Resulting Company 1 pursuant to this Scheme at their respective book values as on the Effective Date;
- 20.1.2 Inter-company balances and transaction between the Resulting Company 1 and the Securities Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled; and
- 20.1.3 The difference being the excess of the book value of assets over the book value of the liabilities pertaining to the Securities Business Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 20.1.2 shall be adjusted to capital reserves of the Demerged Company.

20.2 Accounting treatment in the books of the Resulting Company 1:

- 20.2.1 Upon the coming into effect of this Scheme, the Resulting Company 1 shall record the assets and liabilities of the Securities Business Undertaking at their respective book values, as on the Effective Date in the books of the Demerged Company;

- 20.2.2 The Resulting Company 1 shall credit to its share capital account, the aggregate face value of the Securities Business Undertaking New Equity Shares issued by it pursuant to Clause 19.1 of this Scheme;
- 20.2.3 Inter-company balances and transaction between the Resulting Company 1 and the Securities Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled;
- 20.2.4 The difference between value of assets and liabilities of the Securities Business Undertaking as recorded by the Resulting Company 1 after considering effect of Clause 20.2.2 and Clause 20.2.3 shall be adjusted as capital reserve; and
- 20.2.5 When the financial statements will be prepared under the Indian Accounting Standards (“**Ind AS**”), as per Ind AS 103, the financial information in the financial statements in respect of prior periods (prior to the Effective Date) shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

## **21. TRANSFER OF AUTHORISED CAPITAL**

- 21.1 Upon coming into effect of Part III and after giving effect to combination of authorised capital under Clause 9.1 of this Scheme, INR 800,000,000 (Indian Rupees Eighty Crore Only) shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company 1 and the Memorandum of Association and Articles of Association of the Resulting Company 1 (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Resulting Company 1 to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Demerged Company shall be utilized and applied to the increased authorized share capital of the Resulting Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Resulting Company 1 for increase in the authorised share capital to that extent.
- 21.2 Consequently, the Memorandum of Association of the Resulting Company 1 shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 14, 61 and 64 of the Act and Section 230 to 232 and other applicable provisions of the Act, and be replaced by the following Clause:

*“The Authorised Share Capital of the Company is Rs 100,00,01,000 (Rupees One Hundred Crore One Thousand Only) divided into 50,00,00,500 (Fifty Crore Five Hundred) Equity Shares of Rs 2/- (Rupees Two only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force.”.*

- 21.3 It is clarified that the approval of the members of the Resulting Company 1 to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the

Memorandum of Association of the Resulting Company 1 and the Resulting Company 1 shall not be required to seek separate consent/ approval of its shareholders for such alteration of the Memorandum of Association as required under Sections 13, 61, and 64 of the Act and other applicable provisions of the Act.

#### PART IV

##### DEMERGER AND VESTING OF THE WEALTH BUSINESS UNDERTAKING

##### 22. DEMERGER AND VESTING OF THE WEALTH BUSINESS UNDERTAKING

- 22.1 Upon the Scheme becoming effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Wealth Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 2 as a going concern so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 2 by virtue of, and in the manner provided in this Scheme.
- 22.2 In respect of such of the assets and properties forming part of the Wealth Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 2.
- 22.3 Subject to Clause 22.4 below, with respect to the assets of the Wealth Business Undertaking, other than those referred to in Clause 22.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company 2, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Resulting Company 2. With regard to the licenses of the properties, the Resulting Company 2 will enter into novation agreements, if it is so required.
- 22.4 Without prejudice to the aforesaid, the Wealth Business Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Wealth Business Undertaking shall stand transferred to and be vested in the Resulting Company 2, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 2.
- 22.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the

Resulting Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.

22.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date 2 and relatable to the Wealth Business Undertaking (“**Transferred Wealth Business Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 2 to the extent that they are outstanding as on the Appointed Date 2 and the Resulting Company 2 shall meet, discharge and satisfy the same. The term “**Transferred Wealth Business Liabilities**” shall include:

22.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Wealth Business Undertaking;

22.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Wealth Business Undertaking); and

22.6.3 in cases other than those referred to in Clauses 22.6.1 or 22.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Wealth Business Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 2.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date 2 in relation to the Demerged Company shall not be transferred as part of the Wealth Business Undertaking to Resulting Company 2.

22.7 In so far as any Encumbrance in respect of Transferred Wealth Business Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company 2. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Wealth Business Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Wealth Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 2 pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

22.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 2 and specifically pertaining to Wealth Business Undertaking shall be treated as paid or payable by the Resulting Company 2 and the Resulting Company 2 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.

22.9 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Wealth Business Undertaking under any Tax Laws or Applicable

Laws, the Resulting Company 2 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission.

- 22.10 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 2 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 22.11 Subject to Clause 22 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Wealth Business Undertaking, the Demerged Company shall, if so required by the Resulting Company 2, issue notices in such form as the Resulting Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 2, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 22.12 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Wealth Business Undertaking, have been replaced with that of the Resulting Company 2, the Resulting Company 2 shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Wealth Business Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 2 and credited to the account of the Resulting Company 2, if presented by the Resulting Company 2.
- 22.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 22, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

## **23. PERMITS**

- 23.1 With effect from the Appointed Date 2, Permits relating to the Wealth Business Undertaking shall be transferred to and be vested in the Resulting Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Wealth Business Undertaking in the Resulting Company 2 and continuation of operations pertaining to the Wealth Business Undertaking in the Resulting Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 2 as if the same were originally given by, issued to or executed in favour

of the Resulting Company 2 and the Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 2.

- 23.2 The benefit of all Permits pertaining to the Wealth Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 2 pursuant to the sanction of this Scheme.

## **24. CONTRACTS**

- 24.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Wealth Business Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Resulting Company 2 and shall be binding on and be enforceable by and against the Resulting Company 2 as fully and effectually as if the Resulting Company 2 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 24.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Wealth Business Undertaking occurs by virtue of this Scheme, the Resulting Company 2 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Resulting Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 24.3 On and from the Effective Date, and thereafter, the Resulting Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Wealth Business Undertaking, in the name of the Resulting Company 2 in so far as may be necessary until the transfer of rights and obligations of the Wealth Business Undertaking to the Resulting Company 2 under this Scheme have been given effect to under such contracts and transactions.

## **25. EMPLOYEES**

- 25.1 On Part IV of the Scheme becoming effective, all employees of the Demerged Company in service on the Effective Date, engaged in or in relation to the Wealth Business Undertaking, shall be deemed to have become employees of the Resulting Company 2 with effect from the Appointed Date 2 or their respective joining date, whichever is later, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The

Resulting Company 2 agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retirement/ terminal benefits. The decision on whether or not an employee is part of the Wealth Business Undertaking shall be made by the Demerged Company, and shall be final and binding on all concerned.

- 25.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 2 and/ or such new gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company 2. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.
- 25.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Resulting Company 2, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 2 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Wealth Business Undertaking who are transferred to the Resulting Company 2, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 2 for the purpose of compliance with the provisions of the EPF Act
- 25.4 Employee stock options:
- 25.4.1 Upon the coming into effect of Part IV of the Scheme, the Resulting Company 2 shall formulate new employee stock option scheme/(s) by adopting the IIFL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 25.4;
- 25.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries pursuant to this Scheme) under the IIFL ESOS; and upon the Scheme becoming effective, the said employees shall be granted 1 (One) stock option by the Resulting Company 2 under the new scheme(s) for every 7 (Seven) stock options held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the IIFL ESOS;
- 25.4.3 The stock options granted by the Demerged Company under the IIFL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the IIFL ESOS in a manner considered appropriate and in accordance with the applicable laws,

in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 2 or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under Applicable Law;

- 25.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 2 shall determine the exercise price of the stock options issued by the Resulting Company 2 in lieu of stock options granted under IIFL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted understock option plans of the respective companies in lieu of the options held in IIFL ESOS and any adjustment to the exercise price of stock options granted under IIFL ESOS are not less favourable than existing terms of the stock options granted under IIFL ESOS;
- 25.4.5 While granting stock options, the Resulting Company 2 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 2, for determining of minimum vesting period required for stock options granted by the Resulting Company 2, subject to applicable laws;
- 25.4.6 The Resulting Companies and the Transferee Company 1 shall reimburse each other for cost debited to the profit & loss account or any suspense / subsidy account, subsequent to the Appointed Date 2, in relation to stock options issued to employees of the other company or its subsidiaries, if necessary and required;
- 25.4.7 The Board of the Demerged Company and Resulting Company 2 may provide cash compensation, if required, to the employees of the Demerged Company holding stock options in the Demerged Company in order to provide fair treatment if the effect from Clauses 25.4.1 to 25.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 2; and
- 25.4.8 The Board of the Demerged Company and Resulting Company 2 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 25.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 2 shall also be deemed to be approval granted to any modifications made to the IIFL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 2, respectively.

## **26. LEGAL PROCEEDINGS**

- 26.1 Upon the coming into effect of this Scheme, proceedings relating to the Wealth Business Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company 2 with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 26.2 The Resulting Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Wealth Business Undertaking; and (b) shall prosecute or defend such proceedings at its



own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Wealth Business Undertaking that stand transferred to the Resulting Company 2.

## 27. CONSIDERATION

- 27.1 Upon Part IV of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 2 shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company, 1 (One) fully paid up equity share of INR 2 (Indian Rupees Two) each of the Resulting Company 2 ("**Wealth Business Undertaking New Equity Shares**"), credited as fully paid up, for every 7 (Seven) equity shares of INR 2 (Indian Rupees Two) each of the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date. It is hereby clarified that no shares shall be issued by the Resulting Company 2 in respect of the shares held by the Demerged Company in the Resulting Company 2. The equity shares of the Resulting Company 2 to be issued and allotted as provided in Clause 27.1 above shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 2, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company 2, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company 2.
- 27.2 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company 2, the Resulting Company 2 shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of Resulting Company 2 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company 2, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company 2 shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 27.3 The issue and allotment of equity shares as provided in Clause 27.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company 2 or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company 2 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 27.1.
- 27.4 The equity shares issued pursuant to Clause 27.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 2 on or before such date as may be determined by the Board of Demerged Company.

In the event that such notice has not been received by Resulting Company 2 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 2 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 2, then Resulting Company 2 shall issue the equity shares in physical form to such shareholder or shareholders.

- 27.5 In the event, the Parties restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 27.1 above; shall be adjusted (including stock options) accordingly to consider the effect of any such corporate actions.
- 27.6 Resulting Company 2 shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 2 in terms of Clause 27.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 2 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 27.7 Resulting Company 2 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.
- 27.8 Notwithstanding anything contained under the Scheme, on or before the Effective Date, the Resulting Company 2 be and is hereby permitted to issue additional equity shares/ convertible instruments to one or more investors not being promoter(s) or persons acting in concert with the promoters of the Parties, aggregating to not more than 10% of the fully diluted share capital of the Resulting Company 2, by way of preferential allotment at fair value to be determined by an independent valuer, in accordance with the provisions of Applicable Law. It is clarified that, for the purposes of computing the minimum public shareholding requirement of 25% (twenty five per cent) under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and the SEBI Circular, the equity shares/ convertible instruments so issued to such investors shall be excluded while computing the minimum public shareholding requirement of 25% (twenty five per cent). The equity shares so issued to such investors shall rank *pari-passu* with the existing equity shares and Wealth Business Undertaking New Equity Shares.

**28. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 2 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS**

**28.1 Accounting treatment in the books of the Demerged Company:**

28.1.1 The Demerged Company shall, upon the Scheme becoming effective, reduce the assets and liabilities of the Wealth Business Undertaking vested in the Resulting Company 2 pursuant to this Scheme at their respective book values as appearing on the Effective Date;

28.1.2 Inter-company balances and transaction between the Resulting Company 2 and the Wealth Business Undertaking of the Demerged Company, if any, including inter-company investments, will stand cancelled; and

28.1.3 The difference being the excess of the book value of assets over the book value of the liabilities pertaining to the Wealth Business Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 28.1.2 shall be adjusted to capital reserve of the Demerged Company.

**28.2 Accounting treatment in the books of the Resulting Company 2:**

28.2.1 Upon the coming into effect of this Scheme, the Resulting Company 2 shall record the assets and liabilities of the Wealth Business Undertaking at their respective book values, as on the Effective Date in the books of the Demerged Company;

28.2.2 The Resulting Company 2 shall credit to its share capital account, the aggregate face value of the Wealth Business Undertaking New Equity Shares issued by it pursuant to Clause 27.1 of this Scheme;

28.2.3 Inter-company balances and transaction between the Resulting Company 2 and the Wealth Business Undertaking of the Demerged Company, if any, including inter-company investments will stand cancelled;

28.2.4 The difference between value of assets and liabilities of the Wealth Business Undertaking as recorded by the Resulting Company 2 after considering effect of clause 28.2.2 and clause 28.2.3 shall be adjusted as capital reserve; and

28.2.5 When the financial statements will be prepared under Ind AS, as per Ind AS 103, the financial information in the financial statements in respect of prior periods (prior to the Effective Date) shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

**PART V**

**AMALGAMATION OF TRANSFEROR COMPANY 2 WITH TRANSFEREE COMPANY 1**

**29. TRANSFER OF ASSETS AND LIABILITIES**

29.1 With effect from the Appointed Date 2 and subject to the provisions of this Scheme and pursuant to Section 232 of the Act and Section 2(1B) of the IT Act, the Transferor Company 2 shall stand amalgamated with the Transferee Company 1 as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company 2 shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company 1, so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company 1 by virtue of, and in the manner provided in this Scheme.

29.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon Part V of the Scheme becoming effective and with effect from the Appointed Date 2:

- 29.2.1 with respect to the assets of the Transferor Company 2 that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company 2 by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company 1 as on the Appointed Date 2;
- 29.2.2 subject to Clause 29.2.3 below, with respect to the assets of the Transferor Company 2, other than those referred to in Clause 29.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company 2 shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company 1, with effect from the Appointed Date 2, by operation of law as transmission or as the case may be in favour of the Transferee Company 1;
- 29.2.3 without prejudice to the aforesaid, all the immovable property (including but not limited to the land, buildings, offices, sites, tenancy rights related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Transferor Company 2, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immoveable property) shall stand transferred to and be vested in the Transferee Company 1, as successor to the Transferor Company 2, without any act or deed to be done or executed by the Transferor Company 2, as the case may be and/ or the Transferee Company 1;
- 29.2.4 notwithstanding anything contained in this Scheme, the immovable properties of the Transferor Company 2 situated within the state of Gujarat and such other states, whether owned or leased, for the purpose *inter alia* of payment of stamp duty, and vesting unto the Transferee Company 1 and if the Transferee Company 1 so decide, the concerned parties, whether executed before or after the Effective Date, shall execute and register or cause so to be done, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Transferee Company 1 in respect of such immovable properties. Each of the immovable properties, only for the payment of stamp duty, shall be deemed to be conveyed at a consideration being the fair market value of such properties (arrived at by a government approved independent valuer). The execution of such conveyance shall form an integral part of the Scheme;
- 29.2.5 all debts, liabilities, duties and obligations (debentures, bonds, notes or other debt securities) of the Transferor Company 2 shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company 1, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company 1 on the same terms and conditions as were applicable to the Transferor Company 2, and it shall not be necessary to obtain the consent of any Person who is a party to contract

or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 29;

- 29.2.6 the vesting of the entire undertaking of the Transferor Company 2, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company 2 or part thereof on or over which they are subsisting on and vesting of such assets in Transferee Company 1 and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company 1. Any reference in any security documents or arrangements (to which Transferor Company 2 is a party) related to any assets of Transferor Company 2 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company 1. Similarly, Transferee Company 1 shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferor Company 2 shall not extend or be deemed to extend or apply to the assets so vested;
- 29.2.7 Taxes, if any, paid or payable by the Transferor Company 2 after the Appointed Date 2 shall be treated as paid or payable by the Transferee Company 1 and the Transferee Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable;
- 29.2.8 if the Transferor Company 2 is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the Transferee Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be automatically without any specific approval or permission;
- 29.2.9 upon Part V of the Scheme becoming effective, the Transferor Company 2 and / or the Transferee Company 1 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme;
- 29.2.10 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 2, shall, if so required by the Transferee Company 1, issue notices in such form as the Transferee Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 1, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2, to recover or realise the same, stands transferred to the Transferee Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 29.2.11 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 2 has been replaced with that of the Transferee Company,

the Transferee Company 1 shall be entitled to maintain and operate the bank accounts of the Transferor Company 2 in the name of the Transferor Company 2 and for such time as may be determined to be necessary by the Transferee Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 2 after the Effective Date shall be accepted by the bankers of the Transferee Company 1 and credited to the account of the Transferee Company 1, if presented by the Transferee Company 1; and

29.2.12 without prejudice to the foregoing provisions of Clause 29.2, and upon the effectiveness of Part V of the Scheme, the Transferor Company 2, and the Transferee Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.

### **30. PERMITS**

With effect from the Appointed Date 2, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 2, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and be available to, the Transferee Company 1 so as to become as and from the Effective Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company 1 and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Appointed Date 2 and until the Permits are transferred, vested, recorded, effected, and/ or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company 1, the Transferee Company 1 is authorized to carry on business in the name and style of the Transferor Company 2 and under the relevant license and/ or permit and/ or approval, as the case may be, and the Transferee Company 1 shall keep a record and/ or account of such transactions.

### **31. CONTRACTS**

31.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, subsisting or having effect on or immediately before the Appointed Date 2, to which the Transferor Company 2 is a party shall remain in full force and effect against or in favour of the Transferee Company 1 and shall be binding on and be enforceable by and against the Transferee Company 1 as fully and effectually as if the Transferee Company 1 had at all material times been a party thereto. The Transferee Company 1 will, if required, enter into novation agreement(s) in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above. Any *inter-se* contracts between the Transferor Company 2 on the one hand and the Transferee Company 1 on the other hand shall stand cancelled and cease to operate upon the effectiveness of Part V of this Scheme.

31.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the assets and liabilities of the Transferor Company 2 occurs by virtue of this Scheme, the Transferee Company 1 may, at any time after Part V of the Scheme coming into

effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 2 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Transferee Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 2 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 2.

- 31.3 On and from the Effective Date, and thereafter, the Transferee Company 1 shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 2 in the name of the Transferor Company 2 in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 2, to the Transferee Company 1 under this Scheme has been given effect to under such contracts and transactions.

## **32. EMPLOYEES**

- 32.1 On Part V of the Scheme becoming effective, all employees of the Transferor Company 2 in service on the Effective Date (except for the employees part of the Demerged Undertakings), shall be deemed to have become employees of the Transferee Company 1 with effect from the Appointed Date 2 or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company 1 shall not be less favourable than those applicable to them with reference to the Transferor Company 2 on the Effective Date. The Transferee Company 1 undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company 2 with any union/employee of the Transferor Company 2 recognized by the Transferor Company 2. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company 2 are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company 1 or to be established and caused to be recognized by the appropriate authorities, by the Transferee Company 1.
- 32.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of the Transferor Company 2 would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 2.
- 32.3 Upon transfer of the aforesaid funds to the respective funds of the Transferee Company 1, the existing trusts created for such funds by the Transferor Company 2 shall stand dissolved and no further act or deed shall be required to this effect. It is further clarified that the services of the employees of the Transferor Company 2 will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.
- 32.4 Without prejudice to the aforesaid, the Board of the Transferee Company 1, if it deems fit and subject to applicable laws, shall be entitled to retain separate trusts or funds within the Transferee Company 1 for the erstwhile fund(s) of the Transferor Company 2.
- 32.5 Employee stock options:

- 32.5.1 upon the effectiveness of Part V of this Scheme, the India Infoline Finance ESOP shall automatically stand cancelled. Further and simultaneously with the cancellation of India Infoline Finance ESOP, the Transferee Company 1 shall issue such employees, holding options under the India Infoline Finance ESOP, stock options, on the terms and conditions not less favourable either under a distinct and separate employee incentive plan of the Transferee Company 1 formed and organized for granting incentives to such employees or by modifying the IIFL ESOS to provide for conditions which are not less favourable than India Infoline Finance ESOP (*hereinafter referred to as "India Infoline Finance ESOP - New"*);
- 32.5.2 to implement the above provisions of this Scheme, the Transferee Company 1 shall issue stock options, to such employees of the Transferor Company 2 in the following manner:
- for every 100 (One Hundred) options, whether vested or unvested, granted under India Infoline Finance ESOPs, the eligible employees of the Transferor Company 2 shall be issued 135 (One Hundred and Thirty Five) options under the India Infoline Finance ESOP – New.*
- 32.5.3 Fractional entitlements, if any, arising pursuant to the applicability of the issuance of options under India Infoline Finance ESOP - New shall be rounded off to the nearest higher integer;
- 32.5.4 the grant of options to the holders of options under India Infoline Finance ESOP pursuant to Clause 32.5 of this Scheme shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferee Company 1 to this Scheme shall be deemed to be their consent in relation to all matters pertaining to India Infoline Finance ESOP - New including without limitation for the purposes of creating the India Infoline Finance ESOP - New and all related matters. No further approval of the shareholders of the Transferee Company 1 would be required in this connection under any Applicable Law, including, without limitation, Section 62 of the Act or the Companies (Share Capital and Debenture) Rules, 2014;
- 32.5.5 it is hereby clarified that in relation to the options granted by the Transferee Company 1 to the eligible employees of the Transferor Company 2, the period during which the options granted by the Transferor Company 2 were held by or deemed to have been held by such eligible employees shall be taken into account for determining the minimum vesting period required under the Applicable Law or agreement or deed for stock options granted under the India Infoline Finance ESOP – New; and
- 32.5.6 the Boards of the Transferor Company 2 and the Transferee Company 1 or any of the committee(s) thereof, if any, shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 32.5 of the Scheme.

### **33. LEGAL PROCEEDINGS**

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company 2 be pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings may be continued, prosecuted and



enforced by or against the Transferee Company 1 in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 2 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company 1 may initiate any legal proceeding for and on behalf of the Transferor Company 2.

### **34. CONSIDERATION**

- 34.1 After effectiveness of the Part V of the Scheme and in consideration of and subject to other provisions of this Scheme, Transferee Company 1 shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, in the following proportion:

*“135 (One Hundred and Thirty Five) fully paid up equity shares of INR 2 (Indian Rupees Two) each of the Transferee Company 1 shall be issued and allotted, credited as fully paid up, for every 100 (One Hundred) equity shares of INR 10 (Indian Rupees Ten) each held in the Transferor Company 2.” (“**Transferee Company 1 New Equity Shares**”).*

*“135 (One Hundred and Thirty Five) fully paid up equity shares of INR 2 (Indian Rupees Two) each of the Transferee Company 1 shall be issued and allotted, credited as fully paid up, for every 100 (One Hundred) 0.01% compulsorily convertible preference share of INR 10 (Indian Rupees Ten) each held in the Transferor Company 2.” (“**Transferee Company 1 New Equity Shares**”).*

No shares shall be issued by the Transferee Company 1 in respect of the shares held by the Transferee Company 1 in the Transferor Company 2.

- 34.2 Upon Part V of this Scheme becoming effective, and in consideration of the Transferor Company 2 amalgamating into the Transferee Company 1, the equity shares held by the Transferee Company 1 on the Effective Date (held either directly or through its nominees) in the Transferor Company 2 shall be cancelled pursuant to this Scheme without any further application, act or deed.
- 34.3 The equity shares of the Transferee Company 1 to be issued and allotted as provided in Clause 34.1 above shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company 1, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company 1, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.
- 34.4 In case any shareholder's shareholding in the Transferor Company 2 is such that such shareholder becomes entitled to a fraction of an equity share of Transferee Company 1, as the case may be, Transferee Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Transferee Company 1 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Transferee Company 1, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Transferee Company 1 shall, subject to withholding tax, if any, distribute such sale proceeds to the

concerned shareholders of the Transferor Company 2 in proportion to their respective fractional entitlements.

- 34.5 The issue and allotment of equity shares as provided in Clause 34, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of Transferee Company 1 or Transferor Company 2 or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Transferee Company 1 and/ or the Transferor Company 2 to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to this Clause 34.5.
- 34.6 The Transferee Company 1 New Equity Shares issued pursuant to Clause 34.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Transferor Company 2 to Transferee Company 1 on or before such date as may be determined by the Board of Transferor Company 2. In the event that such notice has not been received by Transferee Company 1 in respect of any of the shareholders of Transferor Company 2, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Transferor Company 2 shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Transferee Company 1 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Transferee Company 1, then Transferee Company 1 shall issue the equity shares in physical form to such shareholder or shareholders.
- 34.7 The Transferee Company 1 shall apply for listing of Transferee Company 1 New Equity Shares on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The Transferee Company New Equity Shares allotted by the Transferee Company 1 in terms of Clause 34 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchanges.
- 34.8 In the event, the Parties restructure their equity share capital by way of share split / consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio as per Clause 34.1 above, shall be adjusted accordingly to consider the effect of any such corporate actions.
- 34.9 The Transferee Company 1 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.
- 34.10 Notwithstanding anything contained under the Scheme, on or before the Effective Date, the Transferor Company 2 be and is hereby permitted to issue additional equity shares/ convertible instruments to one or more investors not being promoter(s) or persons acting in concert with the promoters of the Parties, aggregating to not more than 10% of the fully diluted share capital of the Transferor Company 2, by way of preferential allotment at fair value to be determined by an independent valuer, in accordance with the provisions of Applicable Law. It is clarified that, for the purposes of computing the minimum public shareholding requirement of 25% (twenty five per cent) under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and the SEBI Circular, the equity shares/ convertible

instruments so issued to such investors shall be excluded while computing the minimum public shareholding requirement of 25% (twenty five per cent). The equity shares so issued to such investors shall rank *pari-passu* with the existing equity shares and Transferee Company 1 New Equity Shares.

**35. ACCOUNTING TREATMENT BY THE TRANSFEREE COMPANY 1 IN ITS BOOKS OF ACCOUNTS**

35.1 On the Scheme taking effect, the Transferee Company 1 shall account for amalgamation of the Transferor Company 2 with the Transferee Company 1 in its books of account as per the pooling of interest method in accordance with the accounting standards prescribed under section 133 of the Act with effect from the Appointed Date 2.

35.2 When the financial statements will be prepared under Ind AS, as per Ind AS 103, the financial information in the financial statements in respect of prior periods (prior to the Effective Date) shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

**36. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

Upon the coming into effect of Part V of this Scheme, the resolutions/ power of attorney of/ executed by the Transferor Company 2, as are considered necessary by the Board of the Transferor Company 2, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company 1, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits as are considered necessary by the Board of the Transferee Company 1 shall be added to the limits, if any, under like resolutions passed by the Transferee Company 1 and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/ power of attorneys for the purpose of Transferee Company 1.

**37. COMBINATION OF AUTHORISED CAPITAL**

37.1 Upon Part V of the Scheme becoming effective, the authorised share capital of the Transferee Company 1 shall stand increased without any further act, instrument or deed on the part of Transferee Company 1 including payment of stamp duty and fees to Registrar of Companies, by the authorised share capital of the Transferor Company 2 amounting to INR 8,950,000,000 (Indian Rupees Eight Hundred and Ninety Five Crore Only) and the Memorandum of Association and Articles of Association of the Transferee Company 1 (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Transferee Company 1 to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company 2 shall be utilized and applied to the increased authorized share capital of the Transferee Company 1 and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company 1 for increase in the authorised share capital to that extent.

37.2 Clause V of the memorandum of association of the Transferee Company 1 shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act, and be replaced by the following Clause:

*“The Authorised Share Capital of the Company is Rs. 971,05,00,000 (Rupees Nine Hundred and Seventy Five Crore Five Lakh only) divided into 235,52,50,000 (Two Hundred and Thirty Five Crore Fifty Two Lakh Fifty Thousand only) equity shares of Rs. 2 (Rupees Two) each and 50,00,00,000 (Fifty Crore only) preference shares of Rs. 10 each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall have always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company.”*

- 37.3 It is clarified that the approval of the members of the Transferee Company 1 to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company 1 as may be required under the Act.

**38. CHANGE OF NAME OF TRANSFEREE COMPANY 1**

- 38.1 Upon this Scheme becoming effective, the name of the Transferee Company 1 shall stand changed to 'IIFL Finance Limited' or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.

- 38.2 Consequently, subject to Clause 38.1 above:

38.2.1 Clause I of the memorandum of association of the Transferee Company 1 shall without any act, act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following Clause:

*“The name of the Company is IIFL Finance Limited.”*

- 38.3 It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 38.1 and 38.2, the consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Resulting Company.

**39. CHANGE IN CHARTER DOCUMENTS OF THE TRANSFEREE COMPANY 1**

- 39.1 With effect from the Appointed Date 2, the main object clause of the Memorandum of Association of the Transferee Company 1 shall be deemed to be altered and amended, without any further act or deed, to include the objects as required for carrying on the business activities of the Transferor Company 2 pursuant to the applicable provisions of the Act. Accordingly, the Memorandum of Association of the Transferee Company 1 shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out.

39.1.1 The following clauses shall replace the main object clause of the Memorandum of Association of the Transferee Company 1. The revised main object clause of the Transferee Company 1 shall read as under:

- “1. To carry on the business of borrowing/lending money by way of pledge, mortgage, hypothecation, charge or otherwise with or without any securities to any person, individual, body-corporate, firm, organization, authority but the company shall not carry on banking business within the meaning of Banking Regulations Act, 1949.*
- 2. To solicit and procure insurance business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.*
- 2A. To carry on the activities as investment company and to buy, sell, trade, invest, deal or to do broking in shares, stocks, debentures, bonds, derivatives, commodities, obligations, bills, securities, movable and immovable property and other investments.”*

39.1.2 The following clauses shall be added to the ancillary object clause of the Memorandum of Association of the Transferee Company 1.

- 3A. To constitute, set up, establish and manage any trust/undertakings for venture capital and to subscribe, act, undertake, manage, execute, exercise all Powers of Trustee, executors, administrators, receivers, attorneys, nominees, representatives and agents and to manage funds of all kinds of trusts and to aid, counsel, assist, finance, protect, promote, and render periodic advice on investment, finance, taxation and to channelise, apply or invest funds from time to time in various forms of investments including shares, debentures, loans, convertibles or otherwise, any other type of instruments and to undertake and execute agencies and trusts of all kinds and to exercise all powers of custody and trust corporation anywhere in India or any part of the world.*
- 3B. To establish with the object of financing industrial enterprises, ventures in India or any part of the world by lending or granting by way of loans, advances, grants, deposits, hire purchases, leasing finance or any other form with or without interest and / or without security or participation in the capital of industrial enterprises.*
- 3C. To issue, implement, undertake, offer, distribute, or otherwise promote and operate the payment systems issuing pre-paid payment instruments to individuals/organizations including but not limited to issue a pre-paid cash wallet, mobile phone based pre-paid payment instruments, prepaid card and/or cash card to consumers, subject to requisite regulatory approvals.*
- 3D. To carry on the business of manpower recruitment and placement, human resource consultancy and training of personnel for the purposes of the main objects of the company.*
- 32A. To do all other forms of business which Government of India or Reserve Bank of India may specify as a form of business in which it is lawful for the non banking financing company to engage in, subject to requisite permission of the regulatory authorities.*
- 32B. To carry on any other business (whether similar to any of the above mentioned business or not) which may seem to the Company capable of being*

*conveniently carried on in connection with the above mentioned business calculated directly or indirectly to enhance the value of any of the company's business, property or rights.*

32C. *To do all such other things as are incidental or conducive to the promotion or advancement of the business of the Company."*

- 39.2 As an integral part of the Scheme, and, upon the coming into effect of the Scheme, without any further act or deed, the Articles of Association of the Transferee Company 1 be altered and amended to include such articles as stated in Schedule 2 to this Scheme.
- 39.3 For the purposes of the amendment of the Memorandum and Articles of Association of the Transferee Company 1 as provided in this Clause, the consent/ approval given by the members of the Transferee Company 1 to this Scheme pursuant to Section 232 of the Act and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of the Transferee Company 1 as required under the applicable provisions of the Act shall be required to be passed for making such change/ amendment in the Memorandum and Articles of Association of the Transferee Company 1 and filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Section 230-232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the Memorandum and Articles of Association for the purposes of the applicable provisions of the Act and the RoC shall register the same and make the necessary alterations in the Memorandum of Association of the Transferee Company 1 accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.
- 39.4 The Transferee Company 1 shall file with the RoC, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

#### **40. DISSOLUTION OF TRANSFEROR COMPANY 2**

On Part V of this Scheme becoming effective, the Transferor Company 2 shall stand dissolved without winding up. On and from the Effective Date, the name of the Transferor Company 2 shall be struck off from the records of the concerned RoC.

### **PART VI**

#### **TRANSFER OF THE BROKING AND DEPOSITORY PARTICIPANT BUSINESS**

#### **41. TRANSFER AND VESTING OF THE BROKING AND DEPOSITORY PARTICIPANT BUSINESS UNDERTAKING**

- 41.1 Upon Part VI of the Scheme becoming effective and with effect from Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(42C) of the IT Act, the Broking and Depository Participant Business Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, of the Transferor Company 3 and transferred to and be vested in or be deemed to have been vested in the Transferee Company 2 as a going concern on a 'Slump Sale' basis, without any further deed or act, together with all its assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon. The transfer of the Broking and Depository Participant Business Undertaking under this Scheme shall be in compliance with the IT Act specifically Section 2(42C), and other relevant sections as may be applicable.

- 41.2 In respect of such of the assets and properties forming part of the Broking and Depository Participant Business Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Transferor Company 3 upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Transferee Company 2.
- 41.3 Subject to Clause 41.4 below, with respect to the assets of the Broking and Depository Participant Business Undertaking, other than those referred to in Clause 41.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company 3, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company 2, with effect from the Appointed Date 2 by operation of law as transmission or as the case may be in favour of Transferee Company 2. It is clarified that all client agreements and know your customer details, sub-broker/ authorised person agreement, agreements with Stock Exchanges, agreement with banks/ clearing member, vendor agreements and power of attorneys would get transferred to and vested in the Transferee Company 2, with effect from the Appointed Date 2 by operation of law as transmission, as the case may be, in favour of Transferee Company 2 and shall have been deemed to have been entered into by the Transferee Company 2. With regard to the licenses of the properties, the Transferee Company 2 will enter into novation agreements, if it is so required.
- 41.4 Without prejudice to the aforesaid, the Broking and Depository Participant Business Undertaking, including all immoveable property, whether or not included in the books of the Transferor Company 3, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Broking and Depository Participant Business Undertaking shall stand transferred to and be vested in the Transferee Company 2, without any act or deed to be done or executed by the Transferor Company 3 and/ or the Transferee Company 2.
- 41.5 The Transferor Company 3 shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Transferee Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 41.6 Upon effectiveness of Part VI of the Scheme, all debts, liabilities, loans, obligations and duties of the Transferor Company 3 as on the Appointed Date 2 and relating to the Broking and Depository Participant Business Undertaking ("**Broking and Depository Participant Business Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company 2 to the extent that they are outstanding as on the Appointed Date 2 and the Transferee Company 2 shall meet, discharge and satisfy the same. The term "Broking and Depository Participant Business Liabilities" shall include:

- 41.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Broking and Depository Participant Business Undertaking;
- 41.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Broking and Depository Participant Business Undertaking); and
- 41.6.3 in cases other than those referred to in Clauses 41.6.1 or 41.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Transferor Company 3, as stand in the same proportion which the value of the assets transferred pursuant to the transfer of the Broking and Depository Participant Business Undertaking bear to the total value of the assets of the Transferor Company 3 immediately prior to the Appointed Date 2.

However, the tax liabilities and tax demands or refunds received or to be received by the Transferor Company 3 for a period prior to the Appointed Date 2 in relation to the Transferor Company 3 shall not be transferred as part of the Broking and Depository Participant Business Undertaking to Transferee Company 2.

- 41.7 In so far as any Encumbrance in respect of Broking and Depository Participant Business Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Transferee Company 2. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Broking and Depository Participant Business Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Broking and Depository Participant Business Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Transferee Company 2 pursuant to this Scheme and which shall continue with the Transferor Company 3, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 41.8 Taxes, if any, paid or payable by the Transferor Company 3 after the Appointed Date 2 and specifically pertaining to Broking and Depository Participant Business Undertaking shall be treated as paid or payable by the Transferee Company 2 and the Transferee Company 2 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 41.9 If the Transferor Company 3 is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Broking and Depository Participant Business Undertaking under any Tax Laws or Applicable Laws, the Transferee Company 2 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be, without any specific approval or permission.
- 41.10 Upon the Scheme becoming effective, the Transferor Company 3 and the Transferee Company 2 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.



- 41.11 Subject to clause 41 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Broking and Depository Participant Business Undertaking, the Transferor Company 3 shall, if so required by the Transferee Company 2, issue notices in such form as the Transferee Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company 2, as the person entitled thereto, to the end and intent that the right of the Transferor Company 3 to recover or realise the same, stands transferred to the Transferee Company 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 41.12 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, have been replaced with that of the Transferee Company 2, the Transferee Company 2 shall be entitled to maintain and operate the bank accounts of the Transferor Company 3, in the name of the Transferor Company 3 for such time as may be determined to be necessary by the Transferee Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, after the Effective Date shall be accepted by the bankers of the Transferee Company 2 and credited to the account of the Transferee Company 2, if presented by the Transferee Company 2.
- 41.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 41, and upon the effectiveness of this Scheme, the Transferor Company 3 and the Transferee Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

#### **42. PERMITS**

- 42.1 With effect from the Appointed Date 2, Permits relating to the Broking and Depository Participant Business Undertaking shall be transferred to and vested in the Transferee Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Transferee Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Broking and Depository Participant Business Undertaking in the Transferee Company 2 and continuation of operations pertaining to the Broking and Depository Participant Business Undertaking in the Transferee Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company 2 as if the same were originally given by, issued to or executed in favour of the Transferee Company 2 and the Transferee Company 2 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company 2.
- 42.2 The benefit of all Permits pertaining to the Broking and Depository Participant Business Undertaking shall without any other order to this effect, transfer and vest into and become available to the Transferee Company 2 pursuant to the sanction of this Scheme.

#### **43. CONTRACTS**

- 43.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Broking and Depository Participant Business Undertaking, to which the Transferor Company 3 is a party and which is subsisting or having effect on or immediately before the Appointed Date 2 shall remain in full force and effect against or in favour of the Transferee Company 2 and shall be binding on and be enforceable by and against the Transferee Company 2 as fully and effectually as if the Transferee Company 2 had at all material times been a party or beneficiary or obligee thereto. The Transferee Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 43.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Broking and Depository Participant Business Undertaking occurs by virtue of this Scheme, the Transferee Company 2 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company 3 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 2, the Transferee Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 3 to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company 3.
- 43.3 On and from the Effective Date, and thereafter, the Transferee Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company 3, in relation to or in connection with the Broking and Depository Participant Business Undertaking, in the name of the Transferee Company 2 in so far as may be necessary until the transfer of rights and obligations of the Broking and Depository Participant Business Undertaking to the Transferee Company 2 under this Scheme have been given effect to under such contracts and transactions.

#### **44. EMPLOYEES**

- 44.1 On Part VI of the Scheme becoming effective, all employees of the Transferor Company 3 in service on the Effective Date, engaged in or in relation to the Broking and Depository Participant Business Undertaking, shall be deemed to have become employees of the Transferee Company 2, with effect from the Appointed Date 2 or their respective joining date, whichever is later, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company 3. The Transferee Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 3 with any of the aforesaid employees or union representing them. The Transferee Company 2 agrees that the services of all such employees with the Transferor Company 3 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Broking and

Depository Participant Business Undertaking, be decided by the Transferor Company 3, and shall be final and binding on all concerned.

- 44.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Transferee Company 2 and/ or such new gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company 2. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Transferor Company 3.
- 44.3 As far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Transferor Company 3 shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Transferee Company 2, as aforesaid, and (b) other employees of the Transferor Company 3. In relation to said employees being transferred, the Transferee Company 2 shall stand substituted for the Transferor Company 3, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Transferor Company 3 engaged in or in relation to the Broking and Depository Participant Business Undertaking who are transferred to the Transferee Company 2, as aforesaid, shall be deemed constitute a separate class of employees of the Transferee Company 2 for the purpose of compliance with the provisions of the EPF Act.

#### **45. LEGAL PROCEEDINGS**

- 45.1 Upon the coming into effect of this Scheme, proceedings relating to the Broking and Depository Participant Business Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Transferee Company 2 with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company 3.
- 45.2 The Transferee Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Broking and Depository Participant Business Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Transferor Company 3 shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Transferor Company 3 shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Transferor Company 3 shall in no event be responsible or liable in relation to any proceedings relating to the Broking and Depository Participant Business Undertaking that stand transferred to the Transferee Company 2.

**46. CONSIDERATION**

- 46.1 The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to INR 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only).
- 46.2 The lumpsum consideration would be discharged by the Transferee Company 2 by cash/ cheque/ any other form of electronic payment mechanism, within a period of 30 days of the Effective Date.

**47. ACCOUNTING TREATMENT BY THE TRANSFEROR COMPANY 3 AND THE TRANSFEEE COMPANY 2 IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS**

47.1 Accounting Treatment in the books of Transferor Company 3

- 47.1.1 The Transferor Company 3 shall reduce from its books, the book value of assets and liabilities, as on the Effective Date, transferred as part of Broking and Depository Participant Business Undertaking; and
- 47.1.2 The capital reserve account of the Transferor Company 3 shall be debited/credited with the difference between the value of net assets i.e. book values of assets as reduced by the liabilities pertaining to the Broking and Depository Participant Business Undertaking over the value of the lumpsum consideration receivable by the Transferor Company 3.

47.2 Accounting Treatment in the books of Transferee Company 2

- 47.2.1 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets and liabilities comprised in the Broking and Depository Participant Business Undertaking transferred to and vested in it pursuant to this Scheme, at the book value as on the Effective Date;
- 47.2.2 The deficit or excess, if any, remaining after recording the aforesaid entry over the value of the lumpsum consideration payable to the Transferor Company 3 shall be adjusted by the Transferee Company 3 against the capital reserve account; and
- 47.2.3 When the financial statements will be prepared under Ind AS, as per Ind AS 103, the financial information in the financial statements in respect of prior periods (prior to the Effective Date) shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

**PART VII**

**REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 1**

**48. REDUCTION AND CANCELLATION OF EXISTING EQUITY SHARES OF THE RESULTING COMPANY 1**

- 48.1 Immediately upon implementation of Part III of the Scheme and with effect from the Effective Date and upon allotment of equity shares by the Resulting Company 1, the entire paid up equity share capital, as on Effective Date, of the Resulting Company 1 ("**Resulting Company 1 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective

Date and the paid up equity capital of the Resulting Company 1 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Resulting Company 1, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.

- 48.2 The reduction of the share capital of the Resulting Company 1 shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 48.3 On effecting the reduction of the share capital as stated in Clause 48.1 above, the share certificates in respect of the Resulting Company 1 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 48.4 On the Effective Date, the Resulting Company 1 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 1 Cancelled Shares.
- 48.5 The capital reserve in the books of the Resulting Company 1 shall be increased to the extent of the amount of the Resulting Company 1 Cancelled Shares.
- 48.6 Notwithstanding the reduction in the equity share capital of the Resulting Company 1, the Resulting Company 1 shall not be required to add "And Reduced" as suffix to its name.

## **PART VIII**

### **REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 2**

- 49. REDUCTION AND CANCELLATION OF CERTAIN EQUITY SHARES OF THE RESULTING COMPANY 1**
- 49.1 Immediately upon implementation of Part IV of the Scheme and with effect from the Effective Date, the paid up equity share capital, as on Effective Date, of the Resulting Company 2 held by the Demerged Company ("**Resulting Company 2 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity capital of the Resulting Company 2 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Resulting Company 2, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.
- 49.2 The reduction of the share capital of the Resulting Company 2 shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 49.3 On effecting the reduction of the share capital as stated in Clause 49.1 above, the share certificates in respect of the Resulting Company 2 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 49.4 On the Effective Date, the Resulting Company 2 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 2 Cancelled Shares.
- 49.5 The capital reserve in the books of the Resulting Company 2 shall be increased to the extent of the amount of the Resulting Company 2 Cancelled Shares.

- 49.6 Notwithstanding the reduction in the equity share capital of the Resulting Company 2, the Resulting Company 2 shall not be required to add "And Reduced" as suffix to its name.

## **PART IX**

### **GENERAL TERMS & CONDITIONS**

#### **50. DIVIDENDS**

- 50.1 The Transferor Companies, Transferee Companies, Demerged Company and Resulting Companies shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending 31 March 2018 and such future accounting periods in accordance with the dividend policy of the Parties and in ordinary course of business, whether interim or final. Any other dividend shall be recommended/ declared only by the mutual consent of the concerned Parties.
- 50.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies as the case may be, and subject to approval, if required, of the shareholders of the Transferor Companies, Transferee Companies, Demerged Company and/ or the Resulting Companies as the case may be.

#### **51. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE**

- 51.1 With effect from the Appointed Date 1 and Appointed Date 2, as the case may be, and up to and including the Effective Date:
- 51.1.1 the Transferor Company 1, the Transferor Company 3 and Demerged Company (with respect to the Demerged Undertakings) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the respective Transferee Companies and Resulting Companies, as the case may be;
- 51.1.2 all profits or income arising or accruing to the Transferor Company 1, Transferor Company 3 and Demerged Company with respect to the Demerged Undertakings and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Transferor Company 1, Transferor Company 2 and Demerged Company with respect to the Demerged Undertakings shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Companies and Resulting Companies, as the case may be; and
- 51.1.3 all loans raised and all liabilities and obligations incurred by the Transferor Company 1, Transferor Company 2 and Demerged Company with respect to the Demerged Undertakings after the Appointed Date 1 and Appointed Date 2 (as the case may be) and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed

to have been raised, used or incurred for and on behalf of the Transferee Companies and Resulting Companies as the case may be and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Transferee Companies and the Resulting Companies as the case may be.

51.2 With effect from the date of approval of the Scheme Board of the Parties and up to and including the Effective Date:

51.2.1 The Transferor Companies and the Demerged Company with respect to the Demerged Undertakings shall carry on their business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- (a) when the same is expressly provided in this Scheme; or
- (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the Tribunal; or
- (c) when written consent of the Transferee Companies and/ or Resulting Companies, as the case may be, has been obtained in this regard.

51.2.2 The Transferor Companies and the Demerged Company with respect to Demerged Undertakings shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Transferee Companies and/ or Resulting Companies as the case may be;

51.2.3 The Transferor Companies and the Demerged Company with respect to Demerged Undertakings shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Transferee Company;

51.2.4 The Transferor Companies and the Demerged Company shall not amend its Memorandum of Association or Articles of Association, except with the written concurrence of the Transferee Companies or the Resulting Companies, unless required to be done pursuant to actions between the Appointed Date 1 and Appointed Date 2, as the case may be, and Effective Date expressly permitted under this Scheme; and

51.2.5 The Transferee Companies and Resulting Companies shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Companies and Resulting Companies may require to carry on the business

of the Transferor Companies and Demerged Company and to give effect to the Scheme.

- 51.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Transferee Companies and Resulting Companies shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Companies and demerger of the Demerged Undertakings, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Companies and the Resulting Companies shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Transferee Companies and Resulting Companies shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Transferee Companies and Resulting Companies as the case may be pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Transferee Companies and the Resulting Companies as the case may be. It is clarified that the Transferee Companies and Resulting Companies shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

## **52. FACILITATION PROVISIONS**

- 52.1 Immediately upon the Scheme being effective, the Parties shall enter into agreements as may be necessary, inter alia in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.
- 52.2 It is clarified that approval of the Scheme by the shareholders of Demerged Company and Resulting Companies under sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by the Parties.
- 52.3 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertakings and the Transferor Companies shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Companies or the Transferee Companies, as the case maybe.

## **53. PROPERTY IN TRUST**

- 53.1 Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom and pertaining to the Demerged Undertakings are transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in



favour of the Resulting Companies or Transferee Companies, as the case maybe, the Resulting Companies and the Transferee Companies shall be deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company or the Transferor Companies and the Resulting Companies or the Transferee Companies, as the case may be, the respective Party will continue to hold the property and / or the asset, license, permission, approval as the case may be in trust on behalf of the Resulting Companies or the Transferee Companies, as the case may be.

#### **54. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

- 54.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Transferor Company 1 and Transferor Company 2 without being wound up.
- 54.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company, Transferor Companies, Resulting Companies and Transferee Companies may require to own the assets and/ or liabilities of the Demerged Undertakings or the Transferor Companies, as the case may be, and to carry on the business of the Demerged Undertakings or Transferor Companies, as the case may be.

#### **55. MODIFICATION OR AMENDMENTS TO THIS SCHEME**

- 55.1 On behalf of the Demerged Company, each of the Transferor Companies, the Resulting Companies and the Transferee Companies, the Board of the respective companies acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company, the Resulting Companies, the Transferor Companies and the Transferee Companies) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.
- 55.2 For the purpose of giving effect to this Scheme or to any modification thereof the Boards of the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. It is clarified that individual companies acting themselves or through authorized persons may individually approach the Tribunal or any other Appropriate Authority to seek clarifications for implementation of the Scheme.

55.3 It is clarified that if any modifications are required post satisfaction of the conditions precedent mentioned in Clause 56 and the Scheme having been made effective, the Effective Date shall not be affected by any such modifications that might be required to be made and the Effective Date for such modified Scheme shall be same as the date on which Scheme was made effective prior to the modifications.

**56. CONDITIONS PRECEDENT**

56.1 Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:

56.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

56.1.2 approval of the Scheme by the requisite majority of each class of shareholders and creditors of the Transferor Companies, the Transferee Companies, the Demerged Company, and the Resulting Companies and such other classes of persons of the said Companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;

56.1.3 the Parties, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders, of the Demerged Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;

56.1.4 the sanctions and orders of the Tribunal, under Sections 230 to 232 read with Section 66 of the Act being obtained by the Transferor Companies, the Transferee Companies, the Demerged Company and the Resulting Companies;

56.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and

56.1.6 The requisite consent, approval or permission of Appropriate Authority including SEBI, Stock Exchanges, depositories etc. or any other Person which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

56.2 Without prejudice to Clause 56.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 56.1 above, the Scheme shall be made effective in the order as contemplated below:

56.2.1 Part II of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 56.1 by the Boards of the Transferor Company 1 and the Transferee Company 1;

56.2.2 Part III of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme;

56.2.3 Part IV of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme;

- 56.2.4 Part V of the Scheme shall be made effective immediately after the implementation of Part III and Part IV of the Scheme and after receipt of registration by Transferee Company 1 as a non-banking finance company from the RBI;
- 56.2.5 Part VI of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 56.1 by the Boards of the Transferor Company 3 and the Transferee Company 2;
- 56.2.6 Part VII of the Scheme shall be made effective after the implementation of Part III of the Scheme; and
- 56.2.7 Part VIII of the Scheme shall be made effective after the implementation of Part IV of the Scheme.
- 56.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company, the Transferor Companies, the Resulting Companies and/ or the Transferee Companies may have under or pursuant to all Applicable Laws.
- 56.4 On the approval of this Scheme by the shareholders of the Demerged Company, the Transferor Companies, the Transferee Companies and the Resulting Companies and such other classes of Persons of the said Companies, if any, pursuant to Clause 56.1.2, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, amalgamation, capital reduction set out in this Scheme, related matters and this Scheme itself.
- 57. EFFECT OF NON-RECEIPT OF PERMITS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THIS SCHEME**
- 57.1 The Demerged Company, the Transferor Companies, the Transferee Companies and the Resulting Companies acting through their respective Boards shall each be at liberty to withdraw from this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of the respective parts to this Scheme could have adverse implications on the respective companies.
- 57.2 If this Scheme is not effective within such period as may be mutually agreed upon between the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies through their respective Boards or their authorised representative, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.
- 57.3 In the event of revocation/ withdrawal under Clause 57.1 or above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Demerged Company, the Transferor Companies, the Resulting Companies and the Transferee Companies or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

**58. COSTS AND TAXES**

All costs, charges and expenses (including, but not limited to, any Taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be paid by the Demerged Company and shall be allocated to each of the Resulting Companies in the agreed ratio.

**59. OBSERVATIONS FROM STOCK EXCHANGES**

BSE vide its observation letter dated 14 September 2018 and NSE vide its observation letter dated 11 September 2018 and 27 September 2018 require that the Scheme disclose the following:

**59.1 Status of Mr. Kranti Sinha, independent director of Demerged Company and Resulting Company 1 and Mr. Arun Kumar Purwar, independent director of the Demerged Company, who appear in the defaulter list of RBI:**

As mentioned by SEBI in their email dated 24 May 2018 to NSE and communicated by NSE to the Demerged Company, the name of Mr. Kranti Sinha is appearing in the defaulter list of RBI on account of him being the erstwhile director of Hindustan Motors Limited and the name of Mr. Arun Kumar Purwar is appearing in the defaulter list of RBI on account of him being the erstwhile director of C & C Constructions Limited and director of Jindal Steel and Power Limited. In this regard, it is clarified that, Mr. Kranti Sinha has resigned from directorship of Hindustan Motors Limited with effect from 9 May 2014 and Mr. Arun Kumar Purwar has resigned from directorship of C & C Constructions Limited with effect from 23 January 2015. Further, Mr. Arun Kumar Purwar has confirmed that Jindal Steel and Power Limited of which he is an independent director, has regularised all its accounts with banks/ financial institutions.

**59.2 Disclosure of pending consent application of the Resulting Company 1**

An enquiry notice dated 2 May 2017 was received by the Resulting Company 1 from SEBI, basis an inspection conducted by SEBI during the period between 30 January 2014 and 3 February 2014 covering period from 2011 to 2014. The matter relates to SEBI's observations for non-segregation of own funds from clients' funds, misuse of credit balance of clients' funds for debit balance clients' funds; and improper designation of the client bank account. The Resulting Company 1 had applied for the inspection of documents, which were relied upon by SEBI, in relation to issuance of the enquiry notice. Upon the receiving such documents, the Resulting Company 1 submitted reply to SEBI notice providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the period of three years beginning the date of conclusion of the onsite inspection, three supplementary reports were issued in this matter which have been suitably replied to. Further, a consent application was filed by on 16 January 2018 before SEBI and the same is pending before SEBI.

**59.3 Disclosure of pending proceedings of RBI/ Pension Fund Regulatory and Development Authority ("PFRDA") on the companies involved in the Scheme:**

Below is a summary of the pending proceedings of RBI/ Pension Fund Regulatory and Development Authority on the companies involved in the Scheme:

A direction dated 17 July 2018 was received by the Transferor Company 2 from PFRDA, listing out the required actions to be complied with, in regard to pending amount of INR 0.76 million by the subscriber's deposits with the Transferor Company 2 as registered Point of Presence for National Pension Scheme as on 31 March 2018. In this regard, the Transferor Company 2 had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

Other than the above, there are no pending proceedings before RBI/ PFRDA on the companies involved in the Scheme.

## SCHEDULE 1

## LIST OF TRADEMARKS, COPYRIGHTS AND OTHER INTELLECTUAL RIGHTS PERTAINING TO THE SECURITIES BUSINESS UNDERTAKING

List of intellectual properties of the Demerged Company pertaining to the Securities Business Undertaking as on 31 December 2017 includes but is not limited to the following:

## A. TRADEMARKS

Sr. No.	Description	Number	Class
1.		1639738	36
2.		1739407	36
3.		1787729	99
4.		1532482	36
5.		1609515	36
6.		1531520	36
7.		1531521	36
8.		1525940	36
9.		1665406	36
10.		1532481	36
11.	IT'S ALL ABOUT MONEY, HONEY!	1263965	36

Sr. No.	Description	Number	Class
12.		1263964	36
13.	<p data-bbox="289 399 792 439">When it's about money..</p> 	3769488	36
14.		3769487	36
15.	<p data-bbox="296 776 798 866">ZIDD MAT CHHODO</p>	3261117	36
16.		3042993	36
17.	<p data-bbox="418 1149 573 1169">ADDITIONAL REPRESENTATION</p> 	1664502	36

- B. Any brand/ trademark/ patent and any other intellectual property right acquired/ created by the Demerged Company post 31 December 2017, pertaining to the Securities Business shall be a part of the Securities Business Undertaking

## SCHEDULE 2

### AMENDED ARTICLES OF ASSOCIATION OF TRANSFEREE COMPANY 1

#### **Following new sub-articles be inserted in alphabetical order in Article 2 of the Articles of Association of the Transferee Company 1**

“Affiliate” means, in relation to any Person, any entity Controlled, directly or indirectly, by that Person, any entity that Controls, directly or indirectly, that Person, or any entity under common Control with that Person or, in the case of a natural Person, any relative (as such term is defined in the Act) of such Person. For the purpose of this definition:

- (i) A holding or subsidiary company of any entity shall be deemed to be an Affiliate of that entity; and
- (ii) The Company shall be deemed not to be an Affiliate of the Investor;

“Control” means (including with correlative meaning, the terms **Controlled by** and **under common Control with**) the acquisition or control of more than 50% (Fifty Percent) of the voting rights or of the issued share capital of a Person or the right to appoint and/or remove all or the majority of the members of the board or other governing body of a Person, the power to direct or cause the direction of the management, and exercise significant influence on the management or policies of a Person, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, through Contract or otherwise;

“ESG” means environmental, social and governance matters;

“ESG Action Plan” means an environmental, social and governance action plan in the Agreed Form defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the ESG Requirements in the business activities of the Company, including the establishment of an appropriate ESG Management System, as may be amended with the approval of the Investor from time to time;

“ESG Policy” means the policy framed by the ESG Committee of the Company on ESG related matters;

“ESG Management System” means the part of the overall management system of the Group dedicated to the systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in both the Group’s activities and in the loan and investment appraisal and management processes, integrated in the Group’s organisational structure, planning activities, responsibilities, practices, procedures, processes and resources, which meets the ESG Requirements; and is satisfactory to the Investor;

“ESG Requirements” means, to the extent applicable to any Group Company, the requirements set out in in the ESG Policy;

“Group” means all the Group Companies;

“Group Company” means the Company and any company which is at any time a Subsidiary of the Company;

“Investor” means CDC Group plc and its successors and assigns;

“Investor Director” has the meaning attributed to it in Article 224 below;



**Following new Articles shall be inserted in the Articles of Association of the Transferee Company 1**

- 145A Until such time that the Investor or his affiliates continue to beneficially own 8% of the equity share capital of the Company, the Investor may nominate 1 (One) director (Investor Director), who shall not be liable to retire by rotation. No Person, other than the Investor, shall have the power or right to remove and replace the Investor Director, unless such Investor Director has been removed due to any illegal/ immoral act, fraud or dishonesty. To the extent permissible the Act, the appointment of the Investor Director shall be by direct nomination by the Investor and any appointment or removal, unless the contrary intention appears, shall take effect from the date it is notified to the Company in writing. If the Act does not permit the Person nominated by the Investor to be appointed as a director or additional director of the Company merely by nomination by the Investor, the Board shall ensure that the Board forthwith (and in any event within 2 (Two) days of such nomination or at the next Board meeting, whichever is earlier) appoints such Person as a director or additional director, as the case may be, of the Company and further ensure that, unless the Investor changes or withdraws such nomination, such Person shall also be elected as a director of the Company at the next general meeting of the shareholders of the Company.
- 145B If the Investor ceases to hold 8% of the equity share capital of the Company, but holds at least 5% of the equity share capital of the Company, the Investor may, at any time, nominate an individual as an observer (“**Observer**”) to the Board of the Company. Such Observer, subject to applicable laws shall have the right to attend any and all meetings of the Board and of all committees of the Board.
- 145C Subject to the applicable law, the Observer shall have the right to receive all information, notices and materials as shall be provided to the directors.
- 145D Subject to 145B above, the Investor Director shall be entitled to be a member of, or at the option of the Investor, an invitee on all the committees of the Board including the remuneration committee, ESG Committee and audit committee, each of which will remain constituted at all times.
- 169A The Company shall constitute a committee of the Board to formulate the ESG Policy, supervise the ESG Management System and to monitor the Company’s overall compliance with the ESG Requirements and the ESG Action Plan (ESG Committee).
- 169B The ESG Committee shall comprise of a minimum of 2 (Two) directors and a maximum of 4 (Four) directors, including the Investor Director.
- 169C The ESG Committee shall have the ability to co-opt or invite persons (including persons who are not directors of the Company) to provide expertise, if required. The members of the ESG Committee shall be appointed with the Consent of the Investor.
- 169D The ESG Committee will reach decisions by a majority vote.

# Walker Chandiook & Co LLP

Strictly Private and Confidential

To,

**Board of Directors**  
**IIFL Holdings Limited,**  
 IIFL House,  
 Sun Infotech Park,  
 Road No.16 V, Plot No.B-23  
 Wagle Estate,  
 Thane – 400 604

**Board of Directors**  
**India Infoline Finance Limited,**  
 12A – 10,13<sup>th</sup>Floor, Parinee  
 Crescenzo,  
 C-38 & C-39, G-Block,  
 Bandra Kurla Complex,  
 Mumbai – 400 051

**Walker Chandiook & Co LLP**  
 16th Floor, Tower II  
 Indiabulls Finance Centre  
 S B Marg, Elphinstone (W)  
 Mumbai 400013  
 India

T +91 22 6626 2600  
 F +91 22 6626 2601

**Board of Directors**  
**India Infoline Limited,**  
 IIFL Centre, Kamala City,  
 Senapati Bapat Marg,  
 Lower Parel (West),  
 Mumbai – 400 013

**Board of Directors**  
**IIFL Wealth Management Limited.**  
 IIFL Centre, Kamala City,  
 Senapati Bapat Marg,  
 Lower Parel (West),  
 Mumbai – 400 013

**Board of Directors**  
**India Infoline Media & Research Services Limited**  
 IIFL House,  
 Sun Infotech Park,  
 Road No.16 V, Plot No.B-23  
 Wagle Estate,  
 Thane – 400 604

**Board of Directors**  
**IIFL Distribution Services Limited**  
 IIFL House,  
 Sun Infotech Park,  
 Road No.16 V, Plot No.B-23  
 Wagle Estate,  
 Thane – 400 604

Date 31 January 2018

**Sub:Recommendation of Share Entitlement and Share Exchange Ratio pursuant to the Composite Scheme of Arrangement ("Scheme")**

Dear Sir / Madam,

We refer to our engagement letter and subsequent discussions with the management of IIFL Holdings Limited whereby IIFL Holdings Limited (referred to as "the Company"/ "Client"/ "you"/"IHL") has requested Walker Chandiook & Co LLP (hereinafter referred to as "WCC") for a Valuation report, as necessitated under SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and recommendation of Share Exchange Ratio / Share Entitlement Ratio for the proposed group restructuring ("Proposed Restructuring") of IHL pursuant to a Composite Scheme of Arrangement under Section 230 to 232 and other applicable clauses of the Companies Act, 2013 ("Scheme" or "Scheme of Arrangement") and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015.



*Handwritten signature/initials*

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC 2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

## Walker Chandiook & Co LLP

In the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitations on our scope of work.

WCC has been hereafter referred to as 'Valuer' or 'we' in this Share Entitlement Ratio and Share Exchange Ratio Report ("Report").

### SCOPE AND PURPOSE OF THIS REPORT

IHL, is a financial services conglomerate offering investment banking, institutional equities, advisory services, financing, asset & wealth management, financial advisory, broking and financial product distribution, by itself and through its various subsidiaries. Presently, IHL has 31 subsidiaries/step down subsidiaries operating in India and internationally. IHL is based in Mumbai and is listed on the BSE Limited and National Stock Exchange of India Limited. IHL is diversified in several distinct business activities through different undertakings and investments, namely:

- (i) Securities Business Undertaking comprising all the securities and investment banking business and ancillary and support services in relation thereto of the IHL.
- (ii) Wealth Business Undertaking comprising investment advisory and media and research business and ancillary and support services in relation thereto of the IHL, together with the equity shares held by IHL in IIFL Wealth Management Limited ("IWML").
- (iii) Broking and Depository Participant Business Undertaking comprising all the retail and institutional broking, research and equities trading business and depository participant business and ancillary and support service under the wealth management business of IWML.
- (iv) Finance Business, which is carried out through its unlisted subsidiary company, India Infoline Finance Limited ("IIFL"). IIFL is a non-banking financial company that offers wide range 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.

We understand that the management of IHL ("Management") is contemplating a group restructuring pursuant to a Scheme to re-organize and segregate its businesses, undertakings and investments into three different listed verticals namely, wealth management, securities business and NBFC lending in a manner that allows it to impart greater focus on each of its business lines.

The Proposed Restructuring is to be effected through the Scheme pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015.

In this regard, Walker Chandiook & Co LLP has been requested by IHL to submit a valuation report as necessitated under SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and report recommending Share Exchange / Share Entitlement Ratio ("Report") in connection with the proposed restructuring of IHL to be placed before the Audit Committee/ Board of Directors of respective companies involved in the Scheme. The steps involved in the proposed restructuring are detailed hereunder:

1. Amalgamation of India Infoline Media & Research Services Limited ("IIMR") with the Holding company, IHL with effect from 1<sup>st</sup> April, 2017.
2. Demerger of the Securities Business Undertaking from IHL into India Infoline Limited ("IIL") on a going concern basis with effect from 1<sup>st</sup> April, 2018.
3. Demerger of Wealth Business Undertaking from IHL into IWML on a going concern basis with effect from 1<sup>st</sup> April, 2018.
4. Amalgamation of India Infoline Finance Limited ("IIFL") with its Holding company, IHL with effect from 1<sup>st</sup> April 2018.



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5. Slump Sale of Broking and Depository Participant Business Undertaking of IWML into its wholly owned subsidiary, IIFL Distribution Services Limited with effect from 1<sup>st</sup> April, 2018.

Step 1 to Step 5 are jointly referred to as 'the Transaction' or 'Proposed Restructuring'.

The Securities Business Undertaking, Wealth Business Undertaking and Broking and Depository Participant Business Undertaking are collectively referred as the "Undertakings".

IIMR, IWML, IIFL and IIL are collectively referred to as "the Subsidiary Companies".

IHL along with the Subsidiary Companies is collectively referred to as "the Companies"

The scope of our services is to:

- Recommend a Share Entitlement Ratio for issue of equity shares of India Infoline Limited to the shareholders of IHL on a fully diluted basis under Step 2.
- Conduct a relative (and not absolute) valuation of the equity shares of IWML and Wealth Business Undertaking and recommend a Share Entitlement Ratio for issue of equity shares of IWML to the equity shareholders of IHL on a fully diluted basis under Step 3.
- Recommend a Share Entitlement Ratio for issue of equity shares of IHL to the shareholders of IIFL on a fully diluted basis for Step 4.
- Carry out valuation of Broking and Depository Participant Business Undertaking of IWML under Step 5.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

### BRIEF BACKGROUND OF THE COMPANIES FORMING PART OF THE SCHEME

#### IIFL Holdings Limited

IHL was founded in 1995 and is a diversified financial services company. IHL provides financial services including investment banking, institutional equities, advisory services, financing, asset & wealth management, financial advisory, broking and financial product distribution, by itself and through its various subsidiaries. IHL is based in Mumbai, and is listed on the BSE Limited and National Stock Exchange of India Limited.

The issued and subscribed equity share capital of IHL as on 31 December 2017 is INR 636.95 million consisting of 318,475,556 equity shares of face value of INR 2/- each.

IHL also has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital. Thus the fully diluted equity share capital of IHL as on 31 December 2017 is INR 640.38 million consisting of 320,189,438 equity shares of face value of INR 2/- each.

#### Wealth Business Undertaking

Wealth Business Undertaking means the investment advisory and media and research business and ancillary and support services in relation thereto of IHL together with all the licenses, undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated (including investment of IHL in IWML).



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### Securities Business Undertaking

Securities Business Undertaking means all the securities and investment banking business and ancillary and support services in relation thereto of IHL together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and whosoever situated, of IHL, in relation to and pertaining to the securities and investment banking business.

### India Infoline Limited (IIL)

India Infoline Limited is a member of BSE Limited and National Stock Exchange of India Limited. It is engaged in the businesses of Equities broking, Portfolio Management Services, Depository Participant Businesses and Distribution of Mutual fund products. It offers broking services in the Cash and Derivatives segments of the NSE as well as the Cash segment of the BSE. It is registered with NSDL as well as CDSL as a depository participant, providing a one-stop solution for clients trading in the equities market.

The issued and subscribed equity share capital of IIL as on 31 December 2017 is INR 187.18 million consisting of 18,718,281 equity shares of face value of INR 10/- each.

### India Infoline Media and Research Services Limited

IIMR is a wholly owned subsidiary of IHL. IIMR generates revenue from media related corporate advisory services, advertising, other related streams such as lead generation for real estate sector clients, online distribution of media contents etc.

### India Infoline Finance Limited

IIFL, a subsidiary of IHL, operates as a non-banking finance company. IIFL provides a wide range of products such as home loan, loan against property, commercial vehicle loan, gold loan, SME loan, healthcare finance and capital market finance to small and medium enterprises by itself and through its various subsidiaries.

The issued and subscribed equity share capital of IIFL as on 31 December 2017 is INR 2,373.67 million consisting of 237,366,652 equity shares of face value of INR 10/- each.

IIFL also has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital. In addition, IIFL also has Compulsory Convertible Preference Shares, the conversion of which will increase the paid-up equity share capital. Thus the fully diluted equity share capital of IIFL as on 31 December 2017 is INR 2,923.46 million consisting of 292,346,240 equity shares of face value of INR 10/- each on a fully diluted basis.

### IIFL Wealth Management Limited

IWML, subsidiary of IHL, was founded in 2008 and is based out of Mumbai, India. IWML along with its subsidiaries provides range of services such as wealth management, asset management, investment advisory and treasury solutions by itself and through its various subsidiaries. It also acts as a broker, depository participant and portfolio manager.

The issued and subscribed equity share capital of IWML as on 31 December 2017 is INR 157.65 million consisting of 78,823,148 equity shares of face value of INR 2/- each.



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## Walker Chandniok & Co LLP

IHL also has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital. Thus, the fully diluted issued and subscribed equity share capital of IWML as on 31 December 2017 is INR 167.10 million consisting of 83,550,238 equity shares of face value of INR 2/- each including outstanding employee stock options under its existing stock option schemes.

### Broking and Depository Participant Business Undertaking

Broking, Research and Depository Participant Business Undertaking means all the retail and institutional broking and equities trading business and depository participant business and ancillary and support services in relation thereto of IWML.

### SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and/or gathered from public domain:

1. Provisional financial statements of IWML and IIFL for the six months period ended 30 September 2017 and of IIMR for the nine months period ended 31 December 2017.
2. Carved out financial statements of Broking, Research and Depository Participant Business Undertaking for the six months period ended 30 September 2017.
3. Audited financial statements of IWML, IIMR and IIFL for year ended 31 March 2015, 31 March 2016 and 31 March 2017.
4. Details of Employee Stock options as at the date of the report for the IHL, IWML and IIFL.
5. Financial Projections of IIMR from FY 18 to FY20
6. Proposed Capital Structure of India Infoline Limited.
7. Shareholding Pattern of IHL, IWML, IIFL as on 31 December 2017
8. Explanations provided by the managements of the Companies from time to time.
9. Draft Scheme.

The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio and Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

### APPROACH TO VALUATION ENGAGEMENT AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Discussions with the Company and relevant Subsidiary Companies to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
  - Enquire about business plans and future performance estimates.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysis of key trends and valuation multiples of comparable companies using:
    - Valuers' internal transactions database
    - Proprietary databases subscribed by the Valuers'
  - Other publically available information.
- Analysis of information



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- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberations
- Determination of relative value of the Wealth Business Undertaking and IWML
- Arriving at Share Exchange Ratio/Share Entitlement Ratio whichever is applicable.

Management informed us that they have appointed ICICI Securities to provide fairness opinion on the recommended Share Exchange / Entitlement Ratio for the purpose of the aforementioned Proposed Restructuring.

### SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than valuation date of 30 January 2018 ("Valuation Date").

This Report, its contents and the results herein are (i) specific to the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the data detailed in the section – Sources of Information. An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the Valuation Date. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represent our recommendation based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of a Share Exchange Ratio/Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Exchange Ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Exchange Ratio at which the proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including information as detailed in the section - Sources of Information. We have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect



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our valuation analysis/results. Also, we assume no responsibility for technical information furnished by the Company/Companies. However nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Management has represented that the business activities have been carried out in the normal and ordinary course between 30 September 2017 and the Report date for the Companies and that no material adverse change has occurred in their respective operations and financial position between the respective aforementioned dates and the Report date.

### APPROACH & METHODOLOGY OF SHARE EXCHANGE / ENTITLEMENT RATIO

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies.

The Scheme contemplates the merger of IIMR into IHL, demerger of Wealth Business Undertaking of IHL into IWML, Securities Business Undertaking of IHL into India Infoline Limited and transfer of Broking and Depository Participant Business Undertaking of IWML into IIFL Distribution Services Limited and amalgamation of IIFL with IHL. The Scheme contemplates the Transaction pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. Arriving at the fair Share Exchange Ratio for the Proposed Restructuring would require determining the relative values of the Wealth Business Undertaking and IWML. These values are to be determined independently but on a relative basis, and without considering the effect of the proposed restructuring.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company/ business:

1. Market Approach
  - a. Market Price method
  - b. Comparable Companies Market Multiple ("MM") Method/ Transaction Multiple (CCM) method
2. Income Approach – Discounted Cash Flows method
3. Asset Approach – Net Asset Value method



*CPA*



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### Market Approach

#### a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

In the present case, Market Price method is not applicable as none of the Subsidiary Companies / Undertakings under valuation are listed on any stock exchange.

#### b) Comparable Companies Market Multiple ("MM") Method/ Transaction Multiple (CCM) method

Under this method, value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies / IHL, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Under the Comparable Transaction Multiple method, value of the equity shares of a company / business is arrived at by using multiples derived from valuations of comparable companies, as manifested through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

This method has been applied to determine value of IWML and Broking and Depository Participant Business Undertaking. The value arrived using the relevant multiples under this method is adjusted for ESOPs and other matters as considered appropriate.

### Income Approach – Discounted Cash Flows method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

#### *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

#### *Appropriate discount rate to be applied to cash flows i.e. the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

In the present case, we have not been provided with the financial projections for IWML and Depository Participant Business Undertaking of IWML, and accordingly we have not used this method for valuation of these businesses. We have been provided with financial projections for IIMR and have therefore used this method for valuation of IIMR.



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### Asset Approach - Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. The Scheme of Arrangement would normally be proceeded with, on the assumption that the companies being part of the demerger /merger process are going concerns and an actual realization of their operating assets is not contemplated. Hence, this method has not been used.

The valuation arrived at under the above mentioned methods could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.

### RECOMMENDATION OF RATIO OF EXCHANGE OF SHARES FOR THE PROPOSED RESTRUCTURING

#### STEP 1 - AMALGAMATION OF INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED WITH THE HOLDING COMPANY, IHL.

As per the proposed Scheme, as IIMR is a wholly owned subsidiary of IHL, in consideration of the amalgamation of IIMR with IHL there shall be no issue of shares by IHL and all the equity share held by IHL in IIMR shall stand cancelled, extinguished and annulled. Subsequently, IIMR shall stand dissolved without winding up.

#### STEP 2 – DEMERGER OF SECURITIES BUSINESS UNDERTAKING OF IHL INTO INDIA INFOLINE LIMITED

As per the proposed Scheme of Arrangement, in consideration of the transfer and vesting of Securities Business Undertaking of IHL into IIL, IIL shall issue & allot equity shares to the equity shareholders of IHL based on the ratio of entitlement of shares.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Management proposes Share Entitlement ratio in consideration for transfer and vesting of Securities Business of IHL into IIL to be as follows:

For 1 (One) fully paid equity share of INR 2 each held in IHL; issue of 1 (One) fully paid equity share of INR 2 each of IIL. Please refer Annexure 1.

The ESOP holders of IHL would be entitled to ESOPs in IIL basis the above Share Entitlement Ratio.

We believe that the above Share Entitlement Ratio is fair and reasonable considering that all the shareholders of IHL will upon demerger, be the shareholders of India Infoline Limited in the same ratio (inter se) as they hold shares in IHL, as on the record date.

On the Scheme becoming effective and upon allotment of equity shares by IIL, all the equity share held by IHL in IIL shall stand cancelled, extinguished and annulled. Further, entire paid up equity share capital, as on Valuation Date, of the IIL shall stand cancelled, extinguished and annulled.



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### STEP 3 – DEMERGER OF WEALTH BUSINESS UNDERTAKING OF IHL INTO IWML

As per the Proposed Scheme of Arrangement, in consideration of the transfer and vesting of Wealth Business Undertaking of IHL into IWML, IWML shall issue & allot equity shares to the equity shareholders of IHL based on the ratio of allotment of shares. Arriving at the Share Allotment Ratio would require determining the value of Wealth Business Undertaking and value of IWML.

We have used a sum of the parts approach to determine the value of Wealth Business Undertaking by way of determining:

- a) Value of investment advisory, media and research division of IHL.
- b) Value of IHL's equity interest in IWML including subsidiaries and joint venture interests.

Please refer Annexure 2 summary valuation workings.

In view of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Entitlement Ratio as follows:

For every 7 (Seven) diluted equity shares of IHL (of INR 2/- each fully paid up); issue of 1(One) equity shares of IWML (of INR 2/- each fully paid up) for the demerger and vesting of Wealth Business Undertaking in to IWML.

The ESOP holders of IHL would be entitled to ESOPs in IWML basis the above Share Entitlement Ratio.

On the Scheme becoming effective and upon allotment of equity shares by IWML, all the equity share held by IHL in IWML shall stand cancelled, extinguished and annulled.

### STEP 4 – AMALGAMATION OF IIFL INTO IHL

As per the Proposed Scheme of Arrangement, the Management proposes to merge IIFL with IHL. Thus in consideration for amalgamation of IIFL into IHL, IHL shall issue & allot equity shares to the shareholders of IIFL after cancellation of shares held by IHL in IIFL. Please refer Annexure 3.

We understand from the Management that post steps 1 to 3, IHL will hold no other material assets except investment in IIFL and will derive its entire value from the said investment only. Pursuant to the merger of IIFL with IHL, the investment of IHL in IIFL will be cancelled and the entire business, including all assets and liabilities of IIFL will be vested in IHL. Thus, pursuant to the merger the effective holding of the shareholders of IHL in IIFL will translate into a direct holding and the existing shareholders of IIFL (both equity and CCPS) should be issued such number of equity shares such that their interest remains constant in merged entity. Accordingly, no valuation of shares is required to be undertaken and the beneficial shareholding of all the shareholders in the finance business carried on by IIFL continues to remain the same, both pre and post amalgamation.

Considering that the beneficial interest pre and post amalgamation continues to remain the same, both pre and post amalgamation, we understand that the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 is not applicable.

In view of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Exchange Ratio as follows:



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### For Equity Shareholders

For 100 (One Hundred) fully paid equity shares of INR 10 each held in IIFL; issue of 135 (One Hundred and Thirty Five) fully paid equity shares of INR 2 each of IHL.

### For Preference shareholders:

For every 100 (One Hundred) fully paid compulsorily convertible preference shares of INR 10 each held in IIFL; issue of 135 (One Hundred and Thirty Five) fully paid equity shares of INR 2 each of IHL.

On the Scheme becoming effective and upon allotment of equity shares by IHL, all the equity share held by IHL in IIFL shall stand cancelled, extinguished and annulled.

The ESOP holders of IIFL would be entitled to ESOPs in IHL basis the above Share Exchange Ratio.

### STEP 5 - SLUMP SALE OF BROKING, RESEARCH AND DEPOSITORY PARTICIPANT BUSINESS UNDERTAKING OF IWML INTO ITS WHOLLY OWNED SUBSIDIARY, IIFL DISTRIBUTION SERVICES LIMITED.

As per the Proposed Scheme of Arrangement, the Management proposes to transfer Broking and Depository participant business undertaking of IWML into IIFL Distribution Services Limited. The transfer of the Broking and Depository participant business undertaking of IWML to IIFL Distribution Services Limited is transferred for a cash consideration of INR 165.80 million. Please refer Annexure 4.

Respectfully submitted,  
**For Walker Chandlok & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No: 001076N/ N500013



Huned Contractor  
Partner  
Membership No: 41456  
Date: 31 January 2018



## Walker Chandiook &amp; Co LLP

## Annexure 1

We understand from the Management that the issued, subscribed and paid up capital of IIL shall be 320,189,438 shares. On the basis of proposed capital structure of IIL and the considering the fact that shareholders of IHL upon demerger would be the shareholders in IIL, there is no valuation exercise being undertaken and Share Entitlement Ratio is determined based on the intended capital structure of IIL.

**Share Entitlement Ratio - Demerger of Securities Business into IIL**

For 1 (One) fully paid equity share of INR 2 each held in IHL; issue of 1 (One) fully paid equity share of INR 2 each of IIL.

## Annexure 2

Valuation Approach	IWML		Wealth Business Undertaking			
	Value per Share	Weight (%)	IIMR (A)		Investment in IWML (B)	
			Value per Share	Weight (%)	Value per Share	Weight (%)
Asset Approach	NA	-	NA	-	NA	-
Market Approach						
Market Price Method	NA	-	NA	-	NA	-
Market Multiple	1,010.2	50%	NA	-	142.0	50%
Transaction Multiple	1,196.5	50%	NA	-	168.2	50%
Income Approach	NA	-	2.3	100%	NA	-
<b>Relative Value Per Share*</b>	<b>1,103.4</b>	<b>100%</b>	<b>2.3</b>	<b>100%</b>	<b>155.1</b>	<b>100%</b>
<b>Relative Value Per Share*</b>	<b>1,103.4</b>	<b>100%</b>	<b>(A) + (B) →</b>		<b>157.4</b>	<b>100%</b>

\*face value INR 2 per share for IWML

\*face value INR 2 per share for Wealth Business Undertaking (Paid up Share capital of IHL is considered for determining per share value of Wealth Business Undertaking)

\* Wealth Business Undertaking comprises IIMR division, Investment advisory business and investment of IHL in IWML.

NA = Not Adopted / Not Applicable

**Share Entitlement Ratio - Demerger of Wealth Business Undertaking into IWML**

For every 7 (Seven) diluted equity shares of IHL (of INR 2/- each fully paid up); issue of 1(One) equity shares of IWML (of INR 2/- each fully paid up) for the demerger and vesting of Wealth Business Undertaking in to IWML.

## Annexure 3

**Share Exchange Ratio – Amalgamation of IIFL into IHL**

For 100 (One hundred) fully paid equity shares of INR 10 each held in IIFL; issue of 135 (One hundred and Thirty Five) fully paid equity shares of INR 2 each of IHL.

~~For every 100 (One Hundred) fully paid compulsorily convertible preference shares of INR 10 each held in IIFL; issue of 135 (One Hundred and Thirty Five) fully paid equity shares of INR 2 each of IHL.~~

*In determining the allotment ratio for issuance of equity shares to the external shareholders of IIFL due consideration had been given to the fact that the % of holding of the external shareholders of IIFL remains same after the merger of IIFL into IHL.*



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# Walker Chandiook & Co LLP

## Annexure 4

Valuation Approach	Value (INR Mn)	Weight (%)
Asset Approach	NA	-
Market Approach		
Market Price Method	NA	-
Comparable Companies Method	165.8	100%
Income Approach	NA	-
<b>Value for Business</b>	<b>165.8</b>	<b>100%</b>



*CS*





31 January, 2018

To,

The Board of Directors  
IIFL Holdings Limited,  
IIFL House, Sun Infotech Park,  
Road No 16V, Plot No. B-23,  
Thane Industrial Area,  
Wagle Estate, Thane – 400604

Sub: Fairness opinion on Share Entitlement and Share Exchange Ratio pursuant to the Composite Scheme of Arrangement ("Scheme")

This has reference to our engagement letter wherein IIFL Holdings Limited (hereinafter referred to as "you" or "the Company" or "IHL") has requested ICICI Securities ("I-Sec") to provide fairness opinion on the share entitlement and share exchange ratio pursuant to the Composite Scheme of Arrangement comprising IIFL Holdings Limited, India Infoline Limited, India Infoline Finance Limited, IIFL Wealth Management Limited and India Infoline Media & Research Services Ltd.

**BACKGROUND, PURPOSE AND USE OF THIS REPORT**

IHL is a diversified financial conglomerate with interests in lending, financial services, capital market services, distribution of financial products and wealth management services. IHL has 31 subsidiaries / step down subsidiaries operating in India and internationally. IHL is diversified in several distinct business activities through different undertakings and investments namely:

- i. Securities Business Undertaking comprising securities and investment banking business including the trademark "IIFL" and ancillary and support services in relation thereto of IHL
- ii. Wealth Business Undertaking comprising the investment advisory and media and research business and ancillary and support services in relation of the IHL together with equity shares held by IHL in IIFL Wealth Management Limited ("IWML")
- iii. Broking and Depository Participant Business Undertaking comprising all the retail and institutional broking and equities trading business, research business and depository participant business and ancillary and support services under the wealth management business of IWML

We understand that the management of IHL is proposing a group restructuring within the IIFL group ("Group Restructuring"). The steps involved in the proposed Group Restructuring are detailed below:

**1. Amalgamation of India Infoline Media & Research Services Ltd ("IIMR") with IHL**

Capital Market : NSE Regn. No. INF-230773037, BSE Regn. No. INF-011286864  
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035  
Currency Derivatives : NSE Regn. No. INF 230773037  
CIN No.: U57120MH1995FLD086241

**ICICI Securities Limited**  
**Registered Office (Institutional):**  
ICICI Centre, H. T. Parekh Marg,  
Churchgate, Mumbai 400 020, India.  
Tel (91 22) 2288 2460/70  
Fax (91 22) 2282 6580

**Corporate Office (Retail):**  
Shree Sawan Knowledge Park, Plot No. D-507,  
T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705  
Tel (91 22) 4070 1000  
Fax (91 22) 4070 1022.

Name of Compliance Officer (Broking Operations): Ms. Manita





2. Demerger of Securities Business Undertaking into India Infoline Limited ("IIL") on a going concern basis
3. Demerger of Wealth Business Undertaking into IWML on a going concern basis
4. Amalgamation of India Infoline Finance Limited ("IIFL") with IHL
5. Slump sale of Broking and Depository Participant Business Undertaking of IWML into its wholly owned subsidiary, IIFL Distribution Services Limited

We understand from the management that the shareholders of IHL will be issued shares of IWML and IIL as consideration for the proposed Step 2 and Step 3 and the shareholders of IIFL will be issued shares of IHL consideration for the proposed Step 4 and the consideration for the Step 5 will be settled in cash.

For the aforesaid purpose, the management of IHL has appointed Walker Chandiook & Co LLP ("WCC") (referred as "Valuer") to prepare a valuation report on the share exchange ratio/ consideration, as may be applicable for the Group Restructuring ("Share Exchange Ratio/ Consideration"), to be placed before the Board and its committees of the Company.

In this connection we have been requested by the Company to render our advice by way of a fairness opinion on the Share Exchange Ratio/ Consideration from a financial point of view to the Board of Directors of IHL through audit committee of the board as to whether the Share Exchange Ratio/ Consideration, as recommended by the WCC, in their report dated 31 January, 2018 and based on the valuation analysis carried out by them, which forms the basis for the Group Restructuring as per the aforesaid Scheme is fair and reasonable.

This report is intended only for the sole use and information of the Company only in connection with the Group Restructuring including for the purpose of obtaining judicial and regulatory approvals for the Group Restructuring. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Group Restructuring as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant High Court, shareholders and creditors at their respective meetings, NCLT, stock exchanges, advisor of the Company in relation to the Scheme, as well as with the statutory authorities.

As per Valuers' recommendation:

- For every 7 fully paid up equity share of Rs. 2 each held in IHL; issue of 1 fully paid up equity share of Rs. 2 each of IWML



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- For every 1 fully paid up equity share of Rs. 2 each held in IHL; issue of 1 fully paid up equity share of Rs. 2 each of India Infoline Limited
- The shares held by IHL In IIFL will stand cancelled and balance shareholders in the IIFL the swap ratio will be:
  - For every 100 fully paid up equity share of Rs. 10 each held in IIFL; issue of 135 fully paid up equity share of Rs. 2 each of IHL
  - For every 100 fully paid up CCPS of Rs. 10 each held in IIFL; issue of 135 fully paid up equity share of Rs. 2 each of IHL
- Slump sale of broking and depository participant business undertaking of IWML into its wholly owned subsidiary, IIFL Distribution Services Limited is valued at Rs. 165.8 million

#### SOURCES OF INFORMATION

In arriving at the opinion set forth below, we have relied on:

- (a) Discussions with WCC, the calculations undertaken by the Valuer for the valuation of the Business and the draft Valuation Reports;
- (b) Information, discussions (including orally) and documents as provided by Company for purpose of this engagement;
- (c) Financial Statements of IWML and income statement of Broking and Depository Participant Business Undertaking for the 6 months ended September, 2017
- (d) Financial Statements of IIMR for the 9 months ended December, 2017 and projections for FY18, FY19 and FY20
- (e) Financial information to the extent available in the public domain

#### SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Company or their businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the Share Exchange Ratio/ Consideration for the Group Restructuring. It may not be valid for any other purpose or if done on behalf of any other entity.

Our analysis and results are also specific to the date of this report and based on information as at 30 January, 2018. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Company has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company, their

P. 303



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businesses, and any other matter, which may have an impact on our opinion, on the Share Exchange Ratio/ Consideration for the Group Restructuring, including any significant changes that have taken place or are likely to take place in the financial position of the Company or their businesses subsequent to the proposed Appointed Date for the Group Restructuring. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. We have been given to understand by the management of the Company that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to the IIFL Group to effect the Group Restructuring or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the Group Restructuring. We do not express and should not be deemed to have expressed any views on any other term of the Group Restructuring. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of the Company will trade following the announcement of the Group Restructuring or as to the financial performance of the Companies following the consummation of the Group Restructuring.

No investigation of the Company's claim to title of assets has been made for the purpose of this exercise and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Group Restructuring with the provisions of any law including company, taxation and capital market related laws or as regards any legal implications or issues arising from such Group Restructuring.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Company and have wholly relied on information provided by the Company in that regard.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any Company that may be involved in the Scheme.

Page 1 of 2





It is understood that this letter is for the benefit of and confidential use by the Board of Directors of IHL for the purpose of this Proposed Group Restructuring and may not be relied upon by any other person and may not be used or disclosed for any other purpose without obtaining our prior written consent.

#### RATIONALE & CONCLUSION

We are given to understand that WCC has arrived at the Share Exchange Ratio/ Consideration, after keeping in mind various factors such as the serviceability of capital of the Group Restructuring taking into account the potential earning capacity of the business that would be carried on by the proposed company once the Scheme comes into effect.

We understand that IIMR is a wholly owned subsidiary of IHL and no shares will be issued on amalgamation of IIMR with IHL.

We also understand that the shareholders of IHL will upon the proposed Group Restructuring be the ultimate beneficial owners of India Infoline Limited in the same ratio (inter-se) as they hold shares in IHL as on the record date.

Further, the value of the Wealth Business Undertaking has been arrived at considering the interest of the IWML and the value of the business being transferred.

By virtue of transfer of Broking and Depository Participant Business Undertaking by IWML into its wholly owned subsidiary, the interest of the shareholders of IWML in the said undertaking is intact.

Further, as per the Scheme, IHL will hold no other material assets except investment in IIFL and will derive its entire value from the said investment only post the proposed restructuring except merger of IIFL into IHL. Thus, pursuant to the merger of IIFL into IHL the effective holding of the shareholders of IHL in IIFL will translate into a direct holding and the existing shareholders of IIFL (both equity and CCPS) should be issued such number of equity shares such that their interest remains constant in merged entity.

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the proposed Share Exchange Ratio/ Consideration as recommended by WCC, which forms the basis for the Group Restructuring, is fair and reasonable.

Yours faithfully,  
For ICICI Securities Limited,

  
Authorized Signatory 







DCS/AMAL/BA/R37/1266/2018-19

September 14, 2018

The Company Secretary,  
**IIFL Holdings Limited**  
 IIFL House, Sun Infotech Park, Road No. 16V,  
 Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate,  
 Thane, Maharashtra, 400604

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement among IIFL Holdings Limited, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited.**

We are in receipt of Draft Scheme of Arrangement among IIFL Holdings Limited, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited and their Respective Shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated September 11, 2018 has inter alia given the following comment(s) on the draft scheme of amalgamation:

- "Company shall ensure that applicable information pertaining to unlisted IIFL Wealth Management Limited, IIFL Securities Limited is included in the abridged prospectus as per the format specified in the circular."
- "Company shall ensure that the status of Kranti Sinha and Arun Kumar Purwar, who appear in the wilful defaulter list of RBI, is disclosed in the scheme and before the NCLT."
- "Company shall ensure that the pending consent application of India Infoline Limited (now IIFL Holdings Limited) is disclosed in the scheme and before the NCLT."
- "Company shall ensure that the any pending proceedings of RBI/PFRDA on the companies involved in the scheme are disclosed in the scheme and before the NCLT."
- "Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

However, the listing of equity shares of **IIFL Securities Limited** and **IIFL Wealth Management Limited** shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. Further, **IIFL Securities Limited** and **IIFL Wealth Management Limited** shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of **IIFL Securities Limited** and **IIFL Wealth Management Limited** is at the discretion of the Exchange. In addition to the above, the listing of **IIFL Securities Limited** and **IIFL Wealth Management Limited** pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about **IIFL Securities Limited** and **IIFL Wealth Management Limited** in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information of **IIFL Securities Limited** and **IIFL Wealth Management Limited** in line with the details required as per the aforesaid SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about **IIFL Securities Limited** and **IIFL Wealth Management Limited** on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
  - i. "The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
  - ii. "There shall be no change in the shareholding pattern of **IIFL Securities Limited** and **IIFL Wealth Management Limited** between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of Arrangement.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Byelaws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


  
**Nitinkumar Pujari**  
 Senior Manager



DCS/AMAL/BA/R37/1279/2018-19

September 28, 2018

The Company Secretary,  
IIFL Holdings Limited  
IIFL House, Sun Infotech Park, Road No. 16V,  
Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate,  
Thane, Maharashtra, 400604

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement among IIFL Holdings Limited, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited and IIFL Distribution Services Limited.**

Kindly refer to our letter DCS/AMAL/BA/R37/1266/2018-19 dated September 14, 2018, forwarding our comments on the captioned matter.

In this regard, in view of submission from you vide letter dated September 21, 2018 and SEBI letter dated September 26, 2018, SEBI comment(s) at bullet points 2 and 3 of BSE letter dated September 14, 2018 have been revised to as follows:

- "Company shall ensure that the status of Kranti Sinha and Arun Kumar Purwar, who appear in the defaulter list of RBI, is disclosed in the scheme and before the NCLT."
- "Company shall ensure that the pending consent application of India Infoline Limited (now IIFL Securities Limited) is disclosed in the scheme and before the NCLT."

Yours faithfully,

  
 Nithkumar Pujari  
Senior Manager



## National Stock Exchange Of India Limited

Ref: NSE/LIST/15624

September 11, 2018

The Company Secretary  
IIFL Holdings Limited  
IIFL Centre, Trade Centre,  
Off Senapati Bapat Marg,  
Lower Parel, Mumbai - 400013.

Kind Attn.: Mr. Gajendra Thakur

Dear Sir,

**Sub: Observation Letter for the draft Composite Scheme of Arrangement of Company, India Infoline Media and Research Company, India, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline, India Infoline Finance Limited, IIFL Distribution Services Limited, and their respective shareholders.**

We are in receipt of the draft Composite Scheme of Arrangement of India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 vide application dated March 15, 2018.

Based on our letter reference no Ref: NSE/LIST/42939 dated April 09, 2018 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated September 11, 2018, has given following comments:

- a. The Company is advised to disclose the applicable IIFL Wealth Management Limited, IIFL Securities Limited in the abridged prospectus.
- b. The Company is advised that the status of the Company is to be disclosed in the wilful defaulter list of the Company disclosed in the Scheme and before the NCLT.
- c. The Company is advised that the pending consent application of India Infoline (now IIFL Holding Limited) is disclosed in the scheme and before NCLT.
- d. The Company is advised that any pending proceedings of RBI/PFRDA on companies involved in the scheme are disclosed in the scheme and before the NCLT.
- e. The Company shall disclose the additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, after filing the scheme with the stock exchange, after filing the scheme with the stock exchange.
- f. The Company shall duly comply with various provisions of the Circular.
- g. The Company is advised that the observations of the Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the notice of NCLT.
- h. It is to be noted that the petitions are filed for processing and communication of comments/

Signer: Divya Babu Poojari  
Date: Tue, Sep 11, 2018 19:12:28 IST  
Location: NSE  
Bandra (E), Mumbai - 400 051,





Continuation Sheet

*stock exchange. Hence, the company is stock exchange. Hence, the company is intation as mandated under section 230(5) of as mandated under section 230(5) of Compc  
comments/observations/ representationc*

Based on the draft scheme and other docuBased on the draft scheme and other docu  
undertaking given in terms of Regulation 11 (egSEBI (LODR) Regulation, 2015, we hereby  
convey our “No-objection” in terms of regulatiobjection” in terms of regulation 94 of SEBI (L  
to enable the Company to file the draft schemeto en NCLT.

However, the Exchange reserves its rights to iHowever, the Exchny stage if the information  
submitted to the Exchange is found to be incosubmitted to the Exchange is found to be inco  
contravention of Rules, Bye-laws and Regullaws and Regulations of the Exchange, Listi  
Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall iThe validity of this September 11, 2018, within  
which the scheme shall be submitted to NCLT.

Yours faithfully,  
For **National Stock Exchange of India Limitaa**

Divya Poojari  
Senior Manager

P.S. Checklist for all the Further Issues is availaP.S. Checklist for all the Further Issues is availa  
URL [~](http://www.nseindia.com/corporates/conthttp://www.nseindia.c</a></p>
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Ref: NSE/LIST/15624

September 27, 2018

The Company Secretary  
IIFL Holdings Limited  
IIFL Centre, Trade Centre,  
Off Senapati Bapat Marg,  
Lower Parel, Mumbai - 400013.

**Kind Attn.: Mr. Gajendra Thakur**

Dear Sir,

**Sub: Observation Letter for the draft Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited, and their respective shareholders.**

Kindly refer to our letter NSE/LIST/15624 dated September 11, 2018, forwarding our comments on the captioned matter.

In this regard, in view of submission from you vide letter dated September 21, 2018 and SEBI letter dated September 26, 2018, comments at para 2(b) and 2(c) of NSE letter dated September 11, 2018 have been revised to as follows:

- b. The Company is advised that the status of Kranti Sinha and Arun Kumar Purwar, who appear in the defaulter list of RBI, is disclosed in the Scheme and before the NCLT.*
- c. The Company is advised that the pending consent application of India Infoline Limited (now IIFL Securities Limited) is disclosed in the scheme and before NCLT.*

Yours faithfully,  
For **National Stock Exchange of India Limited**

  
Divya Poojari  
Senior Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)



12 April 2018

To,

The General Manager,  
Department of Corporate Services,  
BSE Limited,  
P.J. Towers, Dalal Street,  
Mumbai – 400 001.

Dear Sir/ Madam,

**SUB: Application for grant of approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**REF: Complaint report in relation to draft Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited (formerly known as 'India Infoline Limited'), IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "draft Scheme" or the "Scheme")**

This is in reference to our application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme.

Please find attached herewith details of Complaints received by the Company on the draft Scheme during 21 days period from the date of hosting the draft Scheme by the BSE Limited (21 March 2018). The Company has hosted the Draft Scheme along with requisite documents on its website.

Kindly take the same on record and provide us necessary "No objection" at the earliest to enable us to file the Scheme with the National Company Law Tribunal.

Thanking you,

Yours faithfully,

**For IIFL Holdings Limited**



**Gajendra Thakur**  
Company Secretary

IIFL Holdings Limited

CIN No.: L74999MH1995PLC093797

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 .Fax: (91-22) 40609049

Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 Tel:

(91-22) 25806650. Fax: (91-22) 25806654 E-mail: [cs\\_team@iifl.com](mailto:cs_team@iifl.com) Website: [www.indiainfoline.com](http://www.indiainfoline.com)



## Complaints Report

### Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not applicable
5.	Number of complaints pending	Not applicable

### Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

Thanking you,

Yours faithfully,

**For IIFL Holdings Limited**



**Gajendra Thakur**  
Company Secretary

IIFL Holdings Limited

CIN No.: L74999MH1995PLC093797

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 .Fax: (91-22) 40609049  
 Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 Tel:  
 (91-22) 25806650. Fax: (91-22) 25806654 E-mail: [cs\\_team@iifl.com](mailto:cs_team@iifl.com) Website: [www.indiaonline.com](http://www.indiaonline.com)



19 April 2018

To,

The General Manager,  
Department of Corporate Services,  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, G-Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai – 400 051

Dear Sir/ Madam,

**SUB: Application for grant of approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**REF: Complaint report in relation to draft Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited, IIFL Securities Limited (formerly known as 'India Infoline Limited'), IIFL Wealth Management Limited, India Infoline Finance Limited, IIFL Distribution Services Limited, and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "draft Scheme" or the "Scheme")**

This is in reference to our application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme.

Please find attached herewith details of Complaints received by the Company on the draft Scheme during 21 days period from the date of hosting the draft Scheme by the National Stock Exchange of India Limited (28 March 2018). The Company has hosted the Draft Scheme along with requisite documents on its website.

Kindly take the same on record and provide us necessary "No objection" at the earliest to enable us to file the Scheme with the National Company Law Tribunal.

Thanking you,

Yours faithfully,

For IIFL Holdings Limited

Gajendra Thakur  
Company Secretary



IIFL Holdings Limited

CIN No.: L74999MH1995PLC093797

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 .Fax: (91-22) 40609049  
Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 Tel:  
(91-22) 25806650. Fax: (91-22) 25806654 E-mail: [csteam@iifl.com](mailto:csteam@iifl.com) Website: [www.iifl.com](http://www.iifl.com)

1 | 2



## Complaints Report

## Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not applicable
5.	Number of complaints pending	Not applicable

## Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

Thanking you,

Yours faithfully,

For IIFL Holdings Limited



**Gajendra Thakur**  
Company Secretary

IIFL Holdings Limited

CIN No.: L74999MH1995PLC093797

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 .Fax: (91-22) 40609049  
Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604 Tel:  
(91-22) 25806650. Fax: (91-22) 25806654 E-mail: [csteam@iifl.com](mailto:csteam@iifl.com) Website: [www.iifl.com](http://www.iifl.com)

**IIFL Holdings Limited**  
**Unaudited Balance sheet as on September 30, 2018**

(Rs in Lakhs)

<b>Particulars</b>	<b>As at September 30, 2018</b>
	(Unaudited)
<b>ASSETS</b>	
<b>(1) Financial Assets</b>	
(a) Cash and cash equivalents	2,629.15
(b) Bank Balance other than (a) above	131.57
(c) Receivables	
(I) Trade Receivables	168.14
(II) Other Receivables	295.60
(d) Investments	141,117.25
(e) Other Financial assets	516.47
<b>Sub-total</b>	<b>144,858.19</b>
<b>(2) Non-financial Assets</b>	
(a) Current tax assets (Net)	3,026.51
(b) Deferred tax Assets (Net)	633.19
(c) Property, Plant and Equipment	134.26
(d) Capital work-in-progress	2.75
(e) Other Intangible assets	51.05
(f) Other non-financial assets	218.24
<b>Sub-total</b>	<b>4,066.01</b>
<b>Total Assets</b>	<b>148,924.20</b>
<b>LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
<b>(1) Financial Liabilities</b>	
(a) Payables	
(I) Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	106.90
(II) Other Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	134.42
(b) Other financial liabilities	122.75
<b>Sub-total</b>	<b>364.07</b>
<b>(2) Non-Financial Liabilities</b>	
(a) Current tax liabilities (Net)	29.64
(b) Provisions	246.30
<b>Sub-total</b>	<b>275.94</b>
<b>(3) EQUITY</b>	
(a) Equity Share capital	6,381.29
(b) Other Equity	141,902.88
<b>Sub-total</b>	<b>148,284.16</b>
<b>Total Liabilities and Equity</b>	<b>148,924.18</b>

**IIFL Holdings Limited**  
**Unaudited Statement of profit and Loss for the period April-18 to September -18**

(Rs in Lakhs)

Particulars	April-18 to September 18
<b>Revenue from operations</b>	
(i) Interest Income	352.16
(ii) Dividend Income	0.22
(iii) Fees and commission Income	2,477.70
(iv) Net gain on fair value changes	82.20
(v) Others	-
<b>(I) Total Revenue from operations</b>	<b>2,912.28</b>
(II) Other Income	23.18
<b>(III) Total Income (I+II)</b>	<b>2,935.46</b>
<b>Expenses</b>	
(i) Finance Costs	-
(ii) Employee Benefits Expenses	459.93
(iii) Depreciation, amortization and impairment	46.06
(iv) Others expenses (to be specified)	333.19
<b>(IV) Total Expenses (IV)</b>	<b>839.18</b>
(V) Profit / (loss) before exceptional items and tax (III-IV)	<b>2,096.28</b>
(VI) Exceptional items	-
(VII) Profit/(loss) before tax (V -VI )	2,096.28
(VIII) Tax Expense:	
(1) Current Tax	111.06
(2) Deferred Tax	5.62
(IX) Profit / (loss) for the period from continuing operations(VII-VIII)	<b>1,979.60</b>
(X) Profit/(loss) from discontinued operations	-
(XI) Tax Expense of discontinued operations	-
(XII) Profit/(loss) from discontinued operations(After tax) (X-XI)	-
<b>(XIII) Profit/(loss) for the period (IX+XII)</b>	<b>1,979.60</b>
<b>(XIV) Other Comprehensive Income</b>	
(A) (i) Items that will not be reclassified to profit or loss (specify items and amounts)	64.45
(ii) Income tax relating to items that will not be reclassified to profit or loss	(2.08)
<b>Subtotal (A)</b>	<b>62.37</b>
(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)	
(ii) Income tax relating to items that will be reclassified to profit or loss	
<b>Subtotal (B)</b>	-
<b>Other Comprehensive Income (A + B)</b>	<b>62.37</b>
<b>(XV) Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>	<b>2,041.97</b>

**India Infoline Media & Research Services Limited**  
**Standalone Balance Sheet as at Sep 30,2018**

Particulars	(Amount in Rs) As at Sep 30, 2018
<b>I. ASSETS</b>	
<b>(1) Financial Assets</b>	
(a) Cash and cash equivalents	72,157,507
(b) Bank Balance other than (a) above	
(c) Derivative financial instruments	
(d) Receivables	
(I) Trade Receivables	4,393,186
(II) Other Receivables	
(e) Loans	50,000
(f) Investments	19,120,241
(g) Other Financial assets (to be specified)	23,014
<b>Sub total</b>	<b>95,743,948</b>
<b>(2) Non-financial Assets</b>	
(a) Inventories	
(b) Current tax assets (Net)	51,431,487
(c) Deferred tax Assets (Net)	107,469,298
(d) Investment Property	
(e) Biological assets other than bearer plants	
(f) Property, Plant and Equipment	2,298,113
(g) Capital work-in-progress	
(h) Intangible assets under development	
(i) Goodwill	
(j) Other Intangible assets	
(k) Other non-financial assets (to be specified)	774,731
<b>Sub total</b>	<b>161,973,628</b>
<b>TOTAL</b>	<b>257,717,576</b>
<b>II. LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
<b>(1) Financial Liabilities</b>	
<b>(I) Trade Payables</b>	
(i) total outstanding dues of micro enterprises and small enterprises	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	
<b>(II) Other Payables</b>	255,260
(i) total outstanding dues of micro enterprises and small enterprises	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	
(g) Other financial liabilities(to be specified)	18,298,393
<b>(2) Non Financial Liabilities</b>	
(a) Current tax liabilities (Net)	1,046,827
(b) Provisions	8,528
(c) Deferred tax liabilities (Net)	
(d) Other non-financial liabilities(to be specified)	
<b>Sub total</b>	<b>19,609,008</b>
<b>(3) EQUITY</b>	
(a) Equity Share capital	500,000
(b) Other Equity	237,608,568
<b>Sub total</b>	<b>238,108,568</b>
<b>TOTAL</b>	<b>257,717,576</b>



**India Infoline Media & Research Services Limited**  
**Standalone Statement of Profit and Loss for the period April 2018 to Sep 2018**

(Amount in Rs)

Apr 18 to Sep 18

**Particulars****Revenue from operations**

(i) Interest Income	287,193
(ii) Net gain on fair value changes	(310,580)
(iii) Net gain on derecognition of financial instruments under amortised cost category	
(iv) Sale of products(including Excise Duty)	
(v) Sale of services	1,849,952
(vi) Others (Misc Income & Excess Amt. Written Back)	7,895,421
<b>(I) Total Revenue from operations</b>	<b>9,721,986</b>

**(II) Other Income (to be specified)****(III) Total Income (I+II)****Expenses**

(i) Finance Costs	1,218
(ii) Employee Benefits Expenses	726,042
(iii) Depreciation, amortization and impairment	1,091,608
(iv) Others expenses (to be specified)	1,271,990
<b>(IV) Total Expenses (IV)</b>	<b>3,090,858</b>

(V) Profit / (loss) before exceptional items and tax (III-IV)

6,631,128

(VI) Exceptional items

(VII) Profit/(loss) before tax (V-VI)

(VIII) Tax Expense:

(1) Current Tax	1,639,662
(2) Deferred Tax	384,052

**(XIII) Profit/(loss) for the period****4,607,415**

(XIV) Other Comprehensive Income

(A) (i) Items that will not be reclassified to profit or loss (specify items and amounts)	(41,330)
(ii) Income tax relating to items that will not be reclassified to profit or loss	10,746

**Subtotal (A)****(30,584)**

(A) (i) Items that will be reclassified to profit or loss (specify items and amounts)

(i) Income tax relating to items that will be reclassified to profit or loss

**Subtotal (B)****Other Comprehensive Income (A + B)****(30,584)****(XV) Total Comprehensive Income for the period****4,576,831****(XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)****(XVI) Earnings per equity share (for continuing operations)****Basic (Rs.)** 91.54**Diluted (Rs.)** 91.54

**IIFL Securities Limited**  
**Standalone Balance Sheet as at Sep 30,2018**

Particulars	(Amount in ₹) As at Sep 30, 2018
<b>I ASSETS</b>	
<b>(1) Financial Assets</b>	
(a) Cash and cash equivalents	5,994,562,256
(b) Bank Balance other than (a) above	6,883,520,581
(c) Derivative financial instruments	-
(d) Receivables	-
(I) Trade Receivables	182,728,756
(II) Other Receivables	-
(e) Loans	-
(f) Investments	612,618,260
(g) Other Financial assets (to be specified)	14,241,262,737
<b>(2) Non-financial Assets</b>	
(a) Inventories	-
(b) Current tax assets (Net)	-
(c) Deferred tax Assets (Net)	354,308,165
(d) Investment Property	-
(e) Biological assets other than bearer plants	-
(f) Property, Plant and Equipment	162,475,616
(g) Capital work-in-progress	62,775
(h) Intangible assets under development	41,925,015
(i) Goodwill	-
(j) Other Intangible assets	-
(k) Other non-financial assets (to be specified)	75,875,125
<b>TOTAL</b>	<b>28,549,339,286</b>
<b>II LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
<b>(1) Financial Liabilities</b>	
(a) Derivative financial instruments	
(b) Payables	
(I) Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14,863,319
(II) Other Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	257,353,686
(c) Debt Securities	-
(d) Borrowings (Other than Debt Securities)	9,434,654,970
(e) Deposits	-
(f) Subordinated Liabilities	-
(g) Other financial liabilities(to be specified)	13,729,434,461
<b>(2) Non-financial liabilities</b>	
(a) Current tax liabilities (Net)	7,629,370
(b) Provisions	19,719,947
(c) Deferred tax liabilities (Net)	-
(d) Other non-current liabilities	239,166,296
<b>(3) EQUITY</b>	
(a) Equity Share capital	187,182,810
(b) Other Equity	4,659,334,427
<b>TOTAL</b>	<b>28,549,339,286</b>

**IIFL Securities Limited**  
**Standalone Statement of Profit and Loss for the quarter ended Sep 2018**

Particulars	(Amount in ₹) 2018-2019
<b>Revenue from operations</b>	
(i) Interest Income	178,311,554
(ii) Dividend Income	1,291,439
(iii) Rental Income	-
(iv) Fees and commission Income	411,173,663
(v) Net gain on fair value changes	74,540,050
(vi) Net gain on derecognition of financial instruments under amortised cost category	-
(vii) Sale of products(including Excise Duty)	-
(viii) Sale of services	2,873,056,159
(ix) Others (to be specified)	19,011,568
<b>(I) Total Revenue from operations</b>	<b>3,557,384,433</b>
<b>(II) Other Income (to be specified)</b>	
<b>(III) Total Income (I+II)</b>	
<b>Expenses</b>	
(i) Finance Costs	361,129,631
(ii) Fees and commission expense	576,401,921
(iii) Net loss on fair value changes	-
(iv) Net loss on derecognition of financial instruments under amortised cost category	-
(v) Impairment on financial instruments	-
(vi) Cost of materials consumed	-
(vii) Purchases of Stock-in-trade	-
(viii) Changes in Inventories of finished goods, stock-in-trade and work-in-progress	-
(ix) Employee Benefits Expenses	1,032,238,436
(x) Depreciation, amortization and impairment	53,928,039
(xi) Others expenses (to be specified)	454,887,846
<b>(IV) Total Expenses (IV)</b>	<b>2,478,585,873</b>
(V) Profit / (loss) before exceptional items and tax (III-IV)	1,078,798,560
(VI) Exceptional items	-
(VII) Profit/(loss) before tax (V-VI)	1,078,798,560
(VIII) Tax Expense:	
(1) Current Tax	346,162,488
(2) Deferred Tax	23,851,195
<b>(IX) Profit / (loss) for the period from continuing operations(VII-VIII)</b>	<b>708,784,877</b>
<b>(X) Profit/(loss) from discontinued operations</b>	-
(XI) Tax Expense of discontinued operations	-
(XII) Profit/(loss) from discontinued operations (After tax) (X-XI)	-
<b>(XIII) Profit/(loss) for the period (IX+XII)</b>	<b>708,784,877</b>
(XIV) Other Comprehensive Income	
(A) (i) Items that will not be reclassified to profit or loss (specify items and amounts)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-
<b>Subtotal (A)</b>	-
(A) (i) Items that will be reclassified to profit or loss (specify items and amounts)	10,179,697
(i) Income tax relating to items that will be reclassified to profit or loss	(3,557,193)
<b>Subtotal (B)</b>	<b>6,622,504</b>
<b>Other Comprehensive Income (A + B)</b>	<b>6,622,504</b>
<b>(XV) Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>	<b>715,407,381</b>
<b>(XVI) Earnings per equity share (for continuing operations)</b>	
Basic (Rs.)	38.22
Diluted (Rs.)	38.22

**IIFL Wealth Management Limited**  
**Standalone Balance Sheet as at Sep 30,2018**

Particulars	As at Sep 30, 2018
<b>ASSETS</b>	
<b>(1) Financial Assets</b>	
(a) Cash and cash equivalents	1,473,903,590
(b) Bank Balance other than (a) above	927,421,573
(c) Derivative financial instruments	-
(d) Receivables	
(I) Trade Receivables	2,570,747,210
(II) Other Receivables	-
(e) Loans	769,662,671
(f) Investments	19,385,873,136
(g) Other Financial assets	575,939,267
<b>(2) Non-financial Assets</b>	
(a) Inventories	-
(b) Current tax assets (Net)	21,414,339
(c) Deferred tax Assets (Net)	51,171,268
(d) Investment Property	-
(e) Biological assets other than bearer plants	-
(f) Property, Plant and Equipment	431,436,548
(g) Capital work-in-progress	91,932,003
(h) Intangible assets under development	-
(i) Goodwill	-
(j) Other Intangible assets	12,322,189
(k) Other non-financial assets	115,338,536
<b>Total Assets</b>	<b><u>26,427,162,330</u></b>
<b>LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
<b>(1) Financial Liabilities</b>	
(a) Derivative financial instruments	-
(b) Payables	
(I) Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	437,444,098
(II) Other Payables	-
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-
(c) Debt Securities	-
(d) Borrowings (Other than Debt Securities)	1,002,495,137
(e) Deposits	-
(f) Subordinated Liabilities	-
(g) Other financial liabilities	1,628,684,765
<b>(2) Non-Financial Liabilities</b>	
(a) Current tax liabilities (Net)	185,348,061
(b) Provisions	37,624,919
(c) Deferred tax liabilities (Net)	-
(d) Other non-financial liabilities	2,200,854
<b>(3) EQUITY</b>	
(a) Equity Share capital	168,994,814
(b) Other Equity	22,964,369,682
<b>Total Liabilities and Equity</b>	<b><u>26,427,162,330</u></b>

**IIFL Wealth Management Limited****Standalone Statement of Profit and Loss for the quarter ended Sep 2018**

Particulars	As at Sep 30, 2018
<b>Revenue from operations</b>	
(i) Interest Income	-
(ii) Dividend Income	-
(iii) Rental Income	-
(iv) Fees and commission Income	3,502,772,292
<b>(I) Total Revenue from operations</b>	<b>3,502,772,292</b>
(II) Other Income	1,112,188,243
<b>(III) Total Income (I+II)</b>	<b>4,614,960,535</b>
<b>Expenses</b>	
(i) Finance Costs	155,833,197
(ii) Fees and commission expense	162,792,652
(iii) Employee Benefits Expenses	1,306,099,523
(iv) Depreciation, amortization and impairment	70,574,662
(v) Others expenses	626,545,678
<b>(IV) Total Expenses (IV)</b>	<b>2,321,845,712</b>
(VII) Profit/(loss) before tax (V -VI )	2,293,114,823
(VIII) Tax Expense:	
(1) Current Tax	557,739,053
(2) Deferred Tax	(16,889,662)
<b>(XIII) Profit/(loss) for the period (IX+XII)</b>	<b>1,752,265,432</b>
<b>(XIV) Other Comprehensive Income</b>	
(A) (i) Items that will not be reclassified to profit or loss	1,412,390
(ii) Income tax relating to items that will not be reclassified to profit or loss	(493,546)
<b>Subtotal (A)</b>	<b>918,844</b>
(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-
<b>Subtotal (B)</b>	<b>-</b>
<b>Other Comprehensive Income (A + B)</b>	<b>918,844</b>
<b>(XV) Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>	<b>1,753,184,276</b>
<b>(XVI) Earnings per equity share (for continuing operations)</b>	
Basic (Rs.)	21.32
Diluted (Rs.)	20.64

**India Infoline Finance Limited**  
**Standalone Balance Sheet as at Sep 30,2018**

Sr. No.	Particulars	(Amount in Rs Lacs) As at Sep 30 2018 Unaudited
	<b>ASSETS</b>	
<b>(1)</b>	<b>Financial Assets</b>	
(a)	Cash and cash equivalents	72,367.51
(b)	Bank Balance other than (a) above	114,853.79
(c)	Receivables	
	(I) Trade Receivables	2,793.66
	(II) Other Receivables	-
(d)	Loans	1,572,114.86
(e)	Investments	175,499.48
(f)	Other Financial assets	11,400.14
<b>(2)</b>	<b>Non-financial Assets</b>	
(a)	Current tax assets (Net)	10,658.98
(b)	Deferred tax Assets (Net)	32,587.31
(c)	Investment Property	26,342.60
(d)	Property, Plant and Equipment	7,133.39
(e)	Capital work-in-progress	273.49
(f)	Other Intangible assets	133.19
(g)	Other non-financial assets	1,742.44
	<b>Total Assets</b>	<b>2,027,900.84</b>
	<b>LIABILITIES AND EQUITY</b>	
<b>(1)</b>	<b>Financial Liabilities</b>	
(a)	Trade Payables	
	(I) Trade Payables	
	(i) total outstanding dues of micro enterprises and small enterprises	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	180.95
	(II) Other Payables	
	(i) total outstanding dues of micro enterprises and small enterprises	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,215.39
(b)	Debt Securities	285,010.22
(c)	Borrowings (Other than Debt Securities)	1,257,276.96
(d)	Subordinated Liabilities	81,422.04
(e)	Other financial Liabilities	56,041.41
<b>(2)</b>	<b>Non-financial liabilities</b>	
(a)	Current tax liabilities (Net)	6,497.77
(b)	Provisions	1,439.62
(c)	Other non-financial liabilities	102.35
<b>(3)</b>	<b>Equity</b>	
(a)	Equity Share Capital	28,080.17
(b)	Other Equity	307,633.96
	<b>Total Liabilities and Equity</b>	<b>2,027,900.84</b>

**India Infoline Finance Limited**  
**Standalone Statement of Profit and Loss for the period April 2018 to Sep 2018**

Sr. No.	Particulars	(Amount in Rs Lacs)	
		Unaudited Sep 30, 2018	Half year ended Unaudited Sep 30, 2017
<b>1</b>	<b>Income</b>		
<b>(I)</b>	<b>Revenue from operations</b>		
(i)	Interest Income	137,928.41	115,264.09
(ii)	Dividend Income	20.00	19.14
(iii)	Fees and commission Income	2,300.51	3,060.31
(iv)	Net gain on fair value changes	324.81	6,437.67
(v)	Net gain on derecognition of financial instruments under amortised cost category	3,896.20	-
<b>(I)</b>	<b>Total Revenue from operations</b>	<b>144,469.93</b>	<b>124,781.21</b>
<b>(II)</b>	<b>Other Income</b>	899.51	(450.23)
<b>(III)</b>	<b>Total Income (I+II)</b>	<b>145,369.44</b>	<b>124,330.98</b>
<b>2</b>	<b>Expenses</b>		
(i)	Finance Costs	70,156.28	62,947.50
(ii)	Net loss on derecognition of financial instruments under amortised cost category	-	68.45
(iii)	Impairment on financial instruments	6,691.04	19,793.21
(iv)	Employee Benefits Expenses	19,202.74	12,475.68
(v)	Depreciation, amortisation and impairment	1,018.41	657.05
(vi)	Other expenses	15,077.87	8,771.04
<b>(IV)</b>	<b>Total Expenses (IV)</b>	<b>112,146.34</b>	<b>104,712.93</b>
<b>(V)</b>	<b>Profit before exceptional items and tax (III-IV)</b>	<b>33,223.10</b>	<b>19,618.05</b>
<b>(VI)</b>	<b>Exceptional Items</b>	-	-
<b>(VII)</b>	<b>Profit before tax (V-VI)</b>	<b>33,223.10</b>	<b>19,618.05</b>
<b>3</b>	<b>Tax Expense:</b>		
(i)	Current Tax	10,775.00	6,857.00
(ii)	Deferred Tax	854.83	(37.22)
<b>(VIII)</b>	<b>Total Tax Expense</b>	<b>11,629.83</b>	<b>6,819.78</b>
<b>(IX)</b>	<b>Profit for the period from continuing operations (VII-VIII)</b>	<b>21,593.27</b>	<b>12,798.27</b>
<b>(X)</b>	<b>Profit for the period</b>	<b>21,593.27</b>	<b>12,798.27</b>
<b>(XI)</b>	<b>Other Comprehensive Income</b>		
	A (i) Items that will not be reclassified to profit or loss		
	(a) Remeasurement of defined benefit liabilities/(assets)	226.57	(36.47)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(79.17)	12.74
	<b>Subtotal (A)</b>	147.40	(23.73)
	B (i) Items that will be reclassified to profit or loss	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
	<b>Subtotal (B)</b>	-	-
	Other Comprehensive Income (A+B)	147.40	(23.73)
<b>(XII)</b>	<b>Total Comprehensive Income for the period</b>	<b>21,740.67</b>	<b>12,774.54</b>
<b>(XIII)</b>	<b>Earnings per equity share of face value Rs. 10 each (not annualised)</b>		
	Basic (Rs.)	7.74	4.55
	Diluted (Rs.)	7.72	3.93

**IIFL Distribution Services Limited**  
**Balance Sheet as at 30 Sep, 2018**

<b>Particulars</b>	<b>As at Sep 30, 2018</b>
<b>ASSETS</b>	
<b>(1) Financial Assets</b>	
(a) Cash and cash equivalents	761,401
(b) Bank Balance other than (a) above	-
(c) Derivative financial instruments	-
(d) Receivables	
(I) Trade Receivables	88,735,716
(II) Other Receivables	-
(e) Loans	1,321,740
(f) Investments	100,000
(g) Other Financial assets	112,941
<b>(2) Non-financial Assets</b>	
(a) Inventories	-
(b) Current tax assets (Net)	5,193,086
(c) Deferred tax Assets (Net)	2,298,820
(d) Investment Property	-
(e) Biological assets other than bearer plants	-
(f) Property, Plant and Equipment	-
(g) Capital work-in-progress	-
(h) Intangible assets under development	-
(i) Goodwill	-
(j) Other Intangible assets	-
(k) Other non-financial assets	204,171
<b>Total Assets</b>	<b>98,727,875</b>
<b>LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
<b>(1) Financial Liabilities</b>	
(a) Derivative financial instruments	-
(b) Payables	
(I) Trade Payables	
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16,129,027
(II) Other Payables	-
(i) total outstanding dues of micro enterprises and small enterprises	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-
(c) Debt Securities	-
(d) Borrowings (Other than Debt Securities)	-
(e) Deposits	-
(f) Subordinated Liabilities	-
(g) Other financial liabilities	19,333,583
<b>(2) Non-Financial Liabilities</b>	
(a) Current tax liabilities (Net)	43,568
(b) Provisions	8,841,616
(c) Deferred tax liabilities (Net)	-
(d) Other non-financial liabilities	-
<b>(3) EQUITY</b>	
(a) Equity Share capital	512,000
(b) Other Equity	53,868,081
<b>Total Liabilities and Equity</b>	<b>98,727,875</b>



## IIFL Distribution Services Limited

## Standalone Statement of Profit and Loss for the quarter ended Sep 2018

Particulars	As at Sep 30, 2018
<b>Revenue from operations</b>	
(i) Fees and commission Income	127,549,108
<b>(I) Total Revenue from operations</b>	<b>127,549,108</b>
(II) Other Income	1,838,972
<b>(III) Total Income (I+II)</b>	<b>129,388,080</b>
<b>Expenses</b>	
(i) Finance Costs	225,338
(ii) Fees and commission expense	(980)
(iii) Employee Benefits Expenses	102,847,161
(iv) Depreciation, amortization and impairment	-
(v) Others expenses	16,484,734
<b>(IV) Total Expenses (IV)</b>	<b>119,556,253</b>
(VII) Profit/(loss) before tax	9,831,827
(VIII) Tax Expense:	
(1) Current Tax	2,324,779
(2) Deferred Tax	124,888
<b>(XIII) Profit/(loss) for the period</b>	<b>7,382,160</b>
<b>(XIV) Other Comprehensive Income</b>	
(A) (i) Items that will not be reclassified to profit or loss	(239,901)
(ii) Income tax relating to items that will not be reclassified to profit or loss	62,374
<b>Subtotal (A)</b>	<b>(177,527)</b>
(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-
<b>Subtotal (B)</b>	<b>-</b>
Other Comprehensive Income (A + B)	(177,527)
<b>(XV) Total Comprehensive Income for the period (XIII+XIV)</b>	<b>7,204,633</b>
<b>(XVI) Earnings per equity share (for continuing operations)</b>	
Basic (Rs.)	1,441.83
Diluted (Rs.)	1,441.83

**Shareholding Pattern of IIFL Holdings Limited  
(as on September 30, 2018):**

Sr. No.	Description	Name of Shareholder	Demerged Company			
			Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family					
		Nirmal Bhawarlal Jain	47952000	15.03	47952000	12.70
		Madhu N Jain	13700000	4.29	13700000	3.63
		Venkataraman Rajamani	10909432	3.42	10909432	2.89
		Aditi Avinash Athavankar	9000000	2.82	9000000	2.38
		Mansuhklal Jain	6600000	2.07	6600000	1.75
		Aditi Athavankar	200000	0.06	200000	0.05
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate					
		Ardent Impex Pvt Ltd	2700000	0.85	2700000	0.71
		Orpheus Trading Pvt Ltd	1300000	0.41	1300000	0.34
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		<b>92361432</b>	<b>28.95</b>	<b>92361432</b>	<b>24.45</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>92361432</b>	<b>28.95</b>	<b>92361432</b>	<b>24.45</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	Total	8400227	2.63	8400227	2.22
		L And T Mutual Fund Trustee Limited - L And T Hybrid Equity Fund	4999848	1.57	4999848	1.32
(b)	Financial Institutions / Banks		24151	0.01	24151	0.01
(c)	Alternate Investment Funds		286520	0.09	286520	0.08
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Portfolio Investors	Total	72752585	22.8	72752585	19.26
		Hwic Asia Fund Class A Shares	28362530	8.89	28362530	7.51
		Bank Muscat India Fund	12598222	3.95	12598222	3.34
		Wf Asian Reconnaissance Fund Limited	6606330	2.07	6606330	1.75

(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Provident Fund/ Pension Fund	-	-	-	-	-
(i)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>		<b>81463483</b>	<b>25.53</b>	<b>81463483</b>	<b>21.57</b>
2	<b>Central Government/ State Government(s)/ President of India</b>	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-
3	<b>Non-institutions</b>					
(a)	Individuals					
I	Individual shareholders holding nominal share capital up to Rs 2 lakh	-	12272318	3.85	12404411	3.25
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	20871840	6.54	20871840	5.53
(b)	NBFCs registered with RBI		575438	0.18	575438	0.15
(c)	Any Other	-	111445136	34.93	170078817	45.03
	IEPF		26244	0.01	26244	0.01
	Trusts		19348	0.01	19348	0.01
	Foreign Nationals		241757	0.08	241757	0.06
	Hindu Undivided Family		390136	0.12	390136	0.1
	Foreign Companies	FIH Mauritius Investments Ltd	84641445	26.53	84641445	22.41
	Non resident Indians (Non Repat)	Total	6039363	1.89	6039363	1.6
		Bharat H Parajia	5331778	1.67	5331778	1.41
	Non resident Indians (Repat)	Total	17077211	5.35	17077211	4.52
		Bharat H Parajia	10000000	3.13	10000000	2.65
		Satpal Khattar	6171528	1.93	6171528	1.63
	Office Bearers		72000	0.02	72000	0.02
	Clearing Member		257749	0.08	257749	0.07
	Bodies Corporate	Total	2679883	0.84	61181471	16.2
		CDC Group PLC			58501588	15.49
	<b>Sub-Total (B)(3)</b>		<b>145164732</b>	<b>45.50</b>	<b>203798413</b>	<b>53.96</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+B(3)</b>		<b>226628215</b>	<b>71.03</b>	<b>285261896</b>	<b>75.53</b>
	<b>TOTAL (A)+(B)</b>		<b>318989647</b>	<b>99.98</b>	<b>377623328</b>	<b>99.98</b>
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-		
	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		75000	0.02	75000	0.02
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>319064647</b>	<b>100.00</b>	<b>377698328</b>	<b>100.00</b>

**Shareholding pattern of India Infoline Media And Research Services Limited  
(as on 30 September 2018)**

S. No.	Name of the shareholder	No. of shares held	% to total share capital
1	IIFL Holdings Limited	49,400	98.80
2	Mr. Anil Mascarenhas (as a nominee of IIFL Holdings Limited)	100	0.20
3	Mr. Chintan Modi (as a nominee of IIFL Holdings Limited)	100	0.20
4	Mr. R. Mohan (as a nominee of IIFL Holdings Limited)	100	0.20
5	Mr. Gajendra Thakur (as a nominee of IIFL Holdings Limited)	100	0.20
6	Mr. Narendra Jain (as a nominee of IIFL Holdings Limited)	100	0.20
7	Mr. Prabodh Agrawal (as a nominee of IIFL Holdings Limited)	100	0.20
<b>Total</b>		<b>50,000</b>	<b>100.00</b>

**Post Shareholding Pattern of of India Infoline Media And Research Services Limited:**

Since India Infoline Media And Research Services Limited will be dissolved without winding up, the post arrangement shareholding pattern will not be applicable.

## ANNEXURE F-III

**Shareholding Pattern of IIFL Securities Limited  
(as on 30 September 2018)**

Sr	Description	Name of Shareholder	Pre-arrangement		Post -arrangement	
			No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family					
		Nirmal Bhawarlal Jain	-	-	47952000	15.03
		Madhu N Jain	-	-	13700000	4.29
		Venkataraman Rajamani	-	-	10909432	3.42
		Aditi Avinash Athavankar	-	-	9000000	2.82
		Mansuhklal Jain	-	-	6600000	2.07
		Aditi Athavankar	-	-	200000	0.06
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	IIFL Holdings Limited (including shares held by nominees)	1,87,18,281	100%	-	-
		Ardent Impex Pvt Ltd	-	-	2700000	0.85
		Orpheus Trading Pvt Ltd	-	-	1300000	0.41
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		<b>1,87,18,281</b>	<b>100%</b>	<b>92361432</b>	<b>28.95</b>

Sr	Description	Name of Shareholder	Pre-arrangement		Post -arrangement	
			No. of shares	%	No. of shares	%
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(2)</b>				-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		1,87,18,281	100%	<b>92361432</b>	<b>28.95</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	Total			8400227	2.63
		L And T Mutual Fund Trustee Limited - L And T Hybrid Equity Fund	-	-	4999848	1.57
(b)	Financial Institutions /Banks	-	-	-	24151	0.01
(c)	Alternate Investment Funds	-	-	-	286520	0.09
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Portfolio Investors	Total	-	-	72752585	22.8
		Hwic Asia Fund Class A Shares	-	-	28362530	8.89
		Bank Muscat India Fund	-	-	12598222	3.95
		Wf Asian Reconnaissance Fund Limited	-	-	6606330	2.07
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Provident Fund/ Pension Fund	-	-	-	-	-
(i)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>				<b>81463483</b>	<b>25.53</b>
<b>2</b>	<b>Central Government/ State Government(s)/ President of India</b>	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-

Sr	Description	Name of Shareholder	Pre-arrangement		Post -arrangement	
			No. of shares	%	No. of shares	%
<b>3</b>	<b>Non-institutions</b>					
(a)	Individuals					
I	Individual shareholders holding nominal share capital up to Rs 2 lakh	-	-	-	12272318	3.85
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-	20871840	6.54
(b)	NBFCs registered with RBI	-	-	-	575438	0.18
(c)	Any Other	-	-	-	111445136	34.93
	IEPF	-	-	-	26244	0.01
	Trusts	-	-	-	19348	0.01
	Foreign Nationals	-	-	-	241757	0.08
	Hindu Undivided Family	-	-	-	390136	0.12
	Foreign Companies	FIH Mauritius Investments Ltd	-	-	84641445	26.53
	Non resident Indians (Non Repat)	Total	-	-	6039363	1.89
		Bharat H Parajia	-	-	5331778	1.67
	Non resident Indians (Repat)	Total	-	-	17077211	5.35
		Bharat H Parajia	-	-	10000000	3.13
		Satpal Khattar	-	-	6171528	1.93
	Office Bearers		-	-	72000	0.02
	Clearing Member		-	-	257749	0.08
	Bodies Corporate	Total	-	-	2679883	0.84
		CDC Group PLC	-	-		
	<b>Sub-Total (B)(3)</b>				<b>145164732</b>	<b>45.50</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+B(3)</b>				<b>226628215</b>	<b>71.03</b>
	<b>TOTAL (A)+(B)</b>				<b>318989647</b>	<b>99.98</b>
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-	-	-
	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	75000	0.02
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>1,87,18,281</b>	<b>100%</b>	<b>319064647</b>	<b>100.00</b>

**Shareholding Pattern of IIFL Wealth Management Limited  
(As on September 30, 2018)**

Sr	Description	Name of Shareholder	Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
	Individuals/ Hindu Undivided Family					
		Nirmal Bhawarlal Jain	-	-	68,50,285	8.05%
		Madhu N Jain	-	-	19,57,142	2.3%
		Venkataraman Rajamani	-	-	15,58,490	1.83%
		Aditi Avinash Athavankar	-	-	12,85,714	1.51%
		Mansuhklal Jain	-	-	9,42,857	1.11%
		Aditi Athavankar	-	-	28,571	0.03%
		Karan Bhagat	59,91,875	7.09 %	59,91,875	7.04%
		Yatin Shah	33,10,526	3.92 %	33,10,526	3.89%
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate					
		IIFL Holdings Limited	4,50,00,000	53.26%	-	-
		Ardent Impex Pvt Ltd	-	-	3,85,714	0.45%
		Orpheus Trading Pvt Ltd	-	-	1,85,714	0.22%
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		<b>5,43,02,401</b>	<b>64.27 %</b>	<b>2,24,96,888</b>	<b>26.44%</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	-	-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>5,43,02,401</b>	<b>64.27 %</b>	<b>2,24,96,888</b>	<b>26.44%</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	-	-	-	12,00,032	1.41%

Sr	Description	Name of Shareholder	Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
(b)	Financial Institutions / Banks	-	-	-	3450	0.00%
(c)	Alternate Investment Funds	-	-	-	40,931	0.05%
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	3,00,000	0.35%	3,00,000	0.35%
(f)	Foreign Portfolio Investors	Total	-	-	94,49,465	11.11%
		Hwic Asia Fund Class A Shares	-	-	40,51,790	4.76%
		Bank Muscat India Fund	-	-	17,99,746	2.12%
(g)	Foreign Venture Capital Investors		-	-	-	-
(h)	Any Other		-	-	-	-
	<b>Sub-Total (B)(1)</b>		<b>3,00,000</b>		<b>1,09,93,878</b>	<b>12.92%</b>
<b>2</b>	<b>Central Government/ State Government(s)/ President of India</b>	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-
<b>3</b>	<b>Non-institutions</b>					
(a)	Individuals					
I	i. Individual shareholders holding nominal share capital up to Rs 2 lakh		17,89,239	-	35,42,427	4.16%
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.		41,40,393	-	71,22,084	8.37%
(b)	NBFCs registered with RBI		-	-	82,208	0.1%
(c)	Any Other				4,08,29,865	47.99%
	IEPF		-	-	3,749	0.00%
	Trusts		-	-	2,764	0.00%
	Foreign Nationals		-	-	34,536	0.04%
	Hindu Undivided Family		-	-	55,733	0.07%
	Foreign Companies	Total	2,22,42,550	-	3,52,77,946	41.47%
		Amansa Holdings Pvt Limited	10,92,000	1.29%	10,92,000	1.28%
		General Atlantic Singapore Fund Pte. Ltd	1,86,19,550	22.05%	1,86,19,550	21.89%
		Rimco (Mauritius) Ltd	10,92,000	1.29%	10,92,000	1.28%
		WF Asian Reconnaissance Fund Limited	10,92,000	1.29	20,35,761	2.39%



Sr	Description	Name of Shareholder	Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
		FIH Mauritius Investments Ltd	-	-	1,20,91,635	14.21%
	Non resident Indians (Non Repat)		29,125	-	8,91,891	1.05%
	Non resident Indians (Repat)	Total	16,93,699	-	41,33,300	4.86%
		Amit Nitin Shah	15,68,421	-	15,68,421	1.84%
		Bharat H. Parajias	-	-	14,28,571	1.68%
		Satpal Khattar	-	-	8,81,646	1.04%
	Office Bearers		-	-	10,285	0.01%
	Clearing Member		-	-	36,821	0.04%
	Bodies Corporate		-	-	3,82,840	0.45%
	<b>Sub-Total (B)(3)</b>		<b>2,98,95,006</b>		<b>5,15,76,584</b>	<b>60.62%</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>		<b>3,01,95,006</b>	<b>35.73 %</b>	<b>6,25,70,462</b>	<b>73.54%</b>
	<b>TOTAL (A)+(B)</b>					
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued		-	-	-	-
	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		-	-	10,714	0.01%
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>8,44,97,407</b>	<b>100.00 %</b>	<b>8,50,78,064</b>	<b>100.00%</b>

**Shareholding Pattern of India Infoline Finance Limited  
(as on September 30, 2018)**

Sr	Description	Name of Shareholder	Transferor Company 2			
			Pre-arrangement		Post-arrangement	
			No.of shares	%	No.of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>	-	-	-	-	-
<b>1</b>	<b>Indian</b>		-	-	-	-
	Individuals/ Hindu Undivided Family	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	IIFL Holdings Limited	237369386	84.53	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		<b>237369386</b>	<b>84.53</b>	-	-
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(2)</b>		-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	-	-	-	-	-
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>				-	-
<b>2</b>	<b>Non-institutions</b>					

Sr	Description	Name of Shareholder	Transferor Company 2			
			Pre-arrangement		Post-arrangement	
			No.of shares	%	No.of shares	%
(a)	Bodies Corporate	CDC Group PLC	43334509	15.43	-	-
(b)	Individuals				-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	Allotted to Employees under ESOP Scheme	97846	0.04	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-	-	-
(c)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>		<b>434322355</b>	<b>15.47</b>	-	-
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>434322355</b>	<b>15.47</b>	-	-
	<b>TOTAL (A)+(B)</b>		<b>280801741</b>	<b>100.00</b>	-	-
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-		
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>280801741</b>	<b>100.00</b>	-	-

#### Post Shareholding Pattern of India Infoline Finance Limited:

Since India Infoline Finance Limited will be dissolved without winding up, the post arrangement shareholding pattern will not be applicable.

**SHAREHOLDING PATTERN OF IIFL DISTRIBUTION SERVICES LIMITED  
(As on September 30, 2018)**

Sr	Description	Name of Shareholder	Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
	Individuals/ Hindu Undivided Family					
		Karan Bhagat (as a Nominee of IIFL Wealth Management Limited)	20	0.39%	20	0.39%
		Pankaj Fitkariwala (as a Nominee of IIFL Wealth Management Limited)	4	0.08 %	4	0.08 %
		Yatin Shah (as a Nominee of IIFL Wealth Management Limited)	4	0.08 %	4	0.08 %
		Mohan Radhakrishnan (as a Nominee of IIFL Wealth Management Limited)	4	0.08 %	4	0.08 %
		Umang Papneja (as a Nominee of IIFL Wealth Management Limited)	4	0.08 %	4	0.08 %
		Anirban Banerjee (as a Nominee of IIFL Wealth Management Limited)	4	0.08 %	4	0.08 %
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate					
		IIFL Wealth Management Limited	5080	99.22%	5080	99.22%
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		<b>5120</b>	<b>100.00%</b>	<b>5120</b>	<b>100.00 %</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Others	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	-	-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>5120</b>	<b>100.00%</b>	<b>5120</b>	<b>100.00 %</b>

Sr	Description	Name of Shareholder	Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%
<b>(B)</b>	<b>Public shareholding</b>	-	-	-	-	-
<b>1</b>	<b>Institutions</b>	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Portfolio Investors	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>					
<b>2</b>	<b>Central Government/ State Government(s)/ President of India</b>	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-
<b>3</b>	<b>Non-institutions</b>	-	-	-	-	-
(a)	Individuals	-	-	-	-	-
I	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	-	-	-	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-	-	-
(b)	NBFCs registered with RBI	-	-	-	-	-
(c)	Any Other	-	-	-	-	-
	<b>Sub-Total (B)(3)</b>	-	-	-	-	-
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>	-	-	-	-	-
	<b>TOTAL (A)+(B)</b>					
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-	-	-
	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>5120</b>	<b>100.00</b>	<b>5120</b>	<b>100.00</b>

**Note:** There is no change in the Post Scheme Shareholding Pattern of IIFL Distribution Services Limited as there is no additional issue of shares as consideration.

**ABRIDGED PROSPECTUS****APPLICABLE INFORMATION IN THE FORMAT AS PROVIDED IN PART D OF SCHEDULE VIII OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009**

This is an abridged prospectus containing salient features of business of IIFL Securities Limited ("**Company**" or "**ISL**") and composite scheme of arrangement pertaining to the Company, IIFL Holdings Limited ("**IHL**"), India Infoline Media & Research Services Limited ("**IIMRSL**"), IIFL Wealth Management Limited ("**IWML**"), India Infoline Finance Limited ("**IIFL**"), IIFL Distribution Services Limited ("**IDSL**") and their respective shareholders under sections 230 and 232 of the Companies Act, 2013 ("**Act**") ("**Scheme**").

THIS ABRIDGED PROSPECTUS DATED NOVEMBER 06, 2018 CONTAINS 10 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES. THIS ABRIDGED PROSPECTUS SHOULD BE READ TOGETHER WITH THE SCHEME AND THE NOTICE TO THE SHAREHOLDERS OF IIFL HOLDINGS LIMITED.

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS ABRIDGED PROSPECTUS.

You may download the Scheme from the websites of IIFL Holdings Limited and the stock exchanges where the equity shares of IIFL Holdings Limited are listed ("**Stock Exchanges**"); viz: [www.iifl.com](http://www.iifl.com); [www.nseindia.com](http://www.nseindia.com); and [www.bseindia.com](http://www.bseindia.com).



**IIFL Securities Limited**

**(Formally India Infoline Limited)**

**Registered and Corporate Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Maharashtra, Thane 400 604

**Telephone:** +91 6272 7065; **Email:** [csteam@iifl.com](mailto:csteam@iifl.com)

**CIN:**U99999MH1996PLC132983

**Contact Person:** Mr. Jayesh Upadhyay- Company Secretary

**PROMOTER OF THE COMPANY**

IIFL Holdings Limited

**DETAILS OF THE SCHEME OF ARRANGEMENT**

The Scheme, *inter alia*, provides for:

- (i) amalgamation of IIMRSL and IIFL with IHL and issue of shares of IHL to the shareholders of IIFL;
- (ii) the demerger, transfer and vesting of the Demerged Undertakings (*as defined in the Scheme*) from IHL to the Company and IWML, on a going concern basis, and the consequent issue of shares by the Company and IWML;
- (iii) transfer of Broking and Depository Participant Business (*as defined in the Scheme*) from IWML to IDSL;
- (iv) reduction and cancellation of the existing equity share capital of the Company held by IHL;
- (v) reduction and cancellation of the existing equity share capital of IWML held by IHL.

Subject to approvals under applicable laws, the equity shares to be issued by IHL, the Company and IWML in consideration of the aforementioned amalgamation and demerger, as the case may be, shall be listed on the Stock Exchanges.

For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is the National Stock Exchange of India Limited ("**NSE**"). The Equity Shares of the Company post implementation of the scheme would be listed on NSE & BSE Limited ("**BSE**").

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**PROMOTERS OF IIFL SECURITIES LIMITED**

The Promoter of the Company is IIFL Holdings Limited. 100% of the total outstanding issued and paid-up share capital of the Company is currently held by IIFL Holdings Limited (including its nominees).

IIFL Holdings Limited: IHL was originally incorporated as “**Probity Research and Services Private Limited**”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated October 18, 1995 by the Registrar of Companies, Mumbai, Maharashtra. Subsequently, IHL was converted into a public limited company (**Probity Research and Services Limited**) after which it was renamed to “**India Infoline.com Limited**” and then “**India Infoline Limited**” and finally, the name of IHL was changed to “IIFL Holdings Limited” pursuant to the issuance of fresh certificate of incorporation dated February 18, 2014, by the Registrar of Companies. IHL is registered with SEBI as a Merchant Banker and Investment Adviser and is, *inter alia*, engaged in the business of wealth management, financing, investment banking, capital markets and insurance and financial products distribution etc. through its various subsidiaries. The Equity shares of IHL are listed at National Stock Exchange of India Limited (“NSE”) and BSE Ltd (“BSE”).

**List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) SEBI (ICDR) Regulations, 2009****1. Spaisa Capital Limited**

The Company is financial services company with a focus on “discount broking” services, providing financial products through an online technology platform and mobile application. The Company provides services in capital market, futures & options and currency derivatives segments of BSE and NSE and also distribute mutual funds and IPO products. The Company is depository participant of CDSL, a trading cum clearing member of BSE and NSE and registered with SEBI as a Research Analyst.

**BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY****BUSINESS OVERVIEW**

IIFL Securities Limited (“ISL”) is a wholly owned subsidiary of IIFL Holdings Limited. ISL is one of the leading players in the financial services sector offering Securities and currency broking, depository participant, portfolio management, distribution of mutual funds, bonds and other saving products and ISL is also a member of BSE Limited, National Stock Exchange of India Limited, Metropolitan Stock Exchange of India Limited, National Commodity & Derivatives Exchange Limited and Multi Commodity Exchange of India Ltd. It is also registered with NSDL and CDSL as a depository participant, providing a one top solution for clients trading in equities market.

The Company is engaged, *inter alia*, in (i) all kinds of agency business; (ii) advisory, development, consultancy, distribution and selling of deposits, loans, unit of Unit Trust of India and other mutual funds, shares, stocks, etc.; (iii) research, consultancy and advisory relating to personnel, industrial business management, distribution, etc. and (iv) distributing information and statistics relating to any type of business or industry and general to act as market business research consultants.

**STRENGTHS**

1. Client centric business model addressing needs of regular and premium customers with high relevancy products and high quality service, leading to long-term client relationships and profitable growth.
2. Open architecture model and robust distribution network with multichannel transactional capabilities.
3. Experienced and stable management team, robust risk management framework, and favored technology platform.

**STRATEGY**

The strategy of the Company is to acquire and advise customers who are looking to meet financial goals over a period of time and with limited resources. The Company will acquire customers through online and offline channels using a team of dedicated sales persons. We will target the Regular and premium customer segments and differentiate our offerings through state-of-the-art technology platform, quality of advice and quality of service. For the Regular customers, the delivery of advice, execution of transactions and delivery of services will be online via our mobile and web based applications backed up by central call-n-trade desks. For our premium client base, we will offer specialized in-person advisory and services to cater to their varied requirements.

**BOARD OF DIRECTORS**

Sr. No.	Name	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms
1	Kranti Sinha	Independent Director	Kranti Sinha — Board member since July 2015 and has completed his masters from Agra University and started his career as a Class I Officer with Life Insurance Corporation of India (LIC). He served as Director and Chief Executive Officer of LIC Housing Finance Limited.

2	Mohan Radhakrishnan	Whole-time Director	R. Mohan is a Chartered Accountant with about 31 years experience in financial services and capital market regulations. He has been with IIFL Group for over 13 years and is heading the Group's compliance as Chief Compliance Officer. Previously, he was with SEBI as General Manager and served for over 12 years. He has held various positions in the corporate finance, secondary market, regulation & supervision, market surveillance and investigation functions at SEBI. Prior to SEBI, he was with Carborundum Universal, a part of Murugappa Group in their corporate finance and accounts for about 5 years.
3	Narendra Deshmaj Jain	Non- Executive Director	Narendra Jain is a qualified chartered accountant, is a non-executive Director of the Company He has handled various key positions in the India Infoline Group and has handled support functions such as back office operations, depository participant operations, know your client quality, customer service risk, audit administration and branch operations. He was also associated with ICICI Brokerage Service Limited and Hindustan Petroleum Corporation Limited in the past.
4	Geeta Mathur	Independent Director	Geeta Mathur — Board member since January 2015 Geeta Mathur is a Chartered Accountant, specialises in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. She is a graduate in Commerce from Shriram College of Commerce, Delhi University.
5	Aniruddha Dange	Whole-time Director	Aniruddha Dange, aged 49 years, is a Whole time Director of the Company. Currently working as a Chief Strategy Officer at IIFL group. He is a Metallurgical Engineer from IIT Mumbai and has a Degree in Masters of Business Administration (IIM <sup>U</sup> ), Calcutta. He has over 20 years of work experience in the financial services industry.

#### COMPOSITE SCHEME OF ARRANGEMENT

Under the Scheme, the Securities Business Undertaking (*as defined in the Scheme*) of IHL is proposed to be demerged into the Company.

The appointed date for the Scheme of Arrangement is April 1, 2018.

The Board of our Company at its meeting held on January 31, 2018 approved the Composite Scheme of Arrangement amongst the IIFL Securities Limited ("**Resulting Company 1**" or "**the Company**"), IIFL Holdings Limited ("**Demerged Company**" or "**Transferee Company 1**" or "**IHL**") and India Infoline Media & Research Services Limited ("**Transferor Company 1**") and IIFL Wealth Management Limited ("**Resulting Company 2**" or "**Transferor Company 3**") and India Infoline Finance Limited ("**Transferor Company 2**") and IIFL Distribution Services Limited ("**Transferee Company 2**") and their respective shareholders (hereinafter referred to as "**Scheme**"). Pursuant to the proposed Scheme the 'securities business' undertaking of IHL (as defined in the Scheme) is will be demerged into IIFL Securities Ltd. (**the Company**). In terms of the proposed Scheme, the issued, subscribed & fully paid up equity share capital of the Company will be extinguished & cancelled and in lieu of the same, the Company shall issue and allot equity shares to the equity shareholders of IHL as on the record date in the following ratio:

- 1 (one) fully paid up equity share of ₹ 2 (two) each of the Company, credited as fully paid up, for every 1 (one) equity share of ₹ 2 (two) each of IHL held by such shareholder.

#### RATIONALE AND BENEFITS OF THE COMPOSITE SCHEME OF ARRANGEMENT

##### Rationale for the Scheme

- 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.
- 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.
- Accordingly, the Demerged Company/ Transferee Company 1 proposes to re-organize and segregate, by way of a composite scheme of arrangement, its 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.
- The proposed reorganisation pursuant to this Scheme is expected, *inter alia*, to result in the following benefits:
  - 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
  - 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.



Post effectiveness of the Scheme, the Company would be able to attract and motivate its key people with stock options such that its rewards are strongly correlated with its 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.

#### SHAREHOLDING PATTERN

Based on the above, the Pre-Scheme and Post-Scheme Shareholding pattern of the Company based on the shareholding pattern as on 30 September 2018 of ISL is as under:

Sr. No.	Particulars	Pre-Scheme		Post Scheme	
		Pre-Scheme number of shares	% holding of Pre-Scheme	Post-Scheme number of shares	% holding of Post-Scheme
1	Promoter/Promoter Group	1,87,18,281	100	9,23,61,432	28.95
2	Public	-	-	22,66,28,215	71.03
3	Shares held by Employee Trust	-	-	75,000	0.02
	<b>Total</b>	<b>1,87,18,281*</b>	<b>100</b>	<b>31,90,64,647</b>	<b>100</b>

\*1,87,18,281 equity share of ₹ 2/- each will get extinguished.

#### EXTRACT OF AUDITED FINANCIAL STATEMENTS

Standalone financial information in relation to ISL:

(₹ in Million except per share data)

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Total income from operations (net)	6,283.56	5,077.56	4,806.85	5,456.57	4,052.62
Net Profit / (Loss) before tax and extraordinary items	1,984.02	1,169.01	724.00	1,058.56	177.65
Net Profit / (Loss) after tax and extraordinary items	1,293.89	760.00	468.03	710.49	120.72
Equity Share Capital	187.18	169.00	169.00	169.00	169.00
Reserves and Surplus	4,500.01	2,242.46	1,884.19	1,476.16	899.13
Basic earnings per share (₹)	73.46	44.97	27.69	42.04	35.11
Diluted earnings per share (₹)	73.46	44.97	27.69	42.04	35.11

#### OTHER FINANCIAL INFORMATION

(₹ in Million expect per share data).

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net worth	4,687.19	2,411.46	2,053.19	1,645.16	1,068.13
Return on net worth (%)	36%	34%	25%	52%	11%
Net asset value per share (₹)	250.4	142.7	121.5	97.3	63.2

**Note : IGAAP is an acronym of Indian Generally Accepted Accounting Principles.**

#### INTERNAL RISK FACTORS

**1. We face significant competition in our businesses, which may limit our growth and prospects.**

We compete with, amongst others, Indian and foreign brokerage houses, discount brokerage companies, public and private sector commercial banks, and asset managers. We compete on the basis of a number of factors, including execution, depth of product and service offerings. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets.

**2. The operation of our businesses is highly dependent on information technology and we are subject to risks arising from any failure of, or inadequacies in, our IT systems.**

Our operations rely heavily on the effectiveness of our IT systems and their ability to record and process accurately a large number of transactions on a daily basis and in a timely manner. Although we back up our business data regularly and our infrastructure is on cloud, we may not currently have an adequate disaster recovery system. We cannot assure you that there will not be an unforeseen circumstance or that our disaster recovery planning is adequate for all eventualities.

**3. We require certain statutory and regulatory approvals for conducting our business and our failure to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations**

We are required to obtain a certificate of registration for carrying on certain of our business activities from SEBI and other such regulatory authorities. Government and regulatory licences and approvals may also be tied to conditions, some of which may be onerous to us and require substantial expenditures. There is no assurance in the future that the licences, approvals and permits applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable law.

**4. We depend on the accuracy and completeness of information about clients and counterparties for our business. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.**

We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent such activities or detect inaccuracies in such information in a timely manner, or at all, which may expose us to regulatory action or other risks, and may adversely affect our reputation, business prospects, financial condition and results of operations.

**5. Our insurance coverage could prove inadequate to cover our losses. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.**

Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future.

**SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

**A. Total number of outstanding litigations (as per the materiality policy of the Company) against and by our Company and amount involved:**

Nature of Litigation	No. of Cases	Approximate Amount Involved (₹ in Million)
Civil proceedings	08	564.78 Million and return of 723,458 GHCL shares
Criminal proceedings	11	Not Quantifiable
Tax matters	02	₹205.3 Million
SEBI Matter	01	NIL

**B. Brief details of top 5 material outstanding litigations against the Company and amount involved:**

Sr. No.	Particulars	Litigation Filed By	Current Status	Approximate Amount Involved (In Million ₹)
1.	An arbitration application dated April 1, 2010 was filed by GHCL Employees Trust ("GHCL") before the NSE Arbitration Tribunal ("Tribunal") against ISL, alleging unauthorized sale of shares by ISL. The Tribunal partly passed an award ("Award") dated September 17, 2013 in favour of GHCL stating that: (i) GHCL was entitled to an interest of ₹0.52 million and ISL was required to pay interest at the rate of 9% per annum from the date on which the arbitration started till the final payment is made. (ii) ISL must retrieve the 856,466 shares which were sold on the NSE, failing which it should pay ₹41.65 million to GHCL within 30 days of the Award; and (iii) 466,273 shares of GHCL with ISL should be released to GHCL immediately or the present-day value of the same i.e., ₹14.15 million should be paid to it. ISL and GHCL filed applications ("Applications") dated May 13, 2014 and May 20, 2014 respectively, before the Delhi High Court ("Court") under Section 34 of the Arbitration and Conciliation Act, 1996 ("Act") challenging the Award. An application was filed by GHCL under Section 9 of the Act before the Court, seeking return the shares lying with NSE. The Court allowed the release of shares to GHCL subject to providing a bank guarantee by GHCL and the outcome of pending Applications. GHCL had also filed an application under Section 9 of the Act claiming voting rights and dividends in respect of the shares lying with NSE. The GHCL shares were deposited by ISL with NSE in compliance with the award dated September 17, 2013 passed by Tribunal. The Court clubbed the Applications filed by GHCL as well as ISL and directed the parties to file their respective written synopsis. The matters are pending for arguments. The claim is valued at approximately ₹56.32 million as on the date of Award i.e., September 17, 2013, along with 9% per annum interest from the date of award till the actual payment	GHCL Employees Trust)	Pending	56.32
2.	An arbitration application dated January 24, 2014 ("Claim") was filed by GHCL Employees Trust ("GHCL") before the BSE Arbitration Tribunal ("Tribunal") against ISL, claiming a total of 723,456 shares of GHCL. The Tribunal rejected the application vide its award dated July 22, 2014 ("Award"), on the grounds of the Claim being beyond the limitation period. GHCL filed an appeal before the BSE Appellate Arbitration Panel on September 9, 2014. The BSE Appellate Arbitration Panel by its order dated March 5, 2015, set aside the Award and held that the Claim was within the prescribed period of limitation and the matter was remanded back to the Tribunal to be decided afresh, on merits. Aggrieved by the award passed by the BSE Appellate Arbitration Panel, ISL filed an application dated May 25, 2015 before the Delhi High Court ("Court"), under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the findings of the BSE Appellate Arbitration Panel. The Court vide its order dated May 27, 2015 stayed the operation of the award passed by the BSE Appellate Arbitration Panel. The matter is presently pending before the Court for hearing. The claim relates to return of 723,458 GHCL shares.	GHCL Employees Trust	Pending	Return of 723,458 GHCL shares

Sr. No.	Particulars	Litigation Filed By	Current Status	Approximate Amount Involved (In Million ₹)
3.	A commercial suit dated January 19, 2017 was filed by Harish Thawani a client of National Spot Exchange Limited ("NSE"), before the Bombay High Court ("Court"), against India Infoline Commodities Limited ("IICL") its directors and the directors of its group companies, including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending hearing. The claim is valued at ₹168.10 million.	Harish Thawani	Pending	168.10
4.	An arbitration application dated August 25, 2015 was filed by Central Business Services Limited ("CBSL") along with Jain Industrial & Commercial Services Private Limited ("JICSL") (collectively, "Claimants") before a private arbitration tribunal ("Tribunal") against ISL. A consolidated statement of claim ("Claims") for an amount of ₹260 million along with interest thereon was filed before the Tribunal. A statement of defence was filed by ISL along with preliminary objections on the maintainability of the claim filed by JICSL and on the clubbing of Claims filed by the Claimants. The Tribunal dismissed the preliminary objections filed by ISL. The Claimants filed a rejoinder and an affidavit of evidence. The pleadings in the matter are completed. The hearing of the matter concluded on March 26, 2018 and the matter is now reserved for Award and the claim is valued at approximately ₹260 million. The matter is currently pending.	Central Business Services Limited	Pending	260.00
5.	The Show cause notice F. No. DGCEI/DZU/INV/B India/545/2015/9295 dated 29.11.2016 was received for the period April 2014 to March 2016 towards Service Tax on delayed payment charges earned by the company. Further, the department issued order no. 92/2018-ST Dated 31.07.2018 confirming the Service Tax demand on Delayed payment charges. The Company have filed an appeal against the order of the Service Tax authorities before the CESTAT Delhi. The matter is pending for disposal before CESTAT Delhi	Assessee	Pending	182.9

**C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters /Company/ Group companies in last 5 financial years including outstanding action, if any:**

**A) Against Promoter (IIFL Holdings Limited):**

**IIFL Holdings Limited**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	Compounding Application filed with RBI for regularization of investments in overseas subsidiary, namely India Infoline DMCC, Dubai.	RBI	Delay in submission of NOC received from SEBI for the overseas investment made in India Infoline Commodities DMCC, Dubai required under Regulation 7 of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulation 2004.	RBI has passed a compounding order vide No. MCO4182 dated March 8, 2017.	Company had paid Rs.2,03,420/- towards compounding fees and the matter was concluded by RBI vide its letter dated April 03, 2017. Complied.

**B) Against Company / Group Companies**

**1. IIFL Securities Limited (Formerly known as India Infoline Limited) - Company:**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	SEBI Enquiry Notice dated April 27, 2010.	SEBI	Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	SEBI had issued Order no: MIRSD1/ASM/BS/11344/2013 -dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful & cautious in future. With the above order, the pending matter was concluded.	Proceedings concluded.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
2.	Enquiry Notice dated March 03, 2010	SEBI	Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totalling trading value of Rs.110660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing.	Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015	We have strengthened our system for monitoring SEBI/Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed. The Whole Time Director passed order dated November 10, 2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.
3.	SEBI letter dated March 12, 2014	SEBI	India Infoline Finance Limited came out with a public issue of non- convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA"-from ICRA Limited was disclosed. Subsequent to filing of the draft prospectus, on the request of India Infoline Finance Limited, ICRA Limited agreed for the said rating to be used for private placement of NCDs by India Infoline Finance Limited.	SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after the filing of the draft prospectus. SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL.	IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.
4.	Adjudication show cause notice dated August 10, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd.	SEBI	SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:- a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. b) It has been alleged that IIFL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai.	SEBI order dated February 23, 2018 imposed penalty of 2,00,000/- (Rupees Two Lakh Only)	Reply to the SEBI SCN has been submitted on November 24, 2017 providing clarification with supporting documents. Matter concluded with the issue of SEBI order dated February 23, 2018.
5.	Adjudication show cause notice dated July 13, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992	SEBI	SEBI notice includes observations and allegation as follows:- Non disclosure under Regulations 13 (1) read 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").	SEBI vide order dated March 28, 2018 dropped proceedings against IIFL.	Exonerated

**2. IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	Show Cause Notice dated July 02, 2013	IRDA	Observations of inspection on insurance broking business during the period November 2009 to March 2012.	Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the Notice on the compliances submitted to IRDA vide letter dated July 11, 2013.	The reply to show cause notice was submitted. However, IRDA refused to accord renewal of license vide order dated October 28, 2013. An appeal was filed to the Chairman of the IRDA against the aforesaid order. IRDA levied a penalty of Rs. 35 lacs and renewed license with retrospective effect for period 2011-2014. Complied.
2	IRDA Letter dated 26-Nov-2015	IRDA	Observation Noticed during review of the renewal application submitted on 25-09-2014	Observations of non-compliance with the provisions of Insurance Brokers Regulations	IRDA Levied a penalty of Rs 17.20 lacs and renewed the license for the period 2014-2017. Complied.

**3. India Infoline Finance Limited**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI issued a show cause notice dated October 25, 2013 in the matter of M/s Parekh Aluminex Limited	SEBI	The SCN alleged violation of Regulations 3(a), 4 (1), 4 (2) (a) and 4 (2) (g) of the SEBI (Prohibition of Fraudulent Trade Practices) Regulations, 2003 ("PFUTP Regulations") by India Infoline Finance Limited.	The matter was disposed of by an order dated January 13, 2015.	Following submission of replies and personal hearing in the matter, the adjudicating officer passed an order dated January 13, 2015 concluding that the charges against India Infoline Finance Limited do not stand established and the matter was disposed off.
2	Adjudication Show cause Notice dated February 4, 2016	SEBI	Show cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') requiring the steps taken by India Infoline Finance Limited ('the Company') in redressal of Investors grievances.	The matter was disposed of by an order dated August 23, 2017.	Detailed reply submitted explaining the redressal process and requesting disposal of the proceedings.
3	RBI issued a show cause notice dated April 26, 2017 in connection with loans extended by IIFL to NSEL Clients.	RBI	Deficiencies with regard to KYC & Loan documents, Securities etc.	RBI concluded the matter with the cautionary advice.	Suitably implemented.

**4. IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited (IHFL))**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
2	Show Cause Notice dated May 6, 2013	National Housing Bank (NHB)	NHB issued a show cause notice for non-furnishing the information w.r.t. opening of new branches	NHB issued a show cause notice and imposed penalty of Rs. 5,000 vide its letter dated July 16, 2013 for non-furnishing the information w.r.t. opening of new branches	We vide our letter dated November 8, 2013 paid the penalty. The matter has been resolved.

**5. IIFL Capital Inc:**

Regulatory Authority	Subject Matter/Allegations	Brief of Orders/Findings	Present Status
Financial Industry Regulatory Authority (FINRA) United States (USA)	The Firm registered as a broker dealer, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts.	Settled the matter with payment of USD 15,000 to FINRA.	Complied and Minimum Net Capital Requirement is thereafter properly maintained.

**C) OUTSTANDING**

**1. IIFL Securities Limited (Formerly known as India Infoline Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/ Findings	Corrective Measures implemented/Present Status
1	SEBI Enquiry notice dated May 2, 2017 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds.	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the client bank account appropriately.	NA	Reply to SEBI notice submitted providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the span of 3 years from the date of concluding the onsite inspection, 3 supplementary reports were issued in this matter which has been suitably replied. Further, the consent application filed for SEBI SCN including contemplated action on Supplementary and Additional inspection report issued subsequent to issue of SEBI SCN. Matter pending with SEBI.

**2. IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/ Findings	Corrective Measures implemented/ Present Status
1	<ul style="list-style-type: none"> <li>i. Criminal Complaint of Pankaj Saraf (MPID)</li> <li>ii. SEBI Enquiry Show cause Notice was received</li> <li>iii. Notice issued by EOW, Mumbai</li> <li>iv. Notice issued by SFIO, Mumbai</li> <li>v. Investigation by the Enforcement Directorate- Mumbai</li> </ul>	<ul style="list-style-type: none"> <li>i. MPID</li> <li>ii. SEBI</li> <li>iii. EOW</li> <li>iv. SFIO</li> <li>v. ED</li> </ul>	<ul style="list-style-type: none"> <li>i. A Criminal Complainant was filed by one of the Investors, Mr. Pankaj Saraf against NSEL and others. EOW Mumbai registered a FIR based on the allegations of criminal conspiracy, fraud and criminal breach trust.</li> <li>ii. The SCN issued for enquiry under the Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 &amp; SEBI (Stock Brokers &amp; Sub Brokers) Regulations, 2015 by SEBI against few brokers including IICL. Further to the enquiry report, IICL received a fresh Show Cause Notice on April 26, 2017 along with a copy of the Enquiry Report seeking our reply and clarification.</li> <li>iii. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, EOW issued notices/summons for submission of informations/ documents/statements from IICL.</li> <li>iv. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, SFIO issued notices/summons for submission of informations/ documents/statements from IICL.</li> <li>v. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, Enforcement Directorate (ED) issued notices/summons for submission of informations/ documents/ statements from IICL.</li> </ul>	NA	<ul style="list-style-type: none"> <li>i. The Complaint is under investigation by the EOW and the same is pending investigation. No charge sheet has been filed.</li> <li>ii. A detailed reply was submitted with SEBI along with all the supporting documents on November 25, 2016. A fresh Show Cause Notice was received from SEBI on April 25, 2017 along with a copy of the Enquiry Report seeking reply and clarification. The Company submitted its detailed reply alongwith all the supporting documents with SEBI on June 18, 2018. Matter is pending. The matter was scheduled for hearing on October 11 &amp; 24, 2018 and the arguments has been completed by IICL. IICL is now directed by SEBI to submit written submissions, if any latest by November 06, 2018.</li> <li>iii. IICL submitted its detailed response/documents/ information/statements through various letters and appearances from 2013 till date to EOW. No further communications are received.</li> <li>iv. IICL submitted its detailed response/documents/ information/statement through various letters and appearances to SFIO till date. No further communications are received.</li> <li>v. IICL submitted its detailed response/documents/ information/statement through various letters and appearances to ED till date. No further communications are received.</li> </ul>

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/ Findings	Corrective Measures implemented/ Present Status
2	MCX letter dated April 12, 2018 based on the Inspection Report dated 2014-15	MCX	MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the FY. 2014-15.	NA	<ul style="list-style-type: none"> <li>i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal.</li> <li>ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us</li> </ul>
3.	MCX letter dated April 12, 2018 based on the Inspection Report dated 2015-16	MCX	MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the FY. 2015-16.	NA	<ul style="list-style-type: none"> <li>i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal.</li> <li>ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us.</li> </ul>

### 3. India Infoline Finance Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/ Findings	Corrective Measures implemented/Present Status
1	A direction dated July 17, 2018 was received from Pension Fund Regulatory and Development Authority ("PFRDA").	PFRDA	Migration of associated subscribers	Necessary actions to be complied with, in regard to pending amount of RS. 0.76 million by the subscribers deposits with IIFL as registered Point of Presence for National Pension Scheme as on March 31, 2018	The Company had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

### D. Brief details of outstanding criminal proceedings against Promoters: Nil

#### ANY OTHER INFORMATION OF THE COMPANY

#### Statutory Auditor

M/s V. Sankar Aiyar & Co.

Chartered Accountants

2-C, Court Chambers,35, New Marine Lines, Mumbai – 400 020

Phone: +91 22 22004465 E-mail: mumbai@vsa.co.in

#### DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 1956 & Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true & correct.

#### For IIFL Securities Limited

Jayesh Upadhyay

Company Secretary

Place: Mumbai

Date: November 06, 2018

## ABRIDGED PROSPECTUS

APPLICABLE INFORMATION IN THE FORMAT AS PROVIDED IN PART D OF SCHEDULE VIII OF THE SEBI  
(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009

This is an abridged prospectus containing salient features of business of IIFL Wealth Management Limited (“Company” or “IWML”) and composite scheme of arrangement pertaining to the Company, IIFL Holdings Limited (“IHL”), India Infoline Media & Research Services Limited (“IIMRSL”), IIFL Securities Limited (“ISL”) (Formerly known as “India Infoline Limited”), India Infoline Finance Limited (“IIFL”), IIFL Distribution Services Limited (“IDSL”) and their respective shareholders under sections 230 and 232 of the Companies Act, 2013 (“Act”) (“Scheme”).
THIS ABRIDGED PROSPECTUS DATED NOVEMBER 6, 2018 CONTAINS 9 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES. THIS ABRIDGED PROSPECTUS SHOULD BE READ TOGETHER WITH THE SCHEME AND THE NOTICE TO THE SHAREHOLDERS OF IIFL HOLDINGS LIMITED.
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS ABRIDGED PROSPECTUS
You may download the Scheme from the websites of IIFL Holdings Limited and the stock exchanges where the equity shares of IIFL Holdings Limited are listed (“Stock Exchanges”); viz: www.iifl.com ; www.nseindia.com ; and www.bseindia.com.



## IIFL Wealth Management Limited

**Registered & Corporate Office:** IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

**Telephone:** 91-22-3958 5612; **Email:** [secretarial@iiflw.com](mailto:secretarial@iiflw.com)

**CIN:** U74140MH2008PLC177884

**Contact Person:** Mr. Ashutosh Naik, Company Secretary

## PROMOTERS

IIFL Holdings Limited, Mr. Karan Bhagat and Mr. Yatin Shah

## DETAILS OF THE SCHEME OF ARRANGEMENT

The Scheme, *inter alia*, provides for:

- (i) amalgamation of IIMRSL and IIFL with IHL and issue of shares of IHL to the shareholders of IIFL;
- (ii) the demerger, transfer and vesting of the Demerged Undertakings (*as defined in the Scheme*) from IHL to the Company and ISL, on a going concern basis, and the consequent issue of shares by the Company and ISL;
- (iii) transfer of Broking and Depository Participant Business (*as defined in the Scheme*) from the Company to IDSL;
- (iv) reduction and cancellation of the existing equity share capital of the Company held by IHL;
- (v) reduction and cancellation of the existing equity share capital of ISL held by IHL.

Subject to approvals under applicable laws, the equity shares to be issued by the Company, ISL and IHL in consideration of the aforementioned amalgamation and demerger, as the case may be, shall be listed on the Stock Exchanges.

For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is the National Stock Exchange of India Limited (“NSE”). The Equity Shares of the Company post implementation of the scheme would be listed on NSE & BSE Limited (“BSE”).

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## PROMOTERS OF IIFL WEALTH MANAGEMENT LIMITED

The Promoters of the Company are:

1. IIFL Holdings Limited holding 53.26 % of the total outstanding issued and paid-up share capital of the Company;
2. Mr. Karan Bhagat holding 7.09 % of the total outstanding issued and paid-up share capital of the Company;
3. Mr. Yatin Shah holding 3.92 % of the total outstanding issued and paid-up share capital of the Company.

Details of Promoter(s):

1. IIFL Holdings Limited: IHL was originally incorporated as “**Probity Research and Services Private Limited**”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated October 18, 1995 by the Registrar of Companies, Mumbai, Maharashtra. Subsequently, IHL was converted into a public limited company (**Probity Research and Services Limited**) after which it was renamed to “**India Infoline.com Limited**” and then “**India Infoline Limited**” and finally, the name of IHL was changed to “IIFL Holdings Limited” pursuant to the issuance of fresh certificate of incorporation dated February 18, 2014, by the Registrar of Companies. IHL is registered with SEBI as a Merchant Banker and Investment Adviser and is, *inter alia*, engaged in the business of wealth management, financing, investment banking, capital markets and insurance and financial products distribution etc. through its various subsidiaries.
2. Mr. Karan Bhagat: Mr. Bhagat is Founder, Managing Director of the Company. Mr. Bhagat has more than 17 years of experience in managing private wealth management and also prior to joining IIFL he headed Mumbai Head office of Kotak Wealth Management.
3. Mr. Yatin Shah: Mr. Shah is a Co-Founder & Executive Director of the Company and has more than 17 years in Equity Research and private wealth management and focuses on domestic wealth advisory practice. Prior to joining IIFL, He started his career in Equity Research with Khandwala Securities and Kotak’s wealth management division.

### List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) SEBI (ICDR) Regulations, 2009

#### 1. Spaisa Capital Limited

The Company is financial services company with a focus on “discount broking” services, providing financial products through an online technology platform and mobile application. The Company provides services in capital market, futures & options and currency derivatives segments of BSE and NSE and also distribute mutual funds and IPO products. The Company is depository participant of CDSL, a trading cum clearing member of BSE and NSE and registered with SEBI as a Research Analyst.

## BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

### BUSINESS OVERVIEW

IIFL Wealth Management Limited is one of the growing wealth management companies in India offering a comprehensive suite of products and services to over 10,000 high net-worth families in India. It caters to the investment requirements of HNI and UHNI clients through the following business segments:

1. Wealth Management
2. Asset management
3. Credit solutions
4. Advisory & Trust Services

### STRENGTHS

1. Client centric business model focused on HNIs and UHNIs, leading to long-term client relationships and profitable growth
2. Open architecture model and robust distribution network
3. Experienced and stable management team

### STRATEGY

Deep client relationships, product innovation and the ability to offer customised solutions through its Wealth Management; Asset Management & Credit solutions platforms will continue to enable the Company to capitalise on opportunities offered by increased allocation of wealth to financial assets and conducive financial market conditions. While regulatory and competitive factors would continue to put pressure on commissions, with our unique combination of open architecture platform & holistic proposition the Company is well positioned to capitalise on current & future market opportunities.

Further the Company continues to invest heavily in technology to increase employee efficiency, delivery of products and best-in-class services to high net worth clients.

**BOARD OF DIRECTORS of IIFL WEALTH MANAGEMENT LIMITED**

Sr. No.	Name	Designation	Experience including current / past position held in other firms
1	Nirmal Bhanwarlal Jain	Non-Executive Director	Nirmal Jain is the founder & Chairman of IIFL Holdings Limited. He is a Post Graduate Diploma in Management from IIM, Ahmedabad, a rank holder Chartered Accountant and a Cost Accountant. Under his leadership, IIFL Group has become a dominant and diversified player in the financial services space.
2	Venkataraman Rajamani	Non-Executive Director	R. Venkataraman, is a Co-Promoter and Managing Director of IIFL Holdings Limited. He is a B. Tech (Electronics and Electrical Communications Engineering, IIT Kharagpur) and an MBA (IIM, Bangalore). He has been contributing immensely into the establishment of various businesses and spearheading key initiatives of the group over the past 18 years.
3	Nilesh Shivji Vikamsey	Independent Director	Nilesh Vikamsey is a Senior Partner at Khimji Kunverji & Co & Past President of The Institute of Chartered Accountants of India. He was Chairman of SEBI's Qualified Audit Report Committee. He is a member of Corporate Governance Committee which was Chaired by Uday Kotak Primary Market Advisory Committee & Committee on Disclosures and Accounting Standards.
4	Sandeep Achyut Naik	Nominee Director	Sandeep Naik is a Managing Director and Head of General Atlantic's business in India & Asia-Pacific. Before joining General Atlantic in 2012, Sandeep Naik served as Partner and Co-Head of India for Apax Partners LLP. He is also the Co-Founder of InfraScan Inc., a medical device business focused on detecting bleeding inside the brain using a handheld device. Sandeep was selected as a Young Global Leader by the World Economic Forum and has served on the Global Agenda Council of New Order of Economic Thinking.
5	Geeta Mathur	Independent Director	Geeta Mathur is a Chartered Accountant, specialises in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. She is a graduate in Commerce from Shriram College of Commerce, Delhi University.
6	Yatin Shah	Whole-time Director	Yatin is a Co-Founder & Executive Director at IIFL Investment Managers. Yatin Shah has more than 17 years of experience in Equity Research and private wealth management and focuses on domestic wealth advisory practice. Prior to joining IIFL, He started his career in Equity Research with Khandwala Securities and Kotak's wealth management division.
7	Karan Bhagat	Managing Director	Karan Bhagat is Founder, Managing Director of IIFL Investment Managers. Karan Bhagat has more than 17 years of experience in managing private wealth management and also prior to joining IIFL he headed Mumbai Head office of Kotak Wealth Management.
8	Shantanu Rastogi	Nominee Director	Mr. Shantanu Rastogi is a Managing Director at General Atlantic and focuses on investments in Financial Services, Healthcare, and Consumer sectors in the India & Asia-Pacific region. He has worked at Apax Partners and McKinsey & Co.
9	Amit Nitin Shah	Director	Amit Shah has over 20 years of experience in financial service industry including more than 14 years of advising global institutional investors. Amit is credited for bringing a unique touch to the asset management business of the Company.

**COMPOSITE SCHEME OF ARRANGEMENT**

Under the Scheme, the Wealth Management Business Undertaking (*as defined in the Scheme*) of IHL is proposed to be demerged into the Company.

Upon the demerger, the Company shall issue and allot equity shares to equity shareholders of IHL in the following ratio:

- 1 (one) fully paid up equity share of INR 2 (two) each of the Company, credited as fully paid up, for every 7 (seven) equity share of INR 2 (two) each of IHL held by such shareholder.

The appointed date for aforementioned demerger is April 1, 2018.

Pursuant to the Scheme, the issued, subscribed and fully paid-up share capital of the Company held by IHL shall be cancelled and reduced.

**RATIONALE AND BENEFITS OF THE COMPOSITE SCHEME OF ARRANGEMENT****Rationale for the Scheme**

- Over the course of time, IHL 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.

- 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.
- Accordingly, IHL proposes to re-organize and segregate, by way of a composite scheme of arrangement, its 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.
- The proposed re-organisation pursuant to the Scheme is expected, *inter alia*, to result in the following benefits:
  - 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
  - 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.
- Post effectiveness of the Scheme, the Company would be able to attract and motivate its key people with stock options such that its rewards are strongly correlated with its 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.

#### SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2018

Based on the above, the Pre-Scheme and Post-Scheme Shareholding pattern of the Company based on the shareholding pattern as on September 30, 2018 is as under:

Sr. No.	Particulars as on September 30, 2018	Pre-Scheme number of shares	% Holding
1.	Promoter and Promoter Group	5,43,02,401	64.27%
2.	Public	3,01,95,006	35.73%
	<b>Total</b>	<b>8,44,97,407</b>	<b>100.00%</b>

Sr. No.	Particulars post implementation of Scheme	Post-Scheme number of shares <sup>9</sup>	% holding of Post-Scheme
1.	Promoter and Promoter Group	2,24,96,888	26.44 %
2.	Public	6,25,81,176	73.56 %
	<b>Total</b>	<b>8,50,78,064</b>	<b>100.00 %</b>

@ The Post-Scheme shareholding pattern may vary, upon the implementation of the scheme

**Note:** The Shareholding Pattern is as on September 30, 2018. Same may undergo change based on the record date for the purposes of implementation of scheme of arrangement.

#### EXTRACTS FROM AUDITED FINANCIAL STATEMENTS

(in Million except per share data)

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Total income from operations (net)	6,121.54	4,315.90	3,312.01	3,670.17	2,121.56
Net Profit / (Loss) before tax and extraordinary items	1,969.90	1,329.42	1,431.49	1,478.05	616.73
Net Profit / (Loss) after tax and extraordinary items	1,484.57	864.38	1,034.06	991.75	409.26
Equity Share Capital	159.50	155.92	147.91	117.23	114.84
Reserves and Surplus	13,750.40	12,578.09	11,245.67	1,599.04	893.36
Basic earnings per share (Rs.)	18.88	11.68	17.57	17.27	7.35
Diluted earnings per share (Rs.)	18.25	11.59	15.57	17.09	7.11
Consolidated	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Total income from operations (net)	16,650.53	10,403.63	5,394.47	4,518.17	2,398.02
Net Profit / (Loss) before tax and extraordinary items	4,960.42	3,629.88	2,263.55	1,641.94	743.15

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net Profit / (Loss) after tax and extraordinary items	3,853.10	2,504.69	1,693.84	1,115.43	512.15
Equity Share Capital	159.50	155.92	147.91	117.23	114.84
Reserves and Surplus	18,735.97	15,085.68	12,144.71	1,803.98	973.72
Basic earnings per share (Rs.)	49.00	33.86	28.78	19.42	9.20
Diluted earnings per share (Rs.)	47.37	33.60	25.50	19.23	8.90

**OTHER FINANCIAL INFORMATION***(in Million except per share data)*

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net worth	13,909.90	12,734.02	11,393.58	1,716.28	1,008.21
Return on net worth (%)	11.14%	7.17%	15.78%	72.80%	44.91%
Net asset value per share (Rs.)	174.41	163.33	154.05	29.28	17.56
Consolidated	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net worth	18,895.48	15,241.61	12,292.72	1,921.22	1,088.56
Return on net worth (%)	22.57%	18.19%	23.83%	74.12%	52.79%
Net asset value per share (Rs.)	236.92	195.50	166.21	32.77	18.96

**NOTE:** IGAAP defined as "Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016".

**INTERNAL RISK FACTORS**➤ **Competition:**

We face significant competition in our businesses, which may limit our growth and prospects. Competition from existing and new market participants offering investment products could reduce our market share or put downward pressure on our fees. Our results of operations largely depend on the growth, value and composition of our AUM which may decline, resulting in a decline in our fee income which could materially affect our financial performance and business prospects. Factors that could cause our AUM to decline include the following:

Declines in the Indian equity markets; Adverse market fluctuations and economic conditions; Changes in interest rates and defaults and Withdrawals or Fund Exits:

➤ **Information Technology:**

The operation of our businesses is highly dependent on information technology and we are subject to risks arising from any failure of, or inadequacies in, our IT systems. Our business operations and client services are highly dependent on information technology.

➤ **Regulations:**

We require certain statutory and regulatory approvals for conducting our business and our failure to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations. The regulations that apply to the industry in which we operate may change, which may adversely impact our results of operations. The expansion of our business outside of India raises regulatory risks which may adversely affect our profit margins and may place additional demands on our resources and employees. As a registered intermediary with SEBI, RBI and Monetary Authority of Singapore (MAS), we are subject to periodic inspections and any adverse action taken could affect our business and operations.

➤ **Employees:**

The success of our business depends on our ability to attract and retain senior management and employees in critical roles, and the loss of their services could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. Grant of stock options and employee stock appreciation rights by our Company will result in a charge to our statement of profit and loss and will, to that extent, reduce our reported profits and lead to dilution in earnings per share in future periods.

➤ **Reputation:**

If research disseminated or advice provided by us contains errors, this could have a material adverse effect on our business, financial condition or results of operations. We could be subject to claims by clients or actions by regulators or both for alleged mis-selling. Our investment management agreements, wealth advisory and distribution agreements and other business commitments may generally be terminated by

our clients on little or no notice, making our future client and revenue base unpredictable. Employee misconduct or failure of our internal processes or procedures could harm us by impairing our ability to attract and retain clients and subject us to significant legal liability and reputational harm. There is a risk that customer data could be lost or misused. Data privacy laws, rules and regulations could have a material adverse effect on our business, financial condition and results of operations.

#### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

##### A. Total number of outstanding litigations against the company and amount involved

There is no litigation against the Company, however there is an Income Tax assessment proceeding in which the Assessing Officer has disallowed a particular expense, involving an amount of INR 4.06 Million, the details of which are mentioned in point B below.

##### B. Brief details of top 5 material outstanding litigations against the company and amount involved

There is no litigation against the Company, however there is an Income Tax assessment proceeding in which the Assessing Officer has disallowed a particular expense, the details of which are as follows;

SR. NO.	PARTICULARS	LITIGATION FILED BY	CURRENT STATUS	APPROXIMATE AMOUNT INVOLVED (₹ in Million)
1.	During the assessment proceeding of AY 2014-15, the assessing officer has disallowed expenses of Rs. 1.51 Cr in relation to exempt Income earned during the relevant assessment year by invoking the provision of sec 14A r.w. Rule 8D, vide its Assessment Order passed u/s 143(3) of the Income Tax Act dated 22.11.2016. We have filed an appeal against the same before CIT(A) as per the provision of Income Tax Act	Income Tax Department	Matter is pending for disposal before CIT(A)	4.06

##### C. Regulatory Action, if any – disciplinary action taken by SEBI or stock exchanges against the Promoters/ Group companies in last 5 financial years including outstanding action, if any.

###### A] Against Promoter:

###### i) IIFL Holdings Limited-

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	Compounding Application filed with RBI for regularization of investments in overseas subsidiary, namely India Infoline DMCC, Dubai.	RBI	Delay in submission of NOC received from SEBI for the overseas investment made in India Infoline Commodities DMCC, Dubai required under Regulation 7 of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulation 2004.	RBI has passed a compounding order vide No. MCO4182 dated March 8, 2017.	Company had paid Rs.2,03,420/- towards compounding fees and the matter was concluded by RBI vide its letter dated April 03, 2017. Complied.

###### ii) Karan Bhagat- Nil

###### iii) Yatin Shah- Nil

###### B] Against Group Companies:

###### 1. IIFL Securities Limited (Formerly known as India Infoline Limited):

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	SEBI Enquiry Notice dated April 27, 2010.	SEBI	Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	SEBI had issued Order no: MIRS/ASM/BS/11344/2013 –dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful & cautious in future. With the above order, the pending matter was concluded.	Proceedings concluded.

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
2.	Enquiry Notice dated March 03, 2010	SEBI	Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totalling trading value of ₹.1,10,660/- and brokerage of ₹. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing.	Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015	We have strengthened our system for monitoring SEBI/ Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed. The Whole Time Director passed order dated November 10, 2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.
3.	SEBI letter dated March 12, 2014	SEBI	India Infoline Finance Limited came out with a public issue of non- convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA-" from ICRA Limited was disclosed. Subsequent to filing of the draft prospectus, on the request of India Infoline Finance Limited, ICRA Limited agreed for the said rating to be used for private placement of NCDs by India Infoline Finance Limited.	SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after the filing of the draft prospectus. SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL.	IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.
4.	Adjudication show cause notice dated August 10, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd.	SEBI	SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:- a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. b) It has been alleged that ISL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai.	SEBI order dated February 23, 2018 imposed penalty of 2,00,000/- (Rupees Two Lakh Only)	Reply to the SEBI SCN has been submitted on November 24, 2017 providing clarification with supporting documents. Matter concluded with the issue of SEBI order dated February 23, 2018.
5.	Adjudication show cause notice dated July 13, 2017 under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992	SEBI	SEBI notice includes observations and allegation as follows:- Non-disclosure under Regulations 13 (1) read 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").	SEBI vide order dated March 28, 2018 dropped proceedings against IIFL.	Exonerated

**2. IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	Show Cause Notice dated July 02, 2013	IRDA	Observations of inspection on insurance broking business during the period November 2009 to March 2012.	Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the Notice on the compliances submitted to IRDA vide letter dated July 11, 2013.	The reply to show cause notice was submitted. However, IRDA refused to accord renewal of license vide order dated October 28, 2013. An appeal was filed to the Chairman of the IRDA against the aforesaid order. IRDA levied a penalty of Rs. 35 lacs and renewed license with retrospective effect for period 2011-2014. Complied.
2	IRDA Letter dated 26-Nov-2015	IRDA	Observation Noticed during review of the renewal application submitted on 25-09-2014	Observations of non-compliance with the provisions of Insurance Brokers Regulations	IRDA Levied a penalty of Rs 17.20 lacs and renewed the license for the period 2014-2017. Complied.

**3. India Infoline Finance Limited(IIFL)**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI issued a show cause notice dated October 25, 2013 in the matter of M/s Parekh Aluminex Limited	SEBI	The SCN alleged violation of Regulations 3(a), 4 (1), 4 (2) (a) and 4 (2) (g) of the SEBI (Prohibition of Fraudulent Trade Practices) Regulations, 2003 ("PFUTP Regulations") by India Infoline Finance Limited.	The matter was disposed of by an order dated January 13, 2015.	Following submission of replies and personal hearing in the matter, the adjudicating officer passed an order dated January 13, 2015 concluding that the charges against India Infoline Finance Limited do not stand established and the matter was disposed off.
2	Adjudication Show cause Notice dated February 4, 2016	SEBI	Show cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') requiring the steps taken by India Infoline Finance Limited ('the Company') in redressal of Investors grievances.	The matter was disposed of by an order dated August 23, 2017.	Detailed reply submitted explaining the redressal process and requesting disposal of the proceedings.
3	RBI issued a show cause notice dated April 26, 2017 in connection with loans extended by IIFL to NSEL Clients.	RBI	Deficiencies with regard to KYC & Loan documents, Securities etc.	RBI concluded the matter with the cautionary advice.	Suitably implemented.

**4. IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited (IHFL))**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
2	Show Cause Notice dated May 6, 2013	National Housing Bank (NHB)	NHB issued a show cause notice for non-furnishing the information w.r.t. opening of new branches	NHB issued a show cause notice and imposed penalty of Rs. 5,000 vide its letter dated July 16, 2013 for non-furnishing the information w.r.t. opening of new branches	We vide our letter dated November 8, 2013 paid the penalty. The matter has been resolved.

**5. IIFL Capital Inc:**

Regulatory Authority	Subject Matter/Allegations	Brief of Orders/Findings	Present Status
Financial Industry Regulatory Authority (FINRA) United States(USA)	The Firm registered as a broker dealer, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts.	Settled the matter with payment of USD 15,000 to FINRA.	Complied and Minimum Net Capital Requirement is thereafter properly maintained.

**C) OUTSTANDING**

**1. IIFL Securities Limited (Formerly known as India Infoline Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/ Findings	Corrective Measures implemented/ Present Status
1	SEBI Enquiry notice dated May 2, 2017 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds.	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the client bank account appropriately.	NA	Reply to SEBI notice submitted providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the span of 3 years from the date of concluding the onsite inspection, 3 supplementary reports were issued in this matter which has been suitably replied. Further, the consent application filed for SEBI SCN including contemplated action on Supplementary and Additional inspection report issued subsequent to issue of SEBI SCN. Matter pending with SEBI.

**2. IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited):**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/ Findings	Corrective Measures implemented/ Present Status
1	i. Criminal Complaint of Pankaj Saraf (MPID) ii. SEBI Enquiry Show cause Notice was received iii. Notice issued by EOW, Mumbai iv. Notice issued by SFIO, Mumbai v. Investigation by the Enforcement Directorate- Mumbai	i. MPID ii. SEBI iii. EOW iv. SFIO v. ED	i. A Criminal Complainant was filed by one of the Investors, Mr. Pankaj Saraf against NSEL and others. EOW Mumbai registered a FIR based on the allegations of criminal conspiracy, fraud and criminal breach of trust. ii. The SCN issued for enquiry under the Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 & SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 by SEBI against few brokers including IIFL. Further to the enquiry report, IIFL received a fresh Show Cause Notice on April 26, 2017 along with a copy of the Enquiry Report seeking our reply and clarification. iii. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, EOW issued notices/summons for submission of informations/documents/ statements from IIFL. iv. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, SFIO issued notices/summons for submission of informations/documents/ statements from IIFL.	NA	i. The Complaint is under investigation by the EOW and the same is pending investigation. No charge sheet has been filed. ii. A detailed reply was submitted with SEBI along with all supporting documents on November 25, 2016. A fresh post enquiry Show Cause Notice was received from SEBI on April 25, 2017 along with a copy of the Enquiry Report seeking reply and clarification. IIFL submitted its detailed reply alongwith all the supporting documents with SEBI on June 18, 2018. The matter was heard by the Whole Time Member, SEBI on October 11 & 24, 2018 and the arguments has been completed by IIFL. iii. IIFL has been directed by SEBI to submit its written submissions, if any latest by November 06, 2018. IIFL is in the process of submitting its additional written submission as directed by SEBI. iv. IIFL submitted its detailed response/ documents/information/statements through various letters and appearances from 2013 till date to EOW. No further communications are received. v. IIFL submitted its detailed response/documents/information/ statement through various letters and appearances to SFIO till date. No further communications are received.



Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/ Findings	Corrective Measures implemented/ Present Status
			v. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, Enforcement Directorate (ED) issued notices/ summons for submission of informations/ documents/ statements from IICL.		vi. IICL submitted its detailed response/documents/information/ statement through various letters and appearances to ED till date. No further communications are received.
2	MCX letter dated April 12, 2018 based on the Inspection Report dated 2014-15	MCX	MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2014-15.	NA	i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal. ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us.
3.	MCX letter dated April 12, 2018 based on the Inspection Report dated 2015-16	MCX	MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2015-16.	NA	i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal. ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us.

### 3. India Infoline Finance Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/ Findings	Corrective Measures implemented/Present Status
1	A direction dated July 17, 2018 was received from Pension Fund Regulatory and Development Authority ("PFRDA").	PFRDA	Migration of associated subscribers	Necessary actions to be complied with, in regard to pending amount of RS. 0.76 million by the subscribers deposits with IIFL as registered Point of Presence for National Pension Scheme as on March 31, 2018	The Company had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

### D. Brief details of outstanding criminal proceedings against Promoters - NIL

#### ANY OTHER INFORMATION OF THE COMPANY

#### Statutory Auditor

#### Deloitte Haskins & Sells LLP

Chartered Accountants

Indiabulls Finance Center Tower 3, 31st Floor,

Senapati Bapat Marg, Elphinstone, Mumbai – 400013, Maharashtra, India

Phone: +91-22-6185 4000 E-mail: pgorakshakar@deloitte.com

#### DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true & correct.

#### For IIFL Wealth Management Limited

Ashutosh Naik

Company Secretary

Place : Mumbai

Date: November 6, 2018

## ABRIDGED PROSPECTUS

## APPLICABLE INFORMATION IN THE FORMAT AS PROVIDED IN PART D OF SCHEDULE VIII OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009

This is an abridged prospectus containing salient features of business of India Infoline Finance Limited (“Company” or “IIFL”) and composite scheme of arrangement pertaining to the Company, IIFL Holdings Limited (“IHL”), India Infoline Media & Research Services Limited (“IIMRSL”), IIFL Securities Limited (“ISL”), IIFL Wealth Management Limited (“IWML”), IIFL Distribution Services Limited (“IDSL”) and their respective shareholders under sections 230 and 232 of the Companies Act, 2013 (“Act”) (“Scheme”).
THIS ABRIDGED PROSPECTUS DATED NOVEMBER 6, 2018 CONTAINS 10 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES. THIS ABRIDGED PROSPECTUS SHOULD BE READ TOGETHER WITH THE SCHEME AND THE NOTICE TO THE SHAREHOLDERS OF IIFL HOLDINGS LIMITED
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS ABRIDGED PROSPECTUS
You may download the Scheme from the websites of IIFL Holdings Limited and the stock exchanges where the equity shares of IIFL Holdings Limited are listed (“Stock Exchanges”); viz: www.iifl.com; www.nseindia.com; and www.bseindia.com.



## India Infoline Finance Limited

**Registered and Corporate Office :** 12A-10, 13th Floor, Parinee Crescenzo, G Block, C-38&39, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

**Telephone:** +91 22 67881000 ; **Email:** governance@iifl.com

**CIN:** U67120MH2004PLC147365

**Contact Person:** Mr. Gajendra Thakur, Company Secretary and Compliance Officer

## PROMOTER OF THE COMPANY

IIFL Holdings Limited

## DETAILS OF THE SCHEME OF ARRANGEMENT

The Scheme, *inter alia*, provides for:

- (i) amalgamation of IIMRSL and the Company with IHL and issue of shares of IHL to the shareholders of the Company;
- (ii) the demerger, transfer and vesting of the Demerged Undertakings (*as defined in the Scheme*) from IHL to ISL and IWML, on a going concern basis, and the consequent issue of shares by ISL and IWML;
- (iii) transfer of Broking and Depository Participant Business (*as defined in the Scheme*) from IWML to IDSL;
- (iv) reduction and cancellation of the existing equity share capital of ISL held by IHL;
- (v) reduction and cancellation of the existing equity share capital of IWML held by IHL.

Subject to approvals under applicable laws, the equity shares to be issued by IHL, ISL and IWML in consideration of the aforementioned amalgamation and demerger, as the case may be, shall be listed on the Stock Exchanges.

For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is the National Stock Exchange of India Limited (“NSE”).

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## PROMOTER OF THE COMPANY

The Promoter of the Company is IIFL Holdings Limited. 84.5 % of the total outstanding issued and paid-up share capital of the Company is currently held by IIFL Holdings Limited.

IIFL Holdings Limited: IHL was originally incorporated as “**Probity Research and Services Private Limited**”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated October 18, 1995 by the Registrar of Companies, Mumbai, Maharashtra. Subsequently, IHL was converted into a public limited company (**Probity Research and Services Limited**) after which it was renamed to “**India Infoline.com Limited**” and then “**India Infoline Limited**” and finally, the name of IHL was changed to “IIFL Holdings Limited” pursuant to the issuance of fresh certificate of incorporation dated February 18, 2014, by the Registrar of Companies. IHL is registered with SEBI as a Merchant Banker and Investment Adviser and is, *inter alia*, engaged in the business of wealth management, financing, investment banking, capital markets and insurance and financial products distribution etc. through its various subsidiaries. The Equity shares of IHL are listed at National Stock Exchange of India Limited (“NSE”) and BSE Ltd (“BSE”).

### List of top 5 largest listed group companies as per Part A, Schedule VIII, Regulation 2, Item (IX) (C) (2) SEBI (ICDR) Regulations, 2009

#### 1. Spaisa Capital Limited

The Company is financial services company with a focus on “discount broking” services, providing financial products through an online technology platform and mobile application. The Company provides services in capital market, futures & options and currency derivatives segments of BSE and NSE and also distribute mutual funds and IPO products. The Company is depository participant of CDSL, a trading cum clearing member of BSE and NSE and registered with SEBI as a Research Analyst.

### BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

#### BUSINESS OVERVIEW

India Infoline Finance Limited is a subsidiary of IIFL Holdings Limited and is registered with the Reserve Bank of India (“RBI”) as a Systemically Important Non-Banking Financial Company not accepting public deposits (“**NBFC-ND-SI**”). The Company is engaged in retail financing with a diversified product portfolio which includes home loans, loans secured against gold, property and securities, commercial vehicles loans, SME loans, micro finance and personnel loans.

#### STRENGTHS

##### 1. Diversified product portfolio

- Wide range of financial products with a customized approach
- Addressing the demand of both, rural and urban customer segments

##### 2. Technological evolution

- Regular investments in technology infrastructure to meet dynamic requirements of customers
- Development of seamless end-to-end digitized processes to deliver an exceptional customer experience

##### 3. Customer focus

- Sound understanding of customer needs through a wide presence and deep on-ground experience
- Focus on quick response and best services leading to customer satisfaction and strengthening the customer base

##### 4. Sound credit management

- A robust system of credit appraisal, credit monitoring and recovery is in place, backed by data analytics and technology
- Sound credit management procedures result in sustained healthy assets and returns

##### 5. Geographical footprint

- Expansion of pan-India presence at a fast pace during the last few years
- Reaching a diverse customer base through a network of more than 1,500 branches

##### 6. Transparent governance

- Complete transparency in operations is maintained
- Business is conducted with utmost integrity, compliant with high ethical standards

#### STRATEGY

The strategy of the Company is to

##### 1. **Address growing financial needs in under-served markets through a strong physical and digital footprint**

*We target customers not being effectively serviced by banks. A strong physical as well as digital footprint is important as it increases reach and access to customers and we aim to enhance our technology platform as well as expand branch network to serve the purpose. With our widespread*

branch network, retail focus and a product suite catering to all classes of customers, we aim to contribute to financial inclusion in the country.

**2. Build capacity and grow customer base through retail focus**

We are focused on high growth, dispersed risk, retail lending. We seek to further increase our presence in promising segments including home loans, Micro, Small and Medium Enterprises (“MSME”) financing, gold loans and microfinance by utilizing the extensive branch network. The retail business is intended to provide scale and diversify the risk across geographies, industries and collaterals.

**3. Constantly innovate and adapt with changing environment**

Our product offering has been designed to fulfil our clients’ diverse requirements. We continue to focus on product innovation and customized product solutions. Diversification is followed in a measured manner and largely controlled to activities that are related to the core segments.

**4. Continue to invest in digitization and technology**

Investment in technology is critical as retail lending needs a high degree of operational excellence and automation. We will continue to invest in our IT infrastructure, as technology and digitized processes will help us grow as well as manage risks and ensure the quality of assets.

**BOARD OF DIRECTORS OF INDIA INFOLINE FINANCE LIMITED**

Sr. No.	Name	Designation	Experience including current / past position held in other firms
1.	V. K. Chopra	Chairman & Independent Director	V. K. Chopra, is a Fellow Member of the Institute of Chartered Accountants of India. He was a whole-time Member of SEBI for 2 years. He has held several top positions during his 36 years of experience in banking industry.
2.	Nirmal Jain	Whole-time Director	Nirmal Jain is a Founder & Chairman of IIFL Holdings Limited. He is Post Graduate Diploma in Management from IIM, Ahmedabad, a rank holder Chartered Accountant and a Cost Accountant. Under his leadership, IIFL Group has become a dominant and diversified player in the financial services space
3.	R. Venkataraman	Whole-time Director	R. Venkataraman is Co-promoter & Managing Director of IIFL Holdings Limited. He is a B. Tech. (Electronics and Electrical Communications Engineering, IIT Kharagpur) and an MBA (IIM, Bangalore). He has been contributing immensely into the establishment of various businesses and spearheading key initiatives of the group over the past 18 years.
4.	Nilesh Vikamsey	Independent Director	Nilesh Vikamsey is a Senior Partner at Khimji Kunverji & Co. He was Chairman of SEBI’s Qualified Audit Report Committee. Also a member of Corporate Governance Committee which was Chaired by Uday Kotak Primary Market Advisory Committee & Committee on Disclosures and Accounting Standards.
5.	Nagarajan Srinivasan	Non-executive Director	Nagarajan Srinivasan serves as the Head of South Asia at CDC India Advisers (“CDC”) where he is responsible for overseeing and advising CDC on its investments in the region focussing on Direct Equity investments and Debt/ Structured Finance.
6.	Geeta Mathur	Independent Director	Geeta Mathur is a Chartered Accountant, specialises in the area of project, corporate and structured finance, treasury, investor relations and strategic planning. She is a graduate in Commerce from Shriram College of Commerce, Delhi University
7.	Sumit Bali	Executive Director and Chief Executive Officer	Sumit Bali holds a B.A (Hon) from St. Stephen’s college, New Delhi and has completed his Post Graduate Diploma Management from from IIM Ahmedabad. He is a seasoned banker with an experience of 28 years in the Indian corporate sector.

**COMPOSITE SCHEME OF ARRANGEMENT**

Under the Scheme, the Company is proposed to be amalgamated with IHL.

Upon the amalgamation, IHL shall issue and allot equity shares to equity shareholders of the Company in the following ratio:

- 135 (one hundred and thirty-five) fully paid up equity shares of ₹ 2 (two) each of IHL shall be issued and allotted, credited as fully paid up, for every 100 (one hundred) equity share of ₹10 (ten) each held in the Company.

The appointed date for the Scheme of Arrangement is April 1, 2018.

**RATIONALE AND BENEFITS OF THE COMPOSITE SCHEME OF ARRANGEMENT**

**Rationale for the Scheme**

- 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.
- 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.

- Accordingly, the Demerged Company/ Transferee Company 1 proposes to re-organize and segregate, by way of a composite scheme of arrangement, its 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.
- The proposed reorganisation pursuant to this Scheme is expected, *inter alia*, to result in the following benefits:
  - 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
  - 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.

Post effectiveness of the Scheme, the Company would be able to attract and motivate its key people with stock options such that its rewards are strongly correlated with its 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

#### SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2018

Based on the above, the Pre-Scheme Shareholding pattern of the Company as on September 30, 2018 and Post-Scheme would be as under:

Sr. No.	Particulars	Pre-Scheme number of shares	% holding of Pre-Scheme
1	Promoter and Promoter Group - IIFL Holdings Limited	23,73,69,386	84.53
2	Public shareholding – Body Corporate	4,33,34,509	15.43
3	Public Shareholding – Individuals	97,846	0.04
	<b>Total</b>	<b>28,08,01,741</b>	<b>100.00%</b>

**Note:** (i) Post –scheme shareholding pattern is not required as the Company is going to merge with IIFL Holdings Limited.

(ii) The Shareholding Pattern is as on September 30, 2018. Same may undergo change based on the record date for the purposes of implementation of scheme of arrangement.

#### EXTRACT OF AUDITED FINANCIAL STATEMENTS

(₹ in Million except per share data).

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Total income from operations (net)	25,051.94	22,642.24	21,916.52	21,587.01	17,782.10
Net Profit / (Loss) before tax and extraordinary items	5,324.07	5,251.74	4,150.79	3,713.35	2,673.49
Net Profit / (Loss) after tax and extraordinary items	3,544.97	3,427.28	2,717.32	2,477.26	1,794.62
Equity Share Capital	2,807.42	2,371.65	2,371.54	2,371.54	2,371.54
Reserves and Surplus	32,146.92	29,560.12	17,472.58	15,853.08	14,112.76
Basic earnings per share (₹)	<b>14.70</b>	<b>13.90</b>	<b>10.14</b>	<b>10.26</b>	<b>7.57</b>
Diluted earnings per share (₹)	<b>12.44</b>	<b>12.69</b>	<b>10.14</b>	<b>10.26</b>	<b>7.57</b>
Consolidated	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Total income from operations (net)	38,569.63	31,680.07	27,315.73	23,884.24	18,804.10
Net Profit / (Loss) before tax and extraordinary items	8,392.27	6,491.87	5,208.72	4,514.52	3,111.91
Net Profit / (Loss) after tax and extraordinary items	5,543.01	4,231.96	3,387.01	3,012.28	2,104.03
Equity Share Capital	2,807.42	2,371.65	2,371.54	2,371.54	2,371.54
Reserves and Surplus	36,478.37	31,893.52	19,018.67	16,815.30	14,636.32
Basic earnings per share (₹)	<b>23.10</b>	<b>17.29</b>	<b>12.63</b>	<b>12.15</b>	<b>8.68</b>
Diluted earnings per share (₹)	<b>19.54</b>	<b>15.79</b>	<b>12.63</b>	<b>12.15</b>	<b>8.68</b>

## OTHER FINANCIAL INFORMATION

(₹ in Million except per share data).

Standalone	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net worth	34,942.91	33,078.20	23,006.09	21,305.46	16,231.21
Return on net worth (%)	10.42%	12.22%	12.26%	13.20%	11.42%
Net asset value per share (₹)	124.47	139.47	97.01	89.84	68.44

(₹ in Million except per share data).

Consolidated	FY 2017-18 (IGAAP)	FY 2016-17 (IGAAP)	FY 2015-16 (IGAAP)	FY 2014-15 (IGAAP)	FY 2013-14 (IGAAP)
Net worth	39,166.93	35,314.41	24,485.68	22,179.76	16,645.80
Return on net worth (%)	14.88%	14.15%	14.52%	15.52%	13.11%
Net asset value per share (₹)	139.51	148.90	103.25	93.52	70.19

**Note : IGAAP is an acronym of Indian Generally Accepted Accounting Principles.**

## INTERNAL RISK FACTORS

**1. Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.**

As a result of certain reserve requirements of the Reserve Bank of India, we are structurally exposed to interest rate risk than other corporates. These requirements result in our maintaining a portfolio of fixed income government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted and the same would adversely affect our business and results of operations.

**2. Any increase in the levels of non-performing assets ("NPA") on our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations**

Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition, could cause an increase in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio. While we believe that we have adequately provided for NPAs to cover known or expected losses which may arise in our asset portfolio, any increase in the level of final credit losses shall adversely affect our business and future financial performance.

**3. We are subjected to supervision and regulation by the RBI as a systemically important NBFC, and changes in RBI's regulations governing us could adversely affect our business.**

Being an NBFC, the operations of the Company are subject to various regulations prescribed by the RBI and other statutory authorities including regulations relating to foreign investment in India. We work in a regulated environment and we cannot predict any restrictions that may be placed by the regulator with respect to interest that is to be charged to our customers in future. RBI may amend regulations/ guidelines applicable to NBFCs in future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. There can be no assurance that any changes in the laws and regulations relative to the Indian financial services industry will not adversely impact our business.

**4. Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs.**

In terms of RBI Master Circular RBI/2015-16/ 70 DBR. No. Dir. BC.12/ 13.03.00/ 2015-16 dated July 01, 2015 on Exposure norms, the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC should not exceed 10%, of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on a single NBFC up to 15%, of their capital funds provided the exposure in excess of 10%, is on account of funds on-lent by the NBFC to the infrastructure sector. Further, banks may also consider fixing internal limits for their aggregate exposure to all NBFCs put together.

Any similar notifications released by the RBI in the future, may restricts our ability to borrow from Banks and thereby increasing the cost of our borrowing, which has a similar impact on our business could affect our growth, margins and business operations.

**5. The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.**

A substantial portion of our loans to our customers is secured by collateral. Changes in asset prices

may cause the value of our collateral to decline, and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements. A failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. The recovery of monies from defaulting customers may be further compounded by the fact that we do not generally insist on, or receive post dated cheques as security towards the timely repayment of dues from customers to whom we have provided loans.

#### SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

##### A. Total number of outstanding litigations (as per the materiality policy of the Company) against the company and amount involved

NATURE OF LITIGATION	NO. OF CASES	APPROXIMATE AMOUNT INVOLVED (₹ in Million )
Civil proceedings	02	45.30
Criminal proceedings	01	Not Quantifiable.
Tax matters	06	143.50
Labour	NIL	NIL

##### B. Brief details of top 5 material outstanding litigations against the company and amount involved

SR. NO.	PARTICULARS	LITIGATION FILED BY	CURRENT STATUS	APPROXIMATE AMOUNT INVOLVED (In ₹)
1.	During Assessment Proceeding of AY 2014-15 , the assessing officer has disallowed expenses in relation to exempt Income earned u/s 14A r.w.Rule 8D vide its Assessment Order u/s 143(3) dated 22.11.2016. We have filed an appeal against the same before CIT(A)	Assessee	Peding with CIT(A)	55.30 million
2.	During Assessment Proceeding of AY 2013-14 , the assessing officer has disallowed expenses in relation to exempt Income earned u/s 14A r.w. Rule 8D vide its Assessment Order u/s 143(3) dated 04.03.2016.We have filed an appeal against the same before CIT(A).	Assessee	Peding with CIT(A)	48.70 million
3.	An application dated November 15, 2017 was filed by Mrs. Sangeeta Pandey ("Borrower") before the Debt Recovery Tribunal, at Chandigarh ("DRT") against IIFL seeking that the demand notice dated August 25, 2016 and the possession notice dated November 29, 2016 ("possession notice"), issued by IIFL be declared null and void. IIFL had issued the possession notice in accordance with the provisions of the SARFAESI Act, for the possession and sale of the property mortgaged by Borrower, due to non-repayment of ₹ 28.01 million in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is pending before the DRT.	Mrs. Sangeeta Pandey ("Borrower")	Pending	28.01 million
4.	An application dated December 14, 2017 was filed by Mr. Sandeep Narender Aggarwal ("Borrower") before the Debt Recovery Tribunal, at Delhi ("DRT") against IIFL seeking that the demand notice dated June 22, 2017 and the possession notice dated September 28, 2017 ("possession notice"), issued by IIFL be declared null and void. IIFL had issued the possession notice in accordance with the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"), for the possession and sale of the property mortgaged by Borrower, due to non-repayment of ₹17.34 million in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is pending before the DRT.	Mr. Sandeep Narender Aggarwal (Borrower)	Pending	17.34 million
5.	During Assessment Proceeding of AY 2009-10 , the assessing officer has disallowed expenses in relation to exempt Income earned u/s 14A r.w.Rule 8D vide its Assessment order u/s 143(3) r.w. 254 of the IT Act dated 22.03.2016 .We have filed an appeal against the same before CIT(A)	Assessee	Peding with CIT(A) u/s 143(3) r.w.s 254	10.90 Million

##### C. Regulatory Action, if any – disciplinary action taken by SEBI or stock exchanges against the Promoters/ Group companies in last 5 financial years including outstanding action, if any

###### A) Against Promoter (IIFL Holdings Limited):-

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	Compounding Application filed with RBI for regularization of investments in overseas subsidiary, namely India Infoline DMCC, Dubai.	RBI	Delay in submission of NOC received from SEBI for the overseas investment made in India Infoline Commodities DMCC, Dubai required under Regulation 7 of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulation 2004.	RBI has passed a compounding order vide No. MCO4182 dated March 8, 2017.	Company had paid Rs.2,03,420/- towards compounding fees and the matter was concluded by RBI vide its letter dated April 03, 2017. Complied.

**B) Against the Company/ Group Companies**

**1. India Infoline Finance Limited - Company**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI issued a show cause notice dated October 25, 2013 in the matter of M/s Parekh Aluminex Limited.	SEBI	The SCN alleged violation of Regulations 3(a), 4 (1), 4 (2) (a) and 4 (2) (g) of the SEBI (Prohibition of Fraudulent Trade Practices) Regulations, 2003 ("PFUTP Regulations") by India Infoline Finance Limited.	The matter was disposed of by an order dated January 13, 2015.	Following submission of replies and personal hearing in the matter, the adjudicating officer passed an order dated January 13, 2015 concluding that the charges against India Infoline Finance Limited do not stand established and the matter was disposed off.
2	Adjudication Show cause Notice dated February 4, 2016.	SEBI	Show cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') requiring the steps taken by India Infoline Finance Limited ('the Company') in redressal of Investors grievances.	The matter was disposed of by an order dated August 23, 2017.	Detailed reply submitted explaining the redressal process and requesting disposal of the proceedings.
3	RBI issued a show cause notice dated April 26, 2017, in connection with loans extended by IIFL to NSEL Clients.	RBI	Deficiencies with regard to KYC & Loan documents, Securities etc.	RBI concluded the matter with the cautionary advice.	Suitably implemented.

**2. IIFL Securities Limited (Formerly known as India Infoline Limited)**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	SEBI Enquiry Notice dated April 27, 2010.	SEBI	Allegations of violation of provisions of SEBI (Stock Broker & Sub broker) Regulations, 1992	SEBI had issued Order no: MIRS1/ASM/BS/11344/2013 –dated May 13, 2013. Pursuant to our detailed replies and submissions during personal hearings, SEBI noted that the alleged deficiencies / violations have already been rectified by us and concurred with the Enquiry officer's recommendations and warned us to be careful & cautious in future. With the above order, the pending matter was concluded.	Proceedings concluded.
2.	Enquiry Notice dated March 03, 2010.	SEBI	Three Clients dealing in the shares of Pyramid Saimira Theatre Ltd. in 2009 involving three transactions totalling trading value of Rs.1,10,660/- and brokerage of Rs. 553/- only. Allegations of violation of provisions of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 in the clients dealing.	Show Cause notice received from SEBI on July 23, 2015, reply to the same has been submitted to SEBI on 11-Aug-2015.	We have strengthened our system for monitoring SEBI/ Exchange orders on daily basis and freezing of accounts immediately. Dedicated person in back office & compliance have been appointed.  The Whole Time Director passed order dated November 10, 2015 with warning Noticee (India Infoline Limited) to be more careful and cautious in the conduct of its business and to adhere to and comply with all the statutory provisions while carrying out its activities in the securities market. Matter is closed.



Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
3.	SEBI letter dated March 12, 2014.	SEBI	India Infoline Finance Limited came out with a public issue of non- convertible debentures vide prospectus dated September 05, 2013. India Infoline Limited (IIL) was acting as one of the merchant bankers to the said issue. In the draft prospectus, the credit rating of "AA-" from ICRA Limited was disclosed. Subsequent to filing of the draft prospectus, on the request of India Infoline Finance Limited, ICRA Limited agreed for the said rating to be used for private placement of NCDs by India Infoline Finance Limited.	SEBI communicated that it was not appropriate to allow the issuer company to request a credit rating agency to assign the rating issued for the public issue to be used for the subsequent issues and use better rating issued by other agencies for its public issue especially after the filing of the draft prospectus.  SEBI advised IIL to be careful in future and not to allow such instances in future issues managed by IIL.	IIL has taken a note of SEBI's advice for its merchant banking activities and complied with.
4.	Adjudication show cause notice dated August 10, 2017, under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992 in the matter of United Spirits Ltd.	SEBI	SEBI notice in the matter of United Spirits Limited includes observations and allegation as follows:- a) Shri Atul Saroagi was trading through the account of Ms. Vimala Devi Kalantri said client informed orally over a call to accept communications from Shri Atul Saroagi without any supporting document in this regard. b) It has been alleged that IIFL was not able to provide appropriate reason regarding the IPV of client based at Chennai been done at Mumbai.	SEBI order dated February 23, 2018 imposed penalty of ₹ 2,00,000/- (Rupees Two Lakh Only)	Reply to the SEBI SCN has been submitted on November 24, 2017, providing clarification with supporting documents.  Matter concluded with the issue of SEBI order dated February 23, 2018.
5.	Adjudication show cause notice dated July 13, 2017, under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 ('SEBI Regulations') read with Section 15 I of Securities and Exchange Board of India Act, 1992.	SEBI	SEBI notice includes observations and allegation as follows:- Non disclosure under Regulations 13 (1) read with 13(5) of PIT Regulations, 2015 and Regulations 7(1) read with 7(2) of SEBI (SAST) Regulations, 1997 read with Regulation 35 of SEBI (SAST) Regulations, 2011 in the scrip of Shree Ashtavinayak Cine Vision Limited ("SACV").	SEBI vide order dated March 28, 2018 dropped proceedings against IIL.	Exonerated

### 3. IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1.	Show Cause Notice dated July 02, 2013.	IRDA	Observations of inspection on insurance broking business during the period November 2009 to March 2012.	Observations of non-compliance with the provisions of Insurance Brokers Regulations. Detailed Reply to the Notice on the compliances submitted to IRDA vide letter dated July 11, 2013.	The reply to show cause notice was submitted. However, IRDA refused to accord renewal of license vide order dated October 28, 2013. An appeal was filed to the Chairman of the IRDA against the aforesaid order. IRDA levied a penalty of Rs. 35 lacs and renewed license with retrospective effect for period 2011-2014. Complied.
2	IRDA Letter dated November 26, 2015.	IRDA	Observation Noticed during review of the renewal application submitted on September 25, 2014.	Observations of non-compliance with the provisions of Insurance Brokers Regulations	IRDA Levied a penalty of Rs 17.20 lacs and renewed the license for the period 2014-2017. Complied.

**4. IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited (IHFL))**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	Show Cause Notice dated May 6, 2013.	National Housing Bank (NHB)	NHB issued a show cause notice for non-furnishing the information w.r.t. opening of new branches.	NHB issued a show cause notice and imposed penalty of Rs. 5,000 vide its letter dated July 16, 2013 for non-furnishing the information w.r.t. opening of new branches.	We vide our letter dated November 8, 2013 paid the penalty. The matter has been resolved.

**5. IIFL Capital Inc**

Regulatory Authority	Subject Matter/Allegations	Brief of Orders/Findings	Present Status
Financial Industry Regulatory Authority (FINRA) United States.	The Firm registered as a broker dealer, for a period of time, missed to meet the regulatory minimum net capital requirement, due to an inadvertent miss - classification of receivables in books of accounts.	Settled the matter with payment of USD 15,000 to FINRA.	Complied and Minimum Net Capital Requirement is thereafter properly maintained.

**C) OUTSTANDING:**

**1. IIFL Securities Limited (Formerly known as India Infoline Limited)**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	SEBI Enquiry notice dated May 2, 2017 based on the inspection conducted during February 2014 covering period from 2011 to 2014 in respect of segregation of clients' funds.	SEBI	SEBI notice includes observations as follows:- a) failed to do segregation of own funds from clients' funds; b) misused credit balance of clients' funds for debit balance clients' funds; and c) not designated the client bank account appropriately.	NA	Reply to SEBI notice submitted providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the span of 3 years from the date of concluding the onsite inspection, 3 supplementary reports were issued in this matter which has been suitably replied.  Further, the consent application filed for SEBI SCN including contemplated action on Supplementary and Additional inspection report issued subsequent to issue of SEBI SCN. Matter pending with SEBI.

**2. IIFL Commodities Limited (IICL) (Formerly known as India Infoline Commodities Limited)**

Sr. No.	Particulars	Regulatory Authority	Subject Matter/Allegations	Orders/Findings	Corrective Measures implemented/Present Status
1	i. Criminal Complaint of Pankaj Saraf (MPID) ii. SEBI Enquiry Show cause Notice was received iii. Notice issued by EOW, Mumbai iv. Notice issued by SFIO, Mumbai v. Investigation by the Enforcement Directorate-Mumbai	i. MPID ii. SEBI iii. EOW iv. SFIO v. ED	i. A Criminal Complaint was filed by one of the Investors, Mr. Pankaj Saraf against NSEL and others. EOW Mumbai registered a FIR based on the allegations of criminal conspiracy, fraud and criminal breach trust. ii. The SCN issued for enquiry under the Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 & SEBI (Stock Brokers & Sub Brokers) Regulations, 2015 by SEBI against few brokers including IICL. Further to the enquiry report, IICL received a fresh Show Cause Notice on April 26, 2017 along with a copy of the Enquiry Report seeking our reply and clarification. iii. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, EOW issued notices/summons for submission of informations/documents/statements from IICL.	NA	i. The Complaint is under investigation by the EOW and the same is pending investigation. No charge sheet has been filed. ii. A detailed reply was submitted with SEBI along with all the supporting documents on November 25, 2016. A fresh Show Cause Notice was received from SEBI on April 25, 2017 along with a copy of the Enquiry Report seeking reply and clarification. IICL submitted its detailed alongwith all the supporting documents with SEBI on June 18, 2018. The matter was heard by the Whole Time Member, SEBI on October 11 & 24, 2018 and the arguments has been completed by IICL. iii. IICL submitted its detailed response/documents/information/statement through various letters and appearances to ED till date. No further communications are received.

			<p>iv. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, SFIO issued notices/summons for submission of informations/ documents/statements from IICL.</p> <p>v. Notice received in connection with the investigation into matter of NSEL defaults in payments to various clients and related matters. In this regard, Enforcement Directorate (ED) issued notices/summons for submission of informations/ documents/ statements from IICL.</p>		<p>IICL has been directed by SEBI to submit its written submissions, if any latest by November 06, 2018. IICL is in the process of submitting its additional written submission as directed by SEBI.</p> <p>iv. IICL submitted its detailed response/ documents/information/statements through various letters and appearances from 2013 till date to EOW. No further communications are received.</p> <p>v. IICL submitted its detailed response/ documents/information/statement through various letters and appearances to SFIO till date. No further communications are received.</p>
2	MCX letter dated April 12, 2018 based on the Inspection Report dated 2014-15	MCX	MCX vide its letter has levied a penalty of Rs.3,30,00,211/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2014-15.	NA	<p>i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal.</p> <p>ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us</p>
3.	MCX letter dated April 12, 2018 based on the Inspection Report dated 2015-16	MCX	MCX vide its letter has levied a penalty of Rs.1,19,24,568/- in respect of violation observed during the inspection inter alia for incorrect margin reporting and alleged violation of Exchange Bye-laws and Business Rules related to the inspection of the books of accounts and other related documents for the F.Y. 2015-16.	NA	<p>i. The Company has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal.</p> <p>ii. The SAT heard the matter on September 18, 2018 and directed MCX to submit its reply to the Appeal within a week and the Company will submit its rejoinder by the next date of hearing. Matter is adjourned on November 22, 2018 for filing of the rejoinder by us.</p>

### 3. India Infoline Finance Limited

Sr. No.	Particulars	Regulatory Authority	Subject Matter/ Allegations	Orders/ Findings	Corrective Measures implemented/Present Status
1	A direction dated July 17, 2018 was received from Pension Fund Regulatory and Development Authority ("PFRDA").	PFRDA	Migration of associated subscribers	Necessary actions to be complied with, in regard to pending amount of RS. 0.76 million by the subscribers deposits with IIFL as registered Point of Presence for National Pension Scheme as on March 31, 2018	The Company had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.

### D. Brief details of outstanding criminal proceedings against Promoters: NIL

#### ANY OTHER IMPORTANT INFORMATION OF THE COMPANY

#### Statutory Auditor

#### Deloitte Haskins & Sells LLP

Chartered Accountants

Indiabulls Finance Center Tower 3, 31st Floor,

Senapati Bapat Marg, Elphinstone, Mumbai – 400013,

Maharashtra, India **Phone:** +91-22-6185 4000 **E-mail:** pgorakshakar@deloitte.com

#### DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be.

#### For, India Infoline Finance Limited

Gajendra Thakur

Company Secretary

Place: Mumbai

Date: November 06, 2018

### Summary of Share entitlement and share exchange ratio report

1. IIFL Holdings Limited (“Demerged Company” or “Transferee Company 1”), India Infoline Media and Research Services Limited (“Transferor Company 1”), IIFL Securities Limited (“Resulting Company 1”), IIFL Wealth Management Limited (“Resulting Company 2” or “Transferor Company 3”), India Infoline Finance Limited (“Transferor Company 2”) and IIFL Distribution Services Limited (“Transferee Company 2”) (together referred to as “Companies”) collectively engaged M/s. Walker Chandiook & Co LLP (“Valuer”), as independent valuer to recommend the Share Entitlement Ratio and consideration in connection with the proposed composite scheme of arrangement amongst IIFL Holdings Limited and India Infoline Media & Research Services Limited and IIFL Securities Limited and IIFL Wealth Management Limited and India Infoline Finance Limited and IIFL Distribution Services Limited and their respective shareholders (“Scheme”). Valuer has issued a valuation report dated 31 January 2018 (“Valuation Report”) which is enclosed as Annexure B-I.
2. IIFL Holdings appointed ICICI Securities Limited (“ISec”) as the merchant banker to provide an independent opinion to the board of directors of IIFL Holdings as to the fairness of the Share Entitlement Ratio recommended by the Valuer to the shareholders of IIFL Holdings.
3. ISec reviewed the Valuation Report and the draft Scheme and carried out such independent analysis as is customary for issuance of fairness opinions. In its report dated 31 January 2018, enclosed as Annexure B-II (“Fairness Opinion”), ISec has concluded that the Share Entitlement Ratio recommended by the Valuer is fair to the shareholders of IIFL Holdings.
4. Based on the Valuation Report, the Fairness Opinion (in the case of IIFL Holdings) and presentations made to the board of directors of the Companies, the Share Entitlement Ratio and consideration was approved by the respective boards of the Companies.
5. The Valuer carried out independent analysis using standard, generally accepted valuation methodologies.

Amalgamation of the Transferor Company 1 with the Transferee Company 1

The Transferor Company 1 is a wholly owned subsidiary of the Transferee Company 1. In consideration of the amalgamation of the Transferor Company 1 with the Transferee Company 1, there shall be no issuance of shares by the Transferee Company 1 and all the equity shares held by the Transferee Company 1 in the Transferor Company 1 shall stand cancelled, extinguished and annulled.

Demerger of the Securities Business Undertaking from the Demerged Company to the Resulting Company 1

All the shareholders of the Demerged Company would become shareholders of the Resulting Company 1 and their shareholding in the Resulting Company 1 would mirror their shareholding in the Demerged Company.

On the basis of the foregoing, the management has proposed Share Entitlement Ratio for the transfer and vesting of the Securities Business Undertaking

Demerger of the Wealth Business Undertaking from the Demerged Company to the Resulting Company 2

The Valuer has used the sum of parts approach to determine the value of the Wealth Business Undertaking by way of determining:

- Value of investment advisory, media and research division of the Demerged Company; and
- Value of the Demerged Company's equity interest in the Resulting Company 2 including subsidiaries and joint venture interests

The Valuer has ascribed equal weightage to the Market Multiple Method and the Transaction Multiple Method to determine the Demerged Company's equity interest in the Resulting Company 2 including subsidiaries and joint venture interests and has used the Income Approach to determine the Value of investment advisory, media and research division of the Demerged Company.

#### Amalgamation of the Transferor Company 2 with the Transferee Company 1

The Valuer has considered the fact that post the demerger of the Securities Business Undertaking and Wealth Business Undertaking, the Transferee Company 1 will hold no other material assets except investment in the Transferor Company 2 and will derive its entire value from the said investment. Pursuant to the merger of the Transferor Company 2 with the Transferee Company 1, the investment of the Transferee Company 1 in the Transferor Company 2 will get cancelled and the entire business, including all assets and liabilities of the Company will be vested in the Transferee Company 1. Thus, pursuant to the merger, the effective holding of the shareholders of the Transferee Company 1 in the Transferor Company 2 will translate into a direct holding and the existing shareholders of the Transferor Company 2 should be issued such number of equity shares such that their interest remains constant in the merged entity. Accordingly, no valuation of shares is required to be undertaken and the beneficial shareholding of all the shareholders in the finance business carried on by the Transferor Company 2 continues to remain the same, both pre and post amalgamation.

#### Transfer of Broking and Depository Participant Business Undertaking by the Transferor Company 3 to the Transferee Company 2

The Valuer has used the Comparable Companies Method to determine the value of the Broking and Depository Participant Business Undertaking of the Transferor Company 3.



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF IIFL HOLDINGS LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of IIFL Holdings Limited ("Company" or "Demerged Company" or "Transferee Company 1") at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst the Company, India Infoline Media and Research Services Limited ("IIFL M&R"), India Infoline Limited ("India Infoline"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution") and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("KMPs"), promoters and non-promoter shareholders of the Demerged Company / Transferee Company 1 laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:
- 1.4.1. amalgamation of IIFL M&R with IIFL Holdings; and
- 1.4.2. demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into India Infoline and the Wealth Business Undertaking into IIFL Wealth.
- Post the above two steps, the Company will own only investment in IIFL Finance
- 1.4.3. Thereafter, IIFL Finance will merge with the Company.
- In addition to the above, the Scheme also contemplates
- 1.4.4. the transfer of the Broking and Depository Participant Business from the IIFL Wealth to IIFL Distribution on a going concern basis.
- 1.4.5. reduction and cancellation of the existing share capital of the Resulting Companies (as defined in the Scheme) i.e. investment of the Company in the Resulting Companies.

IIFL Holdings Limited (Formerly "India Infoline Limited")

Corporate Identity Number-L74999MH1995PLC093797

Corporate Office - IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel: (91-22) 4249 9000 • Fax: (91-22) 4060 9049

Regd Office - IIFL House, Sun Infotech Park, Road No. 15V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400 604

Tel: (91-22) 3929 4000/ 4103 5000 • Fax: (91-22) 2580 8654 • E-mail: mail@indiaonline.com • Website: www.indiaonline.com



1.5. The following documents were, *inter alia*, placed before the Board:

- 1.5.1. Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification;
- 1.5.2. Valuation report dated 31 January 2018 ("Valuation Report") prepared by Walker Chandiook & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration;
- 1.5.3. Fairness opinion dated 31 January 2018 of Messrs. ICICI Securities Limited a Category I Merchant Banker, providing their fairness opinion on the Valuation Report of the Valuers ("Fairness Opinion"); and
- 1.5.4. Report of the Audit Committee of the Board dated 31 January 2018.

## 2. VALUATION REPORT | ENTITLEMENT RATIO & CONSIDERATION

2.1. Valuers have approved the following share entitlement ratio for the issue of shares in terms of the Scheme:

### For the amalgamation of the IIFL M&R with the Company

No shares shall be issued by the Company as IIFL M&R is a wholly owned subsidiary of the Company.

### For the transfer and vesting of the Securities Business Undertaking from the Company into India Infoline

For every 1 (One) fully paid equity share of INR 2 each held in the Company; 1 (One) fully paid equity share of INR 2 each of India Infoline.

### For the transfer and vesting of the Wealth Business Undertaking from the Company into IIFL Wealth

For every 7 (Seven) fully paid equity share of INR 2 each held in the Company; 1 (One) fully paid equity share of INR 2 each of the IIFL Wealth.

### For the amalgamation of IIFL Finance with the Company

For every 100 (One hundred) fully paid equity shares of INR 10 each held in the Transferor Company 2; 135 (One Hundred and Thirty Five) fully paid equity shares of INR 2 each of the Transferee Company 1.

### For the transfer and vesting of the Broking and Depository Participant Business Undertaking from IIFL Wealth into IIFL Distribution

The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to INR 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only)

IIFL Holdings Limited (Formerly "India Infoline Limited")

Corporate Identity Number-L74809MH1895PLC093797

Corporate Office - IIFL Centre, Kamala Ckty, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel: (91-22) 4249 9000 • Fax: (91-22) 4060 9040

Regd. Office - IIFL House, Sun Infotech Park, Road No. 15V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400 604

Tel: (91-22) 3929 4000/ 4103 5000 • Fax: (91-22) 2580 8854 • E-mail: mail@indiaonline.com • Website: www.indiaonline.com



- 2.2. The aforesaid share entitlement ratio has been confirmed in the Fairness Opinion.
- 2.3. In case the shareholding of any shareholder of the Company/ IIFL Finance is such that such shareholder becomes entitled to a fraction of an equity share in any of the Resulting Companies/ Company, as aforesaid, such the Resulting Companies/ Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of such Resulting Companies/ Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay such Resulting Companies/ Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon such Resulting Companies/ Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Company/ IIFL Finance in proportion to their respective fractional entitlements.
- 2.4. The equity shares of Resulting Companies/ Company, as the case may be, to be issued and allotted as above shall rank *pari passu* in all respects with the existing equity shares and preference shares (if any) of the Resulting Companies/ Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto. The Resulting Companies shall seek listing of the equity shares allotted by them on the Stock Exchanges in terms of and in compliance of the SEBI Circular (as defined in the Scheme) and other applicable provisions as may be applicable.
- 2.5. No special valuation difficulties were reported.

### 3. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY

- 1.1. Both the promoter and non-promoter shareholders of the Company will receive equity shares in the resulting companies i.e. India Infoline and IIFL Wealth in proportion to their shareholding in the Company. Further, the shareholders (both promoter and non-promoter will continue to hold their existing shares in the Company.

### 4. EFFECT OF THE SCHEME ON THE KMPs OF THE COMPANY

#### Demerger

The KMPs of Securities Business Undertaking and Wealth Business Undertaking of the Company shall become employees of India Infoline and IIFL Wealth respectively, on effectiveness of the Scheme.

#### Merger

The KMPs of if any, of IIFL M&R and IIFL Finance shall become employees of the Company.

IIFL Holdings Limited (Formerly "India Infoline Limited")  
Corporate Identity Number-L74998MH1995PLC093797

Corporate Office - IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: (91-22) 4249 9000 • Fax: (91-22) 4060 9049  
Regd. Office - IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400 604  
Tel: (91-22) 3929 4000; 4103 5000 • Fax: (91-22) 2580 6654 • E-mail: mail@indiainfoline.com • Website: www.indiainfoline.com





Transfer of business

The KMPs of Broking and Depository Participant Business Undertaking of IIFL Wealth shall become employees of the IIFL Distribution.

Further none of the KMPs of the Company have any interest in the Scheme except to the extent of the equity shares held by them, if any in the companies which are parties to the Scheme.

**By order of the Board  
For IIFL Holdings Limited**

*R. Venkataraman*

Venkataraman Rajamani  
Managing Director  
DIN: 00011919  
Mumbai  
January 31, 2018



IIFL Holdings Limited (Formerly "India Infoline Limited")

Corporate Identity Number-L74999MH1995PLC093797

Corporate Office - IIFL Centre, Kamala Crty, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: (91-22) 4249 9000 • Fax: (91-22) 4060 9049

Regd. Office - IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagla Estate, Thane - 400 604

Tel: (91-22) 3929 4000/ 4103 5000 • Fax: (91-22) 2580 6654 • E-mail: mail@indiainfoline.com • Website: www.indiainfoline.com



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF India Infoline MEDIA AND RESEARCH SERVICES LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of India Infoline Media and Research Services Limited ("Company" or "Transferor Company 1") at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst the Company, IIFL Holdings Limited ("IIFL Holdings"), India Infoline Limited ("India Infoline"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution") and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("KMPs"), promoters and non-promoter shareholders of the Transferor Company 1 laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:
  - 1.4.1. amalgamation of the Company with IIFL Holdings; and
  - 1.4.2. demerger of the Securities Business Undertaking (*as defined in the Scheme*) of IIFL Holdings into India Infoline and the Wealth Business Undertaking into IIFL Wealth.Post the above two steps, IIFL Holdings will own only investment in IIFL Finance
- 1.4.3. Thereafter, IIFL Finance will merge with IIFL Holdings.

In addition to the above, the Scheme also contemplates

- 1.4.4. the transfer of the Broking and Depository Participant Business from the IIFL Wealth to IIFL Distribution on a going concern basis.
- 1.4.5. reduction and cancellation of the existing share capital of the Resulting Companies (*as defined in the Scheme*)

India Infoline Media and Research Services Limited  
CIN No.: U93090MH2006PLC165592

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 .Fax: (91-22) 40609049  
Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604  
Tel: (91-22) 25806650. Fax: (91-22) 25806654 E-mail: [mail@indiainfoline.com](mailto:mail@indiainfoline.com) Website: [www.indiainfolina.com](http://www.indiainfolina.com)



- 1.5. The following documents were, inter alia, placed before the Board:
  - 1.5.1. Draft Scheme duly initialled by the authorised signatory of the Company for the purpose of identification; and
  - 1.5.2. Valuation report dated 31 January 2018 ("**Valuation Report**") prepared by Walker Chandiook & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration.
2. **VALUATION REPORT | CONSIDERATION**
  - 2.1. The Company is a wholly owned subsidiary of IIFL Holdings and therefore there will be no issue of shares by the Company or the amalgamation of the Company with IIFL Holdings.
  - 2.2. All equity shares of the Company held by IIFL Holdings (held either directly or through its nominees) shall stand cancelled without any further application, act or deed.
  - 2.3. Since, no consideration is to be discharged, no special valuation difficulties were reported.
3. **EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY**
  - 3.1. The Company is a wholly owned subsidiary of IIFL Holdings. Pursuant to the Scheme, all the equity and preference shares of the Company held by the Transferee Company will be cancelled.

For and on behalf of the Board

Anil Mascarenhas  
Director  
DIN: 03575717  
Place: Mumbai  
Date: January 31, 2018

India Infoline Media and Research Services Limited  
CIN No.: U93090MHZ006PLC165592

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 . Fax: (91-22) 40609049  
Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604  
Tel: (91-22) 25806650. Fax: (91-22) 25806654 E-mail: [mail@indiaonline.com](mailto:mail@indiaonline.com) Website: [www.indiaonline.com](http://www.indiaonline.com)



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDIA INFOLINE LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of India Infoline Limited ("Company" or "Resulting Company 1") at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst the Company, IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution") and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("KMPs"), promoters and non-promoter shareholders of the Demerged Company / Transferee Company 1 laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:
  - 1.4.1. amalgamation of IIFL M&R with IIFL Holdings; and
  - 1.4.2. demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into the Company and the Wealth Business Undertaking into IIFL Wealth.

Post the above two steps, IIFL Holdings will own only investment in IIFL Finance

- 1.4.3. Thereafter, IIFL Finance will merge with IIFL Holdings.

In addition to the above, the Scheme also contemplates

- 1.4.4. the transfer of the Broking and Depository Participant Business from the IIFL Wealth to IIFL Distribution on a going concern basis.
- 1.4.5. reduction and cancellation of the existing share capital of the Resulting Companies (as defined in the Scheme)

India Infoline Limited

CIN No.: U99999MH1996PLC132983

Corporate Office – IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Tel: (91-22) 4249 9000 Fax: (91-22) 40609049

Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604

Tel: (91-22) 25806650. Fax: (91-22) 25806654 E-mail: csteam@iifl.com Website: www.iifl.com



1.5. The following documents were, inter alia, placed before the Board:

1.5.1. Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification; and

1.5.2. Valuation report dated 31 January 2018 ("Valuation Report") prepared by Walker Chandio & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration.

## 2. VALUATION REPORT | ENTITLEMENT RATIO & CONSIDERATION

2.1. Valuers have approved the following share entitlement ratio for the issue of shares in terms of the Scheme:

For the transfer and vesting of the Securities Business Undertaking from IIFL Holdings into the Company

For every 1 (One) fully paid equity share of INR 2 each held in the Company; 1 (One) fully paid equity share of INR 2 each of India Infoline.

2.2. The shareholding of the Company will mirror the shareholding IIFL Holdings.

2.3. No special valuation difficulties were reported.

## 3. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY

3.1. The entire existing share capital of the Company will be reduced and cancelled and the new equity shares will be issued to the shareholders of IIFL Holdings.

## 4. EFFECT OF THE SCHEME ON THE KMPs OF THE COMPANY

The KMPs of Securities Business Undertaking of IIFL Holdings shall become employees of the Company, on effectiveness of the Scheme.

Further none of the KMPs of the Company have any interest in the Scheme except to the extent of the equity shares held by them, if any in the companies which are parties to the Scheme.

For and on behalf of the Board

Aniruddha Dange

Director

DIN: 02599853

Place: Mumbai

Date: January 31, 2018

India Infoline Limited

CIN No.: U99999MH1996PLC132983

Corporate Office - IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 Tel: (91-22) 4249 9000 Fax: (91-22) 40609049

Regd. Office - IIFL House, Sun Infotech Park, Road No. 16V, Plot No. 8-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604

Tel: (91-22) 25806650 Fax: (91-22) 25806654 E-mail: csteam@iifl.com Website: www.iifl.com



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF IIFL WEALTH MANAGEMENT LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

1.1. The Board of Directors (“Board”) of IIFL Wealth Management Limited (“Company” or “Resulting Company 2” or “Transferor Company 3”) at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst the Company, IIFL Holdings Limited (“IIFL Holdings”), India Infoline Media and Research Services Limited (“IIFL M&R”), India Infoline Limited (“India Infoline”), India Infoline Finance Limited (“IIFL Finance”), IIFL Distribution Services Limited (“IIFL Distribution”) and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (“Scheme”).

1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel (“KMPs”), promoters and non-promoter shareholders of the Company laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.

1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.

1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:

1.4.1. amalgamation of IIFL M&R with IIFL Holdings;

1.4.2. demerger of the Wealth Business Undertaking (*as defined in the Scheme*) of IIFL Holdings into the Company;

1.4.3. transfer of the Broking and Depository Participant Business of the Company to IIFL Distribution on a going concern basis; and

1.4.4. reduction and cancellation of the existing share capital of the Company which is held by IIFL Holdings.

In addition to the above, the Scheme also contemplates the following:

1.4.5. merger of IIFL Finance with IIFL Holdings;

1.4.6. demerger of the Securities Business Undertaking (*as defined in the Scheme*) of IIFL Holdings into India Infoline; and

**IIFL WEALTH MANAGEMENT LIMITED**

Corporate & Registered Office:  
IIFL Centre, Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Tel: (91-22) 3958 5600 | Fax: (91-22) 4646 4706

[An IIFL Group Company]

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CIN: U79140MH2008PLC177884

- 1.4.7. reduction and cancellation of the existing share capital of India Infoline (*as defined in the Scheme*) i.e. investment of IIFL Holdings in India Infoline.

1.5. The following documents were, inter alia, placed before the Board:

- 1.5.1. Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification; and
- 1.5.2. Valuation report dated 31 January 2018 ("**Valuation Report**") prepared by Walker Chandiook & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration.

## 2. VALUATION REPORT | ENTITLEMENT RATIO & CONSIDERATION

2.1. Valuers have approved the following share entitlement ratio for the issue of shares in terms of the Scheme:

For the transfer and vesting of the Wealth Business Undertaking from IIFL Holdings into the Company:

For every 7 (Seven) fully paid equity share of INR 2 each held in IIFL Holdings; 1 (One) fully paid equity share of INR 2 each of the Company.

For the transfer and vesting of the Broking and Depository Participant Business Undertaking from the Company into IIFL Distribution:

The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to INR 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only).

2.2. In case the shareholding of any shareholder of the IIFL Holdings is such that such shareholder becomes entitled to a fraction of an equity share in any of the Company, as aforesaid, the Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of the Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay the Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of IIFL Holdings in proportion to their respective fractional entitlements.

2.3. The equity shares of the Company to be issued and allotted as above shall rank *pari passu* in all respects with the existing equity shares of the Company after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto. The Company shall seek listing of the equity shares allotted by them on the Stock

### IIFL WEALTH MANAGEMENT LIMITED

Corporate & Registered Office:  
IIFL Centre, Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Tel: (91-22) 3958 5600 | Fax: (91-22) 4646 4706

(An IIFL Group Company)

www.iiflw.com



CIN: U74140MH2008PLC177884

Exchanges in terms of and in compliance of the SEBI Circular (*as defined in the Scheme*) and other applicable provisions as may be applicable.

2.4. No special valuation difficulties were reported.

### 3. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY

3.1. The existing share shareholding of IIFL Holdings in the Company shall be cancelled pursuant to the Scheme.

3.2. The shareholding of the existing shareholders of the Company will be diluted to the extent of the incremental value (i.e. value other than value represented by investment in the Company) of the Wealth Business Undertaking acquired from IIFL Holdings.

### 4. EFFECT OF THE SCHEME ON THE KMPs OF THE COMPANY

#### Demerger

Pursuant to demerger of Wealth Business Undertaking, there is no change in KMP's of the Company.

#### Transfer of business

Pursuant to transfer of Broking and Depository Participant Business Undertaking, there will be no change in KMP's of the Company.

Further none of the KMPs of the Company have any interest in the Scheme except to the extent of the equity shares held by them, if any in the companies which are parties to the Scheme.

For and on behalf of the Board



Yatin Shah  
Whole-time Director  
DIN: 03231090

Place: Mumbai

Date: January 31, 2018

#### IIFL WEALTH MANAGEMENT LIMITED

Corporate & Registered Office:  
IIFL Centre, Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Tel: (91-22) 3958 5600 | Fax: (91-22) 4646 4706

(An IIFL Group Company)

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CIN: U74140MH2008PLC177884





**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF INDIA INFOLINE FINANCE LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

- 1.1. The Board of Directors ("Board") of India Infoline Finance Limited ("Transferor Company 2" or "Company") at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst IIFL Holdings Limited ("IIFL Holdings"), India Infoline Media and Research Services Limited ("IIFL M&R"), IIFL Securities Limited ("IIFL Securities"), IIFL Wealth Management Limited ("IIFL Wealth"), India Infoline Finance Limited ("IIFL Finance"), IIFL Distribution Services Limited ("IIFL Distribution"), and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("KMPs"), promoters and non-promoter shareholders of the Company laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:
  - 1.4.1. amalgamation of IIFL M&R with IIFL Holdings; and
  - 1.4.2. demerger of the Securities Business Undertaking (as defined in the Scheme) of IIFL Holdings into IIFL Securities and the Wealth Business Undertaking into IIFL Wealth.
 Post the above two steps, IIFL Holdings will own only investment in the Company
  - 1.4.3. Thereafter, IIFL Finance will merge with IIFL Holdings
    - 1.4.3.1. Appointed Date for the merger shall be the Effective Date;
    - 1.4.3.2. IIFL Holdings shall issue its equity shares to the shareholders of the Company; and
    - 1.4.3.3. Pursuant to the above, the loans and mortgage business of the Company shall get listed on the stock exchanges.

**India Infoline Finance Limited**

Corporate Identity Number: U67120MH2004PLC147365

Corporate & Regd. Office: 12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

Tel : (91-22) 6788 1000 • Fax: (91-22) 6788 1010 • E-mail: mail@indiainfoline.com • Website: www.iiflfinance.com



- 1.5. The following documents were, *inter alio*, placed before the Board:
- (a) Draft Scheme, duly initiated by the Company Secretary of the Company for the purpose of identification; and
  - (b) Valuation report dated January 31, 2018 ("Valuation Report") prepared by Walker Chandok & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration.

**2. VALUATION REPORT | ENTITLEMENT RATIO | ISSUE OF SHARES OR CONSIDERATION PURSUANT TO THE SCHEME**

- 2.1. Valuers have approved the following share exchange / entitlement ratio and consideration in terms of the Scheme:

**For the amalgamation of the Company with IIFL Holdings**

For every 100 (One Hundred) equity shares of INR 10 (Indian Rupees Ten) each of the Company, 135 (One Hundred and Thirty Five) fully paid up equity share of INR 2 (Indian Rupees Two) each, credited as fully paid up, shall be issued by IIFL Holdings.

- 2.2. In case any shareholder's shareholding in the Company is such that such shareholder becomes entitled to a fraction of an equity share of IIFL Holdings, IIFL Holdings shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of IIFL Holdings in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to IIFL Holdings, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon IIFL Holdings shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Company in proportion to their respective fractional entitlements so sold by the trustee.
- 2.3. The equity shares of IIFL Holdings, as the case may be, to be issued and allotted as above shall rank *pari passu* in all respects with the existing equity shares of IIFL Holdings, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto. IIFL Holdings shall seek listing of the equity shares allotted by it on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other applicable provisions as may be applicable.
- 2.4. The Board would like to note that the valuer has considered the fact that post steps mentioned in step 1.4.1 and 1.4.2, IIFL Holdings will hold no other material assets except investment in the Company and will derive its entire value from the said investment. Pursuant to the merger of the Company with IIFL Holdings, the investment of IIFL Holdings in IIFL Finance will get cancelled and the entire business, including all assets and liabilities of the Company will be vested in IIFL Holdings. Thus, pursuant to the merger, the effective holding of the shareholders of IIFL Holdings in the Company will translate into a direct holding and the existing shareholders of the Company ( ) should be issued such number of equity shares such that their interest remains constant in the merged entity. Accordingly, no valuation of shares is required to be undertaken and the beneficial shareholding of all the shareholders in the loan and mortgage business carried on by the Company continues to remain the same, both pre and post amalgamation.

**India Infoline Finance Limited**

Corporate Identity Number: U67120MH2004PLC147365

Corporate & Regd. Office: 12A-10, 13th Floor, Parinee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  
Tel: (91-22) 6788 1000 + Fax: (91-22) 6788 1010 + E-mail: mail@indiainfoline.com + Website: www.iiflfinance.com



**3. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY**

3.1. In consideration for the Company with IIFL Holdings, the shareholders of Company shall be issued shares of IIFL Holdings and upon the Scheme becoming effective:

3.1.1.the entire share capital held by IIFL Holdings (Promoter shareholder) shall be cancelled, upon the Scheme becoming effective;

3.1.2.the non-promoter shareholders of the Company shall hold 18.88% in IIFL Holdings on a fully diluted basis.

**4. EFFECT OF THE SCHEME ON THE KMPs OF THE COMPANY**

The KMPs forming part of the Company shall become employees of IIFL Holdings on effectiveness of the Scheme.

Further none of the KMPs have any interest in the Scheme except to the extent of the equity shares held by them, if any in the Company / IIFL Holdings.

**For and on behalf of the Board**

*R. Venkataraman*

Venkataraman Rajamani  
Whole Time Director  
DIN: 00011919  
Place: Mumbai  
January 31, 2018



**India Infoline Finance Limited**

Corporate Identity Number: **U67120MH2004PLC147365**

Corporate & Regd. Office: 12A-10, 13th Floor, Parnee Crescenzo, C-38 & 39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  
Tel: (91-22) 6788 1000 • Fax: (91-22) 6788 1010 • E-mail: [mail@indiainfoline.com](mailto:mail@indiainfoline.com) • Website: [www.iiflfinance.com](http://www.iiflfinance.com)



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF IIFL DISTRIBUTION SERVICES LIMITED AT ITS MEETING HELD ON 31 JANUARY 2018 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS**

**1. BACKGROUND**

- 1.1. The Board of Directors (“Board”) of IIFL Distribution Services Limited (“Company” or “Transferee Company 2”) at its meeting held on 31 January 2018 have approved the draft Composite Scheme of Arrangement amongst the Company, IIFL Holdings Limited (“IIFL Holdings”), India Infoline Media and Research Services Limited (“IIFL M&R”), India Infoline Limited (“India Infoline”), IIFL Wealth Management Limited (“IIFL Wealth”), India Infoline Finance Limited (“IIFL Finance”) and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (“Scheme”).
- 1.2. Provisions of Section 232(2)(c) of the Companies Act, 2013 require the Directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel (“KMPs”), promoters and non-promoter shareholders of the Company laying out in particular the share entitlement ratio and specifying any special valuation difficulties and the same is required to be circulated as part of the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. Under the Scheme it is proposed to reorganize and reconstruct the IIFL Group. As part of the internal re-organisation, the following is proposed:
- 1.4.1. transfer of the Broking and Depository Participant Business Undertaking of IIFL Wealth to the Company on a going concern basis
- In addition to the above, the Scheme also contemplates
- 1.4.2. amalgamation of IIFL M&R with IIFL Holdings;
- 1.4.3. demerger of the Securities Business Undertaking (*as defined in the Scheme*) and the Wealth Business Undertaking (*as defined in the Scheme*) of IIFL Holdings into India Infoline and IIFL Wealth respectively;
- 1.4.4. merger of IIFL Finance will merge with IIFL Holdings; and
- 1.4.5. reduction and cancellation of the existing share capital of the Resulting Companies (*as defined in the Scheme*) i.e. investment of IIFL Holdings in the Resulting Companies.



**IIFL DISTRIBUTION SERVICES LIMITED**

Corporate & Registered Office:  
IIFL Centre, Kamala City, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Tel: (91-22) 3958 5600 | Fax: (91-22) 4646 4706

(An IIFL Group Company)

CIN: U45201MH1995PLC228043



1.5.2. Valuation report dated 31 January 2018 (“**Valuation Report**”) prepared by Walker Chandiook & Co LLP, independent Chartered Accountant, describing the methodology adopted by them in arriving at the share exchange ratio / consideration.

## 2. VALUATION REPORT | ENTITLEMENT RATIO & CONSIDERATION

2.1. Valuers have approved the following consideration in terms of the Scheme:

For the transfer and vesting of the Broking and Depository Participant Business Undertaking from IIFL Wealth into IIFL Distribution:

The lumpsum consideration for the transfer of the Broking and Depository Participant Business Undertaking would be equal to INR 16,58,00,000 crores (Rupees Sixteen Crore Fifty Eight Lakhs only).

2.2. No special valuation difficulties were reported.

## 3. EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER) OF THE COMPANY

3.1. The Company is a wholly owned subsidiary of IIFL Wealth. The Scheme will have no impact on the shareholding of the Company.

## 4. EFFECT OF THE SCHEME ON THE KMPs OF THE COMPANY

### Transfer of business

Pursuant to transfer of Broking and Depository Participant Business Undertaking, there will be no change in KMP's of the Company.

Further, none of the KMPs of the Company have any interest in the Scheme except to the extent of the equity shares held by them, if any in the companies which are parties to the Scheme.

For and on behalf of the Board



**Pankaj Fitkariwala**  
Director  
DIN: 07356813

Place: Mumbai  
Date: January 31, 2018

## IIFL DISTRIBUTION SERVICES LIMITED

Corporate & Registered Office:  
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(An IIFL Group Company)

DN: U45201MH1995PLC278043

**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH  
COMPANY APPLICATION 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 THE COMPOSITE SCHEME OF ARRANGEMENT AMONGST IIFL HOLDINGS LIMITED AND  
INDIA INFOLINE MEDIA & RESEARCH SERVICES LIMITED AND IIFL SECURITIES LIMITED AND IIFL WEALTH  
MANAGEMENT LIMITED AND INDIA INFOLINE FINANCE LIMITED AND IIFL DISTRIBUTION SERVICES  
LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

**IIFL Holdings Limited,**

(CIN: L74999MH1995PLC093797), a public listed company incorporated on 18 October 1995 under the provisions of the Companies Act, 1956 and having its registered office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604

**APPLICANT / DEMERGED COMPANY /  
TRANSFeree COMPANY 1**

**Website: www.iifl.com**

**Email: csteam@iifl.com**

**Tel: (91-22) 25806650**

**Fax: (91-22) 25806654**

**Form No. MGT-11**

**PROXY FORM**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]**

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Folio No./Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I / We being the member(s) of \_\_\_\_\_ shares of IIFL Holdings Limited, hereby appoint -

1) Name \_\_\_\_\_

Address \_\_\_\_\_

Email id \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him / her

2) Name \_\_\_\_\_

Address \_\_\_\_\_

Email id \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him / her

3) Name \_\_\_\_\_

Address \_\_\_\_\_

Email id \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him / her

as my / our proxy and whose signature(s) are appended below to attend and vote (on Poll) for me/ us and on my/our behalf at the Meeting of the Company to be held on and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

Sr. No.	Particulars
1	Composite Scheme of Arrangement amongst IIFL Holdings Limited (“ <b>Demerged Company</b> ” or “ <b>Transferee Company 1</b> ”) and India Infoline Media & Research Services Limited (“ <b>Transferor Company 1</b> ”) and IIFL Securities Limited (“ <b>Resulting Company 1</b> ”) and IIFL Wealth Management Limited (“ <b>Resulting Company 2</b> ” or “ <b>Transferor Company 3</b> ”) and India Infoline Finance Limited (“ <b>Transferor Company 2</b> ”) and IIFL Distribution Services Limited (“ <b>Transferee Company 2</b> ”) and their respective shareholders (“ <b>Scheme</b> ”) under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Affix Re. 1  
Revenue  
Stamp

(Signature of shareholder(s))

Signature of Proxy \_\_\_\_\_

**NOTES:**

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604 not less than 48 hours before the commencement of the Meeting.
2. Please affix revenue stamp before putting signature.
3. Alterations, if any, made in the Form of Proxy should be initialed.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be the shareholder of the Company.
6. Body Corporate and FPI/FII Equity Shareholder(s) would be required to deposit certified copies of Board/ Custodial Resolutions/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of Company at IIFL House, Sun Infotech Park, Road No. 16V, Plot No B-23, Thane Industrial Area, Wagle Estate Thane – 400604
7. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other.

**IIFL Holdings Limited****Registered Office:** IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604**CIN:** L74999MH1995PLC093797**Tel:** (91-22) 25806650 | **Fax:** (91-22) 25806654**Email:** csteam@iifl.com | **Website:** www.iifl.com**ATTENDANCE SLIP  
(To be presented at the entrance)**

Sr.No.:

Regd. Folio/DP ID & Client ID*	
Name and Address of the Shareholder	
Name of Joint Holder(s), If any (In Block Letters)	
No. of shares held	

I/We hereby record my presence at the meeting of the equity shareholders of the Company, convened pursuant to the Orders dated 22 October 2018 of the National Company Law Tribunal Bench at Mumbai, at Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018 on Wednesday, December 12, 2018 at 04.00 P.M.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company

\_\_\_\_\_  
Name of the Shareholder/Proxyholder

\_\_\_\_\_  
Signature of Shareholder/Proxy

**Notes:**

1. Shareholders attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.
2. Only Shareholder/Proxyholder can attend the Meeting.
3. Shareholder/Proxyholder should bring his/her copy of the Notice for reference at the Meeting.
4. Those shareholders who have multiple folios with different joint holders may use copies of this Attendance Slip.

**ELECTRONIC VOTING PARTICULARS**

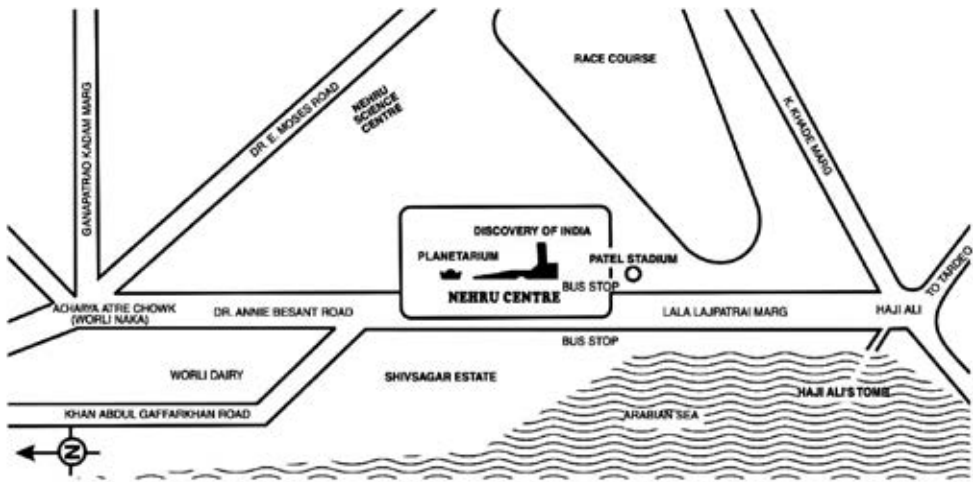
<b>EVSN (E-voting Sequence Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>
181031015		

\*Applicable for shareholders holding the shares in Dematerialised Form.



**Route Map for the venue of the meeting**

Venue address: Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018



**Location Map of Nehru Centre**

**Registered Office:**

IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23,  
Thane Industrial Area, Wagle Estate, Thane – 400 604  
CIN: L74999MH1995PLC093797

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