

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH  
COMPANY SCHEME PETITION NO. 260 OF 2017  
CONNECTED WITH  
COMPANY SCHEME APPLICATION NO. 144 OF 2017  
INDIANIVESH SECURITIES LIMITED

....Petitioner/ the Demerged Company  
AND

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH  
COMPANY SCHEME PETITION NO. 259 OF 2017  
CONNECTED WITH  
COMPANY SCHEME APPLICATION NO. 145 OF 2017

INDIANIVESH WEALTH MANAGEMENT PRIVATE LIMITED

....Petitioner/ the Resulting Company  
In the matter of the Companies Act, 1 of 1956  
and other relevant provision of the Companies  
Act, 2013 (18 of 2013);

AND

In the matter of Sections 391 to 394 read with  
Sections 100 to 103 of the Companies Act, 1956  
and Section 52 of the Companies Act, 2013 and  
other relevant provisions of the Companies Act,  
1956 and Companies Act, 2013;

AND

In the matter of Sections 230 to 232 of the  
Companies Act, 2013 and other relevant  
provisions of the Companies Act, 2013 along  
with the Companies Act, 1956.

AND

In the matter of Scheme of Arrangement (Demerger)  
between INDIANIVESH SECURITIES LIMITED  
(Demerged Company) into INDIANIVESH WEALTH  
MANAGEMENT PRIVATE LIMITED (Resulting

Company) and reduction of paid up equity share capital of INDIANIVESH SECURITIES LIMITED.

Called for hearing

Mr. Rajesh Shah with Mr. Ahmed M Chunawala i/b M/s. Rajesh Shah & Co., Advocate for the Petitioner.

Coram: SH. B.S.V. Prakash Kumar Hon'ble Member (J) and SH. V. Nallasenapathy Hon'ble Member (T)

Date: 7<sup>th</sup> June, 2017

**MINUTES OF THE ORDER**

1. Heard learned counsel for parties. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petitions to the Scheme of Arrangement (Demerger) between INDIANIVESH SECURITIES LIMITED (Demerged Company) into INDIANIVESH WEALTH MANAGEMENT PRIVATE LIMITED (Resulting Company) and reduction of paid up equity share capital of INDIANIVESH SECURITIES LIMITED.
2. The sanction of the Tribunal is sought under Sections 391 to 394 of the Companies Act, 1956 and Sections 230 to 232 of the Companies Act, 2013 to a Scheme of Arrangement (Demerger) between INDIANIVESH SECURITIES LIMITED (Demerged Company) into INDIANIVESH WEALTH MANAGEMENT PRIVATE LIMITED (Resulting Company) and reduction of paid up equity share capital of INDIANIVESH SECURITIES LIMITED.

3. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions which are annexed to the respective Company Scheme Petitions.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Petitions have been filed in consonance with the order passed in their Company Scheme Application Nos. 144 of 2017 and 145 of 2017.
5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench. Moreover, Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 1956/2013 and the Rules made there under whichever is applicable. The said undertaking is accepted.
6. The Learned Counsel for the Petitioners states that the Demerged Company has been *inter alia* carrying business of stock broking, research analysts, investment banking, depository services, IPOs and mutual fund distribution, advisory, investments in shares of listed and / or unlisted companies / entities and shares and other securities of group companies / limited liability partnership firm and the Resulting Company has been engaged in business of advisory services in investment and wealth management. As per the opinion of the management of

Demerged Company and Resulting Company believe that the Scheme of Arrangement would benefit the respective companies and other stake holders of respective companies that the proposed demerger shall enable consolidation of business under one roof and that the Proposed Demerger will enable the better and more efficient management, control and running of the Regulated Business Undertaking and the Investment Business and that the Proposed Demerger is in the interest of shareholders of INSL and will enable both INSL and the Transferee to achieve and fulfill their objectives more efficiently and offer opportunities to the management of both the companies to vigorously pursue growth and expansion opportunities and that the Proposed Demerger will enable investors to separately hold investments which best suit their investment strategies and risk profiles and that the Proposed Demerger will enable INSL to focus and enhance its remaining business operations by streamlining operations and cutting costs and ensuring better and more efficient management control and that the Proposed Demerger of Regulated Business Undertaking would result in issuance of equity shares to the shareholders of the Company by the Transferee, thereby, resulting in unlocking and maximizing shareholder value and that the Proposed Demerger will simplify the corporate structure of the Demerged Company thus facilitating the shareholders of the Demerged Company to directly participate in the Regulated Business Undertaking and that the Proposed Demerger would allow a focused strategy in operations of the

Demerged Undertaking along with providing scope for independent collaboration and expansion without committing the existing organization in its entirety and creating enhanced value for shareholders and that the nature of risk and competition involved in each of the business run by the Demerged Company 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 and there are also differences in the manner in which each of these businesses are required to be handled and managed which the Proposed Demerger will enable the Demerged Company to re-organize and segregate its SEBI registered intermediaries activities by transferring its Demerged Undertaking to Resulting Company thereby consolidating and integrating the operations of the Demerged Undertaking with the activities of the Resulting Company and that the Scheme shall be beneficial for the interest of the Companies, their shareholders, creditors and employees.

7. The Regional Director has filed a Report on 27<sup>th</sup> day of April, 2017 stating therein, save and except as stated in paragraph IV, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Report, the Regional Director has stated that:-

*“III. The observations of the Regional Director on the proposed Scheme to be considered by the Hon’ble NCLT are as under:*

1. *The tax implication if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the*

*scheme by this Hon'ble Court may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the petitioner Company.*

2. *The Petitioners have submitted the proof of serving Notice, upon Income Tax Authorities dated 28.02.2017 and 01.03.2017 respectively, for comments. This directorate has also issued a reminder letter to Income Tax Department dated 26.04.2017.*

3. *Share exchange ratio is not mentioned in the Valuation Report. However value of both the companies has been mentioned.*

*In this regard it is submitted that the Petitioners undertake to produce the share exchange ratio recommended.*

4. *The copies of Chairman Report regarding result of the meeting directed to be conveyed by the Petitioner Company are not provided.*

*In this regard the Petitioner Company has to undertake to produce the chairman Report.*

8. So far as the observation in paragraph IV (1) and (2) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Company undertakes to comply with all applicable provisions of the Income-tax Act and all tax issues arising out of the Scheme of Amalgamation will be met and answered in accordance with law.

9. So far as the observation in paragraph IV (3) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Company has filed the Valuation Report in which the Share Entitlement Ratio is 505:100 and have filed the further Affidavit explaining the same in

the office of the Regional Director as well as in the National Company Law Tribunal, Mumbai Bench.

10. So far as the observation in paragraph IV (3) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Company have annexed the Chairman's Report to the Exhibit H to the respective Petitions.
11. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 10 above. The clarifications and undertakings given by the Petitioner Companies are accepted.
12. As far as observations of the Registrar of Companies are concerned the Petitioner Companies undertakes to comply with Accounting Standard such as AS-5. The Petitioner Company further submits that the Petitioner Companies will comply with the accounting standard and they have submitted the Further Affidavit explaining the same with the Registrar of Companies, Mumbai as well as in the National Company Law Tribunal, Mumbai Bench.
13. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
14. Since all the requisite statutory compliances have been fulfilled, Company Petition No. 259 of 2017 is made absolute in terms of prayers clause (a) to (d) and 260 of 2017 is made absolute in terms of prayer clauses (a) to (c).

15. Petitioners are directed to lodge a copy of this order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy, as per the relevant provisions of the Companies Act 1956 / 2013.
16. The Petitioner Companies to lodge a copy of this order and the Scheme duly certified by the Deputy Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the order, if any.
17. The Petitioner Companies to pay costs of Rs.25,000/- each to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of the Order.
18. All concerned regulatory authorities to act on a copy of this order along with Scheme duly authenticated by the Deputy Registrar, National Company Law Tribunal, Mumbai.

Sd/-

V. Nallasenapathy Member (T)

Sd/-

B.S.V. Prakash Kumar Member (J)