

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

CSA No. 795 of 2017

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement between JM Financial Institutional Securities Limited ('the Transferor Company') and JM Financial Securities Limited ('the Transferee Company') And Their Respective Shareholders

JM Financial Institutional Securities Limited.....First Applicant Company
(Transferor Company)

AND

JM Financial Securities LimitedSecond Applicant Company
(Transferee Company)

Order delivered on 02nd August, 2017

Córam:

Hon'ble **B.S.V. Prakash Kumar**, Member (J)
Hon'ble **V. Nallasenapathy**, Member (T)

For the Petitioner(s): Mr. Hemant Sethi i/b Hemant Sethi & Co. Advocates for Applicants

Per: **B.S.V. Prakash Kumar, Member (J)**

Order

1. The Counsel for the Applicants states that the present Scheme is a Scheme of Arrangement between JM Financial Institutional Securities Limited ('the Transferor Company') and JM Financial Securities Limited ('the Transferee Company') And Their Respective Shareholders.
2. The Counsel for the Applicants further submits that the First Applicant Company presently provides merchant banking services including advisory services for capital market transactions, raising of capital, mergers, acquisitions, restructuring, financial advisory and private equity advisory to corporates in the domestic and international markets. JM Financial Institutional Securities Limited also provides research and

analysis based stock broking services to both domestic and offshore institutional clients. The Second Applicant Company is engaged in the business of providing research and analysis based stock broking services to both domestic and offshore institutional investors.

3. JM Financial Group is a pioneer in rendering services in the areas of Merchant Banking, Institutional Equities, Asset Management/ Broking, NBFC, Asset Reconstruction amongst others. It's flagship company is JM Financial Limited, which has several subsidiary and associate companies.

As a part of a group restructuring exercise, to streamline the business operations and to bring administrative synergies, it is proposed to demerge the Institutional Equities Division having trading memberships of BSE Ltd. (BSE), National Stock Exchange of India Limited (NSE) and Metropolitan Stock Exchange of India Limited (MSEI) along with the registration with SEBI as a Stock Broker and Research Analyst into JM Financial Securities Limited. JM Financial Securities Limited is a wholly owned subsidiary of JM Financial Services Limited which is engaged, inter alia, in equity broking, securities distribution and wealth management services. The proposed demerger would allow the entire securities and distribution business in terms of broking and distribution to be under JM Financial Services Limited with the senior management having a unified view of the business. This will ensure a best in class distribution platform catering to all investor categories, create opportunities for synergies, operating efficiencies and cross sell and provides an ability to take judicious decisions in distribution related matters. The proposed demerger will allow elimination of multiplicity in functions such as controllers, compliance, human resources, etc.

Keeping in view the provisions of Section 230 of the Companies Act, 2013, directions are issued in relation to the calling, convening and holding of meeting of shareholders of the First Applicant Company and the Second Applicant Company as follows:

4. That the meeting of the Shareholders of the First Applicant Company be convened and held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 11:00 AM for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement between the First Applicant Company and the Second Applicant Company and their respective Shareholders.

5. That the meeting of the Shareholders of the Second Applicant Company be convened and held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 11:30 AM for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement between the First Applicant Company and the Second Applicant Company and their respective Shareholders.
6. That at least one month before the said meetings of the Shareholders of the First and Second Applicant Companies to be held as aforesaid, a notice convening the said, meeting at the place date and time as aforesaid, together with a copy of the Scheme of Arrangement, a copy of the statement disclosing all material facts as required under Section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14th December 2016 and the prescribed Form of Proxy, shall be sent by Courier / Registered Post / Speed Post or through Email (to those Shareholders whose email addresses are duly registered with the First and the Second Applicant Companies for the purpose of receiving such notices by email), addressed to each of the Shareholders of the First and the Second Applicant Companies, at their last known addresses or email addresses as per the records of the First and Second Applicant Companies respectively.
7. That at least one month before the meetings of the Shareholders of the First and Second Applicant Companies to be held as aforesaid, a notice convening the said meetings, indicating the place, date and time of meeting as aforesaid be published and stating that copies of the Scheme of Arrangement and the statement required to be furnished pursuant to Section 230(3) of the Companies Act 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the Form of Proxy can be obtained free of charge at the registered offices of the First and Second Applicant Companies as aforesaid and / or at the office of their Advocates, M/s Hemant Sethi & Co., 1602 Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400071.
8. That the notice of the meetings shall be advertised in two local newspapers viz. “Free Press Journal” in English and “Navshakti” in Marathi, both circulated in Mumbai and at Mumbai not less than 30 days before the date fixed for the meeting.

9. That Mr. Nimesh Kampani, Director of the First Applicant Company, and failing him, Mr. Vishal Kampani, Director of the First Applicant Company and failing him, Ms. Dipti Neelakantan, Director of the First Applicant Company shall be the Chairman of the aforesaid meeting of the Shareholders of the First Applicant Company to be held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 11:00 AM or any adjournment or adjournments thereof.
10. That Mr. Rajeev Chitrabhanu, Director of the Second Applicant Company, and failing him, Mr. Vishal Kampani, Director of the Second Applicant Company, and failing him Ms. Dipti Neelakantan, Director of the Second Applicant Company shall be the Chairman of the aforesaid meeting of the Shareholders of the Second Applicant Company to be held at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025 on September 25, 2017 at 11:30 AM or any adjournment or adjournments thereof.
11. That the Chairmen appointed for the aforesaid meetings to issue the advertisement and send out the notices of the meetings referred to above shall have all powers as per the Articles of Association of the First and Second Applicant Companies respectively and also under the Companies Act, 2013 in relation to the conduct of the meetings, including for deciding procedural questions that may arise or at any adjournment thereof or resolution, if any, proposed at the meetings by any person(s).
12. That the quorum of the aforesaid meetings of the Shareholders shall be as prescribed under Section 103 of the Companies Act, 2013.
13. That voting by proxy or authorized representative in case of body corporate be permitted, provided that a proxy in the prescribed form / authorization duly signed by the person entitled to attend and vote at the meetings, are filed with the First Applicant Company and the Second Applicant Company at their Registered Office at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025, not later than 48 hours before the aforesaid meeting, as per the provisions of the Companies (Compromises, Arrangements and Amalgamations) Rules 2016.
14. That the value and number of the shares of each Shareholder shall be in accordance with the books / registers of the First and Second Applicant Companies or depository records and where the entries in the books / register / depository records

are disputed, the Chairmen of the meetings shall determine the value for the purpose of the aforesaid meetings and his decision in that behalf would be final.

15. That Ms. Jayshree Dagli & Associates, Practicing Company Secretary (Membership Number: 1451 & Certificate of Practice: 487), is hereby appointed as Scrutinizer of the meetings of the Shareholders of the First and Second Applicant Companies proposed to be held on September 25, 2017 at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025.
16. That the Chairmen of each of the aforesaid meetings shall file an affidavit not less than seven (7) days before the date fixed for the holding of the respective meetings and to report to this Tribunal that the directions regarding the issue of notices and the advertisement have been duly complied with as per Rule 12 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
17. That the Chairmen of each of the aforesaid meetings to report to this Tribunal, the results of the aforesaid meetings within thirty days of the conclusion of the meetings.
18. The First Applicant Company is directed to serve notices along with copy of the Scheme of Arrangement upon:- (i) concerned Income Tax Authority with in whose jurisdiction the First Applicant Company's assessments are made, (ii) the Central Government through the office of Regional Director, Western region, Mumbai, (iii) Registrar of Companies, Maharashtra, with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with copy of such representations shall simultaneously be served upon the First Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.
19. The Second Applicant Company is directed to serve notices along with copy of Scheme of Arrangement upon:- (i) concerned Income Tax Authority within whose jurisdiction the First Applicant Company's assessments are made, (ii) the Central Government through the office of Regional Director, Western region, Mumbai, (iii) Registrar of Companies, Mumbai, with a direction that they may submit their representations, if any, within a period of thirty days from the date of receipt of such notice to the Tribunal with copy of such representations simultaneously be served upon the Second Applicant Company, failing which, it shall be presumed that the authorities have no representations to make on the proposals.

20. The Counsel for the First Applicant Company further submits that the Scheme is an arrangement between the Applicant Company and their respective shareholders, only a meeting of the Equity Shareholders is proposed to be held in accordance with the provisions of Section 230(1)(b) of the Companies Act 2013. This Bench hereby directs the First Applicant Company to issue notice to all its Secured and Unsecured Creditors to whom the amounts are due and payable as required under Section 230(3) of the Companies Act, 2013 with a direction that they may submit their representations, if any, to the Tribunal and copy of such representations shall simultaneously be served upon the Applicant Company.
21. The Counsel for the Second Applicant Company submits that there are no Secured and Unsecured Creditors in the Second Applicant Company therefore the question of sending notices to Secured and Unsecured Creditors does not arise.
22. The First and Second Applicant Companies to file affidavit of service in the registry proving dispatch of notices to the Shareholders, creditors, publication of notices in newspapers and to the regulatory authorities as stated in clauses 18 to 20 above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.

Sd/-

V. Nallasenapathy, Member (T)

Sd/-

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