

NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

(CAA) – 168 (PB) /2017

CONNECTED WITH

CA (CAA) 46 (PB) / 2017

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Coram:


DD/DIVAR/Court Officer
National Company Law Tribunal
New Delhi

CHIEF JUSTICE (Rtd.) M.M.KUMAR
Hon'ble President

MS. DEEPA KRISHAN
Hon'ble Member (T)

In the matter of:

Sections 230 and 232 read with Rule 24(2) of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 and Rule 11 and 32 of the National Company Law Tribunal Rules, 2016.

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT
AMONGST

In the matter of:



RELIGARE SECURITIES LIMITED



Scheme of Arrangement amongst Religare Securities Limited, Religare Commodity Broking Private Limited, RGAM Investment Advisers Private Limited, Religare Venture Capital Limited, Religare Arts Investment Management Limited, Religare Capital Finance Limited, RGAM Capital India Limited, Religare Investment Advisors Limited, Religare Support Services Limited, Religare Arts Initiative Limited, Religare Capital Markets (India) Limited, Religare Broking Limited WITH Religare Enterprises Limited

AND

IN THE MATTER OF:

1. **RELIGARE SECURITIES LIMITED,**

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place, New Delhi-110019, India.

Transferor Company No.1/Demerged Company/ Petitioner Company

2. **RELIGARE COMMODITY BROKING PRIVATE LIMITED,**

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.2 / Petitioner Company 2

3. **RGAM INVESTMENT ADVISERS PRIVATE LIMITED,**



having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place, New Delhi-110019, India.

Transferor Company No.3 / Petitioner Company 3

4. RELIGARE VENTURE CAPITAL LIMITED,

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place, New Delhi-110019, India.

Transferor Company No.4 / Petitioner Company 4

5. RELIGARE ARTS INVESTMENT MANAGEMENT LIMITED,

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.5 / Petitioner Company 5

6. RELIGARE CAPITAL FINANCE LIMITED,,

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place, New Delhi-110019, India.

Transferor Company No.6/ Petitioner Company 6

7. RGAM CAPITAL INDIA LIMITED,

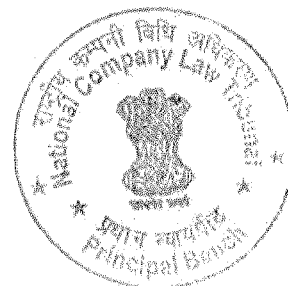
having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.7 / Petitioner Company 7

8. RELIGARE INVESTMENT ADVISORS LIMITED,



having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.8 / Petitioner Company 8

9. RELIGARE SUPPORT SERVICES LIMITED,

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.9 / Petitioner Company 9

10. RELIGARE ARTS INITIATIVE LIMITED,

having its Registered Office at:

2nd Floor, Rajlok Building, 24, Nehru Place,

New Delhi-110019, India.

Transferor Company No.10 / Petitioner Company 10

11. RELIGARE CAPITAL MARKETS (INDIA) LIMITED,

having its Registered Office at:

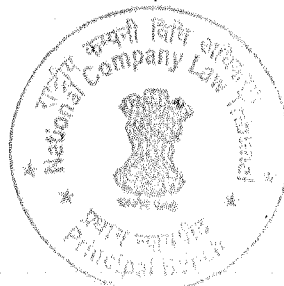
2nd Floor, Rajlok Building, 24, Nehru Place, New Delhi-110019, India.

Transferor Company No.11 / Petitioner Company 11

PETITIONERS / TRANSFEROR COMPANIES

INTO (RESULTING COMPANY)

RELIGARE SECURITIES LIMITED



12. RELIGARE BROKING LIMITED,

having its Registered Office at: 2nd Floor, Rajlok Building, 24, Nehru
Place,
New Delhi-110019, India.

Petitioner/ Resulting Company

WITH

13. RELIGARE ENTERPRISES LIMITED,

having its Registered Office at:
2nd Floor, Rajlok Building, 24, Nehru Place,
New Delhi-110019, India.

Transferee Company/ Petitioner Company 13.

Counsel for the Applicants: Shri Virender Ganda, Senior Advocate.

Sh. Kunal Chaturvedi, Sh. Dheeraj Nair, Sh. Raghav
Sabharwal, Advocates.

ORDER

DEEPA KRISHAN MEMBER (TECHNICAL)

1. This is a joint petition has been filed by Religare Securities Limited, Religare Commodity Broking Private Limited, RGAM Investment Advisers Private Limited, Religare Venture Capital Limited, Religare Arts Investment Management Limited, Religare Capital Finance Limited,



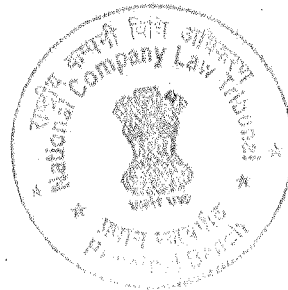
RGAM Capital India Limited, Religare Investment Advisors Limited, Religare Support Services Limited, Religare Arts Initiative Limited, Religare Capital Markets (India) Limited, Religare Broking Limited and has come before us for the purpose of the approval of the Scheme of Arrangement, as contemplated between the Transferor Companies with the Transferee Company and its shareholders. It has also been brought to our attention that the Petitioners belong to the same group of companies and the Transferor Companies and the Resulting Companies are directly or indirectly wholly owned subsidiaries of the Transferee Company.

2. A perusal of the petition discloses that initially the application seeking the directions for dispensation from convening the meeting of equity shareholders and secured and unsecured creditors of the Transferor Companies, Resulting Company and Transferee Company was filed before this Tribunal in Company Application No. CA (CAA) 46 (PB) of 2017. The Tribunal vide its orders dated vide order dated May 12, 2017 read with order dated May 30, 2017, directed the convening of following meetings:

Name of Company	Particulars of Meeting	Date	Time

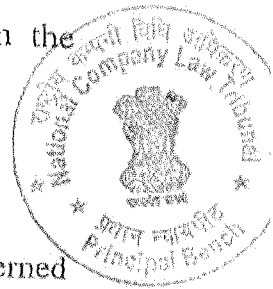


RELIGARE SECURITIES LIMITED



Religare Enterprises Ltd. (Transferee Company)	Meeting of Equity Shareholders	July 13, 2017	4:00 P.M.
	Meeting of Secured Creditor	July 18, 2017	4:00 P.M.
Religare Securities Ltd. (Transferor Company 1)	Meeting of Secured Creditor	July 13, 2017	2:00 P.M.
	Meeting of Unsecured Creditor	July 18, 2017	2:00 P.M.

All other meetings of the creditors and shareholders of the Transferor Companies, the Resulting Company and the Transferee Company were dispensed with, in view of consents having been obtained from the shareholders and creditors produced before the Tribunal.



3. Notice of the above-mentioned meetings were issued by the concerned Companies to the concerned members and creditors. Notices of the meetings were also published in the newspapers as directed by the Hon'ble Tribunal. Further, in terms of order dated May 12, 2017, the concerned Applicant Companies had served the notice of meetings on the statutory authorities, in compliance of Section 230(5) of the Companies Act, 2013.

An affidavit of service detailing the service and publication of notices was filed with the Hon'ble Tribunal on July 5, 2017.

4. As provided under Section 230(5), the statutory authorities to whom notice were duly served were required to make representations, if any, within 30 days of receipt of the notice. The Tribunal received representations from the Regional Director and Registrar of Companies in response to the notice issued by the companies under Section 230(5) of the Companies Act, 2013. Further, BSE Ltd. has also issued a representation in response to the above-mentioned notice. Since, no representation has been received from any other statutory authority, it is deemed that they have no representations/objections to the proposed Scheme.

5. The above-mentioned meetings were duly convened and the resolution in favour of the Scheme was passed with majority. Mr. Satwinder Singh, the Chairperson appointed by the Hon'ble Tribunal has filed his reports with the Hon'ble Tribunal reflecting the result of the voting at the above-mentioned meetings on July 21, 2017 and July 24, 2017. The result of the meetings convened are as follows:

a. Meeting of Secured Creditors of Transferee Company



Percentage of secured creditors of REL present at meeting who voted in favour of resolution	100
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b. Meeting of Equity Shareholders of Transferee Company

Percentage of equity shareholders of REL present at meeting who voted in favour of resolution	100
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c. Meeting of Secured Creditors of Transferor Company 1

Percentage of secured creditors of RSL present at meeting who voted in favour of resolution	100
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d. Meeting of Unsecured Creditors of Transferor Company 1

Percentage of unsecured creditors of RSL present at meeting who voted in favour of resolution	100
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6. Subsequent to the meetings, as directed, this petition for second motion was filed on July 27, 2017 and was fixed for hearing and consequential directions before the Tribunal on August 22, 2017. It is seen from the records that the Applicant has filed an affidavit dated September 26, 2017 affirming compliance of the order passed with the directions of the Tribunal dated August 22, 2017. A perusal of the affidavit discloses that

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the Applicant has affected the newspaper publication as directed in the Business Standard (English Edition) and Jansatta, vernacular (Hindi Edition) in relation to the date of hearing of the petition on October 4, 2017. Further, the affidavit also discloses that copies of the petition have been duly served on the statutory authorities as per the order dated August 22, 2017.

7. Petitioner Companies also placed on record an Affidavit on September 29, 2017 placing on record the Auditor Certificates as per Section 230 (7) of the Companies Act, 2013 and stating that neither the Petitioner Companies nor their Legal Counsels had received any objection/representation against the proposed Scheme of Amalgamation till the date of such affidavit.
8. The representation/affidavit of the Regional Director, Northern Region, Ministry of Corporate Affairs dated September 29, 2017 and the Report of Official Liquidator dated October 3, 2017 has been placed before this Tribunal. This Tribunal is also in receipt of the No Objection Certificate issued by the Income Tax Authorities filed on October 9, 2017 is also placed on record before this Tribunal. On a perusal of the representation made by the Regional Director as also emphasized at the time of oral hearing by learned company prosecutor appearing for the Regional Director. The observations come to the fore:



i. The Registrar of Companies at para 27 of the report has inter-alia stated that a complaint from Sh. Ajit Kumar was received against the Demerged Company/Transferor Company regarding non-payment of amount invested in the company. The matter was taken up with the company but no reply is received till date.

ii. It is humbly submitted that the Registrar of Companies at para 32 of his report has inter-alia stated as under:

"a. The objects of petitioners companies appear to be NBFC however, approvals, if any required, are not found annexed with the petition. The petitioners companies may be directed to obtain necessary sanctions as may be required.

b. As per Rule 6(3)(v)(c) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Company has not furnished Valuation Report with the notice/explanatory statement. Hence, merits on consideration, in view of valuation report not being furnished, cannot be given.

c. As per e-records maintained on MCA-21 portal, the Transferee Company has filed its Financial Statements for the year 2015-16 vide SRN GI7218892. On examination of filing made by it vide said SRN, standalone Balance sheet of the said year was not found attached which is in contravention of section 137 of the Companies



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Act, 2013. In view of the foregoing, the Transferee Company may be directed to file the financial statements for FY ending 2015-16 and compound the offence before the scheme is considered for sanction.

9. A Rejoinder Affidavit has been filed by the Petitioner companies on 03.10.2017 to meet the observations made in the report of Regional Director, wherein they have undertaken as under:

i. In reference to paragraph 8 of the RD Report, the reply on behalf of the Petitioner Company No. 12 to the complaint from one Mr. Ajit Kumar has been filed with Registrar of Companies, NCT of Delhi and Haryana (ROC) on July 13, 2017. As detailed in the said reply received by the ROC on July 13, 2017, the complainant, Mr. Ajit Kumar is neither a shareholder nor a creditor of the Petitioner Company No. 12 and has not invested any monies in the Petitioner Company No. A copy of acknowledgement from ROC dated July 13, 2017 evidencing filing of the reply is enclosed herewith and marked as Annexure A.

ii. In reference to paragraph 9 (a) of the RD Report and paragraphs 34 and 39 of the OL Report, that except Transferee Company/ Petitioner Company No. 13, none of Transferor Companies/ Petitioner Company Nos.1-12 are engaged in the business of NBFC activity whereas Transferor Company No.13 is regulated by RBI



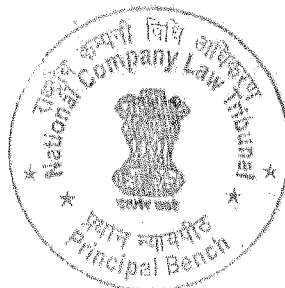
laws, approval/NOC of RBI have been obtained and annexed as Annexure B of the affidavit date 3.10.2017 filed by the applicant companies.

iii. that the Transferee Company/ Petitioner Company No. 13 has filed its standalone Balance Sheet for the financial year 2015-16 with Registrar of Companies, NCT of Delhi and Haryana on October 25, 2016 in Form AOC-4 and approval for the same was received from the Ministry of Corporate Affairs, Government of India on October 31, 2016 whereas the Transferee Company/ Petitioner Company No. 13, undertake that the Transferee Company/ Petitioner Company No. 13 is in the process of re-filing the standalone balance sheet for financial year ending 2015-16 and will compound any offence in relation thereto, if the need arises. In this regard, a copy of the filed Form AOC-4, its payment challan and the approval received from the Ministry of Corporate Affairs, Government of India dated October 31, 2016 are collectively annexed as Annexure C.

iv. That on the sanction of the Scheme the Petitioner Companies undertake to duly and properly comply with all applicable provisions of the Companies Act, 2013 as well as provisions of other acts, rules, regulations and orders, as applicable.



10. We have heard the counsels for the Applicant and also considered the representations made by the Regional Director, Northern Region and the Official Liquidator. A perusal of the representations/report of the Regional Director and the Official Liquidator would reveal that no adverse comments have been made against the sanction of the Scheme of Arrangement. Further the Petitioner Companies filed Affidavits dated October 3, 2017 and October 10, 2017 addressing concerns raised by the Official Liquidator and the Regional Director as well as bringing on record the No Objection Certificates received from the Income Tax Authorities.
11. It is pertinent to mention here that as per the last order dated 27.11.2017 there is some error in the report filed by the official liquidator dated 03.10.2017, so this tribunal had directed the Official liquidator to file an additional affidavit with regard to para35 and the same has been filed on 30.11.2017 (Diary date: 28.11.2017)
12. The Scheme of arrangement, provides for a composite Scheme that includes the following arrangement:
- a. Demerger of broking business of Transferor Company 1/Demerged Company into Resulting Company.
 - b. Amalgamation of Transferor Companies 1 to 11 with Transferee Company with effect from Appointed Date.



- c. The amalgamation of the entire business undertaking of the Transferor Companies (as more particularly defined in the Scheme) with the Transferee Company.
- d. The Scheme further provides that upon the same becoming effective, the Transferor Companies shall stand dissolved without the process of winding up.
13. The Scheme provides that it will help in achieving business and administrative synergies; reduce administrative cost and avoid duplication of efforts; simplify management structure, leading to better administration and a reduction in costs from more focused operational efforts, rationalization, standardization and simplification of business and compliance processes, and the elimination of duplication, and rationalization of administrative expenses; provide flexibility in the overall organizational structure of Transferee Company's operations thus enabling it to achieve operational and management efficiency; align the corporate structure of Transferee Company's operations in line with its business objectives in order to enhance long term value for its shareholders; and consequent upon amalgamation, the Transferor Company would be able to optimize the resources required for overall general and administrative purposes, and this would reduce the cost of maintaining and using separate resources.

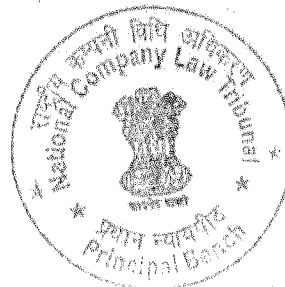


14. As per the averments, the Transferor Companies and the Resulting Companies wholly owned subsidiary of the Transferee Company. The entire issued, subscribed and paid up share capital of the Transferor Companies and the Resulting Company is directly or indirectly held by the Transferee Company and therefore upon the Scheme of Arrangement becoming finally effective, the share capital so held would stand automatically cancelled and extinguished. Therefore, there is no question of issue of allotment of shares of the Transferee Company to any person since the Transferee Company is the only shareholder of the Transferor Companies and Resulting Company. This obviates the requirement for valuation of shares of the Petitioner Companies.
15. In view of the foregoing, upon considering the approval accorded by the members and creditors of the Petitioner Companies to the proposed Scheme of Arrangement, and the affidavit filed by the Regional Director, Northern Region, Ministry of Corporate Affairs and the Official Liquidator whereby no objections have been raised by them to the proposed Scheme of Arrangement, there appears to be no impediment to grant sanction to this proposed Scheme of Arrangement. Consequently, sanction is hereby granted to the Scheme of Arrangement under Sections 230-232 of the Companies act, 2013. The sanctioned Scheme of Arrangement shall be binding on the Transferor Companies, Resulting Company and the Transferee Company and on all their respective shareholders and creditors.

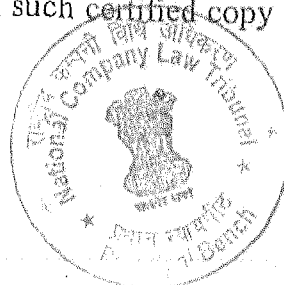


The Transferor Companies, Resulting Company and the Transferee Company shall however remain bound to comply with the statutory requirements in accordance with law.

16. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal to the Scheme of Arrangement will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the Transferor Companies, Resulting Company and the Transferee Company.
17. While approving the Scheme of Arrangement as above, we further clarify that this order should not be construed as an order in any way granting exemption from payment of stamp duty, taxes including income tax, GST etc or any other charges, if any, and payment in accordance with law or in respect with any permission/compliance with any other requirement which may be specifically required under any law.
18. This Tribunal do further order that the Scheme of Arrangement by way of merger coming into effect;
 1. That the Demerged Company shall be demerged and hived off into the Resulting Company;



2. That the Transferor Companies shall stand dissolved without being wound up;
3. That all the property, assets, rights and powers of the Transferor Companies, be transferred, without further act or deed, to the Transferee Company and accordingly the same shall pursuant to Section 232 of the Companies Act, 2013, be transferred to and vest in the Transferee Company for all the estate and interest of the Transferor Companies therein but subject nevertheless to all charges now affecting the same; and
4. That all the liabilities, obligations and duties of the Transferor Companies, be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Transferee Company; and
5. That all proceedings now pending by or against the Transferor Companies, be continued by or against the Transferee Company; and
6. That the Applicant shall within thirty days of the date of the receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered



the Transferor Companies shall be dissolved and the Registrar of Companies shall place all documents relating to the Transferor Companies registered with him, on the file kept by him in relation to the Transferee Company and the files relating to the said companies shall be consolidated accordingly; and

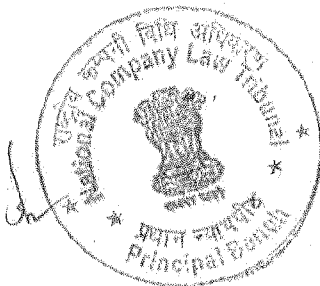
7. That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

The petition stands disposed of in the above terms.

Sd/-
(CHIEF JUSTICE M.M. KUMAR)
PRESIDENT

8.12.2017

Sd/-
(DEEPA KRISHAN)
MEMBER (TECHNICAL)



[Signature] 15.12.2017
Registrar
National Company Law Tribunal
New Delhi

COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
RELIGARE SECURITIES LIMITED
(DEMERGED COMPANY / TRANSFEROR COMPANY 1)
AND
RELIGARE COMMODITY BROKING PRIVATE LIMITED
(TRANSFEROR COMPANY 2)

AND
RGAM INVESTMENT ADVISERS PRIVATE LIMITED
(TRANSFEROR COMPANY 3)

AND
RELIGARE VENTURE CAPITAL LIMITED
(TRANSFEROR COMPANY 4)

AND
RELIGARE ARTS INVESTMENT MANAGEMENT LIMITED
(TRANSFEROR COMPANY 5)

AND
RELIGARE CAPITAL FINANCE LIMITED
(TRANSFEROR COMPANY 6)

AND
RGAM CAPITAL INDIA LIMITED
(TRANSFEROR COMPANY 7)

AND
RELIGARE INVESTMENT ADVISORS LIMITED
(TRANSFEROR COMPANY 8)

AND
RELIGARE SUPPORT SERVICES LIMITED
(TRANSFEROR COMPANY 9)

AND
RELIGARE ARTS INITIATIVE LIMITED
(TRANSFEROR COMPANY 10)

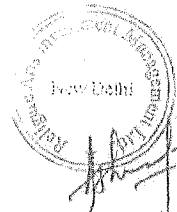
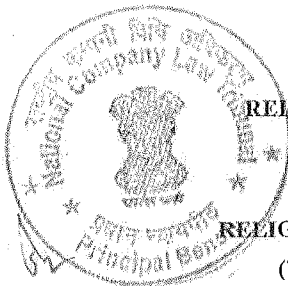
AND
RELIGARE CAPITAL MARKETS (INDIA) LIMITED
(TRANSFEROR COMPANY 11)

AND
RELIGARE BROKING LIMITED
(RESULTING COMPANY)

AND
RELIGARE ENTERPRISES LIMITED
(TRANSFEREE COMPANY)

AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 233 OF THE COMPANIES ACT, 2013



PREAMBLE

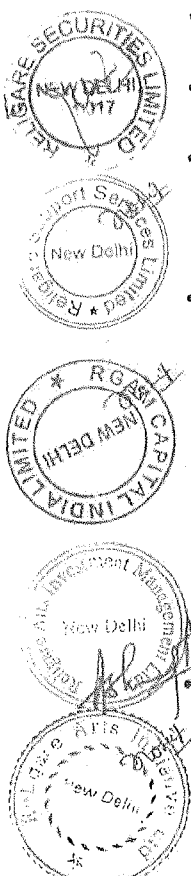
A. Background and Rationale for the Composite Scheme of Arrangement

Religare Enterprises Limited (“REL”) is one of India’s leading diversified financial services groups. REL is engaged in providing integrated suite of financial services through its underlying subsidiaries and operating entities, including loans to SMEs, capital markets, health insurance. REL is listed on the Bombay Stock Exchange (“BSE”) and National Stock Exchange (“NSE”).

The arrangement is aimed at achievement of the following objectives:

- Demerger of Broking Business of RSL (as hereinafter defined) into Religare Broking Limited to segregate the said business.
- Consolidation of the Transferor Companies (hereinafter defined) that are 100% subsidiaries (directly or indirectly) of REL (Transferee Company).
- REL and the Transferor Companies have decided to combine the resources by amalgamating the Transferor Companies, with effect from the Appointed Date (hereinafter defined), to maximize synergies, reduce costs, and consolidate the resources while eliminating multiple legal entities.
- The amalgamation of the Transferor Companies with the Transferee Company would have the following benefits:
 - Achieving business and administrative synergies.
 - Reducing administrative costs and avoiding duplication of efforts.
 - Pooling of resources of the Transferee Company and the Transferor Companies leading to increased competitive and financial strength, cost reduction, and efficiencies, and logistic advantages to the business operations; optimizing and releasing the capital allocation to the Transferor companies.
 - Result in reduction in overheads, administrative, and other expenditure, operational rationalisation, organizational efficiency and optimal utilisation of resources which will be in the interest of shareholders, employees, creditors and other stakeholders.

Accordingly, to achieve the above objectives, the Board of Directors of each of the Transferor Companies and the Transferee Company has decided to make requisite applications and/or petitions before the National Company Law Tribunal (“NCLT”) / Governmental Authority (hereinafter defined) as the case may be, as applicable under Sections 230 to 233 of the 2013 Act (hereinafter defined) and other applicable provisions for the sanction of this Scheme.



B. The Scheme is divided into the following parts:

- PART A - Definition and share capital of the companies.
- PART B - Demerger of Broking Business of Demerged Company into Resulting Company.
- PART C - Amalgamation of the Transferor Companies with Transferee Company with effect from Appointed Date.
- PART D - General terms and conditions that would be applicable to the Scheme.

This Scheme also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

