IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION 51 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO 912 OF 2014

IDFC INVESTMENT ADVISORS LIMITED

.... Petitioner / Transferor Company

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Amalgamation of IDFC Investment Advisors Limited ('the Transferor Company') with IDFC Asset Management Company Limited ('the Transferee Company') and their respective shareholders

Called for Hearing

Mr. Hemant Sethi i/b Hemant Sethi & Co., Advocates for the Petitioner.

Mr. S. Ramakantha, Official Liquidator present.

Mr. D. P. Singh i/b Mr. H.P. Chaturvedi for Regional Director.

CORAM: S. J. Kathawalla, J.
DATE: 18th April, 2015

1. Heard counsel for the parties. No objector has come before the court to oppose the Scheme of Amalgamation and nor any party has controverted any averments made in the Petition.

2. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956, to the Scheme of Amalgamation of IDFC Investment Advisors Limited ('the Transferor Company') with IDFC Asset Management Company Limited ('the Transferee Company') and their respective shareholders.

3. Learned Advocate for the Petitioner states that the Petitioner Company is registered as a Portfolio Manager with the Securities and Exchange Board of India ("SEBI") to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 1993 and the Transferee Company is presently engaged in business of Financial Service & Investments.

4. Learned Advocate for the Petitioner states that the Transferor Company is a wholly-owned subsidiary of Transferee Company. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits namely Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value and will improve the competitive position of the combined entity, Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value, Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and

simplification of business processes and the elimination of duplication, and rationalization of administrative expenses and achieving economies of scale.

5. The Petitioner Company and the Transferee Company have approved the said Scheme by passing the Board Resolution which are annexed to the Company Scheme Petition filed by the Petitioner Company.

6. Learned Advocate for the Petitioner further states that since the Transferor Company is wholly owned subsidiary of the Transferee Company and all the shares of the Transferor Company are presently held by the Transferee Company, IDFC Asset Management Company Limited and after the Scheme being sanctioned, no new shares are required to be issued to the members of the Transferor Company by the Transferee Company and there would be no reorganization of the Share Capital in the Transferee Company and also in view of the judgment of this Court in Mahaamba Investments Limited Versus IDI Limited (2001) 105 Company Cases, filing of a separate Company Summons for Direction and Company Scheme Petition by IDFC Asset Management Company Limited, the Transferee Company was dispensed with, by an order dated 19th December, 2014 passed in CSD NO. 912 of 2014.

7. The learned Advocate for the Petitioners further states that, Petitioner company have complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petition have been filed in consonance with the orders passed in Summons for Direction.

8. The learned counsel appearing on behalf of the Petitioner Companies has stated that the Petitioner Companies have complied with all requirements as per directions of this Court and

they have filed necessary affidavits of compliance in the Court. Moreover, Petitioner Companies undertake to comply with all statutory requirements, if any, as required under the Companies Act, 1956/2013 and the Rules made there under. The said undertaking given by the Petitioner Company is accepted.

9. The Official Liquidator has filed his report on 16th March, 2015 stating therein that the affairs of the Petitioner Company have been conducted in a proper manner and that the Petitioner Company may be ordered to be dissolved by this Court.

10. The Regional Director has filed an Affidavit on 13th April, 2015 stating therein, save and except as stated in paragraph 6(a), and 6(b) of the said affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public.

In paragraph 6(a), and 6(b), of the said affidavit it is stated that:

a) Clause 13.6 of the Scheme provides for adjustment for differences in Accounting Policies between Transferor Company and Transferee Company. In this regard, it is submitted that in addition to the Compliance of Accounting Standard – 14, the Transferee Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standard such as AS-5 etc.

b) That the Deponent respectfully submits that, the Tax issue if any arising out of this scheme shall be subject to final decision of Income Tax Authority and approval of the scheme by Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the petitioner company after giving effect to the amalgamation. The decision of the Income Tax Authority is binding on the petitioner company.

11. As far as observations made in paragraph 6 (a) of Affidavit of the Regional Director is concerned, the Transferee Company undertakes that in addition to compliance of Accounting Standard 14, the Transferee Company shall pass such accounting entries as may be necessary in connection with the Scheme of Amalgamation to comply with any other applicable accounting standards.

12. As far as the observations in paragraph 6 (b) of the affidavit of the Regional Director is concerned, the petitioner through their counsel submits that the petitioners is bound to comply with all applicable provisions of Income Tax Act, and all tax issues arising out of Scheme of amalgamation will be met and answered in accordance with law.

13. The Learned Counsel for Regional Director on the instructions of Mr. M Chandanamuthu, Joint Director (Legal) in the office of Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that they are satisfied with the undertakings given by the counsel on behalf of the Petitioner Company. The said undertakings given by the Petitioner Company is accepted

14. 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.

15. Since all the requisite statutory compliances have been fulfilled, the Company Scheme Petition is made absolute in terms of prayer clause (a) of the Petition.

16. The Petitioner Company is directed to file a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court (O.S.), Bombay with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of the Order.

17. Petitioner Company is directed to file a copy of this order along with a copy of the Scheme with the concerned Registrar of Companies, electronically, along with concerned E-Form INC 28 in addition to physical copy as per the provisions of the Companies Act 1956 / 2013 whichever is applicable.

18. The Petitioner Company to pay cost of Rs.10,000/- each to the Regional Director, Western Region, Mumbai and to the Official Liquidator, High Court, Bombay. Costs to be paid within four weeks from the date of the order.

19. Filing and issuance of the drawn up order is dispensed with.

20. All concerned regulatory authorities to act on a copy of this order along with Scheme duly authenticated by the Company Registrar, High Court (O. S.), Bombay.

(S. J. Kathawalla, J)