IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH - II, CHENNAI

CP(CAA)/33(CHE)/2024
in
CA(CAA)/2(CHE)/2024

(filed under Sections 230 to 232 of the Companies Act, 2013)

In the matter of the Composite Scheme of Amalgamation
Between

IDFC FINANCIAL HOLDING COMPANY LIMITED,
A Company Incorporated under
Companies Act, 2013,
Registered Office:
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu, Teynampet,
Chennai, Tamil Nadu – 600 018.
Represented by Mr. Bipin Gemani.
Chief Financial Officer

... 1st Petitioner / Transferor Company

And

IDFC LIMITED,
A Company Incorporated under
Companies Act, 1956,
Registered Office:
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu, Teynampet,
Chennai, Tamil Nadu – 600 018.
Represented by Mr. Bipin Gemani
Whole Time Director and Chief Financial Officer

... 2nd Petitioner / Transferee Company/Amalgamating Company

And

IDFC FIRST BANK LIMITED,
A Company Incorporated under
Companies Act, 2013,

Registered Office:
KRM Tower, 7th Floor, No.1,
Harrington Road, Chetpet,
Chennai, Tamilnadu – 600 031.
Represented by Authorised Representative,
Mr.Ankit Singh,
Assistant Company Secretary.

…3rd *Petitioner / Amalgamated Company*

And

THEIR RESPECTIVE SHAREHOLDERS

Order Pronounced on ***25th September 2024***

CORAM

JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present: -

For Petitioner(s) : *Mr.R.Sankaranarayanan, Sr. Advocate*
Mr.Arvindh Pandian, Sr.Advocate
M/s.Preeti Mohan, R.Raga Sudha and Sagarika Shankar, Advocates

For Regional Director : *Mr.Avinash Krishnan Ravi, Advocate*

For Income Tax Department : *Mr. Ramana Kumar, Advocate*

For Official Liquidator : *Mrs.Sri Kumari, JTO*
Mr.B.Palani, Estate Assistant

ORDER

These Company Petitions have been filed by **IDFC FINANCIAL HOLDING COMPANY LIMITED** (hereinafter Transferor Company), **IDFC LIMITED** (hereinafter Transferee Company/Amalgamating Company) and **IDFC FIRST BANK LIMITED** (hereinafter Amalgamated Company) under section 230-232 of the Companies Act, 2013, and other applicable

provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity 'the Rules') for approval of the Composite Scheme of Amalgamation (hereinafter referred to as the '**SCHEME'**) pursuant to the Scheme proposed by the Petitioner Companies and the said Scheme is also filed along with all the Petitions.

2. An affidavit in support of the present petition sworn by,

a) Mr.Bipin Gemani for Transferor Company and the Transferee Company in the capacity of Authorised Representative,

b) Mr.Ankit Singh for Amalgamated Company in the capacity of Authorised Representative,

and the corresponding Board Resolutions dated 03.07.2023 are placed on record.

3. 1ST MOTION APPLICATION – IN BRIEF

3.1. The Petitioner Companies filed the First Motion Applications vide CA(CAA)/2(CHE)/2024 and sought directions for dispensation conducting the meeting of its members and creditors regarding approval of the proposed Scheme. Based on the submissions, this Tribunal vide order dated 22.03.2024 issued directions to conduct meeting of Equity Shareholders of the Transferee Company and Equity

Shareholders and Non-Convertible Debenture Holders of Amalgamated Company.

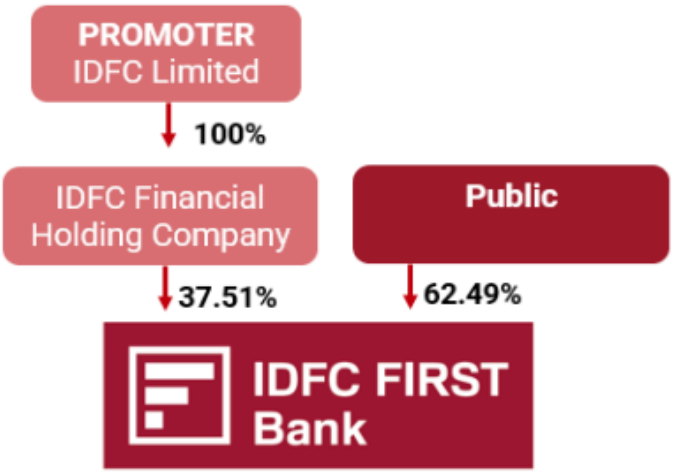
3.2 **Mr.Varadharajan** was appointed as the Chairperson of the above meetings. The Chairman filed his report dated 22.05.2024, upon perusing the report it is noticed that in the meeting stated above the Equity Shareholders and Non-Convertible Debenture Holders of the respective Petitioner Companies with requisite majority accorded their consent to the Scheme. Thereafter, the second motion petitions were filed before this Tribunal by the petitioner companies on 24.05.2024 for approval of the Scheme by this Tribunal which is within limitation as per provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

4. SCHEME SUMMARY:

The Scheme provides for the amalgamation of IDFC Financial Holding Company Limited with IDFC Limited; amalgamation of IDFC Limited with IDFC First Bank Limited, reduction of securities premium account of IDFC First Bank Limited and other matter consequential, incidental, supplementary or otherwise integrally connected with. The chart explaining of the Scheme is extracted under:

CHART EXPLAINING THE SCHEME

Pre-Amalgamation



Post Amalgamation

5. RATIONALE OF THE SCHEME

The rationale of the Scheme are briefed in Clause-4 of the Scheme as follows,

> *(i) This Scheme, inter alia, provides for the Amalgamation (as defined hereinafter) and various other matters consequential or otherwise integrally connected therewith.*
>
> *(ii) As per conditions of the 2013 Private Banking Licence Guidelines (as defined hereinafter), the equity shares of the Amalgamated Company must be listed on a recognised stock exchange in India within a time period of 3 (three) years of commencing of business as a bank The*

promoter(s) namely the Amalgamating Company must not be conducting any financial regulated business directly under it.

(iii) It was mandated to hold the equity investment in the Amalgamated Company and other regulated financial entities only through the Transferor Company. Hence, the Amalgamating Company (promoter of the Amalgamated Company) invested in the Amalgamated Company only through a Non-Operating Financial Holding Company ie, the Transferor Company, due to other regulated financial services entities of the group

(iv) Hence, the 39.93% (thirty nine point nine three percent) equity stake of the Amalgamating Company in the Amalgamated Company is held by the Amalgamating Company through the Transferor Company. As on date of the Board of the Transferor Company approving the Scheme, the Transferor Company has closed/ sold/ exited all other regulated financial services business.

(v) The Amalgamating Company and the Transferor Company have minimal operations and have no businesses or stake in any other financial services entities regulated by RBI or other financial sector regulators. Further pursuant to the letter dated July 20, 2021, RBI has clarified that after the expiry of lock-in period of 5 (five) years (ie after September 30, 2020), IDFC Limited, the Amalgamating Company can exit as the promoter of IDFC FIRST Bank Limited, the Amalgamated Company.

(vi) The 2013 Private Banking Licence Guidelines, and subsequent clarification by RBI, also permit the Amalgamating Company to exit or to cease to be a promoter after lock-in period of 5 (five) years, subject to RBI's regulatory and supervisory comfort and SEBI (as defined hereinafter) regulations.

(vii) In view of the above, this Scheme inter alia contemplates the (a) amalgamation of the Transferor Company with the Transferee Company. and (b) the subsequent amalgamation of the Amalgamating Company with the Amalgamated Company and issuance of New Amalgamated Company Shares to the shareholders of the Amalgamating Company, in the manner and subject to the terms and conditions set out in this Scheme, keeping the best interest of all the

stakeholders of the Transferor Company, the Amalgamating Company and the Amalgamated Company

(viii) The Amalgamation will result in the shareholders of the Amalgamating Company directly holding shares in the Amalgamated Company, which will lead to simplification of the shareholding structure.

6. In the second motion Petition filed by the Petitioner Companies, this Tribunal vide order dated 29.05.2024 directed the Petitioner Companies to issue notice to the Statutory / Regulatory Authorities to the authorities concerned as well as directed to issue paper publication.

7. In compliance with the said directions issued by this Tribunal, the Petitioner Companies have effected paper publications as directed by the Tribunal in "Business Line" (All India Edition) in English and "Makkal Kural" (Tamil Nadu Edition) and "Nava Bharat" (All India Hindi edition) in Hindi on 08.06.2024. Notices have been served to (i) Regional Director, Southern Region, Chennai on 12.06.2024, (ii) Registrar of Companies Chennai, on 12.06.2024 (iii) Competition Commission of India, on 11.06.2024 (iv) Reserve Bank of India, on 12.06.2024 (v) Official Liquidator, on 12.06.2024 (vi) Goods and Service Tax Department, Mumbai, on 10.06.2024 (vii) Securities Exchange Board of India, on 10.06.2024 (viii) Insurance Regulatory Development Authority, on 10.06.2024 (ix) Pension Fund Regulatory and

Development Authority, on 11.06.2024 (x) NSDL, on 10.06.2024 (xi) BSE, on 10.06.2024 (xii) NSE on 10.06.2024 (xiii) Deputy Commissioner, Income Tax Department, Chennai on 13.06.2024 and (xiv) Nodal Officer, Income Tax, Chennai on 13.06.2024 the proof of the same by way of affidavit of service have been enclosed with the separate typed set. Pursuant to the service of notice of the petitions the following statutory authorities have responded as under:

8. STATUTORY / REGULATORY AUTHORITIES

8.1. REGIONAL DIRECTOR

8.1.1. The Regional Director (RD), Southern Region to whom the notice was issued has filed its report dated 22.07.2024 before this Tribunal and stated as follows:

> *"3. It is further submitted that as per clause 5.11 of Part-I of the Scheme, the Appointed Date 1" means close of business hours on the day immediately preceding the Effective Date and as per clause 5.12 of Part-1 of the Scheme, the Appointed Date 2" means "opening of business hours on the Effective Date". In this regard, Roc, Chennai has reported that the company has clarified that the scheme may identify the appointed date based on the occurrence of a trigger event which is key to the proposed scheme and agreed upon by the parties to the scheme. This event would have to be indicated in the scheme itself upon occurrence of which the scheme would become effective. The company ensured that the scheme is in compliance with the MCA circular and Section 232(6) of the Companies Act, 2013. However, the company has to ensure to comply with the MCA circular No.9/2019 dated 21.8.2019 and Section 232(6) of the Companies Act 2013.*
>
> *17. It is submitted that Clause 13.1 of Part-III of the Scheme provides that upon the scheme becoming effective, the authorized share capital of*

the Transferor Company shall stand Transferred with the authorized share capital of Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its Authorized Share Capital, shall be deemed to have been so paid by the Transferee Company on combined Authorized share capital and accordingly, the Transferee Company, shall not be required to pay any fee/stamp duty for the combined Authorised Share Capital. It is prayed that the Hon'ble NCLT, Chennai may direct the Transferee Company/Amalgamating Company to pay excess payment if applicable, and also to file the amended MOA and AOA with ROC.

18. It is submitted that Clause 24 of Part-IV of the Scheme provides that upon the scheme becoming effective, the authorized share capital of the Amalgamating Company shall stand Transferred with the authorized share capital of Amalgamated Company. Filing fees and stamp duty, if any, paid by the Amalgamating Company on its Authorized Share Capital, shall be deemed to have been so paid by the Amalgamated Company on combined Authorized share capital and accordingly, the Amalgamated Company, shall not be required to pay any fee/stamp duty for the combined Authorised Share Capital It is prayed that the Hon'ble NCLT, Chennai may direct the Amalgamated Company to pay excess payment if applicable, and also to file the amended MOA and AOA with ROC."

Apart from the above the Regional Director decided not make any objection to the Scheme.

8.1.2. In response to the above objections the Petitioner Companies stated as under:

"The scheme may identify the appointed date based on the occurrence of a trigger event which is key to the proposed scheme and agreed upon by the parties to the scheme. This event is indicated in the scheme itself upon occurrence of which the scheme would become effective. The Petitioner Companies submit that the scheme is in compliance with the MCA circular No. 9 / 2019 and Section 232(6) of the Companies Act, 2013.

The Petitioner 2 shall be amalgamated with Petitioner No. 3 as per the terms of the Scheme. Hence the filing fees and differential stamp duty, if any shall be paid by Petitioner Company No. 3 after giving due credit in accordance with Section 232(3)(i) of the Companies Act, 2013. The Petitioner No. further undertakes to file the amended AoA and MoA.

Petitioner No. 3 undertakes to pay the deferential stamp duty, if any after giving due credit in accordance with Section 232(3)(i) of the Companies Act, 2013. The Petitioner No. 3 further undertakes to file the amended AoA and MoA"

All the matured IDFC bonds have been repaid and proof of such payments have been submitted to the RoC and the same has been acknowledged."

8.1.3. Since, Petitioner Companies have undertaken to pay the differential stamp duty and has explained its stand on fixing appointed date as per MCA circular No. 9 / 2019. We find that the objections raised by RD are satisfied.

8.2. OFFICIAL LIQUIDATOR:

8.2.1. The Official Liquidator, Chennai to whom the notice was issued in the first motion itself, has filed his Report dated 16.07.2024 before this Tribunal and has stated that they have appointed **M/s.N.R Krishnamoorthy & Co, Chartered Accountants** Firm from the panel list maintained by their office to verify into the affairs of the Petitioners Companies 1 & 2. In para 8 of the above said report the Official Liquidator has expressed his satisfaction as follows,

"…That in accordance to the basis of documents produced before the Official Liquidator and on the basis of the documents available in the MCA data base and also considering the facts mentioned by the Chartered Accountants in their report dated 03/07/2024, the Official Liquidator is of the view that the petition may be considered fairly as the affairs of the Transferor Company and Amalgamating company have not been conducted in a manner prejudicial to the interest of its creditors or public."

8.2.2. Further, the Official Liquidator sought to take the report of the Chartered Accountant on record and has also sought to fix the remuneration payable to the Auditor who has investigated into the affairs of the Petitioners Companies 1 & 2. In this regard, this Tribunal hereby directs the Petitioner Companies concerned to pay a sum of **Rs.1,00,000 /-** plus GST.

8.3. INCOME TAX DEPARTMENT:

The Income Tax of Department to whom the notice was issued has filed his Report dated 24.06.2024 before this Tribunal and has expressed their objections. In turn, the Petitioner Companies replied as under:

9.	Para 5, Page 5	The IT Dept conveys its no objection to the present Scheme subject to the condition that the scheme of arrangement is in compliance with the provisions of Income Tax Act, 1961 and Income Tax Rules, 1962 and if any part of the scheme is found to be repugnant to the above laws, the same will be treated as void ab initio. The Department also requests that the resultant company IDFC First Bank Limited shall discharge all its responsibilities and liabilities emanating in	The Petitioner Companies confirms that the Scheme is in compliance with the provisions of the Income Tax Act, 1961 and the Income Tax Rules, 1962. The Petitioner No.3 duly undertakes to discharge all the responsibilities and liabilities emanating or likely to arise in respect of the amalgamation of transferor companies subject to

		respect of the pending/completed/likely to arise in respect of amalgamating and transferor companies	all rights, benefits and privileges available under law. The Petitioner Companies state that the same has also been provided for specifically under Clauses 18 & 30- of the Scheme – dealing with 'Taxation Matters'.
10.	Para 6, Page 5	IT Dept states that there are certain outstanding demands due from the Petitioner Companies 2 & 3. Requires the outstanding demands to be discharged by the final amalgamated company M/s. IDFC FIRST Bank Limited as the resulting entity.	Petitioner No. 3 undertakes to duly discharge all the outstanding dues of Petitioner Nos. 1 & 2, in accordance with the terms of the Scheme as stated in Clause 18 & 30 of the Scheme, subject to all rights, remedies, defences, benefits and privileges available under law in this regard.
11.	Para 7, Page 5	States that the scheme does not mention specific appointed and effective dates. The same is dependent on the date of approval of the scheme by the Hon'ble National Company law Tribunal. The respective transferor/transferee/amalgamated companies will bring to the notice of the department as and when the scheme is approved by the Hon'ble Tribunal. The continuation of the proceedings of assessment or recovery or any other action will be subject to the provisions of the Income Tax Act and the assessee companies will not quote the approved scheme as a ground to oppose such continuation of proceedings. In the event of failure of the assesse to notify the department of the approval of the scheme, the same will	In terms of the Scheme, Effective Date means the last of the dates on which the authenticated copies or the certified copy of the order of NCLT sanctioning this Scheme is filed with the Registrar of Companies, Chennai by the Petitioner Companies, after the last of the approvals, permissions, resolutions, agreements, sanctions and orders necessary thereof or the events as specified in Clause 37 of the Scheme are satisfied or have occurred or obtained or the requirement of which has been waived in accordance with this

		preclude the assesse companies from raising any technical grounds on the validity of the proceedings.	Scheme. Appointed Date 1 means close of business hours on the day immediately preceding the Effective Date. Appointed Date 2 means opening of business hours on the Effective Date. The Petitioner Companies have duly taken note of the said observation and undertakes to comply with the same.
12.	Para 8, Page 2	States that subsequent to the scheme being effective, the proceedings in respect of transferor company M/s. IDFC Financial Holding Company Limited will have to be carried out in the hands of amalgamated company, M/s. IDFC FirstBank Limited only. However this Scheme does not contain any express provision in this regard.	The Petitioner Companies states that the Scheme does expressly cover this aspect, and the specific provision in respect of continuation of proceedings is contained in Clauses 18 & 30 of the Scheme – dealing with 'Taxation matters'.
13.	Para 9, Page 5	States that the refund of tax which has already been determined but not issued either to the transferor company/ amalgamating/ amalgamated company will be issued in the name of respective companies only, as per the extant technical limitations of the system. Further, also states that the amalgamated company shall ensure that no technical glitches arise due to any name mismatch by changing the name of the account or closure of the bank accounts and further states that the department is not liable to pay any interest due to the delay attributable to the assesse in informing such changes. The assesse will make all such claims in respect of grant of refund/interest on refund to the Income Tax Authorities only. The joint petitioners will not claim any right under	The Petitioner Companies have noted the same and confirm that they will ensure that no technical glitches arise due to any name mismatch by changing the name of the account or closure of the bank accounts.

		this scheme in respect of calculation of any period of delay attributable to the assessee while granting interest u/s 244A of the Act	
14.		States that any credit in respect of which tax at source was deducted/collected on inter-company transactions will be dealt with under the extant provisions of the Income Tax Act depending on the date of remittance of such TDS/TCS remitted into the government account. The Department opposes the claim of the petitioner companies that such TDS/TCS has to be treated as advance tax.	The Petitioner Companies have noted the observation and confirm to follow the extant provisions of the Income Tax Act.
15.		Seeks clarity on whether any amendment to the scheme will have retrospective benefit of such rectification and opposes that any amendment of the scheme will be prospective only and tax implications will be examined under the provisions of the Income Tax statute under the approved scheme before any such rectified scheme comes into effect.	The Petitioner Companies have noted the observation and confirm that amendment if any to the Scheme will be prospective in nature.

Going through the objections of the Income Tax Department and the replies filed by the Petitioner Companies we see that the Petitioner Companies undertook to comply with the legal compliances pointed out by the IT Department and had also explained the stand on the appointed and effective date as per the MCA circular.

8.4. COMPETITION COMMISSION OF INDIA:

Competition of India to whom the notices were served filed its reports dated, 17.10.2023 expressed its no objections as under:

Reference is invited to the notice (bearing Registration No. C-2023/10/1063) filed on 16th October, 2023 under sub-section (2) of Section 6 of the Competition Act, 2002 **(Act)** read with regulations 5 and 5A of the Competition Commission of India (Procedure in regard to the transactions of business relating to combinations) Regulations, 2011 **(Combination Regulations)**.

The combination, in respect of which notice has been filed, in terms of Regulation 5A of the Combination Regulations, shall be deemed to have been approved upon filing of the notice and acknowledgement thereof.

8.5. RESERVE BANK OF INDIA:

Reserve Bank of India to whom the notices were served filed its reports dated, 26.12.2023 for the Petitioner Companies 1 & 2 and 16.12.2023 for Petitioner Company 3 wherein it expresses its No objection to the proposed Scheme as follows:

2. We hereby convey our 'no-objection' to the composite scheme of amalgamation for the amalgamation of (i) IDFC Financial Holdings Company Ltd. (IDFC FHCL) into and with IDFC Ltd. (IDFCL); and (ii) IDFCL into and with IDFC FIRST Bank (IDFCB), subject to the following conditions:

a) The merged entity (IDFCB) shall ensure compliance with all applicable statutory and regulatory requirements unless specific exemptions are granted by relevant regulators/authorities.
b) IDFCB shall obtain approval of the National Company Law Tribunal (NCLT) for the composite scheme of amalgamation and forward a copy of the approval to the Reserve Bank.
c) The composite scheme of amalgamation should be approved by the requisite majority of shareholders and creditors of IDFCL and IDFCB after following due procedure.
d) The documents relating to shareholder meetings shall be forwarded to the Reserve Bank at the earliest in compliance with the schedule to Master Direction on Amalgamation of Private Sector Banks dated April 21, 2016.

e) The Reserve Bank shall be kept informed of the outcome of the applications made for other statutory approvals.

f) An audited balance sheet of IDFCB, as on the effective date of the scheme, shall be submitted to the Reserve Bank within two months from the effective date after ensuring compliance with the prescribed accounting policies and standards.

g) IDFC FHCL and IDFCL shall approach the Reserve Bank for cancellation of registration and surrender of the certificate of registration within fifteen days from the effective date of the scheme of amalgamation and other requirements, if any, in accordance with the regulations/guidelines issued in this regard.

h) Any pending causes of actions, suits/ appeals, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority or tribunal against IDFCL and/or IDFC FHCL, whether pending on the appointed date or which may be instituted any time in the future, shall not abate or be discontinued. But the proceedings can be initiated and continued, and any prosecution shall be enforced against IDFCB in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced against IDFCL and/or IDFC FHCL, as if this scheme had not been implemented.

i) RBI may impose additional conditions deemed appropriate in this regard.

In response to the above the Petitioners Companies, undertook to comply with the necessities pointed out in the above report of Reserve Bank of India and the same is reproduced below:

Clause a	The merged entity (IDFCB) shall ensure compliance with all applicable statutory and regulatory requirements unless specific exemptions are granted by relevant regulators/authorities.	The Petitioner No. 3 duly undertakes to comply with all applicable statutory and regulatory requirements subject to the benefits and privileges available under law.
Clause b	IDFCB shall obtain approval of the National Company Law Tribunal (NCLT) for the composite scheme of amalgamation and forward a copy of the approval to the Reserve Bank.	Petitioner No. 3 duly undertakes to comply with the same once the Scheme is approved by this Hon'ble Tribunal.
Clause c	The composite scheme of amalgamation should be approved by the requisite majority of shareholders and creditors of IDFCL and IDFCB after following due procedure.	It is submitted that the present Scheme has been approved by the requisite majority of shareholders of the Petitioner No. 2 & 3, as well by the requisite majority of the debenture holders of Petitioner No.3. It is further submitted that that the Petitioner No. 2 does not have any creditors and hence the requirement of holding their meeting to consider the Scheme was dispensed with by this Hon'ble Tribunal *vide* dated 22.03.2024. Further, the meeting of the unsecured creditors of the Petitioner No. 3 was dispensed with, by this Hon'ble Tribunal *vide* order dated 22.03.2024, since the Scheme does not propose any compromise and/or arrangement with the creditors of Petitioner No. 3 and since the rights and interest of the unsecured creditors of the Petitioner No.3 are not affected in any manner.

Clause d	The documents relating to shareholder meetings shall be forwarded to the Reserve Bank at the earliest in compliance with the schedule to Master Direction on Amalgamation of Private Sector Banks dated April 21, 2016.	Intimation was made to RBI on May 18, 2024 on the outcome of shareholders and debenture-holders meeting.
Clause e	The Reserve Bank shall be kept informed of the outcome of the applications made for other statutory approvals.	RBI has been udpated on the approvals received from other statutory approvals.
Clause f	An audited balance sheet of IDFCB, as on the effective date of the scheme, shall be submitted to the Reserve Bank within two months from the effective date after ensuring compliance with the prescribed accounting policies and standards.	The Petitioner No. 3 duly undertakes to comply with the same.
Clause g	IDFC FHCL and IDFCL shall approach the Reserve Bank for cancellation of registration and surrender of the certificate of registration within fifteen days from the effective date of the scheme of amalgamation and other requirements, if any, in accordance with the regulations/guidelines issued in this regard.	The Petitioner No. 1 & 2 duly undertake to comply with the same.
Clause h	Any pending causes of actions, suits/ appeals, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority or tribunal against IDFCL and/or IDFC FHCL, whether pending on the appointed date or which may be instituted any time in the future, shall not abate or be discontinued. But the proceedings can be initiated and continued, and any prosecution shall be enforced against IDFCB in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced against IDFCL and/or IDFC FHCL, as if this scheme had not been implemented.	Petitioner Companies have duly taken note of the same and Petitioner No. 3 gives an undertaking in this regard, subject to all rights, benefits and privileges available under law. The Petitioner Companies submit that such position is also clearly reflected in terms of Clauses 16 and 27 of the Scheme.
Clause i	RBI may impose additional conditions deemed appropriate in this regard	-

8.6. NATIONAL STOCK EXCHANGE (NSE):

National Stock Exchange to whom the notices were issued filed their report dated 13.11.2023 with observations expressed their 'No Objection' as follows:

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No objection" in terms of Regulation 37 and 59A of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

In response to the same the Petitioner Companies submitted that they have fulfilled the regulatory mandates and they undertook to meet with the necessary compliances observed by NSE and the same is extracted hereunder:

Sr. No.	Para references	Observations in letters dated 13.11.2023	Response to the observations
1.	Para 1(a), Pg. 1	The Company shall ensure that the proposed composite scheme of Amalgamation and Arrangement shall be in compliance with the provisions of Regulation 11 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The Petitioner No. 2 & 3 state that the terms of the Scheme have been drawn up in compliance with the provisions of the SEBI Regulations.
2.	Para 1(b), Pg. 1	Company shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters, and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.	The Petitioner No. 2 & 3 state that due disclosure regarding the details of all the proceedings as stipulated in Para 1(b) have been made before this Hon'ble Tribunal as well as in the notice of meeting issued to the shareholders of Petitioner No. 2 & 3.
3.	Para 1(c), Pg. 2	Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchanges, from the date of receipt of this letter, is displayed on the websites of the listed Companies and the Stock Exchanges.	Petitioner No. 2 & 3 state that all the additional information have been displayed on the website of the companies and this position has also been communicated to the stock exchanges.
4.	Para 1(d), Pg. 2	Company shall ensure that no changes to the draft scheme subsequent to filing the draft scheme with SEBI by the Stock Exchanges, except those mandated by the regulators/authorities/ tribunals.	The Petitioner Companies submit that changes made to clauses 5.20, Page No 8 (Definition of Effective Date), clause 8, Page No. 19(Share Capital of the Companies) and clause 2.1(ii), Page No. 4 of the Scheme have been duly intimated to the stock exchanges *vide* letter dated January 01, 2024. The Petitioner Companies undertake to ensure that no further changes shall be made to the Scheme and further changes made (if any) will be duly intimated to the stock exchanges.

5.	Para 1(e), Pg. 2	The entities involved in the scheme shall ensure compliance with various provision of SEBI master circular dated November 23, 2021.	The Petitioner Companies duly undertake to comply with the SEBI Master Circular dated 20.06.2023, issued in supersession of the Master Circular dated 23.11.2021.
6.	Para 1(f), Pg. 2	Company shall ensure that information pertaining to all the unlisted Companies involved, if any, in the scheme, shall be included in the format specified for abridged prospectus as provided in Part E	The Petitioners No. 2 & 3 have duly included the information pertaining to the unlisted company i.e. Petitioner No.1 in the format of the abridged prospectus as provided in Part E of

8.7. BOMBAY STOCK EXCHANGE:

Bombay Stock Exchange to whom the notices were issued filed their report dated 13.11.2023 with observations expressed that they have 'No adverse Objections' regarding the proposed Scheme as follows:

> 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.

In response to the observation of the BSE, the Petitioner Companies submitted that they have fulfilled the regulatory mandates and they undertook to meet with the necessary compliances observed by BSE and the same is reproduced under:

8.8. BSE & NSE STOCK BROKERS:

It is stated that the Petitioner Company 3 issued notices to the NSE and BSE stock brokers regarding approval of the proposed Scheme. In turn, BSE vide letter dated 17.11.2023 gave its prior approval with certain

conditions. The Petitioner responded to those conditions as follows:

Sr. No.	Para references	Observations in letters dated 17.11.2023	Response to the observations
1.	Para 1	The broker shall continue to be liable for all liabilities/obligations (including monetary penalties if any) for violations, if any of the provisions of the SEBI Act, 1992 and the SEBI (Stock-Brokers) Regulations, 2018	The Petitioner Companies duly take note of the same
2.	Para 2	The actions if any pending against the transferor entities shall continue against both transferor and transferee entities. The transferor and the transferee entities shall be liable for outcome of all pending actions against the transferor entity and an undertaking to that effect shall be submitted by the transferee entity to SEBI and Exchange	The Petitioner Companies duly take note of the same
3.	Unnumbered para 3	IDFC First Bank limited will continue to be the member of the Exchange subsequent to the scheme taking effective	The Petitioner Companies confirm that the Petitioner No. 3, the Amalgamated Company IDFC First Bank will continue to be a member of the Exchange
4.	Unnumbered para 4	IDFC First Bank limited will comply with all requirements of the Exchange as applicable during the process of scheme of arrangement	The Petitioner No. 3 duly undertakes to comply with the same
5.	Unnumbered para 5	Further, the Petitioner Companies upon receipt of NCLT order and ROC approvals, are required to implement the approved changes and submit the following documents: a. C.A Certified Post-Amalgamation Capital Structure & Shareholding Pattern of Transferee Company b. PAN & Address of Promoter Shareholders c. CA Certified Post-Amalgamation Net-worth of the transferee company d. List of Directors Post Amalgamation e. List of Designated Directors (post-amalgamation) f. Scheme of Merger/amalgamation g. Certified True Copy of Order of NCLT sanctioning the scheme of amalgamation h. SEBI Undertaking	The Petitioner Companies duly undertake to comply with the observations contained and as directed by the Hon'ble Tribunal in this regard.

Similarly, to the observations of the NSE in their letter dated 10.11.2023 the Petitioner Company responded as under:

S.No.	Para references	Observations in letters dated 10.11.2023	Response to the observations
6.	Para 1	The broker shall continue to be liable for all liabilities/obligations (including monetary penalties if any) for violations	The Petitioner Companies duly take note of the same
		if any of the provisions of the SEBI Act, 1992 and the SEBI (Stock-Brokers) Regulations, 2018	
7.	Para 2	The actions if any pending against the transferor entities shall continue against both transferor and transferee entities. The transferor and the transferee entities shall be liable for outcome of all pending actions against the transferor entity and an undertaking to that effect shall be submitted by the transferee entity to SEBI and Exchange	The Petitioner Companies duly take note of the same
8.	Unnumbered para 3	IDFC First Bank limited will continue to be the member of the Exchange subsequent to the scheme taking effective	The Petitioner Companies confirm that IDFC First Bank will continue to be a member of the Exchange
9.	Unnumbered para 4	IDFC First Bank limited will comply with all requirements of the Exchange as applicable during the process of scheme of arrangement	The Petitioner Companies duly undertake to comply with the same
10.	Unnumbered para 5	Further, the prior approval granted shall be valid for 180 days from the date of this letter within which the Petitioner Company No.3 should submit the following document on receipt of NCLT order and ROC Approvals: a. Latest details of shareholding pattern and directors duly certified after effecting changes b. Latest details of promoter shareholding duly certified after effecting changes c. Details of order of NCLT and special resolution filed in Form MGT – 14 with ROC d. Certified true copy of pan card and memorandum and articles of association of IDFC Firstbank Limited	The Petitioner Companies duly undertake to comply with the observations contained and as directed by the Hon'ble Tribunal in this regard.

8.9. PENSION REGULATORY AND DEVELOPMENT AUTHORITY:

Pension Regulatory and Development Authority to whom the notices were served by the Petitioner Companies filed their report dated 10.11.2023and accorded their principal approval subject to the following conditions:

i. The POP shall continue to be liable for all liabilities / obligations for violations, if any, of the provisions of Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) and Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;

ii. POP shall comply with all the guidelines/directions/circulars issued by the PFRDA from time to time;

iii. POP shall forthwith inform the PFRDA of any material change in the information or particulars previously furnished, including its continued fulfilment of the eligibility conditions, having a bearing on registration as a POP;

iv. The approval is subject to getting the prior approval from other concerned financial sector regulators. The approval or any other significant information received from other regulators will be informed to PFRDA within 15 days of receiving such information;

v. The said approval is based on the information available with the PFRDA at this point of time and may be withdrawn if anything adverse is found in the matter at later stage.

In turn, the Petitioner Companies filed their responses and undertook to comply with the observations made in the above report and the same is extracted under:

Sr. No.	Para references	Observations in letters dated 10.11.2023	Response to the observations
1.	Para (i)	The POP shall continue to be liable for all liabilities / obligations for violations, if any, of the provisions of Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) and Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;	The Petitioner No. 3 has duly taken note of the same.
2.	Para (ii)	POP shall comply with all the guidelines/directions/circulars issued by the PFRDA from time to time;	The Petitioner No. 3 duly undertakes to comply with the same subject to all its right, benefits and privileges as available under law.
3.	Para (iii)	POP shall forthwith inform the PFRDA of any material change in the information or particulars previously furnished,	The Petitioner No. 3 duly undertakes to comply with the same.

		including its continued fulfilment of the eligibility conditions, having a bearing on registration as a POP;	
4.	Para (iv)	The approval is subject to getting the prior approval from other concerned financial sector regulators. The approval or any other significant information received from other regulators will be informed to PFRDA within 15 days of receiving such information;	The Petitioner No. 3 has duly taken note of the same
5.	Para (v)	The said approval is based on the information available with the PFRDA at this point of time and may be withdrawn if anything adverse is found in the matter at later stage.	The Petitioner No. 3 has duly taken note of the same.

8.10. GST DEPARTMENT, MUMBAI AND INCOME TAX NODAL OFFICER CHENNAI:

GST Department, Mumbai and Income Tax Nodal Officer Chennai, to whom the notices were served, neither they have filed any reply nor raised any objections to the Scheme and in the circumstances, this Tribunal presumes that the aforesaid departments do not have any objection to the sanction of the Scheme.

9. ACCOUNTING TREATMENT

The Certificates issued by the Statutory Auditors certifying the Accounting Treatment of the all petitioners companies are in compliance with Section 133 of the Companies Act, 2013 are placed on record.

10. VALUATION

The joint valuation report dated 03.07.2023 of registered valuers Harsh Chandrakant Ruparelia and SSPA & Co Chartered Accountants is placed

on record wherein the wherein the fair equity share exchange ratio is arrived as follows,

155 (One Hundred Fifty-Five) equity shares of IDFC FIRST Bank of INR 10/- each, fully paid-up for every 100 (One Hundred) equity shares of IDFC of INR 10/- each, fully paid-up.

11. OBSERVATIONS OF THIS TRIBUNAL

11.1. This Tribunal is of the view that the scheme as contemplated amongst the petitioner companies seems to be *prima facie* not, in any way detrimental to the interest of the members of the Company. In view of the absence of any material objections from any statutory authorities and since all the requisite statutory compliances have been fulfilled, **this Tribunal sanctions the Composite Scheme of Amalgamation as well as the prayer made therein.**

11.2. Notwithstanding the above, if there is any deficiency found or, the violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with the law, against the concerned persons, directors and officials of the petitioners.

11.3. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way granting

exemption from payment of stamp duty, taxes or any other charges, if any, payment is due or required in accordance with law or in respect to any permission/ compliance with any other requirement which may be specifically required under any law.

12. THIS TRIBUNAL DO FURTHER ORDER:

(i) With effect from Appointed Date-1 that all properties, rights and interests of the Transferor Company shall, pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company in terms of the Scheme.

(ii) With effect from Appointed Date-1 that all the liabilities, powers, engagements, obligations and duties of the Transferor Company shall pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company in terms of the Scheme.

(iii) That the Appointed-1 date for the Scheme shall be ***"close of business hours on the day immediately preceding the Effective date"*** as mentioned in clause 5.11 of the Scheme.

(iv) That the Appointed-2 date for the Scheme shall be ***"opening of business hours on the Effective date"*** as mentioned in clause 5.12 of the Scheme.

(v) The 'Effective Date' shall be "***the last of the dates on which the authenticated copies or the certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Chennai, Tamil Nadu by the Transferor Company, the Amalgamating Company or the Amalgamated Company, after the last of the approvals, permissions, resolutions, agreements, sanctions and orders necessary thereof or the events specified in Clause 37 of this Scheme are satisfied or have occurred or obtained or the requirement of which have been waived (in writing) in accordance with this Scheme.***"

(vi) With effect from Appointed Date-1 that all proceedings now pending by or against the Transferor Companies be continued by the Transferee Company in terms of the Scheme.

(vii) That all the employees/workmen of the Transferor Company in service on the date immediately preceding the date on which the Scheme finally takes effect shall become the employees of the Transferee Company without any break or interruption in their service with all the benefits in terms of the Scheme.

(viii) As per clause 11 of the Scheme, that the Transferee Company shall "upon the coming into effect of this Scheme and with effect from the Appointed Date-1, and in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company, in terms of the Scheme, all the equity shares issued by the Transferor Company and held by the Transferee Company and its nominees shall stand cancelled and extinguished and in lieu thereof, there shall be no allotment of equity shares in the Transferee Company or payment of any consideration."

(ix) With effect from Appointed Date-2, that all properties, rights and interests of the Amalgamating Company shall, pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Amalgamated Company in terms of the Scheme.

(x) With effect from Appointed Date-2, that all the liabilities, powers, engagements, obligations and duties of the Amalgamating Company shall pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Amalgamated Company in terms of the Scheme.

(xi) With effect from Appointed Date-2, that all proceedings now pending by or against the Transferor Companies be continued by the Transferee Company in terms of the Scheme.

(xii) With effect from Effective Date, that all the employees/workmen of the Transferor Company in service on the date immediately preceding the date on which the Scheme finally takes effect shall become the employees of the Transferee Company without any break or interruption in their service with all the benefits in terms of the Scheme.

(xiii) The Amalgamated Company shall, without any further application or deed, allot to the Record Date Shareholders ***155 (one hundred fifty five) New Amalgamated Company Shares in respect of every 100 (one hundred) equity shares of INR 10 (Indian Rupees ten) each fully paid up held by them in the Amalgamating Company***"

(xiv) That the Amalgamated Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies, concerned and further make the requisite payments of the differential fee (if any) for the consolidation of authorized capital of the Amalgamated Company.

(xv) That the Petitioner Companies, shall within thirty days of the date of receipt of this order cause a certified copy

of this order to be delivered to the Registrar of Companies concerned for registration and on such certified copy being so delivered, on such certified copy being so delivered, the Transferor Company and the Amalgamating Company shall be dissolved without winding up and the Registrar of Companies shall place all documents relating to the Transferor Company and the Amalgamating Company registered with it on the file kept by it in relation to all the Amalgamated Company and the files relating to all the said companies shall be consolidated accordingly.

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

13. Accordingly, the Company Petition stands **Allowed** on the aforementioned terms and is disposed of.

-Sd/-	**-Sd/-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)

Gopishankar D