

1CP(CAA)/03(KOB)/2021 in CA (CAA) 18/ KOB/ 2019 &
CP(CAA)/04(KOB)/2021 in CA (CAA) 17/KOB/ 2019

CORRECTED ORDER

IN THE NATIONAL COMPANY LAW TRIBUNAL

KOCHI BENCH, KERALA

CP(CAA)/03(KOB)/2021

IN

CA(CAA)/18/KOB/2019

WITH

CP(CAA)/04(KOB)/2021

IN

CA(CAA)/17/KOB/2019

(Under Sections 230-232 of the Companies Act, 2013)

Order delivered on 16-03-2022

Coram:

Hon'ble Mr. Ashok Kumar Borah, Member (Judicial)

Hon'ble Mr. Anil Kumar. B, Member (Technical)

CP(CAA)/03(KOB)/2021 in CA (CAA)/18/KOB/2019

Geojit Financial Services Limited

Represented by its Company Secretary-Mr. Liju K Johnson

Registered Office at 11th Floor,

34/659-P Civil Line Road,

Padivattom,

Kochi, Kerala – 682 024.

... Petitioner/Transferee Company

CP(CAA)/04(KOB)/2021 in CA (CAA)/17/KOB/2019

Geojit Investment Services Limited

Represented by its Company Secretary-Mr. Liju K Johnson

Registered Office at 11th Floor,

34/659-P Civil Line Road,

Padivattom,

Kochi, Kerala – 682 024.

...Petitioner/Transferor Company

Parties/Counsel Present (through video conference)

For Petitioner ... Shri. Paulose C Abraham, of M/s Menon &Pai



ORDER

Per: Anil Kumar B, Member (T)

This is a joint petition filed under Sections 230-232 of the Companies Act, 2013 by Geojith Investment Service Limited (hereinafter referred to as the 'Transferor Company') and Geojith Financial Services Limited (hereinafter referred to as the 'Transferee Company'). The Transferor Company and the Transferee Company (collectively referred to as the Petitioner Companies) have sought relief to sanction the Scheme of Amalgamation between them.

2. The brief facts are as follows:- The Transferor Company was incorporated on 25.01.1995 and is engaged to in the business of all types of Commodities trading as members or brokers of various exchange for clients. They also carry out the business of insurance agents, brokers, third-party administrators, surveyors, consultants, or otherwise deal in all incidental and allied activities relating to life and non-life insurance business. The Transferee Company was incorporated on 24.11.1994 and is engaged to become a member of the stock exchange(s) and to carry on the business of stock and share brokers and its allied matters such as acting as a broker, sub-broker, underwriter, sub-writer, brokers to issue of securities, commission agent, dealers to buy, sell and to carry out all functions and responsibilities and such other activities which are incidental or ancillary lo carry out the aforesaid business. The Company also focuses to carry on the business of commodities and commodity derivatives brokerage as brokers, sub-brokers, dealers, and



agents for clients as member of various commodities and commodity derivatives exchanges and to provide various other services relating to commodities market.

3. The Board of Directors of the Transferor Company and the Transferee Company at their respective meetings held on 23.10.2018 and 24.10.2018, respectively have considered and approved the proposed Scheme of Merger by Absorption of the Transferor Company with the Transferee Company subject to necessary statutory regulatory approvals. The Merger of the Transferor Company with the Transferee Company would inter-alia have the following benefits:

- a. The Merger will lead to greater efficiency in the overall combined business including economies of scale, the efficiency of operations, cash flow management, and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently for the purpose of development of businesses of the combined entity and their growth opportunities, eliminate inter-corporate dependencies, minimize the administrative compliances and to maximize shareholders value.
- b. The Merger will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company, which will fuel the growth of the business and help effectively address the ever growing competition.



- c. The Merger will result in a reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company.
 - d. The Merger would motivate employees of the Transferor Company by providing better opportunities to scale up their performance with a larger corporate entity having a larger revenue base, resources, asset base etc. which will boost employees, morale and provide impetus to better corporate performance ultimately enhancing overall shareholder value.
 - e. The Transferor Company and Transferee Company intend to/can achieve a larger product portfolio, economies of scale, efficiency, optimization of logistics and other related economies by consolidating the business operations.
 - f. Synergies in operation arising from the consolidation of various projects leading to efficient utilization of resources.
 - g. Integration of business operations and achieving a simplified corporate structure.
 - h. Benefit of operational synergies to the combined entity and greater leverage in operations, planning and process optimization.
4. The learned counsel appearing for the Transferor and Transferee Companies submitted that upon the scheme coming into effect, the Equity Shares of the Transferor Company, wholly-owned by the Transferee Company, shall stand cancelled, without any further act or deed. The proposed Scheme of Amalgamation will be beneficial to the Transferor



Company and the Transferee Company and will result in the better and more efficient operation of the companies.

5. It is further stated that under the proposed Scheme of Amalgamation, the entire assets and liabilities of the Transferor Company will be taken over by the Transferee Company from the Appointed Date as a going concern. The Transferor Company has no investigation proceedings initiated or pending against it under the provisions of the Companies Act, 1956 or the Companies Act, 2013.

6. The Petitioner Companies stated that vide order dated 03.11.2020 in CA(CAA) 17/ KOB/2019, this Tribunal allowed the Application seeking dispensation of meetings of the members/shareholders, secured and unsecured creditors of the transferor and transferee companies, for consideration and approval of the scheme for amalgamation. While allowing the application for dispensation of meetings, this Tribunal had directed the companies to comply with a set of directions and to submit compliance reports of the same. In compliance with the directions issued by this Tribunal, the petitioners have:

- a. Filed its list of creditors as of 03.11.2020 vide Compliance Affidavit dated 12.11.2020.
- b. Produced the consent affidavits signed by its equity shareholders as on 03.11.2020 vide Compliance Affidavit dated 19.11.2020.
- c. Served Notices [containing all the disclosures prescribed under Rule 6(3) of the Companies (Compromises & Amalgarnations) Rules,



20161 on 22.01.2021, upon its current creditors (i.e. creditors as on 03.11.2020) having outstanding debt amounting to not less than five percent of the total outstanding debt.

- d. Published the advertisement of the dispatch of Notices to the creditors, in accordance with Rule 7 of the Companies (Compromises & Amalgamations) Rules, 2016, in Hindu Business Line and Mangalam Daily newspapers.
- e. Hosted the Notices along with the Scheme of Amalgamation on its website <https://www.geojith.com/investor-relations>.
- f. Served Notices upon the Regional Director, Ministry of Corporate Affairs, Registrar of Companies, Income Tax Department and the Official Liquidator on 18.02.2021, pursuant to Section 230 (5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises & Amalgamations) Rules, 2016.

7. During the hearing on 09.02.2022, this Tribunal directed the counsel for the petitioners to submit a memo in clarification with regard to the 'appointed date' as it is ante-dated beyond a year from the date of filing of the application. The learned counsel for the petitioner filed a memo on 16.02.2022 stating that the present Scheme of Amalgamation is envisaged as the 'Second Merger' in a series of mergers. Pursuant to CP No. 12 of 2016 filed by the Transferor Company before the Hon'ble High Court of Kerala which was subsequently transferred to the Hon'ble National Company Law Tribunal, Chennai



Bench, and renumbered as TP(HC) No. 94,195, 96/CAA/2017, the 'First Merger' i.e. the Scheme of Amalgamation of Geojit Financial Management Service Private Limited and Geojit Financial Distribution Private Limited with GISL/Transferor Company was sanctioned by the National Company Law Tribunal, Chennai Bench vide Order dated 31.07.2018 with the 'Appointed Date' as 01.04.2015. Pursuant to the sanctioning of the 'First Merger' on 31. 07.2018, CA (CAA) 17 & 18/KOB/2019 dated 15.10.2019 and 12.12.2019, respectively, were filed by the Petitioner Companies before this Tribunal. The present merger is, therefore, being pursued as the 'Second Merger' in the series of mergers and it is for this reason that the Appointed Date for the same is fixed as 01.04.2016, and that, the present merger is consequential to the sanctioning of the 'First Merger' on 31.07.2018.

8. It is also stated that the Petitioner Companies have served notices to the Regional Director, Ministry of Corporate Affairs, Income Tax Office, Registrar of Companies, BSE, NSE, SEBI, and Official Liquidator on 12.03.2021 as per Section 230 (5) of the Companies Act, 2013. However, neither the Official Liquidator nor the Income Tax authorities or any other stating authorities have filed any representation or objections before this Tribunal till the date of filing this petition. Therefore, it is to be presumed that they do not have any objection with regard to the Amalgamation of the Petitioner Companies.



9. The Registry of this Tribunal on verification of the records informed that none has raised any objection against the Amalgamation between the Transferor Company and Transferee Company even after the newspaper publication affected on 20.08.2021.

10. From a perusal of the materials placed on record, it appears that the Scheme of Amalgamation annexed to this petition is a fair and reasonable one and does not violate any provisions of law and is not contrary to public policy. The Scheme envisages the entire undertaking, assets, business, liabilities of the Transferor Company proposed to be amalgamated and stand vested with the Transferee Company as a going concern.

11. Since all the requisite statutory compliances have been made under Sections 230 and 232 of the Companies Act, 2013, this Tribunal finds that the Scheme of Amalgamation annexed to this petition can be sanctioned and made absolute in terms of the prayers (1) in the said Company Petition.

12. For the aforesaid reasons, the Scheme is sanctioned, which shall be binding on the Shareholders, Creditors, and employees of the Petitioner Companies. The appointed date of the Scheme is fixed as opening hours of **1st April, 2015 (**)** for Geojith Financial Services Limited (Transferee Company) and Geojith Investment Services Limited (Transferor Company).

(**) The appointed date **1st April, 2015** appearing paragraph 12 of common order dated 16.3.2022 in CP/CAA/03/KOB/2021 and CP/CAA/04/KOB/2021 is corrected as "**1st April, 2016** vide order dated 5.4.2022 in the office note.



13. The Petitioner Companies are directed to file a copy of this order along with a copy of the Scheme with the Registrar of Companies, Kerala, electronically in E-Form INC-28, in addition to producing a physical copy within 30 (thirty) days from the date of issue of the order by the Registry.

14. The Petitioner Companies have to lodge copy of this order duly certified by the Deputy/Assistant Registrar of this Tribunal with the concerned Superintendent of Stamps, along with a copy of the Scheme for adjudication of stamp duty payable, if any on the same within 60 (sixty) days from the date of receipt of the certified copy of the Order.

15. All concerned regulatory authorities shall act on receipt of copy of this order along with the Scheme duly certified by the Deputy/Assistant Registrar of this Tribunal.

16. The Transferor Company shall be dissolved without being wound up from the date of the filing of the certified copy of this Order with the concerned Registrar of Companies concerned.

17. Upon receiving the certified copy of this Order, the Registrar of Companies, Kerala, is directed to place all documents relating to the Transferor Company with that of the Transferee Company and the files relating to the Transferor Company shall be consolidated with the files and records of the Transferee Company.

18. The Transferee Company is directed to file the amended Memorandum of Association (MoA) and Articles of Association (AoA) with the Registrar of Companies, Kerala, and also to strictly comply with the provisions of Section 232(3)(i) of the Companies Act, 2013.

19. Let the Deputy Registrar/ Assistant Registrar of this Tribunal draw up the necessary Order in Form No.CAA 7 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, with such necessary variations. The schedule of properties shall be furnished by the Transferor Company to the Deputy Registrar of the Tribunal in accordance with Form CAA 7 of Companies (Compromises,



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Arrangements and Amalgamation) Rules, 2016, within 4 weeks of receipt of this Order.

20. The Petitioner Companies or other persons interested shall be at liberty to apply to this Tribunal in the above matters for any directions that may be necessary with regard to the working of the Scheme.

21. Any concerned authorities shall also be at liberty to approach this Tribunal for any further clarification after Sanction of the Scheme.

22. With the aforesaid Sanction, the CP(CAA)/03/KOB/2021 and CP(CAA)/04/KOB/2021 stands disposed of.

Dated this the 16th March, 2022

Sd/-

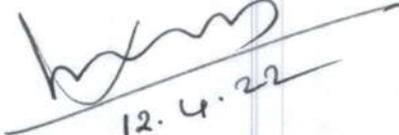
(Anil Kumar. B)
Member (Technical)

cv

Sd/

(Ashok Kumar Borah)
Member (Judicial)

Certified to be True Copy


12.4.22

Assistant Registrar
National Company Law Tribunal
KOCHI BENCH
Kochi - 682 021

