



Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
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Date: November 27, 2019

To, BSE Limited Phiroze Jeejeebhoi Tower, Dalal Street, Mumbai-400001 SCRIPT CODE: 531179	To, National Stock Exchange of India Limited "Exchange Plaza" C-1, Block G, Bandra Kurla Complax, Bandra, Mumbai- 400051 SYMBOL: ARMANFIN
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Dear Sir,

Sub: Approval of the Hon'ble National Company Law Tribunal ('NCLT') Ahmedabad Bench to the Scheme of Arrangement between Company and it's shareholders for reorganization of share capital by way of consolidation of different classes of equity shares under Section 230 of the Companies Act, 2013

Pursuant to Regulation 30 of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that Hon'ble National Company Law Tribunal, Ahmedabad Bench ('NCLT') has sanctioned the Scheme of Arrangement between Arman Financial Services Limited and it's shareholders for reorganization of share capital of the Company by way of consolidation of different classes of equity shares pursuant to the provisions of Section 230 read with Section 66 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

A copy of the order of NCLT sanctioning the Scheme ('Order'), as uploaded on the website of NCLT, is enclosed herewith for your records.

In accordance with Clause 7.1 of the Scheme, 12,04,474 Class 'A' ordinary equity shares ('DVRs') held by specified shareholder shall be extinguished and shareholder of DVRs shall be allotted 7,82,908 ordinary equity shares of against 12,04,474 DVRs held by him.

In accordance with Clause 14 of the Scheme, the Scheme has become effective from the date of approval by the NCLT.

Thanking you,
Yours faithfully,

For Arman Financial Services Limited



Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

**NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD**

**C.P.(CAA) No. 90 of 2019
in
C.A.(CAA) No. 60 of 2019**

In the matter of:

Arman Financial Services Limited.,
A Company registered under
the Companies Act, 1956
having its registered office at
502-503, Sakar III,
Opp. Old High Court,
Off. Ashram Road,
Ahmedabad 380 014
Gujarat

: Petitioner Company

Order delivered on 18th November, 2019

**Coram: Hon'ble Ms. Manorama Kumari, Member (J)
Hon'ble Mr. Chockalingam Thirunavukkarasu, Member (T)**

Appearance: Mr. Pavan S. Godiawala and Mr. Ishan Shah, Advocates for
the Petitioner Company

ORDER

[Per se: Ms. Manorama Kumari, Member (J)]

1. The instant petition under section 230 read with section 66 of the Companies Act, 2013, is filed by the Petitioner Company seeking sanction of Scheme of Arrangement in the nature of reorganization of the Petitioner Company's Equity Share Capital by consolidation of equity shares of different classes.
2. The Petitioner Company M/s Arman Financial Services Limited earlier had filed an Application being CA(CAA) No. 60 of 2019 before

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this Tribunal for directions for convening and holding meeting of Ordinary Equity Shareholders of the Petitioner Company.

3. It is stated that Petitioner Company filed the aforesaid Petition after receipt of "No adverse observation" on draft Scheme by SEBI/BSE Limited & National Stock Exchange of India Limited vide BSE Letter No. DCS/AMAL/SD/R37/1423/2018-19 dated March 12, 2019 and NSE Letter No. NSE/LIST/19129 dated March 12, 2019 waiving their right to receive notice for representation as mandated under section 230(5) of Companies Act, 2013 again, for their comments/observations/ representations.
4. It is further stated that this Tribunal by an order dated 12th June, 2019 directed the Petitioner Company to convene and hold the meeting of the Ordinary Equity Shareholders of the Petitioner Company on Monday, the 22nd Day of July, 2019 and dispensed with the meetings of the Secured Creditors, Unsecured Creditor, Non-Convertible Debenture holders, the Compulsory Convertible Debenture holders, and Class 'A' Ordinary Equity Shareholders based on their consent affidavits.
5. It is further stated that Petitioner Company, as directed by this Tribunal vide its order dated 12th June, 2019, sent notice of the meeting in Form No. CAA 3 individually to all the Ordinary Equity Shareholders and the Central Government through the Regional Director, North Western Region, Registrar of Companies, Ahmedabad, Concerned Income Tax Authority, BSE Limited, National Stock Exchange of India Limited (NSE), Security and

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Exchange Board of India (SEBI) and the Reserve Bank of India (RBI), together with a copy of the Scheme, Explanatory Statement required under section 230 read with section 102 of the Companies Act, 2013 and published notice of the meeting of Ordinary Equity Shareholders of the Petitioner Company in English daily "Business Standard" Ahmedabad edition and Gujarati Translation thereof in "Jai hind" Ahmedabad edition of 21st June, 2019.

6. Mr. Pinakin Shah, the Chairperson of the meeting, filed the affidavit with this Tribunal on 15/07/2019 confirming compliances of the directions contained in the order dated 12th June, 2019 of this Tribunal regarding publication and issuance of notice of meeting upon the Ordinary Equity Shareholders of the Petitioner Company and upon the aforesaid statutory authorities in due compliance of Rule 12 of Companies (CAA) Rules, 2016. The Chairperson also filed his Report regarding convening and holding of the meeting of Ordinary Equity Shareholders of the Petitioner Company with this Tribunal on 24/07/2019 confirming that arrangement embodied in the Scheme was approved unanimously by the Ordinary Equity Shareholders at their meeting held on 22/07/2019 with special resolution and with requisite majority.
7. The Petitioner Company thereafter filed the present Petition being CP(CAA) No. 90 of 2019 seeking sanction of the Scheme of Arrangement in the nature of reorganization of the Petitioner Company's Equity Share Capital by consolidation of Equity Shares of different classes. This Tribunal by its order dated 02/08/2019, admitted the aforesaid Company Petition and directed the Petitioner

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Company to issue Notice of hearing of the Petition to the Regional Director, North Western Region, Registrar of Companies, Ahmedabad, Income Tax Authorities and the Official Liquidator and publish Notice of hearing of the Petition in English daily "Business Standard", Ahmedabad edition and Gujarati Translation thereof in "Jai Hind", Ahmedabad edition.

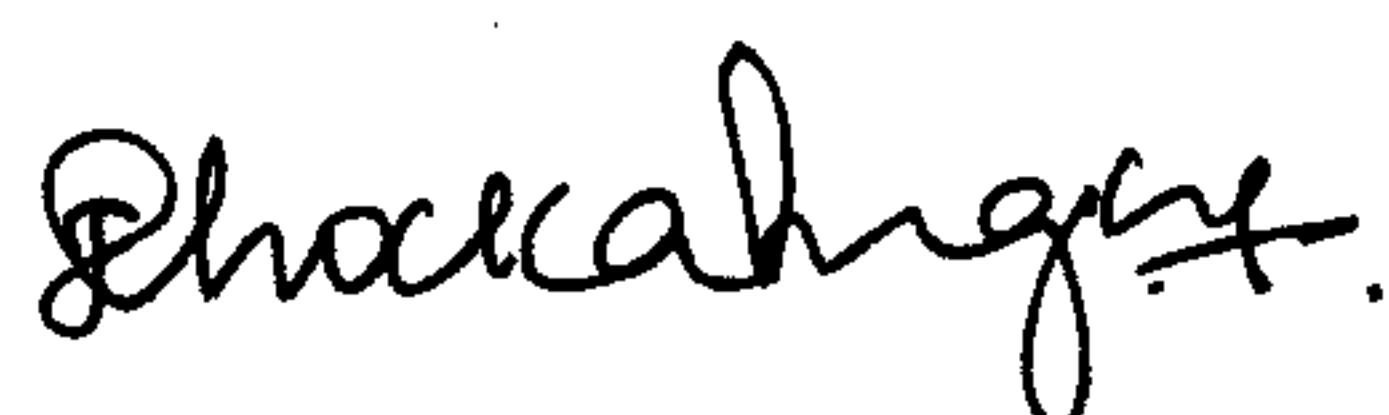
8. The Petitioner Company, in compliance of the order dated 02.08.2019 of this Tribunal, served notice upon the statutory authorities viz. Regional Director, North Western Region, Registrar of Companies, Income Tax Authorities and the Official Liquidator between 09.08.2019 to 16.08.2019 and published the Notice of the hearing of the Petition in English daily "Business Standard", Ahmedabad edition and Gujarati Translation thereof in "Jai Hind", Ahmedabad edition on 09.08.2019 and filed proof of the aforesaid compliances with this Tribunal on 04.10.2019.
9. It is stated by the Petitioner Company that in response to such individual notices and the publication made in the newspapers, no objection is received either from any Ordinary Equity Shareholder or any Creditor. No representation is received from any of the statutory authorities except the Regional Director, North Western Region, Ahmedabad.
10. It is stated that Class 'A' Equity is unlisted and is therefore not liquid. Due to this non-liquidity of Class 'A' Equity, the market capitalization of the Petitioner Company is being calculated without taking into consideration, a substantial portion of the Equity Share Capital,





which is blocked in the form of Class 'A' Equity. Since the Class 'A' Equity is not listed, its value is overlooked by the stock exchanges while calculating the market value of the Petitioner Company, thereby reducing the Company's market capitalization value. Therefore, the Petitioner Company has not been able to scale its business and unleash its full potential for growth and profitability.

11. It is also stated that upon implementation of the Scheme of Arrangement in the nature of reorganization of the Petitioner Company's Equity Share Capital by consolidation of equity shares of different classes, the holder of Class 'A' Ordinary Equity Shares will get 65 Ordinary Equity Shares in exchange of every 100 Class 'A' Ordinary Equity Shares held and thereby Class 'A' Ordinary Equity Shareholders will get fresh allotment of 7,82,908 Ordinary Equity Shares of Rs 10/- each and there shall be consequential reduction of 100% Class 'A' Ordinary Equity Shares i.e. 12,04,474 shares in numbers will be cancelled.
12. Heard Ld. Advocates Mr. Pavan Godiawala and Mr. Ishan Shah for the Petitioner Company.
13. Pursuant to the notice issued by this Tribunal, the Regional Director, North Western Region, Ahmedabad, filed representation dated 24.09.2019. In response to the representation of the Regional Director, the Authorized Signatory of the Petitioner Company filed affidavit dated 07.10.2019 and submitted their response to the observations of the Regional Director, North Western Region.



14. In paragraph 2 (c) of the representation, the Regional Director has observed that the authorized share capital of the Petitioner Company is required to be reclassified and the Petitioner Company will be required to file e form with the Registrar of Companies along with the applicable fees for such reclassification. In the affidavit filed by the Petitioner Company, the Petitioner Company has confirmed and undertaken that on approval of the Scheme, the Petitioner will file appropriate e form along with the applicable fees, if any, for reclassification of the authorized share capital. In the light of this submission, this Tribunal is of the view that the observation made by the Regional Director in paragraph 2 (c) stands satisfied.
15. In paragraph 2 (e) of the representation, the Regional Director has observed that SEBI circulars issued on 04.02.2013, 21.05.2013 and 10.03.2017 are applicable to the Petitioner Company and are intended to ensure compliance by the Listed Company and the Petitioner Company to place confirmation before this Tribunal that it has complied with the same and also with BSE and NSE's directions conveyed in their letters dated 12.03.2019. In response to this, the Petitioner Company has submitted that the Scheme as well as the approval letters referred above, are displayed on the website of the Company, BSE & NSE and the Petitioner Company has complied with the SEBI circulars dated 04.02.2013, 21.05.2013 and 10.03.2017. In the light of above submission, this Tribunal is of the view that the observation made by the Regional Director in paragraph 2 (e) of his representation stands satisfied.

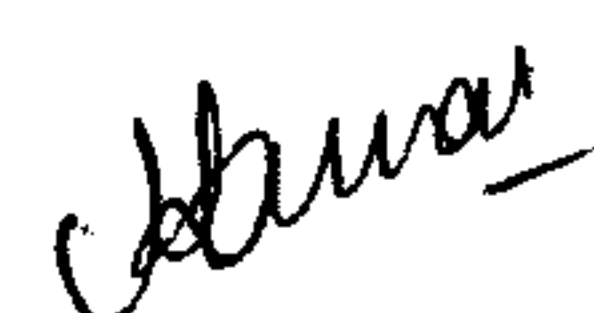
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16. In paragraph 2 (f) of the representation, the Regional Director has observed that Petitioner Company has stated that Petitioner Company has Foreign National/Non- Resident Indian shareholders in the Petitioner Company and required the Petitioner Company to place confirmation before this Tribunal that it has complied with the FEMA & RBI guidelines. In this regard, it is confirmed by the Petitioner Company that Petitioner Company has allotted/transferred shares to the Foreign National/Non- Resident Indian shareholders in paragraph 2 (c) in the affidavit filed on behalf of the petitioner company that, the Petitioner has allotted / transferred shares to foreign/non- resident shareholders in due compliance with the provisions of FEMA & RBI guidelines thereon and the Petitioner Company being listed entity, obtained prior approval of such nodal authorities viz. BSE/NSE and SEBI. In the light of the above submission, this Tribunal is of the view that the observation made by the Regional Director in paragraph 2 (f) stands satisfied.

17. In paragraph 2 (g) of the representation, the Regional Director has observed that upon implementation of the Scheme, the 12,04,474 Class 'A' Equity Shares will be cancelled leading to a reduction in equity share capital and thereby reduction of Share Capital. In this regard, it is submitted that instant application is filed under section 230 of the Companies Act, 2013 for consolidation of the Equity Share Capital of the Petitioner Company and as per the Scheme, 12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each to be consolidated with 57,76,819 Ordinary Equity Shares of Rs 10/- each as per the valuation of Class 'A' Equity undertaken by an independent valuer





and the independent valuer has valued Class 'A' Equity at 65% of the value of Ordinary Equity, i.e. 35% less than Ordinary Equity Share. Upon implementation of the Scheme of Arrangement, there shall be consequential reduction of 35% Class 'A' Ordinary Equity Shares i.e. 4,21,566 shares in numbers will be cancelled. Post Arrangement, Capital Structure of the Applicant Company will be as under:

Nature of Paid-up Capital	Pre-Arrangement	Post Arrangement
Ordinary Equity Shares of Rs. 10/- each	57,47,824	65,30,732
Class 'A' Ordinary Equity Shares of Rs. 10/- each	12,04,474	0
Combined No. of Shares	69,52,298	65,30,732

In light of the above submission, this Tribunal is of the view that the observation made by the Regional Director in paragraph 2 (g) stands satisfied.

18. In paragraph 2 (h) of the representation, the Regional Director has observed that clause 6.6 of the Scheme mentioned that the Specified Shareholders have undertaken to not sell their shareholding in the Company for at least six months prior to the Record date and it is observed that the Record date is not defined in the Scheme. In this regard, it is submitted that the Lock in of shares is for at least six months prior to the Record date and it is submitted that the specified shareholders have not sold/transferred any shares since last one year and confirmed that the Record date shall be determined in terms of Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In light of above, this Tribunal is of the view that the

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observation made by the Regional Director in paragraph 2 (h) stands satisfied.

19. In paragraph 2 (i) of the representation, the Regional Director has stated that ROC has reported that Petitioner Company is registered as NBFC and therefore RBI permission is required. In this regard, it is submitted by the Petitioner Company that there is no requirement of prior permission of RBI in the present case as the copy of the application was delivered to RBI and it is confirmed that the RBI vide its notification dated RBI/ 2015-16/122 DNBR (PD) CC.No. 065/ 03.10.001/2015-16, July 09, 2015 has prescribed requirement for obtaining prior approval of RBI in cases of acquisition/ transfer of control of Non-Banking Financial Companies (NBFCs) and it is stated that prior written permission of the Reserve Bank shall be required only for any change in the shareholding of an NBFC, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid up equity capital of the NBFC and the change where it has approval of a competent Court, the same is required to be reported to the Reserve Bank of India not later than one month from its occurrence. Pursuant to the order of this Tribunal dated 12.06.2019, notice and a copy of the petition have been submitted to the Reserve Bank of India vide letter dated 19.06.2019. However, no comments have been received from the Reserve Bank of India on the proposed Scheme till date. In the light of above, this Tribunal is of the view that the observations made by the Regional Director in paragraph 2 (i) stand satisfied.

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20. Considering the entire facts and circumstances of the case and on perusal of the Scheme and the proceedings, and upon considering the approval accorded by the members and creditors of the Petitioner Company to the proposed Scheme, it appears that requirements of the provisions of sections 230 of the Companies Act, 2013 are satisfied.
21. In the result, the Company Petition is allowed. The Scheme of Arrangement in the nature of consolidation of share capital of different classes of equity shares, which is at "**Annexure -3**" to the Petition, is hereby sanctioned and it is declared that it shall be binding on the Petitioner Company, their shareholders, Secured Financial Creditors, Unsecured Creditors, Redeemable Non-Convertible Debenture holders, Compulsorily Convertible Debenture holders, SEBI, BSE, NSE and all persons concerned under the Scheme.
22. This Tribunal do further order that in terms of the Scheme:
- i. The Registrar of Companies shall, on application by the Petitioner Company in e form, consolidate share capital of different classes of equity shares by reclassification; and
 - ii. That any person interested shall be at liberty to apply to this Tribunal in the above matter for any directions that may be necessary.
23. Fee of the Regional Director is quantified at Rs 25,000/-. The said fees would be paid to the Central Government by the Petitioner Company.

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24. All concerned authorities to act on copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the authenticated copy of this order along with the Scheme immediately.
25. This Company Petition is disposed of accordingly.



Chockalingam Thirunavukkarasu
Member (Technical)



Ms. Manorama Kumari
Membe(Judicial)

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