



INDIA INFOLINE LIMITED

Registered Office: IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra.

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF INDIA INFOLINE LIMITED

Date	:	Monday, August 12, 2013
Time	:	4.00 pm
Venue	:	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 538 OF 2013**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company')

AND

In the matter of Scheme of Arrangement between India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company') and India Infoline Distribution Company Limited ('IIDCL' or 'the Transferee Company') and their respective shareholders and creditors.

INDIA INFOLINE LIMITED, a company incorporated)
under the Companies Act, 1956 having its registered)
office at IIFL House, Sun Infotech Park, Road No 16V,)
Plot No B-23, Thane Industrial Area, Wagle Estate,)
Thane-400604, Maharashtra) Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF INDIA INFOLINE LIMITED

To,

The Equity Shareholders of **INDIA INFOLINE LIMITED** ('IIL' or 'the Transferor Company' or 'the Applicant Company')

- (a) **TAKE NOTICE** that by an Order made on June 28, 2013, in the above Company Summons for Direction, the High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held on Monday, August 12, 2013 at 4.00 pm, at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors ("the Scheme").
- (b) **TAKE FURTHER NOTICE** that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held on Monday, August 12, 2013 at 4.00 pm, at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 and you are kindly requested to attend.
- (c) **TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra not later than 48 hours before the scheduled time of the meeting.
- (d) The Hon'ble High Court has appointed Mr. Nirmal Jain, Chairman of the Applicant Company, failing him, Mr. R. Venkataraman, Managing Director of the Applicant Company, failing him, Mr. Nilesh Vikamsey, Independent Director of the Applicant Company, to be the Chairman of the said Meeting.
- (e) A copy of the Scheme of Arrangement, Explanatory Statement under Section 393 of the Companies Act, 1956, Complaints Report, Observations Letters issued by the National Stock Exchange of India Limited and BSE Limited, Attendance Slip and a Form of Proxy are enclosed.

Sd/-

Nirmal Jain

Chairman appointed for the Meeting

Mumbai

Dated this 12th day of July, 2013

Registered Office

IIFL House, Sun Infotech Park,
Road No 16V, Plot No B-23,
Thane Industrial Area,
Wagle Estate,
Thane – 400604, Maharashtra

Note:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders' meeting. The Authorised Representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors under Section 187 of the Companies Act, 1956 or other governing body of the body corporate authorising such representative to attend and vote at the Equity Shareholders' meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.

Enclosure: As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 538 OF 2013**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company')

AND

In the matter of Scheme of Arrangement between India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company') and India Infoline Distribution Company Limited ('IIDCL' or 'the Transferee Company') and their respective shareholders and creditors.

INDIA INFOLINE LIMITED, a company incorporated)
under the Companies Act, 1956 having its registered)
office at IIFL House, Sun Infotech Park, Road No 16V,)
Plot No B-23, Thane Industrial Area, Wagle Estate,)
Thane-400604, Maharashtra) Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. In this Statement, India Infoline Limited is hereinafter referred to as "the Company" or "IIL" or "the Applicant Company" or "the Transferor Company" and India Infoline Distribution Company Limited is hereinafter referred to as "the Transferee Company" or "IIDCL". The other definitions contained in the Scheme will apply to this Explanatory Statement also.
2. Pursuant to an Order dated June 28, 2013 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company is being convened and held on Monday, August 12, 2013 at 4.00 p.m., at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between India Infoline Limited ("the Transferor Company") and India Infoline Distribution Company Limited ("the Transferee Company") and their respective shareholders and creditors ("the Scheme").
3. The resolution to be moved at the said meeting will read as follows:

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the approval of the Hon'ble High Court of Judicature at Bombay, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble High Court of Judicature at Bombay or by any regulatory or other authorities, the Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors ("the Scheme") placed before this meeting be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors, the Committee of Directors constituted for the above purpose, Mr. R Mohan, Chief Compliance Officer, and/or Mr. Sunil Lotke, Company Secretary, or such other person as may be authorised by the Board of Directors, be and is hereby severally authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Judicature at Bombay while sanctioning the arrangements embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board of Directors may deem fit and proper."

4. A copy of the Scheme setting out in details the terms and conditions on which the Scheme is proposed is enclosed. The proposed Scheme envisages inter alia the transfer of Financial Services Undertaking of IIL to IIDCL.

5. BACKGROUND OF THE COMPANIES:

5.1 India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company')

- a) IIL was incorporated under the provisions of the Companies Act, 1956 on October 18, 1995 under the name and style of Probity Research & Services Private Limited. The name of the Applicant Company was changed to Probity Research

& Services Limited with effect from April 28, 2000. The name of the Applicant Company was further changed to India Infoline.Com Limited with effect from May 23, 2000. Subsequently, the name of the Applicant Company was changed to India Infoline Limited with effect from March 23, 2001.

- b) The Registered Office of IIL is presently situated at IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane 400604, Maharashtra.
- c) The share capital of IIL as on March 31, 2013 is as under:

Particulars	Amount (in Rupees)
Authorized Share Capital	
600,000,000 Equity Shares of Rs.2 each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid-up Share Capital	
295,229,883 Equity Shares of Rs.2 each	590,459,766
Total	590,459,766

Subsequent to March 31, 2013, the Company allotted 222,200 Equity shares of Rs. 2 each on exercise of stock options by the eligible employees of the Company (including 133,650 equity shares issued post filing scheme with Hon'ble Bombay High Court).

- d) The equity shares of IIL are listed on BSE Limited and National Stock Exchange of India Limited.
- e) The main objects of the Applicant Company as set out in Memorandum of Association are as under:

- “1. To carry on in India or abroad the business of securities broking including share and stock broking, derivative broking, and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivative funds, mutual funds, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of interne, e-broking, telephone, personal contact or through other media, e-commerce, to carry on all kinds of intermediary activity in the capital markets, carry on mutual fund activities in India or abroad, acting as a sponsor to a mutual fund, onshore fund, off shore fund, promoting, incorporating or causing the incorporation of and or acquiring and investing shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the mutual fund business, to sponsor, promote and engage in venture capital activities as permitted under the applicable laws and to act as an agents, market makers, merchant bankers (but not to carry on all or any part of banking business as contemplated by Reserve Bank of India Act, 1934 / Banking Regulation Act, 1949), portfolio managers, fund managers, asset managers, managers or agents to the issue, registrar to issue, registrar and share transfer agents, underwriters to the issue, financial advisors, venture capital, trusteeship services, wealth advisory services and to act as distributor of mutual funds, bonds, debentures of corporate bodies, RBI Bonds, government of India Bonds, post office schemes and such other financial and investment products and to acquire and hold one or more memberships/dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses in India or any part of the world which will or is likely in any way to facilitate the conduct of the company's business.
2. To carry on the business of providing services of Depository, depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market for Foreign Institutional Investors, financial institutions, corporate, individuals and other entities; and to conduct de-materialization and dematerialization of shares; set up depository participant centers at various regions in India and to perform all related, incidental, ancillary and allied services.”

- f) The Applicant Company is presently engaged in the business of Equities Broking, Merchant Banking, Portfolio Management Services, Depository Participant Business and Distribution of Mutual fund products.

5.2 India Infoline Distribution Company Limited ('IIDCL' or 'the Transferee Company')

- a) IIDCL was incorporated on March 21, 1996 under the name and style of Agri Marketing Services India Private Limited. The name was changed to India Infoline.Com Distribution Company Private Limited on May 08, 2000. Subsequently, the name was changed to India Infoline.Com Distribution Company Limited on December 02, 2005. Further, on April 13, 2006, name was changed to India Infoline Distribution Company Limited.

- b) The Registered Office of IIDCL is presently situated at IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane 400604, Maharashtra.
- c) The share capital of IIDCL as on 31 March, 2013 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
2,000,100 Equity Shares of Rs.10 each	20,001,000
Total	20,001,000
Issued, Subscribed and Paid-up	
1,400,100 Equity Shares of Rs.10 each	14,001,000
Total	14,001,000

Subsequent to March 31, 2013, there has been no change in the issued, subscribed and paid-up equity share capital of the IIDCL. As on date, the entire equity share capital of the IIDCL is held by IIL.

- d) The main objects of IIDCL as set out in Memorandum of Association are as under:

- “1. To carry on all kinds of agency business and to act as advisors, developers, consultants, agents, sub-agents, distributors, sellers of Deposits, loans, Units of Unit Trust of India and other Mutual Funds, shares, stocks, debentures, Bonds, Government securities, insurance products, National Savings Certificates and such other financial, investment, personal, home loans products, securities & debt instruments.
2. To engage in research, consultancy and to act as advisors relating to personnel, industrial, business management, distribution, marketing and selling and to collect, prepare and distribute information and statistics relating to any type of business or industry and generally to act as market business research consultants.
3. To carry on in India or abroad the business of securities broking including share and stock broking, derivative broking including currency derivatives, and to pool, mobilize and manage the funds of any financial institutions, corporate, individuals and other entities by investing and dealing in stocks, shares, debentures, derivative funds, mutual funds, bonds, units, options, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, American depository receipts, global depository receipts, euro and generally for securities of all kinds by way of internet, e-broking, telephone, personal contact or through other media, e-commerce, to carry on all kinds of intermediary activity in the capital markets, carry on mutual fund activities in India or abroad, acting as a sponsor to a mutual fund, onshore fund, off shore fund, alternative investment fund, venture capital fund, promoting, incorporating or causing the incorporation of and or acquiring and investing shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the mutual fund business, to sponsor, promote and engage in venture capital activities as permitted under the applicable laws and to act as an agents, market makers, merchant bankers (but not to carry on all or any part of banking business as contemplated by Reserve Bank of India Act, 1934 / Banking Regulation Act, 1949), portfolio managers, fund managers, asset managers, managers or agents to the issue, registrar to issue, registrar and share transfer agents, underwriters to the issue, financial advisors, venture capital, trusteeship services, wealth advisory services and to act as distributor of mutual funds, bonds, debentures of corporate bodies, RBI Bonds, government of India Bonds, post office schemes and such other financial and investment products and to acquire and hold one or more memberships/dealership in stock exchanges, security exchanges, OTC exchanges, commodity exchanges and any other recognized stock exchanges with trading privileges, associations of bankers, associations of mutual funds, merchant bankers, insurance companies, fund managers, brokers, securities dealers or commodity dealers, clearing houses in India or any part of the world which will or is likely in any way to facilitate the conduct of the company's business.
4. To carry on the business of providing services of Depository, depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market for Foreign Institutional Investors, financial institutions, corporate, individuals and other entities; and to conduct de-materialisation and dematerialisation of shares; set up depository participant centres at various regions in India and to perform all related, incidental, ancillary and allied services.”

- e) The Transferee Company is engaged in the business of retail distribution of financial products including mutual funds, fixed income investments, bonds and other saving products.

6. RATIONALE OF THE SCHEME OF ARRANGEMENT

6.1 The Applicant Company believes that the reorganisation exercise would achieve:

- Simplified and transparent business structure;
- More focused management;
- Concentrate and strengthen its core competencies and have greater focus and create more value for India Infoline Group; and
- Greater visibility on the performance of individual businesses.

6.2 A Committee of Directors of the Applicant Company at their meeting held on April 12, 2013 (as authorised by the Board of Directors in their meeting dated April 1, 2013), has approved the Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions of Law, if any.

6.3 Further, the Board of Directors of India Infoline Distribution Company Limited at their meeting held on April 12, 2013 has approved the Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions of Law, if any.

7. SALIENT FEATURES OF THE SCHEME:

7.1 The salient features of the Scheme are as under:

- (a) Appointed date of the Scheme is 1st day of April, 2013.
- (b) Upon coming into effect of this Scheme and subject to the provisions of this Scheme, with effect from the Appointed Date, the entire business and whole of the Financial Services Undertaking of IIL shall be vested in and/or be deemed to have been vested in the IIDCL, as a going concern, without any further deed or act, together with all its assets, liabilities, properties, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be and subject to the provisions of the Scheme in accordance with Section 391 to 394 of the Companies Act, 1956 and all other applicable provisions of law, if any.
- (c) With effect from the Effective Date, the name of India Infoline Limited shall be changed to IIFL Holdings Limited and the name of India Infoline Distribution Company Limited (Transferee Company) shall be changed to India Infoline Limited or such other name as may be approved by the Registrar of Companies, Mumbai, Maharashtra.
- (d) Subject to the terms and conditions of this Scheme and as may be determined by the Board of Directors of IIL and IIDCL, in consideration of the transfer of the Financial Services Undertaking by IIL to IIDCL upon the terms of this Scheme, IIDCL shall be required to pay a cash consideration equivalent to the net asset value i.e. book values of the assets and liabilities being transferred pertaining to Financial Services Undertaking as on the Appointed Date to IIL.
- (e) On the Scheme becoming operative, all staff, workmen and employees of the Financial Services Undertaking of IIL in service on the Effective Date shall be deemed to have become staff, workmen and employees of IIDCL with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with IIL shall not be less favourable than those applicable to them with reference to the Financial Services Undertaking of IIL on the Effective Date.
- (f) All costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by IIL.
- (g) The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in Clause 15 of the Scheme.

The members are requested to read the entire text of the Scheme, annexed to this notice, to get better acquainted with the provisions thereof. What is stated hereinabove are brief salient features.

8. VALUATION REPORT AND FAIRNESS OPINIION

The Scheme alongwith the Valuation Certificate from SSPA & Co. and Fairness Opinion from M/s Keynote Corporate Services Limited, Category I – Merchant Banker was placed before the Audit Committee of the Board of Directors of Applicant Company on April 12, 2013. Based upon the valuation certificate and fairness opinion, Scheme was approved by the Audit Committee of IIL. The updated Valuation Certificate and Fairness Opinion based on the audited accounts of the Company for the financial year ended on March 31, 2013 were taken on record by the Audit Committee on May 31, 2013.

9. PRE AND POST SHAREHOLDING PATTERN:

9.1 There shall be no change in the capital structure or the shareholding pattern of IIL pursuant to the Scheme. The pre and post shareholding pattern of IIL as on March 31, 2013 is as under:

Category Code	Category of Shareholder	Pre-arrangement Shareholding		Post-arrangement Shareholding	
		No. of Shares	As a percentage of (A+B+C)	No. of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/Hindu Undivided Family	88,326,432	29.91	88,326,432	29.91
(b)	Central Government/State Governments				
(c)	Bodies Corporate	3,500,000	1.18	3,500,000	1.18
(d)	Financial Institutions/Banks				
(e)	Any Other (Trust)				
	Sub -Total (A)(1)	91,826,432	31.10	91,826,432	31.10
(2)	Foreign				
(a)	Individuals(Non-Resident Individuals/Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-
	Sub -Total (A)(2)				
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	91,649,432	31.10	91,649,432	31.10
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds /UTI	10,690,564	3.62	10,690,564	3.62
(b)	Financial Institutions/Banks	2,127,486	0.72	2,127,486	0.72
(c)	Central Government/State Governments				
(d)	Venture Capital Funds				
(e)	Insurance Companies				
(f)	Foreign Institutional Investors	116,134,908	39.33	116,134,908	39.33
(g)	Foreign Venture Capital Investors				
(h)	Any Other (Specify)				
	Sub -Total (B)(1)	128,952,958	43.67	128,952,958	43.67
(2)	Non-Institutions				
(a)	Bodies Corporate	8,208,619	2.78	8,208,619	2.78
(b) (i)	Individual shareholders holding nominal share capital up to Rs.1Lakh.	12,976,935	4.39	12,976,935	4.39
(ii)	Individual shareholders holding nominal share capital in excess of Rs.1Lakh.	19,812,952	6.71	19,812,952	6.71
(c)	Any Other (Including the following)	33,451,987	11.33	33,451,987	11.33
1	NRIs / OCBs				
2	Clearing Members				
3	Market Makers				
4	Hindu Undivided Families				
5	Trusts				
6	Directors & their Relatives & Friends				
	Sub -Total (B)(2)	74,450,493	25.21	74,450,493	25.21
	Total Public Shareholding B=(B)(1)+(B)(2)	203,403,451	68.89	203,403,451	68.89
	TOTAL (A) +(B)	295,229,883	100	295,229,883	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
	GRAND TOTAL (A)+(B)+(C)	295,229,883	100	295,229,883	100

9.2 There shall be no change in the capital structure or the shareholding pattern of IIDCL pursuant to the Scheme. The pre and post shareholding pattern of IIDCL as on 31 March, 2013 is as under:

Category Code	Category of Shareholder	Pre-arrangement Shareholding		Post-arrangement Shareholding	
		No. of Shares	Percentage	No. of Shares	Percentage
(a)	Individuals/Hindu Undivided Family	-	-	-	-
(b)	Central Government/State Governments	-	-	-	-
(c)	Bodies Corporate	1,400,100	100	1,400,100	100
(d)	Financial Institutions/Banks	-	-	-	-
(e)	Any Other (Trust)	-	-	-	-
	Total	1,400,100	100	1,400,100	100

10. EXTENT OF SHAREHOLDING OF DIRECTOR

10.1 The Directors of IIL and IIDCL may be deemed to be concerned and /or interested in the proposed Scheme to the extent of their shareholding or that of the companies, firms and/or Institutions of which they are Directors, Partners or Members and which hold shares in either IIL or IIDCL.

10.2 The extent of the shareholding of the Directors of IIL in IIL and IIDCL either singly or jointly or as nominee as on March 31, 2013 is as under:

Sr No	Name of Director	Designation	Equity shares in IIL	Equity shares in IIDCL
1	Mr. Nirmal Jain	Chairman	5,12,52,000	5*
2	Mr. R. Venkataraman	Managing Director	1,98,99,432	10*
3	Mr. Kranti Sinha	Independent Director	65,000	0
4	Mr. Nilesch Vikamsey	Independent Director	65,000	0
5	Mr. A. K. Purwar	Independent Director	65,000	0
6	Mr. Sunil Kaul	Non Executive Director	0	0
7	Mr. Chandran Ratnaswami	Non Executive Director	0	0
8	Dr. S. Narayan	Independent Director	0	0

* As a nominee of India Infoline Limited.

10.3 The extent of the shareholding of the Directors of IIDCL in IIDCL and IIL either singly or jointly or as nominee as on March 31, 2013 is as under:

Sr No	Name of Director	Designation	Equity shares in IIDCL	Equity shares in IIL
1	Mr. Nirmal Jain	Director	5**	5,12,52,000
2	Mr. R. Venkataraman	Director	10**	1,98,99,432
3	Mr. Mohan Radhakrishnan	Director	1**	1,00,000
4	Mr. Mukesh Kumar Singh	Director	1**	8,64,154

** As a nominee of India Infoline Limited

GENERAL:

- The rights and interests of the equity shareholders, secured creditors or unsecured creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.
- No investigation proceedings have been initiated or are pending under Section 235 to Section 251 of the Companies Act, 1956 against IIL.
- The Applicant Company has obtained the approval to the Scheme in the terms of Clause 24(f) of the Listing Agreement from the National Stock Exchange of India Limited and BSE Limited vide their letters dated June 3, 2013.
- Following documents can be inspected at the Registered Office of the Company at IIL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra on all working days (except Saturdays, Sundays and Public Holidays) of the Company between 10.00 a.m. and 1.00 p.m. up to one day prior to the date of the Court Convened Meeting.

- Memorandum and Articles of Association of IIL and IIDCL;
- Audited financial statements as on March 31, 2013 of IIL and IIDCL;
- Valuation Certificate obtained from M/s SSPA & Co., Chartered Accountant;
- Fairness Opinion obtained from M/s Keynote Corporate Services Limited, Category I – Merchant Banker;
- Observation Letters conveying 'No objection' to the Scheme received from BSE Limited dated June 3, 2013 and the National Stock Exchange of India Limited dated June 3, 2013;
- Certified Copy of the Order dated the 28th day of June, 2013 of the High Court of Judicature at Bombay in Company Summons for Direction No.538 of 2013 directing the convening of the meeting of the Equity Shareholders of the Company; and
- Scheme of Arrangement.

This statement may be treated as an Explanatory Statement under Section 173 and Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Company's Registered Office at IIL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra, during ordinary business hours on all working days except Saturdays, Sundays and Public Holidays.

Sd/-

Nirmal Jain

Chairman appointed for the Meeting

Mumbai

Dated this 12th day of July, 2013

Registered Office

IIFL House, Sun Infotech Park,
Road No 16V, Plot No B-23,
Thane Industrial Area,
Wagle Estate,
Thane – 400604, Maharashtra

SSPA & CO.

Chartered Accountants

1st Floor, "Arjun", Plot No. 6A,
V. P. Road, Andheri (W),
Mumbai-400 058. INDIA.

Tel. : 91 (22) 2670 4376

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Website : www.sspa.in

STRICTLY PRIVATE & CONFIDENTIAL

May 30, 2013

The Board of Directors,
India Infoline Limited
IIL Centre,
Kamala City,
Lower Parel (West),
Mumbai – 400 013

Re: Proposed transfer of "Financial Services Undertaking" of India Infoline Limited into its wholly owned subsidiary India Infoline Distribution Company Limited.

Dear Sirs,

As requested by the management of India Infoline Limited (hereinafter referred to as "IIL" or "the Company"), we have undertaken the exercise to compute book value of assets and Liabilities of the "Financial Services Undertaking" of IIL (hereinafter referred to as the "Undertaking") which is proposed to be transferred to its wholly owned subsidiary India Infoline Distribution Company Limited (hereinafter referred to as "IIDCL") (IIL & IIDCL hereinafter collectively be referred to as "the Companies").

1. PURPOSE

- 1.1 We have been informed that the Board of Directors of the Companies are considering a proposal to restructure the group business including transfer of "Financial Services Undertaking" of IIL into IIDCL (hereinafter referred to as the "Transfer") pursuant to provisions of Section 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Companies Act as provided in the Scheme of Arrangement ("Scheme"). Subject to necessary approvals, the "Financial Services Undertaking" of IIL would be transferred to IIDCL with effect from the Appointed Date of April 1, 2013 (opening business hours).



- 1.2 The transfer of the Undertaking will be at book value and in consideration of the transfer IIDCL will pay a cash consideration to IIL.
- 1.3 In this regard, we have been appointed by the management of IIL to review and provide the value of "Financial Services Undertaking" on book value basis as on March 31, 2013, being the latest available audited financials.

2. BRIEF BACKGROUND OF IIL

- 2.1 IIL is a financial services company. The company is engaged in the businesses of Equities broking, Merchant Banking, Portfolio Management Services, Depository Participant Businesses and Distribution of Mutual fund products. It offers broking services in the Cash, Derivatives and Currency Derivatives segments of the NSE and MCX-SX as well as the Cash and derivatives segment of the BSE. It is registered with NSDL as well as CDSL as a depository participant, providing a one-stop solution for clients trading in the equities market. The company is also registered as a Category I Merchant Banker and as a Portfolio Manager with SEBI. The Company has set up subsidiaries for undertaking other financial services activities including Asset Management Company, Trustee Company, NBFC, AIFs, Housing Finance Company, Insurance Broking, commodities broking, wealth management and accordingly holds the capital of all these subsidiaries.
- 2.2 The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

3. BRIEF BACKGROUND OF IIDCL

- 3.1 IIDCL is engaged in the distribution of mutual funds and other financial products like bonds, fixed deposits etc.
- 3.2 IIDCL is a wholly owned subsidiary of IIL. IIL along with its nominee shareholders holds the entire equity share capital of IIDCL.
- 3.3 The shares of IIDCL are not listed on any recognized stock exchanges.



4. SOURCES OF INFORMATION

For the purposes of our exercise, we have relied upon the following sources of information:

- (a) Management certified position of assets and liabilities of "Financial Services Undertaking" of IIL based on the audited accounts of the Company that is proposed to be transferred to IIDCL as at March 31, 2013.
- (b) Draft Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 for the proposed transfer of the Undertaking to IIDCL.
- (c) Such other information and explanations provided by the management of the Companies.

5. EXCLUSIONS AND LIMITATIONS

- 5.1 Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 5.2 No investigation on the Undertakings' claims to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.
- 5.3 Our work does not constitute certification of the historical financial statements including the working results of the Undertaking referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. The computation of the net asset value and results are specific to this purpose and the date mentioned in the report is as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 5.4 We have not carried out a due diligence or audit of the information provided for the purpose of this engagement. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.



- 5.5 Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed transfer.
- 5.6 Any third person/party intending to provide finance/invest in the shares/businesses of any of the Companies/Undertaking, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed transfer as aforesaid or pursuant to a legal or regulatory requirement, can be done only with our prior permission in writing.
- 5.7 This report is prepared only in connection with the proposed transfer exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 5.8 SSPA, nor its partners, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the computation of net asset value is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in this report.

6. COMPUTATION OF BOOK VALUE AS PER UNDERLYING ASSET APPROACH

- 6.1 In case of the "Underlying Asset" approach, the net asset value is determined by considering the net assets of a company/undertaking. Since the Undertaking is proposed to be transferred on a "going concern" basis and an actual realization of the operating assets is not contemplated, we have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets of the Undertaking have therefore been considered at their book values.
- 6.2 The underlying net assets value as arrived above is the value of the Undertaking proposed to be transferred as per the "Underlying Asset" approach.



6.3 Based on the above the value of the Undertaking works out to **INR 85.86 crores** as on March 31, 2013. The workings for the same are attached as **Annexure I** to this report.

Thank you,
Yours faithfully,

SSPA & Co.



SSPA & CO.
Chartered Accountants

Place: Mumbai

Annexure I

**INDIA INFOLINE LIMITED (FINANCIAL SERVICES UNDERTAKING)
NET ASSET VALUE COMPUTATION AS ON MARCH 31, 2013**

(INR crores)

Particulars	Amount	Amount
Fixed Assets		14.23
Non-current investments		47.72
Deferred Tax Assets		16.06
Long-term loans & advances		98.18
Net Current Assets		
Current assets	633.12	
Less: Current Liabilities	(723.07)	(89.95)
Non Current Liabilities		(0.37)
Consideration being Net Book Value of the Division		85.86



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31st May, 2013

The Board of Directors
India Infoline Limited
IIFL Centre,
Kamala City,
Lower Parel (West),
Mumbai – 400 013

&

India Infoline Distribution Company Limited
IIFL House, Sun Infotech Park,
Road No 16V, Plot No B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400604

Dear Sirs,

Reg: Fairness opinion towards the proposed transfer of Financial Services Undertaking of India Infoline Limited to its wholly owned subsidiary India Infoline Distribution Company Limited

Keynote Corporate Services Limited (“Keynote” or “we” or “us”) is Category I Merchant Banker registered with Securities Exchange Board of India (“SEBI”). We have been requested to issue a report on fairness towards the proposed transfer of Financial Services Undertaking of India Infoline Limited (“IIFL”) to its wholly owned subsidiary India Infoline Distribution Company Limited (“IIDCL”) pursuant to the Draft Scheme of Arrangement under the relevant provisions of the Companies Act, 1956. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by SSPA & Co. dated 30th May, 2013 and state as follows:

Company Profile:

India Infoline Limited is listed on both the leading stock exchanges in India, viz. Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) and is also a member of both the exchanges. It is engaged in the businesses of Equities broking, Merchant Banking, Portfolio Management Services, Depository Participant Businesses and Distribution of Mutual fund products. It offers broking services in the Cash, Derivatives and Currency Derivatives segments of the NSE and MCX-SX as well as the Cash and derivatives segment of the BSE. IIFL has set up subsidiaries for undertaking other financial services activities including Asset Management Company, Trustee Company, Non Banking Finance Company, Alternate Investment Funds, Housing Finance Company, Insurance Broking, commodities broking, wealth management and accordingly holds the capital of all these subsidiaries.

India Infoline Distribution Company Limited was incorporated on March 21, 1996 under the Companies Act, 1956. The Company is a wholly owned subsidiary of IIFL. The Company is engaged in the distribution of mutual funds, the distribution of other financial products like bonds, fixed deposits etc.



Page 1 of 4

Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: info@keynoteindia.net • Website: www.keynoteindia.net

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Rationale of the Report:

We have been made to understand that management of IIFL is considering a proposal for the transfer of Broking, Depository Participant, Portfolio Management, Mutual Fund Distribution and Investment Banking business (hereinafter referred to as "Financial Services Undertaking") to IIDCL on a going concern basis through a scheme of arrangement ("Scheme"). The Scheme envisages transfer of assets and liabilities at the book value as on March 31, 2013. In this regard, we have been requested to suggest Fairness on the proposed Arrangement.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- Valuation Certificate by SSPA & Co. dated 30th May, 2013
- Management certified Assets & Liabilities position of Financial Services Undertaking of IIFL that is proposed to be transferred to IIDCL as at 31st March, 2013
- Provisional Financial Statements of IIDCL as at March 31, 2013
- Draft Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report, SSPA & Co. has recommended the following:

- **The value of the Financial Services Undertaking of India Infoline Limited works out to Rs. 85.86 crs based on the Net Asset Valuation approach as at 31st March, 2013**

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Bombay, the relevant Stock Exchanges and other statutory approvals as may be required. The detailed terms and conditions of the Arrangement are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the methodology used and corresponding Net Asset valuation of the Financial Services Undertaking of India Infoline Limited as suggested by SSPA & Co. proposed under the Scheme of Arrangement is fair in our opinion.



Page 2 of 4

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not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of IIFL & IIDCL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to IIFL's and IIDCL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of IIFL & IIDCL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of IIFL & IIDCL will trade following the announcement of the transaction or as to the financial performance of IIFL & IIDCL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, IIFL & IIDCL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**



Nipun Lodha

Executive Vice President

SEBI Registration No. INM000003606

(Merchant Banker)



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Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by IIFL & IIDCL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of IIFL & IIDCL. We have solely relied upon the information provided to us by IIFL & IIDCL. We have not reviewed any books or records of IIFL & IIDCL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of IIFL & IIDCL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of IIFL & IIDCL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by IIFL & IIDCL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of IIFL & IIDCL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of IIFL & IIDCL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that IIFL & IIDCL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving IIFL & IIDCL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to IIFL & IIDCL for providing a fairness view on the Net Asset valuation of the Financial Services Undertaking of India Infoline Limited and will receive a fee for our services. In the past, Keynote and its affiliates have not provided financial advisory and financing services to IIFL & IIDCL and their affiliates and have not received fees for the rendering of the services

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of IIFL & IIDCL for the purpose of this transaction and may not be relied upon by any other person and may



Page 3 of 4

Keynote Corporate Services Limited

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Complaints Report

Start Date: April 18, 2013

End Date: May 08, 2013

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchanges	1
3.	Total Number of complaints/comments received (1+2)	1
4.	Number of complaints resolved	1
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved /pending)
1.	Bhikhu Nogha Ratariya	30/04/2013	Resolved The said complaint does not pertain to the captioned Scheme of Arrangement. Same is related to the non-receipt of interest on debentures issued by India Infoline Finance Limited, subsidiary of India Infoline Limited. In this regard, we would like to inform you that the interest warrant was issued to the complainant to the address as per Depository records and was not received as 'Undelivered' by the R&T Agent. However, R&T Agent has co-ordinated with the complainant for updated address and bank details and same shall be delivered to him at the earliest.



Ref: NSE/LIST/205799-X

June 03, 2013

The Company Secretary
India Infoline Limited
One India Bulls Centre
Jupiter Mill Compound,
841, S.B. Marg, Near Elphinstone Road,
Lower Parel, Mumbai – 400013.

Kind Attn.: Mr. Sunil Lotke

Dear Sir,

Sub: Observation letter for Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956.

We are in receipt of the draft Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by India Infoline Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, the Exchange had forwarded the said draft Scheme to SEBI for their comments. SEBI has vide letter dated May 31, 2013, has commented as follows:

- "a. The Company shall duly comply with various provisions of the Circular and
- b. The Company to display on their website the information submitted with respect to revised Valuation Report, Fairness opinion of the Merchant Banker and Minutes of the Audit Committee."

Accordingly, we do hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with Hon'ble High Court.

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Ltd.

SRajdev

✓ Samir Rajdev
✓ Manager

DCS/AMAL/RD/24(f)/076/2013-14

June 3, 2013

The Company Secretary
India Infoline Limited
One India Bulls Centre
Jupiter Mill Compound, 841, S.B. Marg
Nr. Elphinstone Road, Lower Parel
Mumbai – 400 013.

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited

We are in receipt of draft Scheme of Arrangement between India Infoline Limited and India Infoline Distribution Company Limited and their respective shareholders and creditors.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated May 31, 2013 given the following comment(s) on the draft scheme of arrangement:

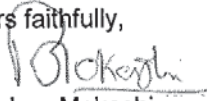
- a) The company shall duly comply with various provisions of the aforesaid SEBI circular.*
- B) The Company to display on their website the information submitted with respect to the revised Valuation Report, Fairness Opinion of the Merchant Banker and Minutes of the Audit Committee.*

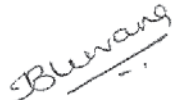
Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Bhushan Mokashi
Asst. General Manager


Bhuvana Sriram
Dy. Manager

**SCHEME OF ARRANGEMENT
BETWEEN
INDIA INFOLINE LIMIED (“IIL”)
AND
INDIA INFOLINE DISTRIBUTION COMPANY LIMITED (“IIDCL”)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

PREAMBLE

The Scheme of Arrangement (“the Scheme”) is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for the transfer of Financial Services Undertaking of India Infoline Limited (“IIL” or “Transferor Company”) to India Infoline Distribution Company Limited (“IIDCL” or “Transferee Company”), a wholly owned subsidiary of India Infoline Limited.

India Infoline Limited (IIL) is a financial services company. IIL is engaged in the businesses of Equities broking, Merchant Banking, Portfolio Management Services, Depository Participant Businesses and Distribution of Mutual fund products. It offers broking services in the cash, derivatives and currency derivatives segments of the National Stock Exchange of India (‘NSE’) and MCX Stock Exchange Limited (‘MCX-SX’) as well as the cash and derivatives segment of the Bombay Stock Exchange Limited (‘BSE’). It is registered with National Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’) as a depository participant, providing a one-stop solution for clients trading in the equities market. IIL is also registered as a Category I Merchant Banker and as a Portfolio Manager with Securities and Exchange Board of India (‘SEBI’). IIL has sponsored/set up/promoted various subsidiaries which are engaged in other financial services and adequately capitalizes subsidiaries from time to time.

IIDCL is a wholly owned subsidiary of IIL and is engaged in business of distribution of financial products including mutual funds, fixed income investments, bonds and other saving products.

The re-organization exercise would achieve the following synergies:

- Simplified and transparent business structure;
- More focused management;
- Concentrate and strengthen its core competencies and have greater focus and create more value for the India Infoline Group; and
- Greater visibility on the performance of individual businesses.

1. Definitions

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1. **“Act”** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2. **“Appointed Date”** means opening of business hours on 1st day of April 2013 or such other date as may be fixed or approved by the Hon’ble High Court of Judicature at Bombay or such other competent authority as may be applicable.
- 1.3. **“Consideration”** shall have the meaning ascribed to it in Clause 5 hereof.
- 1.4. **“Effective Date”** means the last date of approvals under Clause 15 of the Scheme.
- 1.5. **“Financial Services Undertaking”** means the broking, depository participant, portfolio management services, investment banking, mutual fund distribution and related business including all immovable, movable properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Transferor Company pertaining to Financial Services Undertaking, to be transferred on a going concern basis, which shall mean and include without limitation:
 - i. all assets that are dedicated to and used for and in relation to the Financial Services Undertaking whether moveable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible of whatsoever nature, including vehicles, equipments, appliances, accessories, furniture, fixtures, sundry debtors, inventories, etc.;

- ii. all contracts, deeds, bonds, agreements, schemes, arrangements or other instruments for Financial Services Undertaking including sub-broker and customer contracts, revenues and receipts (including rights to future revenue and receipts) associated therewith, to be transferred or assigned or subcontracted in whole or in part on terms to be agreed between the Transferor Company and Transferee Company;
- iii. cash and bank accounts (including bank balances), bills of exchange, benefit of any deposits, financial assets, investments, benefit of any bank guarantees and letters of credit in relation to the Financial Services Undertaking, funds belonging to or proposed to be utilized solely for the Financial Services Undertaking, loans and advances as appearing in the books of Transferor Company as on the Appointed Date.
- iv. rights to use or access as may be necessary to manage and operate the Financial Services Undertaking as a going concern, whether via limited transfer or license, all on terms to be agreed between the Transferor Company and Transferee Company, including all permits, quotas, rights, entitlements, licences, registrations, approvals from SEBI, stock exchange(s), Depositories, Association of Mutual Funds in India ('AMFI') etc, authorizations, consents, tenancies, offices, trade-marks, patents, copyrights, all other intellectual property rights, software programs and data (whether proprietary or otherwise), goodwill, privileges, all other rights, benefits and entitlements including any tax exemptions, deferrals and other benefits or privileges (including the benefit of any applications made thereof), powers and facilities of every kind, nature and description whatsoever, rights to use telephones, telexes, facsimile connections, communication facilities, installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Financial Services Undertaking as on the Appointed Date;
- v. all earnest moneys, advances and/or security and margin deposits (including deposits as Trading Members with the Stock Exchange(s) / National Securities Clearing Corporation Ltd ('NSCCL') / Clearing Corporation of India Ltd ('CCIL') or such other clearing corporation(s)) paid and all necessary records (whether in physical or electronic form), including records relating to recovery of moneys and all other interests of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company in connection with or pertaining to the Financial Services Undertaking as on the Appointed Date;
- vi. all secured and unsecured debts, financial commitments, liabilities (including contingent liabilities and provisions), if any, and financial commitments/obligations of the Transferor Company under or in relation to the business contracts and other arrangements, duties, loans, advances and sums owing (including without limitation, outstanding liabilities arising in relation to indirect tax, liabilities arising under any contract, or out of the supply of products or services, whether actual or, in the case of periodical payments, accrued, due, contingent or otherwise payable to any person by the Transferor Company) to the extent that any of the above relate to and/ or arise out of the operation of the Financial Services Undertaking as on the Appointed Date;
- vii. all employees of the Transferor Company, who are employed in relation to or in connection with the Financial Services Undertaking as may be mutually confirmed by the board of directors or the authorized officials of the Transferor Company and the Transferee Company as on the Effective Date.
- viii. Membership of the Transferor Company with BSE (Member code 179), NSE (Member code – 10975) and MCX-SX (Member Code 1022), Registration as a Depository Participant with NSDL (DP ID : IN302269) and CDSL (DP ID : 12044700) including all the rights and liabilities of the Transferor as such Depository Participant with NSDL and CDSL subject however to permissions/approvals/consents, if any required to be taken for such transfer and all the registrations/ rights and liabilities of the Transferor as the Portfolio Manager and Merchant Banker Registrations with Securities and Exchange Board of India and membership of Transferor with AMFI as mutual fund distributor. Details of registrations with SEBI obtained by Transferor Company relating to Financial Services Undertaking have been given below:

Particulars/Segment	- Registration No.
NSE – Cash Segment	- INB 231097537
NSE – Derivative Segment	- INF 231097537
NSE- Currency Derivatives	- INE 231097537
BSE – Cash Segment	- INB 011097533
BSE – Derivative Segment	- INF 011097533
MCX SX – Cash Segment	- INB261097530
MCX SX – Derivatives Segment	- INF261097530
MCX SX – Currency Derivatives	- INE 261097537

USE – Currency Derivatives	-	INE271097532
D P of NSDL	-	IN DP NSDL 185 2000
D P of CDSL	-	IN DP CDSL 352 2006
Portfolio Management	-	INP 000002213
Merchant Banking	-	INM 000010940
Registration number with AMFI	-	ARN 47791

- ix. all necessary records, files, papers, computer programmes, softwares, internet domain, manuals, data, and list of present and former customers, customer credit information and other records, in connection with, or relating to the Financial Service Undertaking, as on the Appointed Date.

- 1.6. “Court” or “High Court” means the Hon’ble High Court of Judicature at Bombay and shall include the National Company Law Tribunal, as the case may be, under sections 391 to 394 of the Act may direct or approve.
- 1.7. “**IIL**” or “**Transferor Company**” means India Infoline Limited, a company incorporated under the Act and having its registered office at IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604.
- 1.8. “**IIDCL**” or “**Transferee Company**” means India Infoline Distribution Company Limited, a company incorporated under the Act and having its registered office at IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial Area, Wagle Estate, Thane – 400604.
- 1.9. “**Remaining Business**” means all the business and the divisions of the Transferor Company, other than the Financial Service Undertaking, which shall include, without limitation, investments / loans in group companies and subsidiaries.
- 1.10. “**Scheme**” or “**this Scheme**” means this Scheme of Arrangement in its present form or with any modification(s) approved or imposed or directed under, Clause 14 of this Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 The Scheme set out herein in its present form with any modification(s), approved or imposed or directed by the High Court under Clause 14 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 2.2 Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon the coming into effect of the Scheme” shall mean the Effective Date.

3. SHARE CAPITAL

- 3.1 The share capital of the Transferor Company as at March 31, 2012 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
600,000,000 Equity Shares of Rs.2 each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid-up	
289,024,203 Equity Shares of Rs.2 each	578,048,406
Total	578,048,406

As on March 31, 2013, the issued, subscribed and paid-up equity share capital of the Transferor Company is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
600,000,000 Equity Shares of Rs.2 each	1,200,000,000
Total	1,200,000,000
Issued, Subscribed and Paid-up	
29,52,29,883 Equity Shares of Rs.2 each	59,04,59,766
Total	59,04,59,766

The shares of the Transferor Company are listed on BSE and NSE.

3.3 The share capital of the Transferee Company as at March 31, 2012 is as under:

Particulars	Amount (in Rs.)
Authorised Capital	
2,000,100 Equity Shares of Rs.10 each	20,001,000
Total	20,001,000
Issued, Subscribed and Paid-up	
1,400,100 Equity Shares of Rs.10 each	14,001,000
Total	14,001,000

Subsequent to March 31, 2013, there has been no change in the issued, subscribed and paid-up equity share capital of the Transferee Company. As on date, the entire equity share capital of the Transferee Company is held by Transferor Company.

4. **TRANSFER AND VESTING**

- 4.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, with effect from the Appointed Date the entire business and whole of the Financial Services Undertaking of the Transferor Company shall be vested in and/or be deemed to have been vested in the Transferee Company, as a going concern, without any further deed or act, together with all its assets, liabilities, properties, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be and subject to the provisions of the Scheme in accordance with Section 391-394 of the Act and all other applicable provisions of law, if any.
- 4.2 In respect of such of the assets comprised in Financial Services Undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery, or transfer by vesting and recorded pursuant to this Scheme, the same shall stand transferred and vested with effect from the Appointed Date without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company.
- 4.3 In respect of any movable assets other than those mentioned in Clause 4.2 above, including intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the High Court having sanctioned this Scheme under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company.
- 4.4 In respect of the properties and assets comprised in the Financial Services Undertaking, other than as set out in Clauses 4.2 and 4.3 above, such properties and assets shall be recorded in the deed of right, leases, tenancy rights, permissions, incentives, if any, and all other rights, title, interests, contracts, consent, approvals or powers of every nature and descriptions whatsoever and all benefits, as may be mutually agreed to between the Transferor Company and Transferee Company, shall stand legally transferred to and vested in the Transferee Company with effect from the Appointed Date, and shall become the properties and assets of the Transferee Company under and pursuant to order of the High Court approving this Scheme, without requiring the execution of any other deed or document or instrument of conveyance, and the order of the High Court shall for all purposes be treated as the instrument conveying such properties and assets to the Transferee Company.
- 4.5 All patents, patent rights applications, trademarks, trade names, knowhow, content, software, manuals, copyrights and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, right to use the name of India Infoline Limited (including continuation and maintenance of the existing registrations/member codes), quota rights, permits, approvals, including but not limited to approvals of SEBI, Stock Exchange(s), Depositories, AMFI and such other authority or body for carrying out activities of stock broker, trading member, portfolio manager, merchant banker, depository participant, mutual fund distributor, etc., authorisations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities/ guarantees given by the Transferor Company in relation to the Financial Services Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, local authorities or any other customs etc. in relation to the Financial Services Undertaking, and all other rights, interests, claims (including investor grievances) and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest moneys and/ or deposits including security deposits (including deposits as Trading Members with the Exchange(s) / NSCCL / CCIL or such other clearing corporation(s)) paid by the Transferor Company, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company and relatable to the

Financial Services Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Transferee Company.

- 4.6 With effect from the Appointed Date, all debts (whether secured or unsecured), liabilities, contingent liabilities, financial commitments, duties and obligations of the Transferor Company pertaining to the Financial Services Undertaking shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by the Transferee Company so as to become the liabilities of the same nature, of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this clause.
- 4.7 The Transferee Company may at any time after the coming into effect of the Scheme in accordance with the provisions of this Scheme, if so required, under any law or otherwise, execute necessary writings, in favour of the secured creditors of the Transferor Company pertaining to the Financial Services Undertaking or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliances referred to above on the part of Transferor Company to be carried out or performed.
- 4.8 All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Financial Services Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker(s) of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Financial Services Undertaking for payment after the Effective Date. If required, the Transferor Company allows maintaining of banks accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company and the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business of the Financial Services Undertaking. It is hereby expressly clarified that any Proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Financial Services Undertaking shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- 4.9 All accrued or unaccrued advance income tax, minimum alternate tax, service tax, sales tax, any tax deduction / collection at source of any other taxes of any nature, duties, cesses or any other like payments or deductions made by the Transferor Company between the Appointed Date and Effective Date pertaining to the Financial Services Undertaking to any statutory authorities including all or any refunds/credit/claims relating thereto shall be deemed to have been on account of or paid by the Transferee Company.

5. CONSIDERATION

- 5.1 Subject to the terms and conditions of this Scheme and as may be determined by the Board of Directors of the Transferor Company and the Transferee Company, in consideration of the transfer of the Financial Services Undertaking by the Transferor Company to the Transferee Company upon the terms of this Scheme, the Transferee Company shall be required to pay a cash consideration equivalent to the net asset value i.e. book values of the assets and liabilities being transferred pertaining to Financial Services Undertaking as on the Appointed Date to the Transferor Company. Before the Effective Date, the Transferor Company will adequately capitalize Transferee Company being a wholly owned subsidiary.

6. ACCOUNTING TREATMENT

In the books of the Transferee Company

- 6.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:
- 6.1.1 All the assets and liabilities related to the Financial Services Undertaking as appearing in the books of accounts of the Transferor Company as on the Appointed Date shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at a value derived at by apportioning the cash consideration paid by it amongst all the assets and liabilities pertaining to the Financial Services Undertaking;
- 6.1.2 The excess of book value of assets over (a) the book value of liabilities of the Financial Services Undertaking taken over and (b) the Consideration as detailed in Clause 5 shall be recorded and credited as Capital Reserve and deficit, if any would be debited to Goodwill.

In the books of the Transferor Company

- 6.2 Upon the Scheme becoming effective, the Transferor Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:
- 6.2.1 The accounts of the Assets and Liabilities of the Transferor Company shall stand reduced to the extent of Book Value of the Financial Service Undertaking upon transfer to the Transferee Company.
- 6.2.2 The Transferor Company shall record an amount equivalent to Consideration as "Receivable from the Transferee Company" in its books of accounts. On receipt of cash consideration from the Transferee Company, the amount will be credited to the said account by the Transferor.

7. CHANGE OF NAME

- 7.1 With effect from the Effective Date, the name of India Infoline Limited (Transferor Company) shall be changed to IIFL Holdings Limited and the name of India Infoline Distribution Company Limited (Transferee Company) shall be changed to India Infoline Limited or such other name as may be approved by the Registrar of Companies, Mumbai, Maharashtra.
- 7.2 From the Effective Date, till the time necessary formalities for change of name is completed, the Transferee Company would be eligible and shall be deemed to have a right to use the name of India Infoline Limited to ensure continuity of business operations.
- 7.3 The above shall be effected as an integral part of the Scheme and shall be deemed to be in due compliance of the applicable provisions of the Act.

8. CONDUCT OF BUSINESS

With effect from the Appointed Date and upto and including the Effective Date:

- 8.1 The Transferor Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business without prior written consent of the Transferee Company alienate charge, mortgage, encumber or otherwise deal with or dispose of any of its properties or part thereof.
- 8.2 The Transferor Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company as the case may be, prior to the Appointed Date.
- 8.3 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company may require pursuant to this Scheme.
- 8.4 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the Financial Services Undertaking of the Transferor Company for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 8.5 All profits or income accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company pertaining to the Financial Services Undertaking shall for all purposes be treated and deemed to be in profits or income or expenditure or losses (as the case may be) of the Transferee Company.

9. EMPLOYEES

- 9.1 On the Scheme becoming operative, all staff, workmen and employees of the Financial Services Undertaking of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferor Company shall not be less favourable than those applicable to them with reference to the Financial Service Undertaking of the Transferor Company on the Effective Date.
- 9.2 The Transferee Company agrees that the services of all such employees with the Transferor Company upto the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible in the Transferor Company on the Effective Date.
- 9.3 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become the trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the

end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company pertaining to Financial Services Undertaking will be treated as having been continuous for the purpose of the said Fund or Funds.

10. LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company pertaining to the Financial Services Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated by or against the Transferor Company pertaining to the Financial Services Undertaking, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

11. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 11.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Financial Services Undertaking of the Transferor Company to which the Transferor Company is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- 11.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

12. SAVING OF CONCLUDED TRANSACTIONS

- 12.1 The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Transferor Company pertaining to the Financial Services Undertaking under Clause 11 above shall not affect any transaction or proceedings already concluded by the Transferor Company pertaining to Financial Service Undertaking between the Appointed Date and the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

13. APPLICATION TO HIGH COURT

- 13.1 The Transferor Company and the Transferee Company shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 14.1 The Transferor Company and the Transferee Company by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Courts and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

15. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 15.1 The Scheme being approved/ consented to by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Company and the Transferee Company as may be directed by the High Court.

- 15.2 The sanction of the Scheme by the High Court or any other authority under Sections 391 to 394 of the Act and other applicable provisions of the Act.
- 15.3 The certified copies of the orders of High Court under section 391 and 394 of the Act sanctioning the Scheme being filed with the Registrar of Companies, Mumbai, Maharashtra.
- 15.4 Any requisite consent, approval or permission of the Central Government or any authority, Securities and Exchange Board of India, Stock Exchange(s), Depository(ies), AMFI which by law or contract as may be necessary for the implementation of this scheme; and
- 15.5 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- 16. COMPLIANCE WITH TAX LAWS**
- 16.1 Upon the Scheme coming into effect, the Transferee Company may, if it considers necessary or expedient, revise (with effect from the Appointed Date) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Financial Services Undertaking pursuant to the provisions of the Scheme.
- 16.2 Upon the Scheme coming into effect, the Transferor Company is also expressly permitted to revise (with the Appointed Date) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and /or credits, etc, pertaining to the Remaining Business pursuant to the provisions of the Scheme.
- 17. EFFECT OF NON-RECEIPT OF APPROVALS**
- 17.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before March 31, 2014 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Boards of Directors (and which the Boards of Directors of the Companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated herein or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.
- 18. COSTS, CHARGES & EXPENSES**
- 18.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by Transferee Company.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 538 OF 2013**

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company')

AND

In the matter of Scheme of Arrangement between India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company') and India Infoline Distribution Company Limited ('IIDCL' or 'the Transferee Company') and their respective shareholders and creditors

INDIA INFOLINE LIMITED, a company incorporated under the)
Companies Act, 1956 having its registered office at IIFL House,)
Sun Infotech Park, Road No 16V, Plot No B-23, Thane Industrial)
Area, Wagle Estate, Thane-400604, Maharashtra) Applicant Company

FORM OF PROXY

I/We _____ the undersigned, being the equity shareholder(s) of **India Infoline Limited** (the above named Applicant Company), do hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy, to vote for me/us at the meeting of the equity shareholders of the Applicant Company to be held at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 on Monday, the 12th day of August, 2013 at 4.00 pm, for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between India Infoline Limited ('IIL' or 'the Transferor Company' or 'the Applicant Company') and India Infoline Distribution Company Limited ('IIDCL' or 'the Transferee Company') and their respective shareholders and creditors ("The Scheme"), at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name (s) _____ (here, if for, insert 'for', if against insert 'against', and in the latter case, strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement, either with or without modification(s)*, as my/our proxy may approve.

*Strike out what is not necessary

Dated this _____ day of _____, 2013

Name: _____

Address: _____

(For Physical holding) Folio No. _____

(For Demat holding) DP ID _____

Client ID _____

No. of Shares held : _____

Signature of Shareholder(s) Sole holder / First holder _____

Second holder _____

Third holder _____

Signature of Proxy _____

Affix
Re 1/
-revenue
stamp

Signature across the stamp

Notes:

1. Proxy need not be a member
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than 48 (FORTY EIGHT) hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

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INDIA INFOLINE LIMITED

Registered Office: IIFL House, Sun Infotech Park, Road No 16V, Plot No B-23,
Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra

ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP Id* _____

Folio No. _____

Client Id* _____

No. of Share(s) held _____

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the equity shareholder):

NAME AND ADDRESS OF THE AUTHORISED REPRESENTATIVE (in block letters, to be filled in by the authorised representative attending instead of the equity shareholder):

I / We hereby record my / our presence at the Meeting of the Equity Shareholders of India Infoline Limited, the Applicant Company, convened pursuant to the Order dated 28th day of June, 2013 of the High Court of Judicature at Bombay on Monday, the 12th day of August, 2013 at 4.00 pm. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018

Signature of the equity shareholder or proxy or authorised Representative:

*Applicable for shareholders holding shares in dematerialized form.

Notes:

1. Shareholders/Proxy holder/Authorised Representative are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
2. Shareholders/Proxy holder/Authorised Representative should bring their copy of the Notice for reference at the Meeting.

