

[To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii)]

Government of India
Ministry of Corporate Affairs

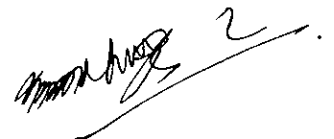
ORDER

New Delhi, Date: 01 April, 2015

S.O..... - In exercise of powers conferred by section sub section (3) of section 396 of the Companies Act, 1956 (1 of 1956) and read with rule 12-A of The Companies (Central Government's) General Rules and Forms, 1956, the Joint Director (Accounts), that is, the competent authority to assess the compensation for the purpose of sub-section (3) of section 396 of the said Act, payable to a member or creditor, including debenture holder, of the company amalgamating under that section, hereby makes the following order, in respect of the following, namely:-

In the matter of: Proposed Amalgamation of National Spot Exchange Limited (dissolved company) with its holding company, Financial Technologies (India) Limited (transferee company), under section 396 of the Companies Act, 1956 (1 of 1956)

And

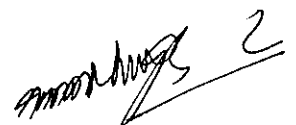


In the matter of: Assessment of compensation to members and creditors of National Spot Exchange Limited (dissolved company) in terms of sub-section (3) of section 396 of the Companies Act, 1956 (1 of 1956)

1. Whereas the Central Government had issued a draft order causing amalgamation of National Spot Exchange Limited (hereinafter NSEL) with its holding company Financial Technologies (India) Limited (hereinafter FTIL) in exercise of the powers conferred by section 396 of the Companies Act, 1956 (1 of 1956) vide its draft order dated the 21st October, 2014.

2. And whereas pursuant to the said draft order issued by the Central Government, FTIL has filed a Writ Petition No.2743 of 2014 before Hon'ble Bombay High Court, challenging the said draft order issued by the Central Government. The Hon'ble Bombay High Court in its hearing held on 27th November, 2014, inter-alia, directed the parties to maintain 'status quo' and no further steps shall be taken by the Central Government till next date of hearing and on 22nd December, 2014, ordered for the continuation of status quo order passed on 27th November, 2014 till next date which was fixed for 4th February, 2015. The Hon'ble High Court in its hearing held on 4th February, 2015, vacated the status quo on draft order of amalgamation and clarified, inter-alia, that the Central Government may pass such other orders which it deems fit and proper in accordance with law.

3. And whereas , in accordance with the provisions of sub-section (3) of section 396 of the Companies Act, 1956 (1 of 1956), every member or creditor



(including a debenture holder) of each of the companies before the amalgamation shall have, as nearly as may be, the same interest in or rights against the company resulting from the amalgamation as he had in the company of which he was originally a member or creditor; and to the extent to which the interest or rights of such member or creditor in or against the company resulting from the amalgamation are less than his interest in or rights against the original company, he shall be entitled to compensation which shall be assessed by such authority as may be provided by rules.

4. And whereas, in accordance with the rule 12-A of the Companies (Central Government's) General Rules and Forms, 1956, the Joint Director (Accounts) {"Competent authority"} in the Department of Company Affairs shall be the authority to assess the compensation for the purpose of sub-section (3) of section 396 of the said Act, payable to a member or creditor (including debenture holder) of the company amalgamating under that section.

5. And whereas the undersigned was designated as Joint Director (Accounts) under rule 12-A of the Companies (Central Government's) General Rules and Forms, 1956 read with the provisions of sub-section (3) of section 396 of the Companies Act, 1956 (1 of 1956) vide order No. A-22011/1/2014-Ad-II dated the 27th October, 2014 and hence the undersigned is competent to pass this for Assessment.

6. And whereas the Central Government, vide its letter No. 3/170/2014-CL.II dated the 20th November, 2014, appointed M/s Lodha & Co., Chartered Accountants as an Independent Valuer to determine the valuation of both the



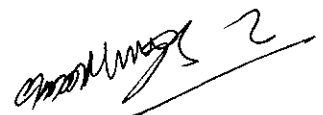
companies and to arrive the share exchange ratio. The Central Government also appointed Resurgent India Private Limited, a SEBI recognised Merchant Banker to issue fairness opinion on the valuation determined by M/s Lodha & Co.

7. And whereas, M/s Lodha & Co. had submitted its Report dated the 6th March, 2015 and accordingly, the Merchant Banker has given fairness opinion on the Valuation and Exchange Ratio on the 13th March, 2015 confirming the fairness of the valuation conducted by M/s Lodha & Co, Chartered Accountants.

8. And whereas, FTIL is a listed company and is having paid-up capital of Rs. 9,21,57,074 divided into 4,60,78,537 equity shares with a face value of Rs. 2/- each as on 30th September, 2014 .

9. And whereas NSEL is an unlisted company and has filed its Annual Accounts as at 31st March, 2013 only and the financial data is available only up to this date. However, the management and the auditors have withdrawn reliance on the financials for financial year 2012-13. However, it is noted that as per the filings made by the company with regard to the capital that as on 31st March, 2014 the National Spot Exchange Limited (a subsidiary company of FTIL) is having a paid up share capital of Rs. 45,00,00,000/- consisting of 4,50,00,000 equity shares of Rs. 10/- each. The details of shareholding is as under:

Name of Shareholders	No. of shares held (equity shares of Rs. 10/- each)	Amount (Rs.)
Financial Technologies (India) Limited	4,49,99,895	44,99,98,950
National Agricultural Cooperative Marketing Federation of India Limited (NAFED)	100	1,000
Jignesh Prakash Shah (nominee of FTIL)	1	10



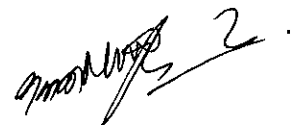
Arshad Mohamed Khan (nominee of FTIL)	1	10
Manjay Prakash Shah (nominee of FTIL)	1	10
V. Hariharan (nominee of FTIL)	1	10
Joseph Daniel Massey (nominee of FTIL)	1	10
Total	4,50,00,000	45,00,00,000

10. And whereas it is provided in clause (b) of Para 3 of the draft order of amalgamation dated the 21st October, 2014 that all the 4,49,99,895 equity shares of Rs.10/- each fully paid up in National Spot Exchange Limited, which are now held in the name of Financial Technologies (India) Limited including its nominees, shall be cancelled.

11. And whereas M/s Lodha & Co, Chartered Accountants appointed as independent valuers have recommended fair value per share of FTIL at Rs. 208/- (Rupees two hundred eight only). NSEL is an unlisted company and its fair value has been recommended on Net Asset Value Method in the range of Rs. 0 (Zero) to 77/- (Rupees seventy seven only) considering four various scenarios of which only two have been recommended by the valuers and also considering the fact that the management of NSEL and auditors have withdrawn reliance on the financials for Financial Year 2012-13.

12. And whereas the independent valuers have arrived at the fair value of NSEL in the range of Rs. 0 (zero) to Rs. 77.40 per share in the following two scenarios, namely:-

- (a) fair value has been arrived at Rs. 77.40 per share on net asset value method on the basis of audited financial statement for the financial



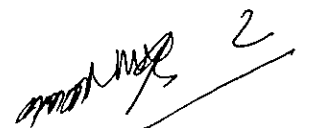
year 2011-2012 assuming sellers' (investors) claims would be settled with full recovery from buyers (borrowers);

- (b) fair value has been arrived at Rs.0 (zero) on net asset value method on the basis of the audited financial statement for the financial year 2011-2012 assuming sellers (investor) claim would not be settled and no further recovery can be made from the buyers (borrowers) considering the recovery trend except to the extent of Rs. 371.64 crore which has been recovered till valuation date.

13. And whereas on the basis of the valuation conducted, the independent valuers have recommended swap ratio of 0 (Zero) to 3 (Three) fully paid up equity shares of Rs. 2 each of FTIL to be issued in exchange of Eight fully paid up equity shares of Rs. 10 each of NSEL.

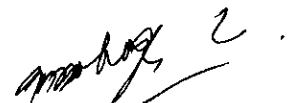
14. Now, therefore, in exercise of the powers conferred by sub-section (3) of section 396 of the said Act read with rule 12-A of Companies (Central Government's) General Rules and Forms, 1956, the undersigned passes the following order for assessment of compensation to the members and creditors of NSEL (dissolved company) against FTIL (resulting company), namely:-

(1) **Assessment of Compensation to members of NSEL:** Subject to the valuation and upon coming into the effect of the final order to be passed by the Central Government, if any, and in consideration for the transfer of and vesting of the properties, assets, liabilities and undertaking of the NSEL (dissolved company) in the FTIL (resulting company) in terms of the final order, the resulting company shall without any further act or deed, issue and allot three



fully paid-up equity shares of rupees two each for every eight equity shares of Rs. 10 each held in the dissolved company, holding fully paid up equity shares and whose names appear in the Register of Members of the dissolved company on the record date or to such of their respective heirs, executors, administrator, assignee, or other legal representatives or other successors in title as may be recognised by the Central Government.

- (a) the above swap exchange ratio at para (i) above is arrived at considering the fair value of NSEL as Rs. 77 per share as per scenario 1 arrived at by the independent valuers and enumerated at clause (a) para 12 above keeping in view that the latest audited financial statements of NSEL available are as on 31st March, 2012. The Financial Statements for the financial year 2012-13 have since been withdrawn by the auditors and the management of NSEL. The alternative fair value of NSEL at Rs. 0 (zero) arrived at by the valuers in the other scenario as enumerated at clause (b) of para 12 above has not been considered because of the fact that the issue of liabilities pertaining to investors is presently subject matter of dispute. A better of the two alternatives is considered in the interest of the minority shareholders.
- (b) Any fraction arising out of allotment of equity shares as per para (i) above shall be rounded off to the nearest integer.
- (c) The shareholder of the dissolved company, to whom the equity shares are to be issued by the transferee company pursuant to para



(i), shall be issued these shares in dematerialized form or physical form as the case may be.

(d) All the 4,49,99,895 equity shares of Rs. 10/- each fully paid up in dissolved company, which would be in the name of FTIL (transferee company) and five shares, one each held by each of its nominees, shall be cancelled.

(e) Compensation to be discharged by transferee company -

Name of Shareholders	No. of shares held (Equity shares of Rs. 10/- each)	Amount	Compensation (No. of shares of Transferee Company)
National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED)	100	1,000	37.5
Total Share to be issued by FTIL (rounded off)			38


(2) **Assessment of compensation to Creditors of NSEL:** As far as the compensation to creditors is concerned, it is provided in sub-clause (1) of Clause 4 of the draft order dated the 21st October, 2014 that, inter-alia, *“Such transfer and vesting shall subject to all mortgages and charges and hypothecation, guarantees and all rights whatsoever affecting the said properties of National Spot Exchange Limited”*. Clause 6 of the draft order further provides for saving of legal proceedings. Clause 8 of the said draft order also provides for protection of Taxation, while Clause 9 of the said draft order protects the officers and employees of dissolved company and Clause 11 of the said draft order provides for membership of provident fund and other employee benefit schemes. Thus, these clauses are

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meeting the requirements of sub-section (3) of section 396 of the said Act which inter-alia, provides that every creditor of each of the companies before amalgamation shall have, as nearly as may be, the same interest in or rights against the company resulting from amalgamation as he had in the company of which he was originally a creditor. Therefore, the interest in or rights of the creditors of dissolved company as against the resulting company are not proposed to be less than their interest in or rights as they had against the dissolved company and thus I feel no need for assessment of compensation to the creditors.

- (3) This order for assessment of compensation is without prejudice to the final decision of the Central Government on the draft order dated the 21st October, 2014 of amalgamation read with directions of the Hon'ble Bombay High Court. This order shall be effective, if and only if, the Central Government finally decides to amalgamate National Spot Exchange Limited with its holding company Financial Technologies (India) Limited.
- (4) Any person aggrieved by this assessment of compensation may prefer an appeal to the Company Law Board within thirty days from the publication of this order in the Official Gazette as provided under sub-section (3A) of section 396 of the said Act.

[F.No. 3/170/2014- CL-II]


Manmohan Juneja
Joint Director (Accounts)

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