



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
NEW DELHI BENCH, COURT III AT NEW DELHI  
COMPANY SCHEME APPLICATION NO. CA (CAA) 103 ND/2018 OF 2018

In the matter of the Companies Act, 2013;  
AND  
In the matter of Sections 230-232 read with other  
relevant provisions of the Companies Act, 2013;  
AND  
In the matter of Scheme of Amalgamation  
between Freecharge Payment Technologies  
Private Limited and Accelyst Solutions Private  
Limited and their respective shareholders.

Freecharge Payment Technologies Private Limited )  
(CIN: U74140DL2015PTC275419) a company )  
incorporated under the Companies Act, 2013, )  
having its registered office at 2nd Floor, Red Fort )  
Capital, Parsvnath Tower, Bhai Veer Singh Marg, )  
Near Gole Market, New Delhi – 110 001 ) ...Applicant Company/Transferee Company

**EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 232(2) OF THE  
COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES,  
ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. This is a statement accompanying the Notice convening the Meeting of the Unsecured Creditors of the Applicant Company, pursuant to an order dated July 30, 2018 passed by the Hon'ble National Company Law Tribunal, at New Delhi ("Tribunal") in the Company Scheme Application No. CA (CAA) 103 ND/2018 of 2018, referred to hereinabove, ("Order") to be held at 2nd Floor, Red Fort Capital, Parsvnath Tower, Bhai Veer Singh Marg, Near Gole Market, New Delhi – 110 001 on Monday, September 10, 2018 at 12 p.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangements embodied in the Scheme of Amalgamation ("Scheme") between Freecharge Payment Technologies Private Limited ("Transferee Company" or "Applicant Company") and Accelyst Solutions Private Limited ("Transferor Company").
2. A copy of the Scheme is attached herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from the Appointed Date (*as defined in the Scheme*) but shall be made operative from the Effective Date (*as defined in the Scheme*).
3. The Order will be available for inspection at the registered office of the Applicant Company at 2nd Floor, Red Fort Capital, Parsvnath Tower, Bhai Veer Singh Marg, Near Gole Market, New Delhi – 110 001 between 11.00 a.m. to 1.00 p.m. on any working day (except Saturdays, Sundays and public holidays) of the Applicant Company up to the date of the Meeting.
4. **Background of the Companies/Parties to the Scheme of Amalgamation:**



#### 4.1. Freecharge Payment Technologies Private Limited

4.1.1. The Transferee Company, Freecharge Payment Technologies Private Limited (CIN U74140DL2015PTC275419; PAN AAFCK7217F), is a private limited company (being a wholly owned subsidiary of Axis Bank Limited which is a public limited company) incorporated under the provisions of the Companies Act, 2013 on the 14<sup>th</sup> of January, 2015 and having its registered office at 2nd Floor, Red Fort Capital, Parsvnath Tower, Bhai Veer Singh Marg, Near Gole Market, New Delhi – 110001. The Transferee Company was incorporated as “Klickpay Payment Services Private Limited”. Thereafter, the Transferee Company was renamed as “Freecharge Payment Technologies Private Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on January 29, 2016. The Transferee Company had amended the object clause in its Memorandum of Association vide a shareholders resolution dated November 16, 2015. The email address of the Transferee Company is companysecretary@freecharge.com.

4.1.2. The Transferee Company is a wholly owned subsidiary of Axis Bank Limited.

4.1.3. The main objects of the Transferee Company as set out in its Memorandum of Association are as follows:

*“1. To provide, promote, develop, design, establish, setup, maintain, organize, undertake, manage, operate, run, market and carry on the business of all types/ kinds of physical, electronic and virtual payment system services, e- wallets, mobile wallets, pre -paid payment instruments, whether open, closed and semi closed, cash card, payment gateway service, with a vision to create solutions that address the payment requirements of consumers including but not limited to both individuals and businesses in India under compliance of applicable laws.*

*2. To carry on the business of assisting, servicing, facilitating, offering, distributing, implementing or otherwise promoting such services, schemes, policies and projects including but not limited to financial assets, instruments, products, policies, investment vehicles and to provide technology and process services for facilitating such businesses.*

*3. To carry on the business of issue, servicing and dealing in all kinds of payment products, payment systems, remittances and development of such business either on its own or in collaboration, association or tie-up with Banks or other organisations, identifying and entering into an agreement either individually or as member of an Association of Persons with any shop, store, restaurant and any other merchant establishment, for the purpose of providing payment systems or any other payment service, to any person who agrees to be a member of or a subscriber to any payment product, payment systems, developed, issued or serviced by the Company and to establish, payment product, payment systems and remittances centres at such places as the Company may deem expedient and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas and to carry on the business of marketing, distributing, promotion and sale of products or services of Banks, Companies, financial Institutions and Organisations.*

*3.A. To operate as a Bharat Bill Payment Operation Unit under the Bharat Bill Payment System guidelines to provide bill payment services for post-paid, recharge, DTH, Utilities and others as permitted under various statutory norms.”*

4.1.4. The share capital of the Transferee Company as on March 31, 2018 is as under:



In INR	
<b>Authorized Share Capital</b>	
1,006,010,000 ordinary equity shares of INR 10 each	10,060,100,000
<b>Issued Share Capital</b>	
581,050,000 ordinary equity shares of INR 10 each	5,810,500,000
<b>Paid-up Share Capital</b>	
581,050,000 ordinary equity shares of INR 10 each	5,810,500,000

After March 31, 2018, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferee Company.

- 4.1.5. The details of present directors and promoters of the Transferee Company along with their addresses are mentioned herein below:

No.	Name of Director	Category	Address
1.	Jairam Sridharan	Non-Executive Director	Flat No 1801, Ashok Tower-B DR. Babasaheb Ambedkar Marg, Parel Mumbai – 400012
2.	Sangram Singh	Managing Director	E 703 MGF Villas DLF Phase 2, Gurgaon – 122001
3.	Mohit Jain	Non-Executive Director	B-1503, Gundecha Altura, LBS Road Kanjur Marg, West Mumbai – 400078
4.	Nithya Easwaran	Independent Director	A-405, Floor No. 4, Ashok Garden T-1 180/188, T.J. Road, Sewree, Mumbai - 400015
5.	Rohit Bhagat	Independent Director	925 Culebra Road, Hills Borough, California, CA 94010 – USA
<b>Shareholders and Promoters</b>			
1.	Axis Bank Limited	Shareholder/Promoter	Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025

The amount due to unsecured creditors as of March 31, 2018 is INR 3,67,53,304.

4.2. Accelyst Solutions Private Limited

4.2.1. The Transferor Company, Accelyst Solutions Private Limited (CIN: U72900MH2008PTC185202; PAN: AAHCA2192H) is a private limited company (being a wholly owned subsidiary of Axis Bank Limited which is a public limited company) incorporated under the provisions of the Companies Act, 1956 on the July 29, 2008 and having its registered office at 2nd Floor, Unit No.205-206, Plot No. 1 Vaibhav Chambers, Bandra Kurla Complex, Mumbai - 400051. The Transferor Company had amended the object clause in its Memorandum of Association vide a shareholders resolutions dated August 6, 2012 and October 24, 2016. The email address of the Transferor Company is [abhilasha.singh@accelyst.co.in](mailto:abhilasha.singh@accelyst.co.in)

4.2.2. The Transferor Company is a wholly owned subsidiary of Axis Bank Limited, which is a public limited company. The Transferor Company is registered with Association of Mutual



Funds in India (“AMFI”) as an AMFI Registered Mutual Fund Advisor (ARMFA) bearing ARN No. – 116600 and a corporate agent under the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 having registration code CA0454.

- 4.2.3. The main object of the Transferor Company as set out in its Memorandum of Association is as follows:

*“1. To engage in the business of providing sales promotion techniques, solutions and services to retailers and manufacturers in India and abroad, through internet, web and on-line electronic media and by any other media and to build the most advanced technology platform to facilitate the innovative sales promotion techniques.*

*2. To act in India as agent, advisor, distributor, franchiser, surveyors, consultant for general insurance, life insurance and for financial products such as deposits, mutual funds, government securities, shares, stocks, bonds, debentures and/or other financial instruments and to do the above either by itself or in conjunction with others.”*

- 4.2.4. The share capital of the Transferor Company as on March 31, 2018 is as under:

In INR	
<b>Authorized Share Capital</b>	
1,000,000,000 ordinary equity shares of INR 10 each	10,000,000,000
<b>Issued Share Capital</b>	
679,682,662 ordinary equity shares of INR 10 each	6,796,826, 620
<b>Paid-up Share Capital</b>	
679,682,662 ordinary equity shares of INR 10 each	6,796,826, 620

After March 31, 2018, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company.

- 4.2.5. The details of directors and promoters of the Transferor Company along with their addresses are mentioned herein below:

No.	Name of Director	Category	Address
1.	Jairam Sridharan	Non-Executive Director	Flat No 1801, Ashok Tower-B Dr. Babasaheb Ambedkar Marg, Parel Mumbai – 400012
2	Mohit Jain	Non-Executive Director	B-1503, Gundecha Altura, LBS Road Kanjur Marg, West Mumbai – 400078
3	Nithya Easwaran	Independent Director	A-405, Floor No. 4, Ashok Garden T-1 180/188, T.J. Road, Sewree, Mumbai - 400015
<b>Shareholders and Promoter</b>			
1.	Axis Bank Limited	Shareholder/Promoter	Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025

- 4.2.6. The amount due to unsecured creditors as on March 31, 2018 is INR 7,57,56,964.



5. **Relationship subsisting between the Transferor Company and the Transferee Company**

- 5.1. Both the Transferee Company and the Transferor Company are wholly owned subsidiaries of Axis Bank Limited. No relationship of holding, associate or subsidiary companies subsists between them.

6. **Details of the Scheme**

6.1. Rationale of the Scheme

6.1.1. This Scheme envisages the amalgamation of the Transferor Company with the Transferee Company, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. The chief reasons and circumstances leading to and justifying the proposed Scheme, which make it beneficial for all concerned, including the members, creditors and all other stakeholders of both the Transferor Company and the Transferee Company are as follows:

- a) The Transferor Company and the Transferee Company are engaged in similar and complementary lines of businesses and thus the amalgamation of the both companies will result in administrative and operational rationalization, organizational efficiencies, and in economies of scale, reduction in overheads and other expenses and optimum utilization of resources.
- b) The Transferor Company and the Transferee Company can be amalgamated for mutual benefit as this would reduce the costs and compliances requirements for the Transferor Company and for Axis Bank as a group (“**Axis Bank Group**”). Cost savings will result from focused operational efforts, rationalization, standardization and simplification of the business processes, integration and optimization of various support functions, resources and the assets.
- c) The shareholders of the Transferor Company and the shareholders of the Transferee Company being the same entity (i.e. Axis Bank Limited), the amalgamation of the two entities shall not prejudicially affect the interest of its shareholders and/or the creditors. This Scheme will also result in the strengthening of the brand “Freecharge”.
- d) The amalgamation of the Transferor Company and the Transferee Company will bring about increased operational efficiency for Axis Bank Group. Further, this amalgamation would be in furtherance of the compliance to be made by the Axis Bank Group with the approval granted by the Reserve Bank of India for the Transferor Company and the Transferee Company.

6.2. Salient Features of the Scheme

*The Scheme as attached here at Annexure A, is proposed between Accelyst Solutions Private Limited and Freecharge Payment Technologies Private Limited and their shareholders. The material provisions of the proposed Scheme are detailed hereunder (the following points are reproduced as per the Scheme and are numbered according to the Scheme):*

- i) *The Appointed Date for the Scheme is October 07, 2017 or such other date as may be mutually determined by the Board of Directors of the Transferor Company and the Transferee Company.*



- ii) *Effective Date: The Scheme shall become effective on such date when the certified copies of the orders of the Tribunal sanctioning this Scheme are filed with the Registrar of Companies, Mumbai and New Delhi respectively.*
- iii) *That the Transferor Company shall merge into the Transferee Company, including all of its assets, liabilities, licenses, and all of its properties whether movable or immovable, tangible or intangible;*
- iv) *A change in the object clause of the Memorandum of Association of the Transferee Company;*
- v) *Increase in the authorized share capital of the Transferee Company;*
- vi) *Issuance of 174 (One Hundred and Seventy Four) ordinary equity shares of the Transferee Company to Axis Bank Limited for every 100 (One Hundred) ordinary equity shares held in the Transferor Company;*
- vii) *Dissolution of the Transferor Company without winding up, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.*

**Note: The features set out above being only the extract of the Scheme. The Unsecured Creditors are requested to read the entire text of the Scheme annexed hereto at Annexure A to get fully acquainted with the provisions thereof.**

## **7. Summary of Valuation Report**

- 7.1. The valuation report dated March 22, 2018 by BDO India LLP (“**Valuation Report**”), provides that it would be fair that the shareholders of the Transferor Company, being Axis Bank Limited, are issued 174 (One Hundred and Seventy Four) fully paid up ordinary equity shares in the Transferee Company for every 100 (One Hundred) fully paid up ordinary equity shares owned by them in the Transferor Company.
- 7.2. The Valuation Report is available for inspection at the registered office of the Applicant Company and is also enclosed herewith as **Annexure B**.

## **8. The benefit of the Scheme of Amalgamation as perceived by the Board of Directors of the Applicant Company**

- 8.1. Based on the aforesaid advice/opinions, the Board of Directors of the Applicant Company have come to conclusion that amalgamation of the Transferor Company with the Transferee Company, resulting in consolidation of the business in one entity would strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies.

According to the Board the chief benefits for all concerned, including the members, creditors and all other stakeholders of both the Transferor Company and the Transferee Company are as follows:

- a) The amalgamation of Transferor Company and the Transferee Company will result in administrative and operational rationalization, organizational efficiencies, and in economies of scale, reduction in overheads and other expenses and optimum utilization of resources.
- b) Cost savings will result from focused operational efforts, rationalization, standardization and simplification of the business processes, integration and optimization of various support functions, resources and the assets.
- c) This Scheme will also result in the strengthening of the brand “Freecharge”.



- d) The amalgamation of the Transferor Company and the Transferee Company will bring about increased operational efficiency for Axis Bank Group. Further, this amalgamation would be in furtherance of the compliance to be made by the Axis Bank Group with the approval granted by the Reserve Bank of India for the Transferor Company and the Transferee Company.

## 9. Approvals

### 9.1. Corporate Approvals

- 9.1.1. The Scheme along with the Valuation Report was placed before the Board of Directors of the Applicant Company, at its meeting held on March, 27, 2018. The Scheme was modified thereafter and such amended Scheme was placed before the Board of Directors of the Applicant Company, at its meeting held on May 08, 2018. Based on the aforesaid, the Board of Directors of the Applicant Company by resolution approved the Scheme, as detailed below:

- (a) Meeting held on March, 27, 2018

Name of Director	Voted in favor / against / did not participate or vote
Mr. Jairam Sridharan	Favour
Mr. Mohit Jain	Favour
Ms. Nithya Easwaran	Favour

- (b) Meeting held on May 08, 2018

Name of Director	Voted in favor / against / did not participate or vote
Mr. Sangram Singh	Favour
Mr. Mohit Jain	Favour
Ms. Nithya Easwaran	Favour
Mr. Jairam Sridharan	Did not attend the meeting

- 9.1.2. The Scheme along with the Valuation Report was placed before the Board of Directors of the Transferor Company, at its meeting held on March, 27, 2018. The Scheme was modified thereafter and such amended Scheme was placed before the Board of Directors of the Transferor Company, at its meeting held on May 08, 2018. Based on the aforesaid, the Board of Directors of the Transferor Company by resolution approved the Scheme, as detailed below:

- (a) Meeting held on March, 27, 2018

Name of Director	Voted in favor / against / did not participate or vote
Mr. Jairam Sridharan	Favour
Mr. Mohit Jain	Favour
Ms. Nithya Easwaran	Favour



(b) Meeting held on May 08, 2018

Name of Director	Voted in favor / against / did not participate or vote
Mr. Mohit Jain	Favour
Ms. Nithya Easwaran	Favour
Mr. Jairam Sridharan	Did not attended the meeting

9.2. Approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities:

9.2.1. Apart from the approval by the respective requisite majorities of the members and unsecured creditors (where applicable) of the Transferor Company and the Transferee Company, the Scheme also requires the sanction of the National Company Law Tribunal. Both the Transferor Company and the Transferee Company will file petitions before the National Company Law Tribunal, Mumbai Bench and the Tribunal, respectively, for the sanction of the Scheme pursuant to Sections 230 to 232 of the Companies Act, 2013.

9.2.2. A copy of the Notice along with the necessary statements under Section 230(3) of the Companies Act, 2013 read with Rules 6 and 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, is also being forwarded to the Registrar of Companies NCT Delhi & Haryana, the Income Tax authorities, Official Liquidator, Regional Director, the Central Government as well as other sectors regulators in terms of the Order and Section 230 (5) of the Companies Act, 2013.

9.2.3. The Transferor Company has submitted a letter dated May 17, 2018 to IRDA for intimation of the Scheme. Till date hereof has not received any objections from IRDA.

9.2.4. The Transferor Company and the Transferee Company have filed the Scheme with the respective Registrar of Companies.

10. **Disclosure of effect of the Scheme**

10.1. On the following persons:

S. No.	Persons	Effect of the Scheme
1.	Key Managerial Persons	N.A.
2.	Directors	N.A.
3.	Promoters	N.A.
4.	Non-Promoter Members	N.A.
5.	Depositors	N.A.
6.	Creditors	N.A.
7.	Debenture holders	N.A.
8.	Deposit Trustee/ Debenture Trustee	N.A.
9.	Employees	N.A.



10.2. On the material interests of the following persons

10.2.1. None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of the Applicant Company and their respective Relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding. Further, as on the date of this notice, none of the Key Managerial Personnel holds any shares in the Applicant Company. The details of the shareholding of the Directors as on date of this notice, is disclosed below:

S No	Name of Directors	Number of shares
1	Jairam Sridharan	10 (the Beneficial Ownership is with Axis Bank Limited)
2	Mohit Jain	10 (the Beneficial Ownership is with Axis Bank Limited)

10.2.2. None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of the Transferor Company and their respective Relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding. Further, as on date of this notice, none of the Key Managerial Personnel holds any shares in the Transferor Company. The details of the shareholding of the Directors as on date of this notice, is disclosed below:

S No	Name of Directors	Number of shares
1	Jairam Sridharan	10 (the Beneficial Ownership is with Axis Bank Limited)
2	Mohit Jain	10 (the Beneficial Ownership is with Axis Bank Limited)

11. **Details of capital or debt restructuring**

11.1. The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.

12. **Investigation or proceedings are pending under the provisions of Act**

12.1. No investigation or proceedings are pending under the provisions of the Act or under the provisions of the Companies Act, 1956 in respect of the Applicant Company.

12.2. No investigation or proceedings are pending under the provisions of the Act or under the provisions of the Companies Act, 1956 in respect of the Transferor Company.

13. No winding up petition is pending against the Applicant Company.



#### 14. Inspection of Documents

- 14.1. The following documents shall be available for obtaining extract or obtaining copies of or for inspection by the unsecured creditors of the Applicant Company at its registered office between working hours up to September 10, 2018 on all working days (except Saturdays, Sundays and public holidays) and the said documents shall also be available for inspection at the venue of the Meeting:
- 14.1.1. Audited Financial Statement of the Transferee Company and the Transferor Company for financial year ended March 31, 2018.
  - 14.1.2. Copy of the Order of the Hon'ble National Company Law Tribunal, at New Delhi, dated July 30, 2018 passed in the Company Scheme Application No. CA (CAA) 103 ND/2018 of 2018.
  - 14.1.3. Copy of the Scheme of Amalgamation of Accelyst Solutions Private Limited with Freecharge Payment Technologies Private Limited and their respective shareholders.
  - 14.1.4. The Valuation Report dated March 22, 2018 by BDO India LLP.
  - 14.1.5. Certificate issued by Auditor of the Company to the effect that the accounting treatment, if any, proposed in the scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
  - 14.1.6. Memorandum of Association and Article of Association of the Transferor Company and the Transferee Company.

#### 15. Enclosed Documents

- 15.1. A copy of the Scheme of Amalgamation of Accelyst Solutions Private Limited with Freecharge Payment Technologies Private Limited and their respective shareholders is enclosed as **Annexure A** to this explanatory statement.
- 15.2. A copy of the Valuation Report dated March 22, 2018 by BDO India LLP is enclosed as **Annexure B** to this explanatory statement.
- 15.3. A copy of the audited financial statements as on March 31, 2018 of the Applicant Company are enclosed as **Annexure C** to this explanatory statement.
- 15.4. A copy of the audited financial statements as on March 31, 2018 of the Transferor Company are enclosed as **Annexure D** to this explanatory statement.
- 15.5. In compliance with the provisions of Section 232(2) of the Companies Act, 2013, the Board of Directors of the Applicant Company, in their meeting held on March 27, 2018 have adopted a report, *inter alia*, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. A copy of the said report is enclosed as **Annexure E** to this explanatory statement.
- 15.6. In compliance with the provisions of Section 232(2) of the Companies Act, 2013, the Board of Directors of the Transferor Company, in their meeting held on March 27, 2018, have adopted a report, *inter alia*, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. A copy of the said report is enclosed as **Annexure F** to this explanatory statement.



16. In the event that this Scheme is terminated or withdrawn in the manner set out herein, this Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay respective costs, charges and expenses for and or in connection with the Scheme.
17. This statement may be treated as an Explanatory Statement under Section 230(3) of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013.

Dated this the 10<sup>th</sup> day of August, 2018  
Place: New Delhi

  
**Shri Saurabh Kalia**  
**Chairman appointed for the Meeting**