

Magma Fincorp Limited  
Regd. Office  
Magma House  
24 Park Street, Kolkata 700 016  
Tel : 91 33 4401 7350 / 7200  
Fax : 91 33 4401 7313  
CIN : L51504WB1978PLC031813  
Web: www.magma.co.in



21 November 2017

Corporate Relationship Department,  
**BSE Limited**  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street, Fort,  
Mumbai – 400 001

**Company Code - 524000**

The Manager,  
Listing Department,  
**National Stock Exchange of India Limited**  
“Exchange Plaza”,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051

**Symbol - MAGMA**

**Sub: Scheme of merger for the proposed merger of Magma ITL Finance Limited (Wholly Owned Subsidiary Company) with the Company**


Dear Sir,

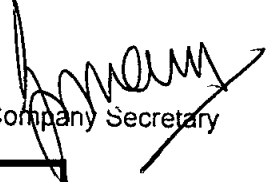
In continuation to our earlier intimation dated 9 November 2017 and in terms of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March, 2017, please find enclosed herewith the Scheme of merger of Magma ITL Finance Limited (Wholly Owned Subsidiary Company) with the Company as approved by the Board of Directors of the Company at its meeting held on 9 November 2017.

This is for your information and records please.

Thanking you,

Yours faithfully,  
For Magma Fincorp Limited

  
Shaqum Zaman  
Company Secretary  
ACS No. 13918

  
Company Secretary

**SCHEME OF AMALGAMATION**

**UNDER SECTION 230 to 232  
OF  
THE COMPANIES ACT, 2013  
OF**

**MAGMA ITL FINANCE LIMITED**

- Transferor Company

**WITH**

**MAGMA FINCORP LIMITED**

- Transferee Company

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

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**GENERAL**

**A. DESCRIPTION OF THE COMPANIES AND THEIR BACKGROUND**

1. **MAGMA ITL FINANCE LIMITED** ("MITL" or the "Transferor Company") having Corporate Identity number U65910WB2007PLC120137 is a company incorporated on 1<sup>st</sup> November, 2007, under the provisions of Companies Act, 1956 and having its registered office at Magma House, 24, Park Street, Kolkata – 700 016, West Bengal. It is a wholly owned subsidiary of Magma Fincorp Limited, the Transferee Company. The Company is registered with the Reserve Bank of India as non-deposit taking Non-Banking Financial Company under section 45-IA of the Reserve Bank of India Act, 1934.
2. **MAGMA FINCORP LIMITED** ("MFL" or "Transferee Company") having Corporate Identity Number L51504WB1978PLC031813 is a company incorporated on 18<sup>th</sup> December, 1978 under the provisions of Companies Act, 1956 and having its registered office at Magma House, 24, Park Street, Kolkata – 700 016, West Bengal. The Company is registered with the Reserve Bank of India as a non-deposit taking Non-

Banking Financial Company under section 45-IA of the Reserve Bank of India Act, 1934.

3. The equity shares of the Transferee Company are listed with both BSE Ltd and National Stock Exchange of India Limited.
4. The Transferor Company is a wholly-owned subsidiary of the Transferee Company. This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013.

## **B. RATIONALE FOR THE SCHEME**

The amalgamation of MITL with the Transferee Company (MFL) would, inter alia, have the following benefits:

- i. To achieve greater integration and greater financial strength and flexibility, to maximise overall shareholder value.
- ii. To achieve cost savings from more focused operational efforts, rationalisation, standardisation and simplification of business processes, productivity improvements and rationalization of administrative expenses.
- iii. The consolidation of activities of the Transferor Company and the Transferee Company by way of merger will lead to operational synergies, greater productivity and economical operations for future growth of the Transferee Company.
- iv. The merger will provide for pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company which will help in increasing the competitiveness of the Transferee Company.
- v. The merger will result in economies of scale, reduction in overheads including administrative, managerial and other expenditure, operational rationalisation, organisational efficiency and optimal utilisation of resources.
- vi. The merger will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by both the Transferor Company and the Transferee Company.
- vii. The banks, creditors and financial institutions, if any, are not adversely affected by the proposed merger as their security and asset cover will be maintained.



### C. Parts of the Scheme

This Scheme of Amalgamation is divided into the following parts:

1. **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;
2. **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
3. **Part III** deals with the cancellation of share capital of the Transferor Company.
4. **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company;
5. **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

The amalgamation of MITL (the Transferor Company) with MFL (the Transferee Company) pursuant to and in accordance with this Scheme shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.



**PART I**  
**DEFINITIONS AND SHARE CAPITAL**

**1. DEFINITIONS:**

In this Scheme, unless the context otherwise requires, the following expression shall have the following meanings:

- 1.1. **"Act"** means the Companies Act, 2013, including any statutory modifications, re-enactments or amendments for the time being in force;
- 1.2. **"Appointed Date"** means **1<sup>st</sup> October 2017**;
- 1.3. **"Assets"** in relation to Transferor Company means Fixed Assets, Loans and Advances, Investments, Current Assets, Loan and Advances, debit balance in Profit and Loss account and any other Assets as per the books of the Transferor Company as at 30<sup>th</sup> September, 2017;
- 1.4. **"Board of Directors" or "Board"** means the board of directors of MFL or MITL, as the case may be, and shall include a duly constituted committee thereof
- 1.5. **"BSE"** means BSE Limited;
- 1.6. **"Effective Date"** means the later of the dates on which certified copies of the order of the NCLT, Kolkata Bench sanctioning the scheme are filed with Registrar of Companies, Kolkata. Any references in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date;
- 1.7. **"Liabilities"** in relation to the Transferor Company means Loan Funds, Current Liabilities, Reserves and Surpluses (including balance in Profit and Loss Account) provisions and all other liabilities of the Transferor Company as per the books of the Transferor Company as at 30<sup>th</sup> September, 2017;
- 1.8. **"MITL"** means MAGMA ITL FINANCE LIMITED, a company incorporated under the provisions of Companies Act, 1956 and having its registered office at Magma House, 24, Park Street, Kolkata – 700 016, West Bengal.
- 1.9. **"MFL"** means MAGMA FINCORP LIMITED, a company incorporated under the provisions of Companies Act, 1956 and having its registered office at Magma House, 24, Park Street, Kolkata – 700 016, West Bengal.



1.10. "NCLT" or "Tribunal" means the National Company Law Tribunal under the Companies Act, 2013

1.11. "NSE" means National Stock Exchange of India Limited.

1.12. "Stock Exchange" means BSE and NSE.

1.13. "Scheme" means the Scheme of Amalgamation in the present form submitted to the NCLT, Kolkata Bench for sanction or with any modification(s) approved or imposed or directed by the Tribunal;

1.14. "Transferor Company" means "MITL."

1.15. "Transferee Company" means "MFL."

1.16. "Undertaking of Transferor Company" shall mean and include the following:

- (a) All the assets, properties, current assets, investments, claims, authorities, allotments, approvals, consents, licenses, registration, contracts, concessions, engagements, arrangements, estates, interests, intellectual property rights, powers, rights and titles, benefits and advantages, of whatsoever nature and wherever situated of every description belonging to or in the ownership, power or possession and in the control of or vested in or granted in favor of or enjoyed by Transferor Company as on the Appointed Date, and
- (b) All the debts, duties, liabilities and obligations of every description of or pertaining to Transferor Company standing in the books of Transferor Company as on the Appointed Date as provided herein.
- (c) all records, files, papers, designs, and process information, computer programmes, manuals, data, sales and advertising materials and other records, whether in physical form or electronic form of the Transferor Company;
- (d) Amounts claimed by the Transferor Company whether or not so recorded in the books of account of the Transferor Company from any Government Authority under any law, act or rule in force, as refund of any tax, duty, cess or of any excess payment;

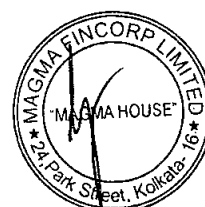


(e) Without prejudice to the generality of the foregoing mentioned hereinabove, the term "Undertaking of Transferor Company" shall include the entire business which is being carried out under the name and style of Transferor Company and shall include the advantages of whatsoever nature, agreements, contracts, entitlements, permits, permissions, registrations, allotments, approvals, arrangements, authorizations, benefits, , concessions, rights and assets, Domains, intellectual property rights of any nature whatsoever and licenses in respect thereof, intangibles, investments, leasehold rights, liberties, patents, permits, consents, clearances, approvals, certificates, powers of every kind, nature and description whatsoever, privileges, quota rights, registration, reserves, waivers, acknowledgments and all properties, movable and immovable, real, corporeal or incorporeal, wheresoever situated, and all benefits including subsidies, grants, incentives, tax credits, tax deferrals, electricity permits, right to use and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipments, tenancy rights, titles, trademarks, trade names, brands, goodwill, all other utilities held by Transferor Company or to which Transferor Company are entitled to on the Appointed Date and cash and bank balances, all earnest moneys and/or deposits including security deposits paid by Transferor Company and all other interest wheresoever situated, belonging to or in the ownership, power or possession of or in the control of or vested in or granted in favor of or enjoyed by or arising to Transferor Company.

## 2. SHARE CAPITAL:

2.2.1. MITL is a Public Limited Company. It is a wholly-owned subsidiary of MFL. The details of Capital of MITL as on appointed date are as follows:

PARTICULARS	(RS. LACS)
<b>Authorized Capital:</b> 17,50,00,000 equity shares of Rs. 10/- each	17,500.00
<b>Issued, Subscribed and Paid-up Capital:</b> 4,50,00,000 equity shares of Rs. 10/- each	4,500.00



2.2.2. MFL is a Public Limited Company listed on BSE and NSE. The details of Capital of MFL as on appointed date are as follows:

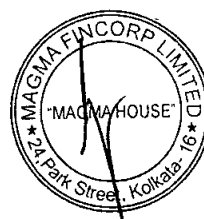
PARTICULARS	(RS. in LACS)
<b>Authorised Capital</b>	
26,50,00,000 Equity shares of Rs 2/- each	5,300.00
5,43,00,000 Preference shares of Rs. 100/- each	54,300.00
<b>Total</b>	59,600.00
<b>Issued, Subscribed and Paid-Up Capital</b>	
23,69,73,672 Equity shares of Rs. 2/- each fully paid up	4,739.47
<b>Total</b>	4739.47

2.2.3. Subsequent to above, there is no change in the Capital Structure of Transferee or Transferor Company.

**PART II**  
**TRANSFER AND VESTING OF UNDERTAKING OF**  
**TRANSFEROR COMPANY**

**3. TRANSFER OF "UNDERTAKING" OF TRANSFEROR COMPANY:**

3.1. **Generally:** Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the provisions of Section 230 and 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be done, made, executed so as to become, as and from the Appointed Date, the undertaking of





the Transferee Company by virtue of and in the manner provided in this Scheme.

**3.2. Transfer of assets:**

3.2.1. Without prejudice to the generality of Clause 3.1 above, upon coming into effect of this Scheme and with effect from the Appointed date:

- (a) All the assets and properties comprised in the Undertaking, of whatsoever nature and wheresoever situate, whether or not recorded in the books of the Transferor Company, including assets and properties acquired on or after the appointed date, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, the assets and properties of the Transferee Company.
- (b) Without prejudice to the provisions of 3.2.1 (a) above, in respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.
- (c) In respect of movables other than those dealt with in clause 3.2.1 (b) above, assets including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).



(d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits including Advance Tax, Tax Deducted at Source (TDS), Minimum Alternate Tax credit, Goods and Service Tax (GST) inputs, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits including Advance Tax, TDS, Minimum Alternate Tax credit, GST inputs,, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

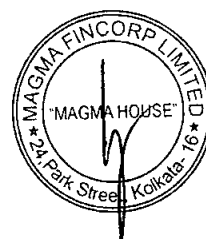
### 3.3. Transfer of Liabilities:

3.3.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings (including warranties and guarantees given) if any of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the "Liabilities"), shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with, any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further 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.

- 3.3.2.** All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme, which shall meet, discharge and satisfy the same.
- 3.3.3.** Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged or satisfied by the Transferor Company after the appointed date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 3.3.4.** All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 3.3.5.** Where any such debts, loans raised, liabilities, duties and obligations of the Undertaking as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 3.3.6.** Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the



Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

**3.4. Encumbrances:**

- 3.4.1. The transfer and vesting of the assets comprised in the undertaking to and in the Transferee Company under clause 3.1 and 3.2 of this scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 3.4.2. All the existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances"), if any as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however, that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 3.4.3. The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- 3.4.4. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- 3.4.5. It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 3.4.6. The provisions of this Clause shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security



document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

3.4.7. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.

#### 4. INTER - SE TRANSACTIONS

Without prejudice to the provisions contained in this Scheme, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

#### 5. CONTRACTS, DEEDS, ETC.:

4.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments, of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor or obligee thereto or thereunder.

4.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor



Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

4.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

5. **LEGAL PROCEEDINGS:** On and from the Appointed Date, all suits, actions, claims and legal proceedings, if any by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.

6. **TRANSFER OF PROFITS AND RESERVES:** With effect from the Appointed Date, all profits, reserves, income accruing to or losses and expenditure, if any (including payment of penalty, damages or such litigation) arising or incurred by the Undertaking of Transferor Company shall for all purposes, be treated as the profits or reserves or income or losses or expenditure, as the case may be of Transferee Company;

7. **CONDUCT OF BUSINESS:**

8.1. With effect from the Appointed Date and up to and including the Effective Date:

(a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

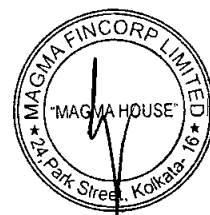
(b) All the profits or income accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the



Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

- (c) All taxes (including income tax, GST, service tax, Value Added Tax (VAT), etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, GST, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- (d) On the Scheme becoming effective, the Transferee Company shall be entitled to file/ revise its income tax returns, TDS Returns and other statutory returns, if required and shall have the right to claim refunds, depreciation benefits etc., if any, as also the income returns filed by the Transferor Company so far as is necessitated on account of the Scheme becoming effective from 1<sup>st</sup> October, 2017, being the Appointed Date under the Scheme.
- (e) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

8.2. **No changes in the terms and conditions of the employment of Transferor Company Employees:** From the date of acceptance of the Scheme by the respective Boards of Transferor Company and Transferee Company, the Transferor Company shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business;



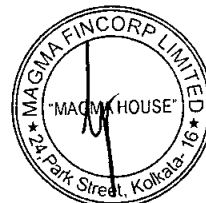
8.3. **Enforcement of Legal Proceedings:** All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Undertaking of Transferor Company or of anything contained in this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against Transferor Company as if this scheme had not been made and thereafter be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Transferor Company if this Scheme had not been made. Transferee Company shall take steps to have the abovementioned proceedings continued in its name;

8.4. **Enforcement of Contracts:** Subject to the other provisions of this Scheme, all lawful agreements, arrangement, bonds, contracts, deeds and other instruments of whatsoever nature relating to the Undertaking of Transferor Company and to which Transferor Company is a party to or to the benefit of which it may be eligible and which are subsisting or operative or having effect, shall till the Effective Date, be in full force and effect and may be enforced as fully and effectual, as if the Scheme had not been made and thereafter, shall be in full force and effect against or in favor of Transferee Company, as the case may be, and may be enforced as fully and effectual as if, instead of Transferor Company, Transferee Company had been a party or beneficiary thereto, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between Transferee Company and other parties thereto. Transferee Company shall enter and/or issue and/or execute deeds, writings or confirmations or enter into any arrangement, confirmations or novations in order to give formal effect to the provisions of this Clause, if so required or if it becomes necessary.

8.5. **Rights of Shareholders:** The holders of shares of Transferor Company and Transferee Company shall, save as otherwise provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the Effective Date.

8.6. **Place of Vesting:** The vesting of the Undertakings shall by virtue of the provisions of this Scheme and the effect of the provisions of Sections 230 to 232 of the said Act, take place at the registered office of Transferee Company.

9. **APPLICABILITY OF PROVISIONS OF INCOME TAX ACT, 1961 AND OTHER TAX LAWS**





- a. This Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) and other relevant provisions of The Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of The Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary, to comply with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.
- b. Upon the Scheme becoming effective, the Transferor Company and the Transferee Company are expressly permitted to revise their respective tax returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws, and other tax laws, and to claim refunds and/or credit for taxes paid/ (including Advance Tax, minimum alternate tax, tax deducted at source, wealth tax, GST inputs etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- c. All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce the proceedings/appeal, the same may be continued or enforced by the Transferee Company, at the cost of Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued or enforced by the Transferor Company.
- d. Any refund, under the Income Tax Act, 1961, service tax laws, central sales tax, excise duty laws, applicable state value added tax, laws, GST laws and other applicable laws and regulations dealing with taxes, duties, levies due to Transferor Company consequent to the assessment made to the Transferor Company and for which no credit is taken in the account as on the date immediately preceding the Appointed Date shall also belong to



and received by the Transferee Company upon this Scheme becoming effective.

- e. Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including, without limitation income tax, minimum alternate tax, advance tax, tax deducted at source, wealth tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, Central Value Added Tax (CENVAT), registrations etc.) to which the Transferor Company are entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company, upon the Scheme coming into effect.

#### 10. EMPLOYEES OF TRANSFEROR COMPANY:

Upon the coming into effect of this Scheme:

- 10.1 Employees, if any, of the Transferor Company who are in its employment as on the Effective Date shall become employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and other terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement or settlement, if any, validly entered into by the Transferor Company with any union/employees of the Transferor Company and recognized by the Transferor Company. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Company on the same basis as it may do for the employees of the Transferee Company.
- 10.2 The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits, if any, created by the Transferor Company or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Company (collectively referred to as the "Funds") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees of the Transferor Company. The Funds shall, subject to the necessary approvals and



permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

**11. SAVING OF CONCLUDED TRANSACTIONS:** Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 3 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

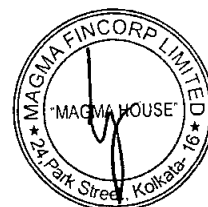
**12. CREDITORS**

12.1 The Scheme does not involve any compromise or composition with the creditors of the Transferor Company or the Transferee Company and the rights of the creditors of the Transferor Company and the Transferee Company are not be affected in any manner.

12.2 The charge and/or security of the secured creditors of the Transferor Company and the Transferee Company shall remain unaffected by this Scheme.

**13. MERGER OF AUTHORIZED SHARE CAPITAL**

13.1 Upon the Scheme coming into effect and pursuant to Section 232(3) of the Act, the Authorised Share Capital of the Transferor Company shall be deemed to be added to that of the Transferee Company without any further act, instrument or deed on the part of the Transferee Company. Provided however that pursuant to this Scheme only such amount of Authorised Capital of the Transferor Company would be added to the Authorised Share Capital of the Transferee Company as can be raised by the Transferee Company by utilising the fees paid by the Transferor Company on its Authorised Share Capital which is available for set-off against any fees payable by the Transferee Company for increase of Authorised Share Capital.



13.2 Clause V of the Memorandum of Association of the Transferee Company shall stand amended to give effect to the relevant provisions of this Scheme and no further resolution(s) under sections 13, 14, 61, 64 of the Companies Act, 2013 or any other applicable provisions of the Act, would be required to be separately passed.



**PART III**  
**CANCELLATION OF SHARE CAPITAL OF THE TRANSFEROR COMPANY**

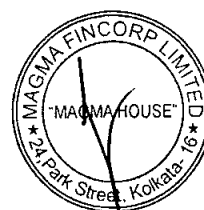
**14. CANCELLATION OF SHARE CAPITAL**

- 13.1 The Transferor Company, MITL is wholly owned subsidiary of the Transferee Company. As a result, upon the scheme becoming effective, no shares of the Transferee Company shall be allotted in lieu or exchange of its holding in the Transferor Company and the entire issued, subscribed and paid up share capital of the Transferor Company shall stand cancelled.
- 13.2 Upon the coming into effect of this scheme, the share certificates, if any, and/or the shares representing the shares held by the transferee company in the Transferor Company shall be deemed to be cancelled without any further act or deed.
- 13.3 Any sum of money owed by Transferee Company in Transferor Company or vice versa shall stand cancelled.

**PART IV**  
**ACCOUNTING TREATMENT**

**14. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEEE COMPANY:**

- 14.1 **Recording of Assets and Liabilities:** All the assets and liabilities of the Transferor Company shall be transferred at their Book values at the close of the business on the Appointed Date. The reserve and surplus, if any, and debit balance in the Profit and Loss account shall be transferred to Transferee Company in the same manner in which it appears in the books of Transferor Company as on the Appointed Date. Similarly, the miscellaneous expenditure representing un-amortized preliminary expenses of the Transferor Company shall be transferred to the Transferee Company in the same manner in which they appear in the books of the concerned Transferor Company as on the Appointed Date;
- 14.2 Inter -company balances, if any, shall stand cancelled.
- 14.3 **Treatment of Surplus/Deficit on account of cancellation of "Investments":** Consequent upon and simultaneously with the transfer and recording of assets and liabilities of the Transferor Company in the books of the Transferee Company, the carrying amount of "Investments" in the books of the Transferee Company in respect of its holding in the Transferor



Company, shall stand cancelled. The difference in the value of "Net Assets Transferred" and the carrying amount of Investments shall be adjusted in the reserves in accordance with the Accounting Standards or Generally Accepted Accounting Principles.

**14.4 Treatment of difference in accounting policy:** In case any differences in any accounting policy between the Transferor Company and Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in accordance with the accounting policies as stated in Accounting Standard (AS) 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

**14.5 Procedure to deal with Balances as between Transferor Company and Transferee Company:** To the extent that there are intercompany loans, deposits, balances as between the Transferor Company and Transferee Company or vice versa, the obligation in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of Transferee Company for the reduction of any assets and liabilities as the case may be. For the removal of doubt, it is clarified that in view of the above, there would be no accrual of interest or other charges in respect of any such inter-company loan, deposit or balances, with effect from the Appointed Date.

**14.6** The amalgamation is in the nature of merger and shall be accounted in the books of Transferee Company as per the provisions of Accounting Standard-14 issued by the Institute of Chartered Accountants of India.

## PART V DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

**15. DISSOLUTION OF TRANSFEROR COMPANY:**

Upon the Scheme being sanctioned and an Order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall stand dissolved without winding up on the Effective Date.

**16. EFFECTIVE DATE**



The Scheme shall become effective and transfers shall be deemed to have taken place with effect from the Appointed Date upon the certified copies of the order of the NCLT sanctioning this Scheme is filed by the Transferor and the Transferee Company with the Registrar of Companies, Kolkata.

**16. APPLICATION TO NCLT, KOLKATA BENCH FOR SANCTIONING SCHEME:**

- 16.1. Joint Application by Transferor Company and Transferee Company:** Transferor Company and Transferee Company shall, jointly with all reasonable dispatch, make applications/petitions under Sections 230 to 232 and other applicable provisions of the said Act to the NCLT, Kolkata Bench for sanctioning of this Scheme of Amalgamation and for appropriate Orders under the applicable provisions of the Act for carrying this Scheme into effect;
- 16.2.** It is hereby clarified that submissions of the Scheme to the Tribunal and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that Transferor Company and Transferee Company has or may have under or pursuant to all applicable laws.

**17. MODIFICATIONS TO THE SCHEME:**

- 17.1. Scheme subject to Modifications:** The Scheme shall be subject to such modifications as the Tribunal while sanctioning the same may direct and which the Board of Transferor Company and Transferee Company may consent and agree to;
- 17.2. Modifications and Amendments to Scheme:** The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors) either by themselves or through a Committee appointed by them in this behalf, may in their full and absolute discretion, make and/or assent to any alteration, or modification to this Scheme, including but not limited to those which the Tribunal and/or any other authority may deem fit approve or propose;
- 17.3. Withdrawal of Scheme:** In the event that any conditions proposed by the Tribunal are found unacceptable for any reason whatsoever by Transferor Company or by Transferee Company, then Transferor Company and/or Transferee Company shall be entitled to withdraw the Scheme in which even no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them;



**18. SCHEME CONDITIONAL ON APPROVALS AND SANCTIONS:**

The Scheme is conditional upon and subject to the following approvals/permissions and the amalgamation shall be deemed to be complete on the date on which the last of such approval/permissions shall have been obtained.

**18.1** The approval and agreement of the Scheme by the requisite majorities of Equity Shareholders and the Creditors of the Transferor Company and the Transferee Company, as may be directed by the Hon'ble National Company Law Tribunal, Kolkata Bench on the applications made for directions under Section 230 of the said Act for calling meeting and necessary resolutions being passed under the said Act;

**18.2 Sanction of NCLT, Kolkata Bench:** The sanction of the National Company Law Tribunal, Kolkata Bench under Sections 230 to 232 and other applicable provisions of the said Act in favour of the Transferor Company and the Transferee Company

**18.3 Approval of Reserve Bank of India:** Prior written approval of Reserve Bank of India will be required to be taken by the Transferor Company. The Transferee Company is not required to take approval of Reserve Bank of India as there is no proposal for change in the shareholding pattern or paid up equity capital of the Transferee Company.

1. **Approval of SEBI and Stock Exchanges:** In view of the SEBI Notification No. SEBI/LAD/NRO/GN/2016-17/029 dated 15.02.2017 and in terms of Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017, drafts scheme of Amalgamation of Wholly owned subsidiaries with their parent company shall be filled with the Stock Exchanges for the purpose of disclosures and Stock Exchanges shall disseminate the scheme documents on their website. No further compliance shall be required for Scheme of Amalgamation of a Wholly owned subsidiary with its parent company. The Transferee Company shall comply with the requirement of the abovesaid SEBI Notification/Circular.
2. Filing of certified copy of the order of the NCLT under clause 18.2 above with the Registrar of Companies, Kolkata, by the Transferor Company and the Transferee Company for registration;
3. Requisite sanction and/or approval of any Government or Regulatory authority as may be required under any law for the amalgamation;





**19 EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS:**

In the event of any of the said sanctions and approvals referred to in the Clause 18 above not being obtained, the Scheme of Amalgamation shall become null and void and 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 hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or may otherwise arise in law.

**20 EFFECT OF NON FULFILLMENT OF ANY OBLIGATION:**

In the event of non-fulfillment of any or all the obligations under the Scheme, by either Transferor Company or Transferee Company, the non-performance of which will put the other company under any obligation, then such defaulting company will indemnify all costs/interest, etc. to the other company, subject to a specific provision if any to the contrary under the Scheme.

**21 COSTS AND EXPENSES:**

All costs, charges and expenses of Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Undertakings in pursuance of this Scheme shall be borne and paid by the respective companies.

**22. RESIDUAL PROVISIONS:**

On the approval of the Scheme by the members of Transferee and Transferor Company pursuant to Section 230 of the Act, it shall be deemed that the said members have also accorded all relevant consents under various provisions of the Act to the extent the same may be considered applicable in respect of various actions required to be undertaken by the Transferee Company for implementation of this scheme.

The Scheme shall take effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said Section. Such modification will however not affect the other parts of the Scheme.

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*Certified To Be True Copy*  
**For MAGMA FINCORP LIMITED**

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Company Secretary