

FORM NO. CAA.2
[Pursuant to Section 230(3) and rule 6 and 7]
BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOLKATA BENCH,
KOLKATA
C.A. (CAA) No. 1/KB/2023
In the matter of:
1. Microfirm Capital Private Limited
2. Magma Consumer Finance Private Limited
..... Applicants

Notice of the meeting of the Unsecured Creditors of Microfirm Capital Private Limited

Notice is hereby given that by an order dated March 23, 2023, the Kolkata Bench of the National Company Law Tribunal at Kolkata, has directed a meeting to be held of **Unsecured Creditors of Microfirm Capital Private Limited** for the purpose of considering, and if thought fit, approving with or without modifications, the Scheme of Amalgamation, proposed to be made between Microfirm Capital Private Limited and Magma Consumer Finance Private Limited.

In pursuance of the said order and as directed therein further notice is hereby given that meeting of the Unsecured Creditors of Microfirm Capital Private Limited will be held at **Development House, 3rd Floor, 24, Park Street, Kolkata-700016** on the **2nd day of May, 2023 at 12 noon** at which time and place the said Unsecured Creditors of Microfirm Capital Private Limited are requested to attend.

Copies of the Scheme of Amalgamation and of the statement under section 230 are annexed to this Notice and can be obtained free of charge at the Registered Office of Microfirm Capital Private Limited or at the office of their Advocates, Choudhury's Law Offices, "Nicco House", 3rd floor, 2, Hare Street, Kolkata-700 001. Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of Microfirm Capital Private Limited at Development House, 3rd Floor, 24, Park Street, Kolkata-700016 not later than 48 hours before the meeting.

Form of proxy is also annexed with this Notice and can be had at the registered office of Microfirm Capital Private Limited.

The Tribunal has appointed Ms. Shreya Chaudhary, as the Chairperson and Ms. Priyanka Jain, as the Scrutinizer of the said meeting. The Scheme, if approved by the meeting, will be subject to the subsequent approval of the Tribunal.

At the said meeting, the following resolution pursuant to Section 230(5) of the Companies Act, 2013 will be considered and, if thought fit, be passed, with or without modification, for approval of the proposed Scheme:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force), and other applicable provisions of the Memorandum and Articles of Association of the Company, and subject to the approval of the Kolkata Bench of the

Hon'ble National Company Law Tribunal, and subject to such conditions and modifications as may be prescribed or imposed by the Kolkata Bench of the Hon'ble National Company Law Tribunal while granting such consents, approvals and permissions, the Scheme of Amalgamation (Scheme) between Microfirm Capital Private Limited, and Magma Consumer Finance Private Limited being Annexure "E" in the Company Application No. 1 of 2023, a copy whereof is placed before the meeting and initialled by the Chairperson for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may deem necessary to give effect to this resolution and effectively implement the amalgamation embodied in the modified Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble National Company Law Tribunal, Kolkata Bench while sanctioning the amalgamation embodied in the modified Scheme or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the modified Scheme, as the Board may deem fit and proper."



[Shreya Chaudhary]

Chairperson appointed for the meeting

Dated this 27th day of March, 2023

Place: Kolkata

NOTES:

1. Only Unsecured Creditors whose names are appearing in the list of Unsecured Creditor as on April 17, 2023 of Microfirm Capital Private Limited may attend and vote at the meeting, as aforesaid. Preference Shareholders (other than individual) are required to bring the relevant Authority Letter/Certified copy of Board/Governing Body Resolution/Power of Attorney, etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to attend and vote.
2. Unsecured Creditor (other than individual) appointing proxy to attend and vote in its behalf are required to submit, along with the Proxy, the relevant Authority Letter/Certified copy of Board/Governing Body Resolution/Power of Attorney etc. together with attested specimen signature of such proxy.
3. Unsecured Creditors (or his authorised representative) or his proxy, attending the meeting, is requested to bring the Attendance Slip, enclosed herewith, duly completed and signed.
4. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Unsecured Creditors at the registered office of Microfirm Capital Private Limited between 11:00 A.M. and 6:00 P.M. on all working days up to the date of the meeting.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
KOLKATA BENCH

CA (CAA) No. 1/ KB/ 2023

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;
AND

In the matter of Scheme of Amalgamation amongst:

1. Microfirm Capital Private Limited

2. Magma Consumer Finance Private Limited

... Applicants

FORM NO. MGT-11

FORM OF PROXY

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:

Name of the Company: Microfirm Capital Private Limited

Registered office:- at Development House, 3rd Floor, 24, Park Street, Kolkata- 700016

Name of the Unsecured Creditor:

Registered Address:

E-mail Id:

Amount of Debt (Rs.):

Value of Debt (%) :

I/We, being the Unsecured Creditors having debt of Rs. _____ of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:

or failing him/ her,

2. Name:

Address:

E-mail Id:

Signature:

or failing him/ her,

3. Name:

Address:

E-mail Id:

Signature:

as my/ our proxy to attend and vote (on a Poll) for me/us and on my/ our behalf at the meeting of the Unsecured Creditors of the above named company, convened in pursuance of the directions of the Kolkata Bench of the Hon'ble National Company Law Tribunal, to be held on the 2nd day of May, 2023 at 12 Noon at **Development House, 3rd Floor, 24, Park Street, Kolkata- 700016**, and at any adjournment thereof for the purpose of considering and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation between Microfirm Capital Private Limited and Magma Consumer Finance Private Limited as detailed in the Notice of such Meeting.

Signed this _____ day of _____ 2023

Signature of Unsecured Creditor

Affix Re. 1
Revenue
Stamp

Signature of Proxy holder(s)

NOTES:

1. Please affix revenue stamp before putting signature.
2. Proxy need not be a creditor of the Company.
3. Proxy shall not be a minor.
4. Proxy should carry a valid proof of identity like PAN card, Aadhar card, Driving License, Passport, etc.
5. Proxy authorised by a creditor which is a body corporate should carry the certified true copy of the Resolution passed by the Board of Directors or other governing body of such body corporate to this effect. Such resolution should, along with his duly completed Proxy Form, be lodged with the Company at its registered office not later than forty eight (48) hours before the commencement of the Meeting.
6. Alterations, if any, made in the Form of Proxy should be initialled.
7. The Proxy Form in order to be effective must be duly completed and deposited at the Registered Office of the Company, not later than forty eight (48) hours before the commencement of the Meeting.
8. In case of multiple Proxies, the Proxy later in time shall be accepted.
9. Copy of the Scheme/ Explanatory Statement/ Proxy Form may be obtained from the Registered Office of the Company

ATTENDANCE SLIP

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

In the matter of Scheme of Amalgamation amongst:

1. **Microfirm Capital Private Limited**

2. **Magma Consumer Finance Private Limited**

..... Applicants

I/We hereby record my/our presence at the meeting of the **Unsecured Creditors** of Microfirm Capital Private Limited, to be held **on the 2nd day of May, 2023 at Development House, 3rd Floor, 24, Park Street, Kolkata- 700016** pursuant to the order of the Kolkata Bench of the Hon'ble National Company Law Tribunal.

Name of the Unsecured Creditor	
Name of the proxy holder/authorised representative	
Amount of Debt (Rs.)	
Address	
Signature of Unsecured Creditor	
Signature of proxy holder/authorised representative	

NOTE: Unsecured Creditor attending the Meeting in person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the Meeting Hall.

**EXTRACT OF THE MEETING OF THE BOARD OF DIRECTORS OF [●] HELD AT [●]
ON [●], 2023 AT [●] A.M.**

“RESOLVED that the Company has perused a copy of the Scheme of Amalgamation between Microfirm Capital Private Limited and Magma Consumer Finance Private Limited and their respective shareholders and does hereby approve and consent to the proposed Scheme and also consent to the approval of the Scheme in the meeting of the Unsecured Creditors of Microfirm Capital Private Limited in which the Company is a Unsecured Creditor to be held for the consideration of above mentioned Scheme pursuant to the order dated March 23, 2023 passed by the Learned NCLT, Kolkata Bench.

RESOLVED FURTHER that Mr. [●], Director of the Company be and is hereby authorized to make, sign and execute all documents and papers giving consent and approval to the proposed Scheme in such meeting of Unsecured Creditors including all connected papers and documents and to appear, attend and represent the Company in such meeting in relation to the approval of the Scheme”.

Certified to be a True Copy

FORM NO. CAA.2
[Pursuant to Section 230(3) and rule 6 and 7]

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
KOLKATA BENCH, KOLKATA
C.A. (CAA) No. 1/KB/2023

In the matter of:

1. Microfirm Capital Private Limited
2. Magma Consumer Finance Private Limited

..... Applicants

Advertisement of the Notice of the separate meetings of Preference Shareholders and Unsecured Creditors of Microfirm Capital Private Limited.

Notice is hereby given that by an order dated March 23, 2023, the Kolkata Bench of the National Company Law Tribunal at Kolkata, has directed convening and holding of separate meetings of Preference Shareholders and Unsecured Creditors of Microfirm Capital Private Limited for the purpose of considering, and if thought fit, approving with or without modifications, the Scheme of Amalgamation, proposed to be made between Microfirm Capital Private Limited and Magma Consumer Finance Private Limited.

In pursuance of the said order and as directed therein further notice is hereby given that the following meetings shall be held at Development House, 3rd Floor, 24, Park Street, Kolkata-700016 on the 2nd day of May, 2023.

- i. Meeting of the Preference Shareholders of Microfirm Capital Private Limited at 11A.M.
- ii. Meeting of the Unsecured Creditors of Microfirm Capital Private Limited at 12 Noon.

At the above time and place the above concerned Preference Shareholders and Unsecured Creditors of Microfirm Capital Private Limited are requested to attend.

Copies of the Scheme of Amalgamation and of the statement under section 230 are annexed to this Notice and can be obtained free of charge at the Registered Office of Microfirm Capital Private Limited and or at the office of their Advocates, Choudhury's Law Offices, "Nicco House", 3rd floor, 2, Hare Street, Kolkata-700 001. Persons entitled to attend and vote at the meetings, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of Microfirm Capital Private Limited at Development House, 3rd Floor, 24, Park Street Kolkata, 700016 not later than 48 hours before the meetings.

Form of proxy is also annexed with this Notice and can be had at the registered office of Microfirm Capital Private Limited.

The Tribunal has appointed Ms.Shreya Chaudhary as the Chairperson and Ms. Priyanka Jain as the Scrutinizer of the said meetings. The Scheme, if approved by the meetings, will be subject to the subsequent approval of the Hon'ble Tribunal.



[Ms.Shreya Chaudhary]

Chairperson appointed for the meetings.

Dated this 27th day of March, 2023
Place: Kolkata

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, KOLKATA
Company Application (CAA) No. 1/KB/2023

- In the matter of:
1. Microfirm Capital Private Limited
 2. Magma Consumer Finance Private LimitedApplicants

EXPLANATORY STATEMENT UNDER SECTIONS 230(5) OF THE COMPANIES ACT 2013 READ WITH RULE 8 (2) OF THE COMPANIES (COMPROMISE, ARRANGEMENTS AND AMALGAMATIONS) RULE, 2016

- (i) Details of the order of the Tribunal directing the calling, convening and conducting of meeting:-
- (a) Date of the Order: March 23, 2023
 - (b) Date, time and venue of the meetings: as per the table below:

PARTICULARS OF MEETINGS	VENUE	DATE	TIME
Meeting of the Preference Shareholders of Applicant No. 1	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal	May 02, 2023	11 am
Meeting of the Unsecured Creditors of Applicant No. 1	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal	May 02, 2023	12 Noon

- (ii) Details of the companies:

a	Name of the company;	Microfirm Capital Private Limited (Transferor Company)	Magma Consumer Finance Private Limited (Transferee Company)
b	Permanent Account Number (PAN)	AABCM7322H	AAFCM2987C
c	Corporate Identification Number (CIN) of the company;	U65999WB1995PTC072612	U65900WB2007PTC120480
d	Date of incorporation;	05th July 1995	21st November 2007
e	Type of the company	PRIVATE	PRIVATE
f	Registered office address and e-mail address;	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal Email id: compliance@mfcap.in	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal Email id: accounts@mfcap.in
g	Summary of main object as per the memorandum of association; and	To carry on the business of core investment company, holding company and to act as investors, guarantors, and to lend invest or deal with the money either with or	

	main business carried on by the company	underwriters, financiers and to lend, invest or deal with the money either with or without interest or security, including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to take loans upon such terms and conditions as the Company may approve subject to the provisions of the Companies Act, 1956 (including any amendment, re-enactment or substitution thereof) and other Applicable Laws, provided the Company shall not do any banking Business as defined under the Banking Regulation Act, 1949 and to act as purchaser, acquirer, holder, seller, broker, agent and dealer in shares, stocks, debentures, bonds, mortgages, obligation and other securities issued and guaranteed by any government, semi government, local authorities, public sector undertakings, companies, corporations, firms or person whether incorporated or established in India or elsewhere.	without interest or security, including in current or deposit account with any Bank or Banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to take loans upon such terms and conditions as the Company may approve subject to the provisions of the Companies Act, provided the Company shall not do any banking business as defined under the Banking Regulation Act, 1949. 2. To carry on business of financing by advancing money with or without securities upon such terms and conditions as the Company may think fit to any individual, firm, company or any other enterprises, provided that the Company shall not carry on Banking business as defined in the Banking Regulations Act, 1949 or any statutory modification thereof.
h	Details of change of name, registered office and objects of the company during the last five years;	Not Applicable	Not Applicable
i	Name of the stock exchange (s) where securities of the company are listed, if applicable;	Not Applicable	Not Applicable
j	Details of the capital structure of the company including authorised, issued, subscribed and paid up share capital;	Authorized Share Capital of Rs. 32,75,00,000 (Rupees Thirty-Two Crore Seventy-Five Lakh Only) made up of 22,50,000 Equity Shares of face value of Rs. 10/- each and 3,05,00,000 Preference Shares of face value of Rs. 10/- each and the Issued, Subscribed and Paid-up Capital is Rs. 16,68,85,000 (Rupees Sixteen Crore Sixty-Eight Lakh Eighty-Five Thousand Only) divided into 11,67,600 Equity Shares of face value of Rs. 10/- each fully paid up and 5,01,250 Preference Shares of face value of Rs. 10/- each fully paid up.	Authorized Share Capital of Rs. 29,00,00,000 (Rupees Twenty-Nine Crores Only) made up of 1,73,63,870 Ordinary Equity Shares of face value of Rs. 10/- each, 86,36,130 Class B Equity Shares of face value of Rs. 10/- each and 30,00,000 Preference Shares of face value of Rs. 10/- each and the Issued, Subscribed and Paid-up Capital is Rs. 26,16,25,000 (Rupees Twenty-Six Crores Sixteen Lakh and Twenty-Five Thousand Only) divided into 1,60,92,500 Ordinary Equity Shares of face value of Rs. 10/- each fully paid up, 80,00,000 Class B Equity Shares of face value of Rs. 10/- each fully paid

		up and 20,70,000 Preference Shares of Rs. 10/- each fully paid up.
k	Names of the promoters and directors along with their addresses.	<p>Directors</p> <ol style="list-style-type: none"> Sanjay Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Harshvardhan Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. <p>Promoters</p> <ol style="list-style-type: none"> Kalpana Poddar- 24, Park Street, Kolkata- 700016. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Banwarilal Chamria & Others (HUF)- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Sanjay Chamria (HUF)- 24, Park Street, Kolkata- 700016.

(iii) **The fact and details of any relationship subsisting between such companies who are parties to such Scheme of amalgamation, including holding, subsidiary or of associate companies;**

The companies are closely held by the same set of promoters.

(iv)

Explanatory statement disclosing details of the Scheme of amalgamation:-

(a) **Parties involved in such Amalgamation;**

1. Magma Consumer Finance Private Limited
2. Microfirm Capital Private Limited

(b)

In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any;
The present Scheme is a Scheme of Amalgamation.

Appointed Date	Effective Date	Share Exchange Ratio	Other Considerations
<p>Close of business hours of 31st March 2022</p>	<p>The Scheme is conditional upon and subject to:</p> <p>a) the sanction of the Tribunal being obtained under Section 230 read with 232 of the Act in favour of the respective Parties and the necessary order(s) under Section 232 of the Act, being obtained;</p> <p>b) any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate, by the respective Boards of the Parties being obtained and granted in respect of any of the matters for which such sanction or approval is required;</p>	<p>For every 100 fully paid-up equity shares of the Transferor Company having face value of Rs. 10 each and held by the members of the Transferor Company as on Record Date, 1 Ordinary Equity Share and 1000 1% Non-Cumulative Optionally Convertible Preference Shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the members of Transferor Company.</p> <p>Transferee Company shall issue new Redeemable Preference Shares in Series III, Series V, Series VI, Series XIII and Series XIV to respective preference shareholders of Transferor Company as on record date on the same agreed terms and conditions in all respects which were prevailing on Appointed Date to Preference Shareholders of Transferor Company.</p> <p>To expressly clarify that the Redeemable Preference Shares of Transferee Company issued pursuant to this Scheme to Preference Shareholders of Transferor Company are separate from Optionally Convertible Preference Shares proposed to be issued to equity shareholders of Transferor Company.</p>	<p>i. The ordinary equity shares allotted pursuant to this Scheme shall rank pari passu in all respects with the then existing ordinary equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.</p> <p>ii. In respect of shareholders entitled for fractional entitlement based on the swap ratio, no fractional shares shall be issued by the Transferee Company and all fractional entitlements will be rounded up to the nearest higher integer.</p> <p>iii. On the sanction of the Scheme, in terms of Clause 7.1 of this Scheme and pursuant to Section 61 and other applicable provisions of the Companies Act, 2013 and applicable Rules framed thereunder, Clause V of the Memorandum of Association of the Transferee Company shall be replaced by the following clause: "The Authorized Share Capital of the Company shall be Rs. 61,75,00,000 (Rupees Sixty One Crores Seventy Five Lakhs Only) divided into Rs. 36,75,00,000 (Rupees Thirty-Six Crores Seventy Five Lakhs Only) equity shares of Rs. 10/- (Rupees Ten only) and 25,00,00,000 (Rupees Twenty-Five Crores Only) preference shares of Rs. 10/- (Rupees Ten only). The company has and shall have the power to increase or reduce the capital to divide the Share Capital into several classes of shares and stock and to attach thereto such preferential, qualified or special rights, privileges or obligations as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be</p>

			<p>provided by the regulations of the Company." [Consolidation of Authorized Capital]</p> <p>iv. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Company and Transferee Company, shall be cancelled and the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reduction of any assets or liabilities, as the case may be. Further no interest shall be provided on loans and advances or any outstanding loans and advances, if any, after Appointed Date. All inter party transactions between the Transferor Company and the Transferee Company shall be treated as intra party transactions for all purposes and the balances shall stand cancelled.</p> <p>v. The shares held by Transferor Company in Transferee Company or vice versa shall stand cancelled and difference, if any, would be adjusted against the reserves of Transferee Company and there shall be no further obligation in that behalf. For set-off of investment, initially capital reserve shall be used, thereafter securities premium shall be used, if deficit then to be adjusted with free reserves.</p> <p>vi. Upon the Scheme coming into effect, all shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) or vice versa shall get cancelled without any further application, act or deed, in accordance with provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. It is clarified that no new equity shares shall be issued, or payment made in cash whatsoever by the Transferee Company in lieu of such shares of the Transferor Company.</p>
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		resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company
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(c) Summary of valuation report including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the companies;

The Valuation Report Prepared by CA Vidhi Chandak, Registered Valuer dated 10th December 2022, recommends the Share Exchange Ratio as mentioned above. The Valuation of the Merged Companies has been taken at their respective book values. The Valuation Report have been ascertained by employing the Net Asset Value Method and based on the above, the Share Exchange Ratio has been determined. The said Valuation Report dated 10th December 2022 is available for inspection at the registered offices of each of the applicant companies up to the date of the meetings. A SEBI Registered Category I Merchant Banker namely Sumedha Fiscal Services Ltd. has provided its opinion dated 14th December 2022 on the aforesaid valuation report, being fair and proper.

(d) Details of capital or debt restructuring, if any;

The Scheme does not provide for corporate debt restructuring.

(e) Rationale for the Amalgamation;

The Transferor Company holding registration as "Core Investment Company" was holding, primarily, shares in Poonawalla Fincorp Limited (erstwhile Magma Fincorp Limited, hereinafter "PFL"). However, consequent upon the investment in PFL by the Poonawalla group, based on a transaction which has duly been approved by the RBI, PFL ceased to be a group company, and therefore, the transferor company's investment in PFL ceased to qualify as an investment in "company under the same group".

Hence, the transferor company ceased to meet the criteria for an NBFC-CIC. The Transferor Company has since been deploying the cashflows generated from the transfer of shares of PFL into various capital market activities. The RBI vide email dated 18th September 2022 had asked to make a decision as to whether the transferor company proposes to get itself converted into an NBFC-ICC or merge with an existing NBFC-ICC.

The transferor company has since evaluated and understood that there is no formal process of conversion of NBFC-CIC into NBFC-ICC and for that a fresh registration process only has to be followed. Accordingly, considering the circumstances, the transferor company, evaluated the benefits of amalgamation of the transferor company with the transferee company. Since both Transferor Company and Transferee Company are part of the same group and engaged in similar activities, it would be of better interest and benefit for the Group to have one NBFC, from the perspective of ease of doing business as also to align with the future objectives of the group.

The Scheme is intended to merge these companies and consolidate their business in a manner that is expected to enable better realization of their business potential, yield beneficial results and enhanced value creation for the said companies, their respective shareholders and stakeholders.

The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- It will enable better and more efficient management, control and obtain synergic benefits of the proposed merger. It will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.
- The proposed merger will ensure cost reduction, easier and efficient compliances and optimum management combining synergies of the companies.

- c. The proposed 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 overall competitiveness of the group.
- d. Both the Transferor Company and the Transferee Company are engaged in similar activity and therefore, it would be more desirable for the group to have one NBFC in its fold from the perspective of ease of doing business and also a preferable choice in regulator's preference.
- e. The same will lead to strengthening of the single brand leading to a stronger market presence.
- f. The proposed merger will help to achieve greater integration and greater financial strength and flexibility, to maximize overall shareholder value and improve the competitive position of the combined entity.
- g. Greater efficiency in cash management of the merged entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to maximize shareholders value.
- h. The increased asset base of the merged entity would have better financial viability and clearer focus, which would be in the interests of all creditors.

(f) Benefits of the Amalgamation as perceived by the Board of directors to the company, members, creditors and others (as applicable);

- i) **Company:** The proposed Amalgamation will enable better and more efficient management, control and obtain synergic benefits to the business of the Transferor and Transferee Companies with their combined resources and a larger capital and asset base, it is considered desirable and expedient to merge the Companies and for enabling appropriate consolidation and integration of the activities of the Transferor and Transferee Companies with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in various other operating parameters.
- ii) **Members:** The proposed Scheme will result in the formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively. This will result in enhancing shareholders participation and allow exponential growth in shareholders wealth.
- iii) **Creditors:** The increased asset base of the merged entity would have better financial viability and clearer focus, which would be in the interests of all creditors.

(v) Disclosure about the effect of the amalgamation on:

- (a) **Key managerial personnel:** The Scheme proposes transfer of all employees, if any attached to the respective divisions or undertakings proposed to be merged to the respective companies to whom such divisions or undertakings are transferred and vested. There is no change in terms of employment or break in continuity of services and the services of all such employees shall be taken into account for the purposes of all benefits to which the said employees may be eligible including for the purpose of payment of any retrenchment compensation, gratuity and other entitlements and benefits. Consequently, all the key managerial personnel, if any attached to the respective undertakings of the Merged Companies shall likewise be transferred to the Transferee Company.
- (b) **Directors:** There would be no effect in the Directors.
- (c) **Promoters:** All the companies are closely held Companies and consequently there is no adverse effect on the Promoters of the Companies.
- (d) **Non-promoter members:** As the companies are closely held Companies, there are no non-Promoter members.
- (e) **Depositors:** There are no depositors of the companies. The companies have not accepted any deposit and consequently there are no depositors.
- (f) **Creditors:** The Scheme of Amalgamation envisages that the creditors of the respective divisions or the undertakings proposed to be merged are transferred to the companies to whom the respective divisions or undertakings are transferred or vested. There is no proposal for diminution in the amounts due to the creditors and the creditors are proposed to be paid in the normal course of business as hitherto before.
- (g) **Debenture holders:** There are no debenture holders in any of the companies.
- (h) **Deposit trustee and debenture trustee:** As there are no deposits taken or any debenture issued, there is no question of deposit trustee and debenture trustee.

(i) **Employees of the company:** All employees of the Transferor Company, who are on its pay roll shall be engaged by the Transferee Company, on such terms and conditions as are no less favorable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, in accordance with the provisions of applicable laws and in terms of this Scheme. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose, shall be treated as having been continuous;

(vi) **Investigation or proceedings, if any, pending against the company under the Act.**

There are no investigations or proceedings which are pending against any of the applicant companies under the Companies Act, 2013 and/or Companies Act, 1956.

(vii) **Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors, namely:** The following documents are available at the Registered Office of the respective companies between 11.00 A.M. and 6.00 P.M. on all working days up to the date of the meeting(s), for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors

- (a) **Latest audited financial statements of all the companies:** Audited Financial Statements for the year ended March 31, 2019, March 31, 2020 and March 31, 2022 of the Applicant companies.
- (b) **Copy of the order of Tribunal in pursuance of which the meeting is to be convened or has been dispensed with:** An order dated March 23, 2023, passed by the Hon'ble Company Law Tribunal, Kolkata Bench, Kolkata
- (c) **Copy of Scheme of Amalgamation;**
- (d) **Contracts or agreements material to the compromise or amalgamation:** No such contract or agreement
- (e) **The certificate issued by Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013:** Certificates has been issued by the Statutory Auditors dated 12th December, 2022 for Transferee Company
- (f) **Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme:**
 - (i) Upon this Scheme becoming effective, the registered office of the Transferee Company shall be changed from "Development House, 3rd Floor, 24, Park Street, Kolkata, West Bengal - 700016" to " 2B Hastings Park Road Alipore Kolkata – 700027, West Bengal" in accordance with Section 12 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed.
 - (ii) Upon this Part of the Scheme becoming effective, the name of the Transferee Company shall be changed from 'Magma Consumer Finance Private Limited' to 'Magma Ventures Private Limited' in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of the Transferee Company wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by 'Magma Ventures Private Limited'. It is hereby clarified that for the purposes of this clause, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the name change and that no further resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company

(viii) **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or amalgamation.**

Copies of the proposed Scheme of Amalgamation along with Application being C.A. (CAA) No.1/KB of 2023 and notice shall be served upon (a) the Regional Director, Eastern Region, Ministry of Corporate Affairs, Kolkata, (b) Registrar of Companies, West Bengal, (c) Official Liquidator, High Court at Calcutta, Kolkata, (d) Income Tax Department, (e) Reserve Bank of India having jurisdiction over the Applicants, by sending the same by hand delivery through special messenger, by post and by email within two weeks from the date of receiving the order.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH, KOLKATA
Company Application (CAA) No. 1/KB/2023

In the matter of:

1. Microfirm Capital Private Limited
2. Magma Consumer Finance Private LimitedApplicants

EXPLANATORY STATEMENT UNDER SECTIONS 230(5) OF THE COMPANIES ACT 2013 READ WITH RULE 8 (2) OF THE COMPANIES (COMPROMISE, ARRANGEMENTS AND AMALGAMATIONS) RULE, 2016

(i) Details of the order of the Tribunal directing the calling, convening and conducting of meeting:-

- (a) Date of the Order: March 23, 2023
- (b) Date, time and venue of the meetings: as per the table below:

PARTICULARS OF MEETINGS	VENUE	DATE	TIME
Meeting of the Preference Shareholders of Applicant No. 1	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal	May 02, 2023	11 am
Meeting of the Unsecured Creditors of Applicant No. 1	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal	May 02, 2023	12 Noon

(ii) Details of the companies:

a	Name of the company;	Microfirm Capital Private Limited (Transferor Company)	Magma Consumer Finance Private Limited (Transferee Company)
b	Permanent Account Number (PAN)	AABCM7322H	AAFCM2987C
c	Corporate Identification Number (CIN) of the company;	U65999WB1995PTC072612	U65900WB2007PTC120480
d	Date of incorporation;	05th July 1995	21st November 2007
e	Type of the company	PRIVATE	PRIVATE
f	Registered office address and e-mail address;	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal Email id: compliance@mfcap.in	Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal Email id: accounts@mfcap.in
g	Summary of main object as per the memorandum of association; and	To carry on the business of core investment company, holding company and to act as investors, guarantors,	
		1. To act as investors, guarantors, underwriters, financiers and, to lend invest or deal with the money either with or	

	main business carried on by the company	underwriters, financiers and to lend, invest or deal with the money either with or without interest or security, including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to take loans upon such terms and conditions as the Company may approve subject to the provisions of the Companies Act, 1956 (including any amendment, re-enactment or substitution thereof) and other Applicable Laws, provided the Company shall not do any banking Business as defined under the Banking Regulation Act, 1949 and to act as purchaser, acquirer, holder, seller, broker, agent and dealer in shares, stocks, debentures, bonds, mortgages, obligation and other securities issued and guaranteed by any government, semi government, local authorities, public sector undertakings, companies, corporations, firms or person whether incorporated or established in India or elsewhere.	without interest or security, including in current or deposit account with any Bank or Banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to take loans upon such terms and conditions as the Company may approve subject to the provisions of the Companies Act, provided the Company shall not do any banking business as defined under the Banking Regulation Act, 1949.
h	Details of change of name, registered office and objects of the company during the last five years;	Not Applicable	Not Applicable
i	Name of the stock exchange (s) where securities of the company are listed, if applicable;	Not Applicable	Not Applicable
j	Details of the capital structure of the company including authorised, issued, subscribed and paid up share capital;	Authorized Share Capital of Rs. 32,75,00,000 (Rupees Thirty-Two Crore Seventy-Five Lakh Only) made up of 22,50,000 Equity Shares of face value of Rs. 10/- each and 3,05,00,000 Preference Shares of face value of Rs. 10/- each and the Issued, Subscribed and Paid-up Capital is Rs. 16,68,85,000 (Rupees Sixteen Crore Sixty-Eight Lakh Eighty-Five Thousand Only) divided into 11,67,600 Equity Shares of face value of Rs. 10/- each fully paid up and 5,01,250 Preference Shares of face value of Rs. 10/- each fully paid up.	Authorized Share Capital of Rs. 29,00,00,000 (Rupees Twenty-Nine Crores Only) made up of 1,73,63,870 Ordinary Equity Shares of face value of Rs. 10/- each, 86,36,130 Class B Equity Shares of face value of Rs 10/- each and 30,00,000 Preference Shares of face value of Rs. 10/- each and the Issued, Subscribed and Paid-up Capital is Rs. 26,16,25,000 (Rupees Twenty-Six Crores Sixteen Lakh and Twenty-Five Thousand Only) divided into 1,60,92,500 Ordinary Equity Shares of face value of Rs 10/- each fully paid up, 80,00,000 Class B Equity Shares of face value of Rs. 10/- each fully paid

		up and 20,70,000 Preference Shares of Rs. 10/- each fully paid up.
k Names of the promoters and directors along with their addresses.	<p>Directors</p> <ol style="list-style-type: none"> Sanjay Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Harshvardhan Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. <p>Promoters</p> <ol style="list-style-type: none"> Kalpana Poddar- 24, Park Street, Kolkata- 700016. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Banwarilal Chamria & Others (HUF)- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Sanjay Chamria (HUF)- 24, Park Street, Kolkata- 700016. 	<p>Directors</p> <ol style="list-style-type: none"> Sanjay Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. <p>Promoters</p> <ol style="list-style-type: none"> Microfirm Capital Private Limited- Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal. Sanjay Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Vanita Chamria- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027. Banwarilal Chamria & Others (HUF)- 22/1, Belvedere Road, 10th Floor, Alipore, Kolkata- 700027.

(iii) The fact and details of any relationship subsisting between such companies who are parties to such Scheme of amalgamation, including holding, subsidiary or of associate companies;

The companies are closely held by the same set of promoters.

(iv) Explanatory statement disclosing details of the Scheme of amalgamation:-

(a) Parties involved in such Amalgamation;

1. Magma Consumer Finance Private Limited
2. Microfirm Capital Private Limited

(b) In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any;
The present Scheme is a Scheme of Amalgamation.

Appointed Date	Effective Date	Share Exchange Ratio	Other Considerations
<p>Close of business hours of 31st March 2022</p>	<p>The Scheme is conditional upon and subject to:</p> <p>a) the sanction of the Tribunal being obtained under Section 230 read with 232 of the Act in favour of the respective Parties and the necessary order(s) under Section 232 of the Act, being obtained;</p> <p>b) any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate, by the respective Boards of the Parties being obtained and granted in respect of any of the matters for which such sanction or approval is required;</p>	<p>For every 100 fully paid-up equity shares of the Transferor Company having face value of Rs. 10 each and held by the members of the Transferor Company as on Record Date, 1 Ordinary Equity Share and 1000 1% Non-Cumulative Optionally Convertible Preference Shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the members of Transferor Company.</p> <p>Transferee Company shall issue new Redeemable Preference Shares in Series III, Series V, Series VI, Series XIII and Series XIV to respective preference shareholders of Transferor Company as on record date on the same agreed terms and conditions in all respects which were prevailing on Appointed Date to Preference Shareholders of Transferor Company.</p> <p>To expressly clarify that the Redeemable Preference Shares of Transferee Company issued pursuant to this Scheme to Preference Shareholders of Transferor Company are separate from Optionally Convertible Preference Shares proposed to be issued to equity shareholders of Transferor Company.</p>	<p>i. The ordinary equity shares allotted pursuant to this Scheme shall rank pari passu in all respects with the then existing ordinary equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.</p> <p>ii. In respect of shareholders entitled for fractional entitlement based on the swap ratio, no fractional shares shall be issued by the Transferee Company and all fractional entitlements will be rounded up to the nearest higher integer.</p> <p>iii. On the sanction of the Scheme, in terms of Clause 7.1 of this Scheme and pursuant to Section 61 and other applicable provisions of the Companies Act, 2013 and applicable Rules framed thereunder, Clause V of the Memorandum of Association of the Transferee Company shall be replaced by the following clause: "The Authorized Share Capital of the Company shall be Rs. 61,75,00,000 (Rupees Sixty One Crores Seventy Five Lakhs Only) divided into Rs. 36,75,00,000 (Rupees Thirty-Six Crores Seventy Five Lakhs Only) equity shares of Rs. 10/- (Rupees Ten only) and 25,00,00,000 (Rupees Twenty-Five Crores Only) preference shares of Rs. 10/- (Rupees Ten only). The company has and shall have the power to increase or reduce the capital to divide the Share Capital into several classes of shares and stock and to attach thereto such preferential, qualified or special rights, privileges or obligations as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be</p>

			<p>provided by the regulations of the Company." [Consolidation of Authorized Capital]</p> <p>iv. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Company and Transferee Company, shall be cancelled and the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reduction of any assets or liabilities, as the case may be. Further no interest shall be provided on loans and advances or any outstanding loans and advances, if any, after Appointed Date. All inter party transactions between the Transferor Company and the Transferee Company shall be treated as intra party transactions for all purposes and the balances shall stand cancelled.</p> <p>v. The shares held by Transferor Company in Transferee Company or vice versa shall stand cancelled and difference, if any, would be adjusted against the reserves of Transferee Company and there shall be no further obligation in that behalf. For set-off of investment, initially capital reserve shall be used, thereafter securities premium shall be used, if deficit then to be adjusted with free reserves.</p> <p>vi. Upon the Scheme coming into effect, all shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) or vice versa shall get cancelled without any further application, act or deed, in accordance with provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. It is clarified that no new equity shares shall be issued, or payment made in cash whatsoever by the Transferee Company in lieu of such shares of the Transferor Company.</p>
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			<p>vii. Any share of the Transferee Company that is held by the Transferor Company, to the extent the same has not been transferred prior to the Effective Date, shall, without any further act, document or deed, upon the Scheme becoming effective, be deemed to have been transferred to the Transferee Company pursuant to this Scheme for the express purpose of cancellation, and be so cancelled in accordance with provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction and there would be no issuance of shares by the Transferee Company in relation to such shares so held.</p> <p>viii. Upon this Scheme becoming effective, the registered office of the Transferee Company shall be changed from "Development House, 3rd Floor, 24, Park Street, Kolkata, West Bengal - 700016" to "2B Hastings Park Road Alipore Kolkata - 700027, West Bengal" in accordance with Section 12 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed.</p> <p>ix. Upon this Part of the Scheme becoming effective, the name of the Transferee Company shall be changed from 'Magma Consumer Finance Private Limited' to 'Magma Ventures Private Limited' in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of the Transferee Company wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by 'Magma Ventures Private Limited'. It is hereby clarified that for the purposes of this clause, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the name change and that no further</p>
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			resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company
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(c) Summary of valuation report including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the companies;

The Valuation Report Prepared by CA Vidhi Chandak, Registered Valuer dated 10th December 2022, recommends the Share Exchange Ratio as mentioned above. The Valuation of the Merged Companies has been taken at their respective book values. The Valuation Report have been ascertained by employing the Net Asset Value Method and based on the above, the Share Exchange Ratio has been determined. The said Valuation Report dated 10th December 2022 is available for inspection at the registered offices of each of the applicant companies up to the date of the meetings. A SEBI Registered Category I Merchant Banker namely Sumedha Fiscal Services Ltd. has provided its opinion dated 14th December 2022 on the aforesaid valuation report, being fair and proper.

(d) Details of capital or debt restructuring, if any;

The Scheme does not provide for corporate debt restructuring.

(e) Rationale for the Amalgamation;

The Transferor Company holding registration as "Core Investment Company" was holding, primarily, shares in Poonawalla Fincorp Limited (erstwhile Magma Fincorp Limited, hereinafter "PFL"). However, consequent upon the investment in PFL by the Poonawalla group, based on a transaction which has duly been approved by the RBI, PFL ceased to be a group company, and therefore, the transferor company's investment in PFL ceased to qualify as an investment in "company under the same group".

Hence, the transferor company ceased to meet the criteria for an NBFC-CIC. The Transferor Company has since been deploying the cashflows generated from the transfer of shares of PFL into various capital market activities. The RBI vide email dated 18th September 2022 had asked to make a decision as to whether the transferor company proposes to get itself converted into an NBFC-ICC or merge with an existing NBFC-ICC.

The transferor company has since evaluated and understood that there is no formal process of conversion of NBFC-CIC into NBFC-ICC and for that a fresh registration process only has to be followed. Accordingly, considering the circumstances, the transferor company, evaluated the benefits of amalgamation of the transferor company with the transferee company. Since both Transferor Company and Transferee Company are part of the same group and engaged in similar activities, it would be of better interest and benefit for the Group to have one NBFC, from the perspective of ease of doing business as also to align with the future objectives of the group.

The Scheme is intended to merge these companies and consolidate their business in a manner that is expected to enable better realization of their business potential, yield beneficial results and enhanced value creation for the said companies, their respective shareholders and stakeholders. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- It will enable better and more efficient management, control and obtain synergic benefits of the proposed merger. It will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.
- The proposed merger will ensure cost reduction, easier and efficient compliances and optimum management combining synergies of the companies.

- c. The proposed 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 overall competitiveness of the group.
- d. Both the Transferor Company and the Transferee Company are engaged in similar activity and therefore, it would be more desirable for the group to have one NBFC in its fold from the perspective of ease of doing business and also a preferable choice in regulator's preference.
- e. The same will lead to strengthening of the single brand leading to a stronger market presence.
- f. The proposed merger will help to achieve greater integration and greater financial strength and flexibility, to maximize overall shareholder value and improve the competitive position of the combined entity.
- g. Greater efficiency in cash management of the merged entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to maximize shareholders value.
- h. The increased asset base of the merged entity would have better financial viability and clearer focus, which would be in the interests of all creditors.

(f) Benefits of the Amalgamation as perceived by the Board of directors to the company, members, creditors and others (as applicable);

- i) **Company:** The proposed Amalgamation will enable better and more efficient management, control and obtain synergic benefits to the business of the Transferor and Transferee Companies with their combined resources and a larger capital and asset base, it is considered desirable and expedient to merge the Companies and for enabling appropriate consolidation and integration of the activities of the Transferor and Transferee Companies with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in various other operating parameters.
- ii) **Members:** The proposed Scheme will result in the formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively. This will result in enhancing shareholders participation and allow exponential growth in shareholders wealth.
- iii) **Creditors:** The increased asset base of the merged entity would have better financial viability and clearer focus, which would be in the interests of all creditors.

(v) Disclosure about the effect of the amalgamation on:

- (a) **Key managerial personnel:** The Scheme proposes transfer of all employees, if any attached to the respective divisions or undertakings proposed to be merged to the respective companies to whom such divisions or undertakings are transferred and vested. There is no change in terms of employment or break in continuity of services and the services of all such employees shall be taken into account for the purposes of all benefits to which the said employees may be eligible including for the purpose of payment of any retrenchment compensation, gratuity and other entitlements and benefits. Consequently, all the key managerial personnel, if any attached to the respective undertakings of the Merged Companies shall likewise be transferred to the Transferee Company.
- (b) **Directors:** There would be no effect in the Directors.
- (c) **Promoters:** All the companies are closely held Companies and consequently there is no adverse effect on the Promoters of the Companies.
- (d) **Non-promoter members:** As the companies are closely held Companies, there are no non-Promoter members.
- (e) **Depositors:** There are no depositors of the companies. The companies have not accepted any deposit and consequently there are no depositors.
- (f) **Creditors:** The Scheme of Amalgamation envisages that the creditors of the respective divisions or the undertakings proposed to be merged are transferred to the companies to whom the respective divisions or undertakings are transferred or vested. There is no proposal for diminution in the amounts due to the creditors and the creditors are proposed to be paid in the normal course of business as hitherto before.
- (g) **Debenture holders:** There are no debenture holders in any of the companies.
- (h) **Deposit trustee and debenture trustee:** As there are no deposits taken or any debenture issued, there is no question of deposit trustee and debenture trustee.

(i) **Employees of the company:** All employees of the Transferor Company, who are on its pay roll shall be engaged by the Transferee Company, on such terms and conditions as are no less favorable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, in accordance with the provisions of applicable laws and in terms of this Scheme. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose, shall be treated as having been continuous;

(vi) **Investigation or proceedings, if any, pending against the company under the Act.**
There are no investigations or proceedings which are pending against any of the applicant companies under the Companies Act, 2013 and/or Companies Act, 1956.

(vii) **Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors, namely:** The following documents are available at the Registered Office of the respective companies between 11.00 A.M. and 6.00 P.M. on all working days up to the date of the meeting(s), for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors

- (a) **Latest audited financial statements of all the companies:** Audited Financial Statements for the year ended March 31, 2019, March 31, 2020 and March 31, 2022 of the Applicant companies.
- (b) **Copy of the order of Tribunal in pursuance of which the meeting is to be convened or has been dispensed with:** An order dated March 23, 2023, passed by the Hon'ble Company Law Tribunal, Kolkata Bench, Kolkata
- (c) **Copy of Scheme of Amalgamation;**
- (d) **Contracts or agreements material to the compromise or amalgamation:** No such contract or agreement
- (e) **The certificate issued by Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of compromise or amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013:** Certificates has been issued by the Statutory Auditors dated 12th December, 2022 for Transferee Company
- (f) **Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme:**
 - (i) Upon this Scheme becoming effective, the registered office of the Transferee Company shall be changed from "Development House, 3rd Floor, 24, Park Street, Kolkata, West Bengal - 700016" to " 2B Hastings Park Road Alipore Kolkata – 700027, West Bengal" in accordance with Section 12 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed.
 - (ii) Upon this Part of the Scheme becoming effective, the name of the Transferee Company shall be changed from 'Magma Consumer Finance Private Limited' to 'Magma Ventures Private Limited' in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of the Transferee Company wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by 'Magma Ventures Private Limited'. It is hereby clarified that for the purposes of this clause, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the name change and that no further resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company

(viii)

Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or amalgamation.

Copies of the proposed Scheme of Amalgamation along with Application being C.A. (CAA) No.1/KB of 2023 and notice shall be served upon (a) the Regional Director, Eastern Region, Ministry of Corporate Affairs, Kolkata, (b) Registrar of Companies, West Bengal, (c) Official Liquidator, High Court at Calcutta, Kolkata, (d) Income Tax Department, (e) Reserve Bank of India having jurisdiction over the Applicants, by sending the same by hand delivery through special messenger, by post and by email within two weeks from the date of receiving the order.

SCHEME OF AMALGAMATION
UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

And all other applicable provisions of the Companies Act, 2013

OF

MICROFIRM CAPITAL PRIVATE LIMITED, Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal (for short "Microfirm" or "Transferor Company")

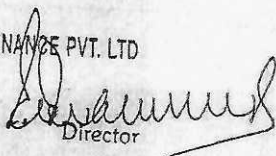
WITH

MAGMA CONSUMER FINANCE PRIVATE LIMITED, Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal (for short "Magma" or "Transferee Company")

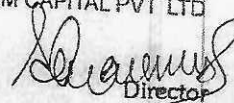
AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

5 MAGMA CONSUMER FINANCE PVT. LTD


Director

8 MICROFIRM CAPITAL PVT LTD


Director

GENERAL

A. DESCRIPTION OF COMPANIES

1. **MICROFIRM CAPITAL PRIVATE LIMITED**, having Corporate Identity Number ("CIN") U65999WB1995PTC072612, Permanent Account Number ("PAN") AABCM7322H and email-id compliance@mcfcap.in, is an unlisted private company incorporated on 05th July 1995 under the Companies Act, 1956 and having its registered office at Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal. Its authorized share capital is Rs. 32,75,00,000 (Rupees Thirty-Two Crores Seventy-Five Lakhs Only). It is, inter alia, a registered Non-Banking Financial Company ("NBFC") engaged in investment activity and holding Certificate of Registration as NBFC-CIC, issued on 3rd October 2017 under section 45-IA of the Reserve Bank of India Act, 1934 (Certificate of Registration No. being N-05.07053) (hereinafter referred to as "Microfirm" or "Transferor Company").
2. **MAGMA CONSUMER FINANCE PRIVATE LIMITED**, having CIN U65900WB2007PTC120480, Permanent Account Number ("PAN") AAFCM2987C and email-id accounts@mcfcap.in, is an unlisted private company incorporated on 21st November 2007 under the Companies Act, 1956 and having its registered office at Development House, 3rd Floor, 24, Park Street, Kolkata-700016, West Bengal. Its authorized share capital is Rs. 29,00,00,000 (Rupees Twenty-Nine Crores Only). It is, inter alia, a registered Non-Banking Financial Company ("NBFC") engaged in financial services. Magma is holding Certificate of Registration as an NBFC-ICC, issued on August 28, 2008 under section 45-IA of the Reserve Bank of India Act, 1934 (Certificate of Registration No. being N-05.06752) (hereinafter referred to as "Magma" or "Transferee Company").

3. PREAMBLE OF THE SCHEME

The Scheme provides for the amalgamation of Transferor Company with Transferee Company. The Scheme is presented pursuant to provisions of Sections 230 to 232 of Companies Act, 2013, and read together with Companies (Compromises, Arrangements and Amalgamations) Rules 2016 and other applicable provisions of applicable laws.

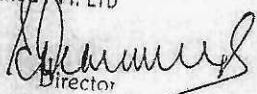
B. RATIONALE FOR THE SCHEME OF AMALGAMATION

The Transferor Company holding registration as "Core Investment Company" was holding, primarily, shares in Poonawalla Fincorp Limited (erstwhile Magma Fincorp Limited, hereinafter "PFL"). However, consequent upon the investment in PFL by the Poonawalla group, based on a transaction which has duly been approved by the RBI, PFL ceased to be a group company, and therefore, the transferor company's investment in PFL ceased to qualify as an investment in "company under the same group".

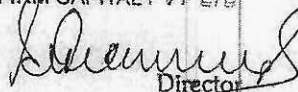
Hence, the transferor company ceased to meet the criteria for an NBFC-CIC. The Transferor Company has since been deploying the cashflows generated from the transfer of shares of PFL into various capital market activities. The RBI vide email dated 18th September 2022 had asked to make a decision as to whether the transferor company proposes to get itself converted into an NBFC-ICC or merge with an existing NBFC-ICC.

The transferor company has since evaluated and understood that there is no formal process of conversion of NBFC-CIC into NBFC-ICC and for that a fresh registration process only has to be followed.

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Accordingly, considering the circumstances, the transferor company, evaluated the benefits of amalgamation of the transferor company with the transferee company. Since both Transferor Company and Transferee Company are part of the same group and engaged in similar activities, it would be of better interest and benefit for the Group to have one NBFC, from the perspective of ease of doing business as also to align with the future objectives of the group.

The Scheme is intended to merge these companies and consolidate their business in a manner that is expected to enable better realization of their business potential, yield beneficial results and enhanced value creation for the said companies, their respective shareholders and stakeholders. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

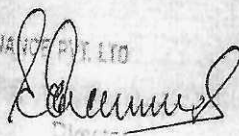
- a) It will enable better and more efficient management, control and obtain synergic benefits of the proposed merger. It will result in a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.
- b) The proposed merger will ensure cost reduction, easier and efficient compliances and optimum management combining synergies of the companies.
- c) The proposed 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 overall competitiveness of the group.
- d) Both the Transferor Company and the Transferee Company are engaged in similar activity and therefore, it would be more desirable for the group to have one NBFC in its fold from the perspective of ease of doing business and also a preferable choice in regulator's preference.
- e) The same will lead to strengthening of the single brand leading to a stronger market presence.
- f) The proposed merger will help to achieve greater integration and greater financial strength and flexibility, to maximize overall shareholder value and improve the competitive position of the combined entity.
- g) Greater efficiency in cash management of the merged entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to maximize shareholders value.
- h) The increased asset base of the merged entity would have better financial viability and clearer focus, which would be in the interests of all creditors.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of Transferor Company and Transferee Company. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company to the Transferee Company pursuant to provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

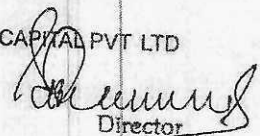
C. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

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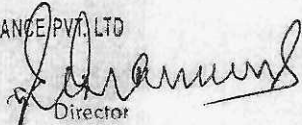
PART I deals with definitions of the terms used in the Scheme of Amalgamation and sets out the share capital of the Transferor Company and Transferee Company.

PART II deals with the transfer of the undertakings and amalgamation of the Transferor Company with the Transferee Company and consideration for such amalgamation

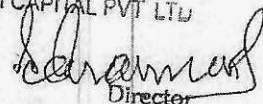
PART III deals with transfer of authorized share capital of the Transferor Company to Transferee Company, accounting treatment, declaration of dividend, conduct of business of Transferor Company from Appointed Date till Effective Date

PART IV deals with the dissolution of the Transferor Company and general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

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PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

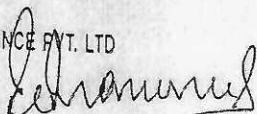
1. DEFINITIONS AND INTERPRETATION:

1.1 DEFINITION

In this Scheme (as defined hereafter), unless repugnant to the meaning or context thereof, the following expressions shall have the following:

- (i) **"Act" or "the Act"** means the Companies Act, 2013 read with the Companies (Compromise and Arrangements) Rules, 2016, including any statutory modifications, re-enactments or amendments for the time being in force and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time;
- (ii) **"Appointed Date for Amalgamation"** means the close of business hours of 31st March 2022 or such other date as may be fixed or approved by the Appropriate Authority;
- (iii) **"Appropriate Authority"** means any government, statutory, regulatory, departmental or public body or authority of the Jurisdiction over Transferor Company and Transferee Company, including Registrar of Companies, Regional Director and the NCLT;
- (iv) **"Board of Directors" or "Board"** shall mean Board of Directors of Transferor Company and Transferee Company as the case may be and shall include a duly constituted committee thereof;
- (v) **"Effective Date"** means last of the dates on which the conditions specified in Clause 22 of Part IV hereof have been fulfilled and the order of the National Company Law Tribunal, Kolkata Bench, sanctioning the Scheme has been filed with the Registrar of Companies by the Transferor Company and the Transferee Company. References in this Scheme to the date of "upon this Scheme becoming effective" or "effectiveness of this Scheme" or "Coming into Effect of this Scheme" shall mean the Effective Date;
- (vi) **"NCLT" or "Tribunal"** means National Company Law Tribunal, Kolkata Bench formed under the Companies Act, 2013 unless any other Bench is specifically mentioned;
- (vii) **"Parties"** shall mean collectively Transferor Company and Transferee Company and **"Party"** shall mean each of them, individually.
- (viii) **"Preference Shareholders"** shall mean collectively mean holders of Series III, Series V, Series VI, Series XIII and Series XIV Preference Shares issued by the Transferor Company.
- (ix) **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the Equity Shareholders and Preference Shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company as per the Share Exchange Ratio;
- (x) **"Scheme"** means this Scheme of Amalgamation in its present form or with modifications approved or directed by the Hon'ble NCLT;
- (xi) **"Share Exchange Ratio"** means the terms in which shares of the Transferee Company are to be issued and allotted to the shareholders of each of the Transferor Company in terms of Clause 5 & 6 of Part III;

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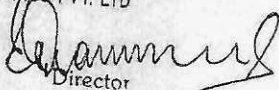
- (xii) **"Transferor Company"** shall mean Microfirm Capital Private Limited
- (xiii) **"Transferee Company"** shall mean Magma Consumer Finance Private Limited
- (xiv) **"Undertakings of the Transferor Company"** shall mean and include the whole of the assets, properties, liabilities and the undertaking(s) and entire business(es) of the Transferor Company as a going concern and specifically include the following (without limitation):
- All the assets / properties , whether movable or immovable, whether tangible or intangible, whether contingent or otherwise, including all rights, title, interest, covenant, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or freehold and includes all rights, titles, interest and covenant, undertakings, liability relating thereto, capital work in progress, other fixed assets, leasehold improvements, and inventory, receivables, advances, subsidies, grants, tax credits (including income tax, MAT credit under section 115JAA of Income Tax Act, 1961, MODVAT/CENVAT, service tax credits, GST credit, etc.) and all other rights, claims and powers, of whatsoever nature and wherever situated, belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date.
 - All the secured and unsecured debts, borrowings, and liabilities, including contingent liabilities, present or future liabilities, whether secured or unsecured of the Transferor Company as on the Appointed Date.
 - All statutory licenses, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, leasehold improvements, tenancies, offices, depots, quotas, rights, entitlements, privileges, benefits of all contracts / agreements (including but not limited to contracts / agreements with vendors, customers, PE/VC investors, mutual funds, advisors, government etc.), all other rights (including but not limited to right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities) of the Transferor Company as on the Appointed Date.
 - All staff, workmen, and employees engaged in the Transferor Company as on effective date.
 - All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form of the Transferor Company

1.2 INTERPRETATION

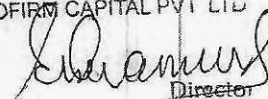
In this Scheme, unless the context otherwise requires:

- words in the singular shall include the plural and vice versa
- reference to the word "include" or "including" shall be construed without limitation;
- any reference to a clause or part is, unless indicated to the contrary, a reference to a clause or part of the scheme; and
- unless otherwise defined, the reference to the word "days" shall mean calendar days;
- references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- the headings are inserted for ease of reference only and shall not affect the construction or interpretation

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of this Scheme;

- g. words in the singular shall include the plural and vice versa; and
- h. all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time. In particular, wherever reference is made to the Honorable NCLT in this Scheme, the reference would include, if appropriate, reference to the such other forum or authority, as may be vested with any of the powers of the NCLT under the Act.

2. **SHARE CAPITAL OF THE COMPANIES**

- 2.1. The Authorized, Issued and Paid-up Share Capital of Transferor Company as on 31st March, 2022 is as follows:

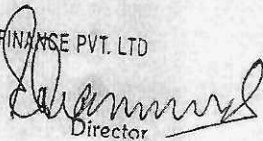
Share Capital	Amounts in INR
Authorized Share Capital: 22,50,000 Equity Shares of Rs 10/- each 3,05,00,000 Preference Shares of Rs. 10/- each	Equity Shares - Rs 2,25,00,000/- (Rupees Two Crore Twenty-Five Lakhs Only) Preference Shares - 30,50,00,000/- (Rupees Thirty Crore Fifty Lakhs Only)
Issued, Subscribed and Paid-up Capital: 11,67,600 Equity Shares of Rs 10/- each 5,01,250 Preference Shares of Rs. 10/- each	Equity Shares - Rs 1,16,76,000/- (Rupees One Crore Sixteen Lakhs Seventy-Six Thousand Only) Preference Shares - Rs 50,12,500/- (Rupees Fifty Lakhs Twelve Thousand Five Hundred Only)

- 2.2. The Authorized, Issued and Paid-up share capital of the Transferee Company as on 31st March, 2022 is as follows:


Share Capital	Amount in INR
Authorized Share Capital: 1,73,63,870 Ordinary Equity Shares of Rs 10/- each 86,36,130 Class B Equity Shares of Rs. 10/- each	Ordinary Equity Shares - Rs 17,36,38,700/- (Rupees Seventeen Crore Thirty-Six Lakhs Thirty-Eight Thousand Seven Hundred Only) Class B Equity Shares - 8,63,61,300/- (Rupees Eight Crore Sixty-Three Lakhs Sixty-One Thousand Three Hundred Only)
Issued, Subscribed and Paid-up Capital: 1,60,92,500 Ordinary Equity Shares of Rs 10/- each 80,00,000 Class B Equity Shares of Rs. 10/- each	Ordinary Equity Shares - Rs 16,09,25,000/- (Rupees Sixteen Crore Nine Lakhs Twenty-Five Thousand Only) Class B Equity Shares - 8,00,00,000/- (Rupees Eight Crore Only)

- 2.3. There has been no change in the capital structure of the Transferor Company that has happened since 31st March 2022. However, further, securities were issued by Transferee Company post 31st March 2022. The Authorized, Issued and Paid-up share capital of the Transferee Company as on 8th December 2022 is as follows:

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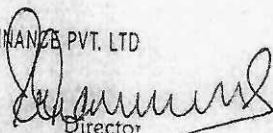

Director

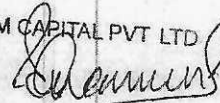
Share Capital	Amount in INR.
Authorized Share Capital:	
1,73,63,870 Ordinary Equity Shares of Rs 10/- each	Ordinary Equity Shares - Rs 17,36,38,700/- (Rupees Seventeen Crore Thirty-Six Lakhs Thirty-Eight Thousand Seven Hundred Only)
86,36,130 Class B Equity Shares of Rs. 10/- each	Class B Equity Shares - 8,63,61,300/- (Rupees Eight Crore Sixty-Three Lakhs Sixty-One Thousand Three Hundred Only)
30,00,000 Preference Shares of Rs. 10/- each	Preference Shares - 3,00,00,000/- (Rupees Three Crores Only)
Issued, Subscribed and Paid-up Capital:	
1,60,92,500 Ordinary Equity Shares of Rs 10/- each	Ordinary Equity Shares - Rs 16,09,25,000/- (Rupees Sixteen Crore Nine Lakhs Twenty-Five Thousand Only)
80,00,000 Class B Equity Shares of Rs. 10/- each	Class B Equity Shares - 8,00,00,000/- (Rupees Eight Crore Only)
20,70,000 Preference Shares of Rs. 10/- each	Preference Shares - 2,07,00,000/- (Rupees Two Crores and Seven Lakhs Only)

3. **DATE WHEN THE SCHEME COMES INTO OPERATION:**

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

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PART II

AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFeree COMPANY

4. TRANSFER OF UNDERTAKING OF TRANSFEROR COMPANY:

4.1 Upon coming into effect of this Scheme and with effect from the Appointed Date for amalgamation, the Undertakings of Transferor Company shall, pursuant to the sanction of this Scheme by the NCLT and pursuant to the provisions of Sections 230 to 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 so as to become, as and from the Appointed Date, the properties, estates, assets, titles and interests of the Transferee Company by virtue of and in the manner provide in the Scheme.

4.2 Without prejudice to the generality of Clause 4.1 above, upon coming into effect of this Scheme and with effect from the Appointed Date:

Assets

- a. All assets 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 delivery or by vesting and recorded pursuant to this Scheme, shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly. No stamp duty is payable on the transfer of such movable properties, being vested in the Transferee Company
- b. All movable properties of the Transferor Company, other than those specified in sub-clause (a) above, including sundry debtors, investments, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, shall without any further act, instrument or deed, become the property of the Transferee Company;
- c. All immovable properties of the Transferor Company, if any, whether freehold or leasehold, and all documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done by the Transferor Company and/or the Transferee Company;

Liabilities

- d. All debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company, shall, be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause

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Encumbrances

- e. At present Transferor Company has no securities, charges, encumbrances or liens (the "Encumbrances") over its assets. All Encumbrances, if any, created by the Transferor Company before or after the Appointed Date, over the assets comprised in their Undertakings 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. It is expressly provided that, save as herein provided, 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.

Contracts

- f. All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on, against or in favour of 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 obligee thereto;

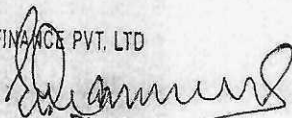
Litigation

- g. Any pending suit/appeal or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against the Transferor Company, shall not abate be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company shall file necessary application for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to Transferor Company;

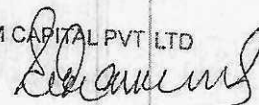
Employees

- h. All employees of the Transferor Company, who are on its pay roll shall be engaged by the Transferee Company, on such terms and conditions as are no less favorable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, in accordance with the provisions of applicable laws and in terms of this Scheme. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes

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shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose, shall be treated as having been continuous;

Licenses

- i. All statutory licenses, permissions or approvals or consents held by the Transferor Company required to carry on its operations shall stand transferred to and be vested in the Transferee Company without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory authorities concerned therewith in favor of the Transferee Company. The benefit of all statutory and regulatory permissions, approvals and consents of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme;
- j. Any and all registrations, goodwill, trademarks, licenses appertaining to the Transferor Company shall stand transferred to and vested in the Transferee Company;

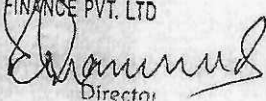
Taxes

- k. All taxes payable by the Transferor Company, if any, including all or any refunds of claims shall be treated as the tax liability or refunds/claims as the case may be of the Transferee Company.
- l. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (including tax benefits), GST law and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the Income Tax Act, 1961 which includes but not limited to the amount disallowed in the hands of the Transferor Company under section 43B or 40(a) of the Income Tax Act, 1961 for the financial years prior to the Appointed Date shall be eligible to be claimed by the Transferee Company on fulfillment of the conditions as laid down in sections 43B or 40(a) of the Income Tax Act, 1961 etc. and other tax laws and for matters incidental thereto, if required to give effect to the provisions of this Scheme. Furthermore, the Transferee Company shall basis such revision also, if applicable, file modified returns u/s 170A of Income-tax Act, 1961.
- 4.3 As the merger shall be effective immediately after the close of business hours on 31st March 2022, the same shall result into a merged net worth exceeding Rs 250 crores as on 31 March 2022. Accordingly, the amalgamation will be accounted for the Transferee Company as per Ind AS as the threshold at which Ind AS is applicable to an NBFC has been crossed.

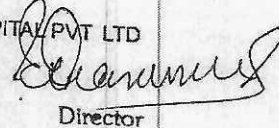
4.4 Inter-se Transactions:

Without prejudice to the provisions of Clauses 4.1 to 4.2, 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 from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Transferor Company inter-se and/or the Transferee Company, the obligations 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 the Transferee Company for the reduction of such assets or liabilities as the case may be.

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4.5 **Saving of concluded transactions:**

Subject to the terms of this Scheme, the transfer and the vesting of the Undertakings of the Transferor Company under Clause 4.1 to Clause 4.2 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or 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.

5. **Consideration for Preference Shareholders of Transferor Company**

5.1. Transferee Company shall issue new Redeemable Preference Shares in Series III, Series V, Series VI, Series XIII and Series XIV to respective preference shareholders of Transferor Company as on record date on the same agreed terms and conditions in all respects which were prevailing on Appointed Date to Preference Shareholders of Transferor Company.

5.2. To expressly clarify that the Redeemable Preference Shares of Transferee Company issued pursuant to this Scheme to Preference Shareholders of Transferor Company are separate from Optionally Convertible Preference Shares proposed to be issued to equity shareholders of Transferor Company.

6. **Consideration for Equity Shareholders of Transferor Company**

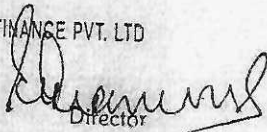
6.1. Upon coming into effect of the Scheme and in consideration of the transfer and vesting of the Undertaking of Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further act or deed, issue and allot shares to the members of the Transferor Company whose names appear in the register of members of the Transferor Company as on the Record Date in the following manner:

"For every 100 fully paid-up equity shares of the Transferor Company having face value of Rs. 10 each and held by the members of the Transferor Company as on Record Date, 1 Ordinary Equity Share and 1000 1% Non-Cumulative Optionally Convertible Preference Shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the members of Transferor Company."

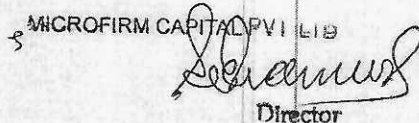
6.2. Notwithstanding anything contained in Clause 6.1 above, upon the Scheme coming into effect, all shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) or vice versa shall get cancelled without any further application, act or deed, in accordance with provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. It is clarified that no new equity shares shall be issued, or payment made in cash whatsoever by the Transferee Company in lieu of such shares of the Transferor Company.

6.3. Any share of the Transferee Company that is held by the Transferor Company, to the extent the same has not been transferred prior to the Effective Date, shall, without any further act, document or deed, upon the Scheme becoming effective, be deemed to have been transferred to the Transferee Company pursuant to this Scheme for the express purpose of cancellation, and be so cancelled in accordance with provisions of

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Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction and there would be no issuance of shares by the Transferee Company in relation to such shares so held.

- 6.4. In the event that the Transferee Company restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 6.5. The issue and allotment of shares by the Transferee Company to the shareholders of the Transferor Company is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of Transferee Company or its shareholders and as if the procedure laid down under Section 62 of the Act and other provisions of the Act, as may be applicable and such other statutes and regulations as may be applicable were duly complied with.
- 6.6. The shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company.
- 6.7. In respect of shareholders entitled for fractional entitlement based on the swap ratio, no fractional shares shall be issued by the Transferee Company and all fractional entitlements will be rounded up to the nearest higher integer.

6.8. **Terms of Optionally Convertible Preference Shares**

a. **Instrument Type**

The Preference Shares shall be Optionally Convertible or Redeemable, Non-Cumulative in nature.

b. **Dividend**

The Preference Shares shall subject to the provisions of the Articles of Association of the Transferee Company and the Act, confer the holders thereof a right to fixed preferential dividend of 1% per annum in priority to the equity shares. Dividend shall be payable annually and shall be non-cumulative.

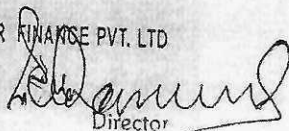
c. **Redemption/Conversion**

Every 1000 Optionally Convertible Preference Shares are convertible into 15,942 Class B Equity shares or redeemable at a premium (being calculated at 10% p.a. on the face value of shares issued) before the expiry of 20 years from the date of allotment at the option of the Holder of such Optionally Convertible Preference Shares.

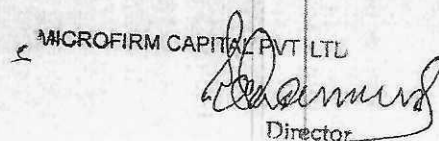
d. **Voting rights**

Section 47 of Act would not be applicable to Transferee Company as provided in MOA and in AOA. Thus, the preference shares would not have any voting rights except as provided in Point (e) of Para 6.8 of the Scheme.

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e. Affirmative Matters/ Reserved Matters

Approval of Optionally Convertible Preference shareholders shall be required on matters requiring the special majority of ordinary equity shareholders as per Act.

f. Taxation

The coupon payments received by the preference shareholders shall be taxable in the hands of shareholder under the Income Tax Act, 1961

g. Winding Up

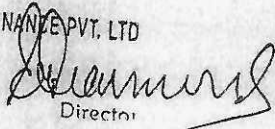
In the event of winding up of Transferee Company, the holders of Preference Shares shall have a right to receive the paid-up share capital and arrears of dividend up to the commencement of winding up, in priority to any paid-up capital on the equity shares out of the surplus but shall not have any further rights to participate in the profits or assets of the Transferee Company.

h. Variation in rights of OCRPS

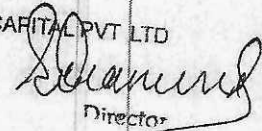
The rights of OCRPS can be varied based on mutual agreement between the holder of such Optionally Convertible Preference Shares and the Transferee Company.

- 6.9. The ordinary equity shares allotted pursuant to this Scheme shall rank *pari passu* in all respects with the then existing ordinary equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 6.10. Shares would be allotted in Physical Form.

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PART III

TRANSFER OF AUTHORIZED SHARE CAPITAL OF THE TRANSFEROR COMPANY TO TRANSFEREE COMPANY, CHANGE IN NAME, ACCOUNTING TREATMENT, CHANGE OF REGISTERED OFFICE, DECLARATION OF DIVIDEND AND CONDUCT OF BUSINESS OF TRANSFEROR COMPANY.

7. CONSOLIDATION OF AUTHORIZED CAPITAL

- 7.1. Clause V of the Memorandum of Association of the Transferee Company shall be replaced by the following clause:

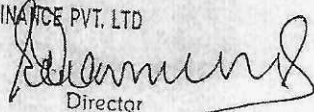
"The Authorized Share Capital of the Company shall be Rs. 61,75,00,000 (Rupees Sixty One Crores Seventy Five Lakhs Only) divided into Rs. 36,75,00,000 (Rupees Thirty-Six Crores Seventy Five Lakhs Only) equity shares of Rs. 10/- (Rupees Ten only) and 25,00,00,000 (Rupees Twenty Five Crores Only) preference shares of Rs. 10/- (Rupees Ten only). The company has and shall have the power to increase or reduce the capital to divide the Share Capital into several classes of shares and stock and to attach thereto such preferential, qualified or special rights, privileges or obligations as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by the regulations of the Company."

For the purpose of increase in authorized share capital of the Transferee Company, the stamp duty and fees paid on the authorised capital of the Transferor Company shall be utilised and applied towards the increased authorised share capital of the Transferee Company and only deficit in fees, if any, towards stamp duty and / or fee by the Transferee Company for increase in the authorized share capital would be paid by the Transferee Company. Transferee Company undertakes to pay the stamp duty and fees, as may be applicable, if any, prior to actual allotment of shares. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company

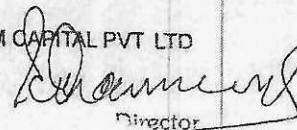
8. CHANGE IN NAME OF TRANSFEREE COMPANY

Upon this Part of the Scheme becoming effective, the name of the Transferee Company shall be changed from 'Magma Consumer Finance Private Limited' to 'Magma Ventures Private Limited' in accordance with Section 13 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed and the name of the Transferee Company wherever it occurs in the Memorandum of Association and Articles of Association shall stand substituted by 'Magma Ventures Private Limited'. It is hereby clarified that for the purposes of this clause, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the name change and that no further resolution under the provisions of the Act would be required to be passed separately. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for change of the name of the Transferee Company

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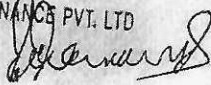
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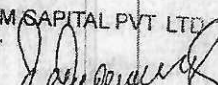
9. ACCOUNTING TREATMENT

- 9.1. Upon the coming into effect of this Scheme and with effect from Appointed date for amalgamation, the Transferee Company shall account for the amalgamation of the Transferor Company with the Transferee Company in accordance with Pooling of Interest Method in accordance with Appendix C of Ind AS 103 notified under the provisions of the Act, read with relevant rules framed thereunder and other applicable accounting standards prescribed under the Act
- 9.2. The Transferee Company shall record the assets, liabilities and reserves relating to the Transferor Company vested as a going concern in it pursuant to this Scheme, at their respective carrying amounts
- 9.3. The Transferee Company shall credit the aggregate face value/ nominal value of shares issued by it to the Shareholders of Transferor Company pursuant to this Scheme to the Share Capital Account in its books of accounts.
- 9.4. The identity of the reserves of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Company
- 9.5. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Company and Transferee Company, shall be cancelled and the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reduction of any assets or liabilities, as the case may be. Further no interest shall be provided on loans and advances or any outstanding loans and advances, if any, after Appointed Date. All inter party transactions between the Transferor Company and the Transferee Company shall be treated as intra party transactions for all purposes and the balances shall stand cancelled
- 9.6. The shares held by Transferor Company in Transferee Company or vice versa shall stand cancelled and difference, if any, would be adjusted against the reserves of Transferee Company and there shall be no further obligation in that behalf. For set-off of investment, initially capital reserve shall be used, thereafter securities premium shall be used, if deficit then to be adjusted with free reserves.
- 9.7. The difference, if any, between the amount recorded as share capital issued and the amount of share capital of the Transferor Company shall be transferred to capital reserve and should be presented separately from other capital reserves.
- 9.8. In case of any difference in accounting policy between either of the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 9.9. The Transferee Company shall record in its books of account, all transactions of the Transferor Company in respect of assets, liabilities, income and expenses, from Appointed Date to the Effective Date.

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10. CHANGE OF REGISTERED OFFICE OF TRANSFEREE COMPANY

- 10.1. Upon this Scheme becoming effective, the registered office of the Transferee Company shall be changed from "Development House, 3rd Floor, 24, Park Street, Kolkata, West Bengal - 700016" to "2B Hastings Park Road Alipore Kolkata - 700027, West Bengal" in accordance with Section 12 of the Companies Act, 2013 and other relevant provisions of the Act as applicable without any act or deed.
- 10.2. For the purposes of this clause, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the change of registered office and that no further resolution under the provisions of the Act would be required to be passed separately.

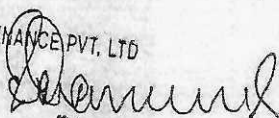
11. DECLARATION OF DIVIDEND

- 11.1. For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its shareholders as on the respective Record Date for the purpose of dividend and the shareholders of the Transferor Company shall not be entitled to dividends, if any, declared by the Transferee Company prior to the Effective Date.
- 11.2. It is clarified that the aforesaid provision in respect of declaration of dividend, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferee Company, only.


12. CONDUCT OF BUSINESS:

- 12.1. 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 their respective Undertakings on account of, and for the benefit of and in trust for, the Transferee Company.
 - b) All profits or incomes 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 profit and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
 - c) All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.
 - d) All taxes (including income tax, Sales Tax, GST, excise duty, customs duty, service tax, VAT etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of their respective businesses before the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to tax payment (including, without limitation, Sales Tax, GST, 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 their respective businesses

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after the Appointed Date, the same shall be deemed to be the corresponding amount paid by the Transferee Company and shall, in all proceedings be dealt accordingly.

- 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 their Undertaking that has 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 of the Transferee Company.

- 12.2. Without prejudice to the above, the Transferor Company from the date of filing this Scheme with the NCLT shall not make any change in their respective capital structures, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise), decrease, reduction, reclassification, subdivision or consolidation, reorganization, or in any other manner which may, in any way, affect the Share Exchange Ratio except under any of the following circumstances:

- a) By mutual consent of the Board of Directors of the Transferor Company and the Transferee Company;
or

- b) By way of any obligation already subsisting as on the date of filing this Scheme with the NCLT.

- 12.3. The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, relieves, etc., as may be required / granted under any law for the time being in force for carrying on business of the Transferor Company.

13. Procedural Formalities Post Sanction of the Scheme

- 13.1. The Transferee Company shall, 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, execute deeds of confirmation or novation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized 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.

- 13.2. Upon the Scheme becoming effective, all statutory permissions, licenses, approvals, consents, privileges, benefits and benefits of filings and all other incorporeal rights emanating from such licenses relating to the Transferor Company, shall stand transferred to and vested in the Transferee Company without any further act, instrument or deed, as more particularly provided hereinabove. Notwithstanding such transfer/ vesting of the Licenses, if any application is required for the statistical record of the statutory authorities to implement the transfer and vesting of the Licenses, as provided hereinabove, the Transferee Company shall facilitate the statutory authorities by filing such applications, which shall be granted/ approved in favour of the Transferee Company based on the sanction order of the Scheme by the NCLT.

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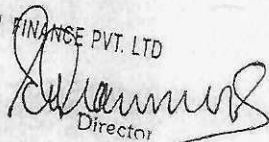
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- 13.3. Upon the Scheme becoming effective, the Transferee Company is expressly entitled to revise its direct or indirect tax returns and related withholding certificates and shall be entitled to claim refund, advance tax credits including TDS credit, MAT credit, CENVAT and MODVAT credit, pertaining to the Transferor Company, if any.
- 13.4. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts, demat accounts, custodian accounts of the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions and to issue credit notes in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions
- 13.5. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate its business and all other operations of the Transferor Company in the name of the Transferor Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been formally given effect to under such contracts, licenses, deeds and transactions.

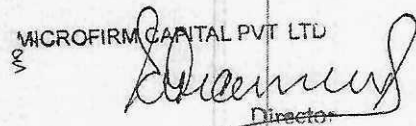
14. **APPLICABILITY OF THE PROVISIONS OF THE INCOME TAX ACT, 1961**

This Scheme has been drawn up to comply with the conditions specified under section 2(1B) of the Income Tax Act, 1961. The amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date 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 section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme, except to the extent required to give effect to the Scheme.

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PART IV

DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

15. DISSOLUTION OF THE TRANSFEROR COMPANY:

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding up.

16. VALIDITY OF EXISTING RESOLUTIONS ETC.:

Upon the coming into effect of this Scheme, resolutions, if any, of the respective Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

17. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal, shall become effective from Appointed Date but shall be operative from the Effective Date.

18. APPLICATIONS/PETITIONS TO TRIBUNAL FOR SANCTIONING SCHEME

The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal for convening and holding or dispensing of meetings of their respective shareholders and creditors, as applicable, to be called, held and conducted in such manner as the Tribunal may direct and to consider and if thought fit to approve, with or without modification, this Scheme; and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Transferor Company without being wound up.

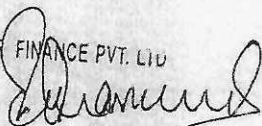
19. JOINT APPLICATION BY THE PARTIES

The Parties shall, jointly with all reasonable dispatch, make applications/petitions under Section 230 to 232 and other applicable provisions of the Act to the Tribunal for sanctioning of this Scheme and for appropriate orders under the applicable provisions of the Act for carrying this Scheme into effect. 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 the Parties have or may have under or pursuant to all Applicable Law. The Parties shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.


20. MODIFICATION OF SCHEME:

20.1. The Transferor Company and the Transferee Company by their respective Boards of Directors or any Committee thereof or any Director/ executive authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme

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which the NCLT or any authorities under law may deem fit to approve or which the NCLT or any authorities under law may impose and which the Transferor Company and the Transferee Company may in their discretion accept or such modification(s) or addition(s) as the Transferor Company and the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme, and the Transferor Company and the Transferee Company by their respective Boards of Directors or delegates are authorized to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the NCLT or any Governmental Authorities, which the respective Transferor Company or the Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme.

- 20.2. For the purpose of giving effect to this Scheme or to any modifications/ amendments thereof, the Directors of the respective Transferor Company (prior to its dissolution in pursuance to Scheme) and of the Transferee Company may give and are authorized to give all such directions as are necessary including directions for resolving any question of doubt or difficulty that may arise.

21. APPROVALS:

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertakings of the Transferor Company and to carry on the business of the Transferor Company.

22. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS

The Scheme is conditional upon and subject to:

- a) the sanction of the Tribunal being obtained under Section 230 read with 232 of the Act in favour of the respective Parties and the necessary order(s) under Section 232 of the Act, being obtained;
- b) any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate, by the respective Boards of the Parties being obtained and granted in respect of any of the matters for which such sanction or approval is required;

23. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

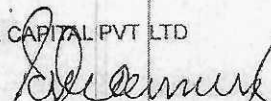
In the event of any of the said sanctions and approvals referred not being obtained and/or the Scheme not being sanctioned by the Tribunal and/or the order(s) not being passed, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect, save and except in respect of 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.

24. EFFECT OF NON-FULFILLMENT OF ANY OBLIGATION

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

25. COSTS AND EXPENSES

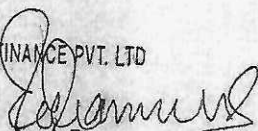
All costs, charges and expenses of Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the merger of the Undertaking of Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company. The Transferee Company shall be eligible for deduction of expenditure incurred as per section 35DD of the Income Tax Act, 1961.

26. MISCELLANEOUS

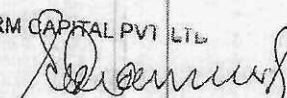
In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc.

- 26.1. If any part of this Scheme is found to be unworkable for any reason whatsoever, in the sole discretion of the Transferor Company and the Transferee Company either by their respective Boards of Directors or through Committees appointed by them in this behalf, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.
- 26.2. In the event that any conditions imposed by the NCLT are found unacceptable for any reason whatsoever by the Transferor Company or the Transferee Company, then the Transferor Company and/or Transferee Company shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.
- 26.3. On the approval of the Scheme by the members of the Transferor Company and Transferee Company pursuant to Section 230 read with Section 232 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.
- 26.4. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Transferee Company in respect of the immovable properties vested in it. Any inchoate title or possessory title of the Transferor Company or its predecessor companies shall be deemed to be the title of the Transferee Company.
- 26.5. It is the intention of the Parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.

MAGMA CONSUMER FINANCE PVT. LTD


Director

MICROFIRM CAPITAL PVT. LTD


Director