

SCHEME OF ARRANGEMENT

(Pursuant to Section 230 of the Companies Act, 2013)

BETWEEN

FLORENCE INVESTECH LIMITED

AND

BMF INVESTMENTS LIMITED

AND

J.K. FENNER (INDIA) LIMITED

AND

BENGAL & ASSAM COMPANY LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

FOR

Amalgamation of Florence Investech Limited and BMF Investments Limited with Bengal & Assam Company Limited in consideration of issue and allotment of Equity Shares in Bengal & Assam Company Limited to the Equity Shareholders of Florence Investech Limited and Equity Shareholders of J.K. Fenner (India) Limited (other than Bengal & Assam Company Limited itself)

AND

Exchange of Equity Shares of J.K. Fenner (India) Limited for Equity Shares of Bengal & Assam Company Limited at the option of Equity Shareholders of J.K. Fenner (India) Limited

PART - I

(Preliminary)

1. DEFINITIONS:

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

CERTIFIED TO BE TRUE

For Florence Investech Limited

[Signature]
Company Secretary



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- i. "Act" means the Companies Act, 2013 or any statutory modifications or re-enactment thereof.
 - ii. "Appointed Date" means the 1st day of April, 2017.
 - iii. "BMF" means BMF Investments Limited, a Company incorporated under the Companies Act, 1956 and being a Company within the meaning of the Act, having its registered office at 7, Council House Street, Kolkata 700 001 in the State of West Bengal.
 - iv. "Effective Date" means the date or last of the dates on which all the requisite approvals and sanction to the Scheme are obtained and certified copies of the orders of the Hon'ble Benches of the National Company Law Tribunal (NCLT) at Kolkata and Chennai sanctioning the Scheme are filed with the respective Registrar of Companies by FIL, BMF, JKFIL and the Transferee Company.
 - v. "Florence" means Florence Investech Limited, a Company incorporated under the Companies Act, 1956 and being a Company within the meaning of the Act, having its registered office at 7, Council House Street, Kolkata 700 001 in the State of West Bengal.
 - vi. "FIL" means J.K. Fenner (India) Limited, a Company incorporated under the Companies Act, 1956 and being a Company within the meaning of the Act, having its registered office at 3, Madurai-Melakkai Road, Kochadai, Madurai 625 016 in the State of Tamil Nadu.
 - vii. "NCLT" means the Hon'ble National Company Law Tribunal constituted under Section 408 of the Act.
 - viii. "Option Exercise Date" shall have the meaning ascribed to in Clause 16.

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- ix. **"Option Form"** shall have the meaning ascribed to in Clause 16.
- x. **"Option Letter"** shall have the meaning ascribed to in Clause 16.
- xi. **"Option Shares"** shall have the meaning ascribed to in Clause 16.
- xii. **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of Florence and FIL for the purpose of determining the shareholders to whom shares in consideration of the amalgamation will be issued and allotted by the Transferee Company in terms of Clause 11 of this Scheme and to whom Option Letters for additional shares shall be sent in terms of clause 16 of this Scheme.
- xiii. **"Scheme"** means this Scheme of Arrangement pursuant to Section 230 of the Act in the present form or with such modification(s) as sanctioned by the Hon'ble Benches of the NCLT at Kolkata and Chennai.
- xiv. **"Share Transfer Agent"** shall have the meaning ascribed to in Clause 16.
- xv. **"Transferee Company"** means Bengal & Assam Company Limited, a Company incorporated under the Indian Companies Act, 1913 and being a Company within the meaning of the Act, having its registered office at 7, Council House Street, Kolkata 700 001 in the State of West Bengal.
- xvi. **"Transferor Companies"** means Florence and BMF or any one or more of them as the context requires.
- xvii. **"Undertakings of the Transferor Companies"** means and includes:
- (a) All the properties, assets, rights and powers of the Transferor Companies;
 - (b) All the debts, liabilities, duties and obligations of the Transferor Companies; and
 - (c) all the employees of the Transferor Companies.



Without prejudice to the generality of the foregoing clause, the said Undertakings shall include all business, rights, powers, interests, authorities, privileges, liberties and all properties and assets, moveable or immovable, freehold or leasehold, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situate including all lands, buildings, plant and machinery, vehicles, equipments, computers and data processing units, inventories, investments in shares, debentures, bonds and other securities, sundry debtors, cash and bank balances, loans and advances, leases and all other interests and rights in or arising out of such property together with all liberties, easements, advantages, exemptions, approvals, licenses, trademarks, patents, copyrights, import entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by the Transferor Companies or which the Transferor Companies are entitled to together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records of the Transferor Companies.

xviii. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. SHARE CAPITAL:

The Authorised, Issued, Subscribed and Paid-up Share Capital of Florence, BMF, FIL and the Transferee Company is as under:

i. Florence:

<u>Authorised Share Capital:</u>	<u>(Rs. In Lakhs)</u>
50,00,000 Equity Shares of Rs. 10/- each	5,00.00
50,00,000 Preference Shares of Rs. 85/- each (*)	42,50.00
Total	----- 47,50.00 -----
 <u>Issued, Subscribed and Paid up Share Capital:</u>	
33,28,944 Equity Shares of Rs. 10/- each fully paid up	332.89



(*) Apportioned to JK Agri Genetics Limited in terms of earlier Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta by its order dated 17th October, 2012.

ii. **BMF**

<u>Authorised Share Capital:</u>	<u>(Rs. In Lakhs)</u>
3,02,000 Equity Shares of Rs. 10/- each	30.20

<u>Issued, Subscribed and Paid up Share Capital:</u>	
3,01,995 Equity Shares of Rs. 10/- each fully paid up	30.20

BMF is a wholly owned (100%) subsidiary of FIL. FIL is a subsidiary of the Transferee Company and thus BMF is a step down subsidiary of the Transferee Company as also mentioned in clause 3.1 below.

iii. **FIL**

<u>Authorised Share Capital:</u>	<u>(Rs. In Lakhs)</u>
1,00,00,000 Equity Shares of Rs. 10/- each	1,000.00
80,00,000 Preference Shares of Rs. 100/- each	8,000.00

	9,000.00

<u>Issued, Subscribed and Paid up Share Capital:</u>	
24,83,066 Equity Shares of Rs. 10/- each fully paid up	248.31
70,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each	7,000.00

	72,48.31

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21,89,314 Equity Shares, constituting 88.17% of the total Issued, Subscribed and Paid up Share Capital of FIL, are held by the Transferee Company. FIL is thus a subsidiary of the Transferee Company.

iv. The Transferee Company:

<u>Authorised Share Capital:</u>	<u>(Rs. In Lakhs)</u>
356,730,000 Equity Shares of Rs. 10/- each	35,673.00
12,52,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	1,252.00
Total	----- 36,925.00 -----
<u>Issued, Subscribed and Paid up Share Capital:</u>	
86,83,553 Equity Shares of Rs. 10/- each fully paid up	868.36

6,46,811 Equity Shares of the Transferee Company constituting 7.45% of the total Issued, Subscribed and Paid up Share Capital of the Transferee Company are held by Florence.

3. **OBJECTS AND REASONS:**

- i. The Transferor Companies and the Transferee Company are all engaged in the business common to them of investing in shares and securities. Florence and the Transferee Company are listed on BSE Limited (Bombay Stock Exchange). Further, BMF is registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India. The Transferee Company is also a NBFC registered as a Non-Deposit taking Systematically Important Core Investment Company with the Reserve Bank of India. Florence is also a Core Investment Company but is exempted from registration. The Transferor Companies and the Transferee Company do not take any deposits from the public. FIL is an operating Company engaged in the business of manufacture of belts, oil seals & moulded rubber products, engineering and other miscellaneous products. In addition, it also holds investments in shares of BMF. Investments are held by the Transferor Companies and the Transferee Company primarily in shares of group companies, including in the following six operating Companies:-

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- (1) JK Tyres & Industries Limited ("JKTIL"), being a manufacturer of automobile tyres;
 - (2) JK Paper Limited ("JKPL"), being a manufacturer of paper and pulp;
 - (3) JK Lakshmi Cement Limited ("JKLCL"), being a manufacturer of cement and clinker;
 - (4) JK Agri Genetics Limited ("JKAGL"), being a producer of various agricultural seeds;
 - (5) Umang Dairies Limited ("UDL"), being a producer of dairy and food products; and
 - (6) the said FIL, being a manufacturer of belts, oil seals & moulded rubber products, engineering and other miscellaneous products.
- ii. JKTIL, JKPL, JKLCL, JKAGL and UDL are listed companies while FIL is an unlisted company. The investments of Florence, BMF and the Transferee Company in the said operating companies, are all strategic non-current investments and constitute significant percentages of the total Equity Share Capital and controlling interests in such investee companies. Such investments are held with a long term perspective. At present BMF is a wholly owned (100%) subsidiary of FIL. While FIL is itself a 88.17% subsidiary of the Transferee Company, as aforesaid, and BMF is thus a step down subsidiary of the Transferee Company, FIL is an operating company.
- iii. The true value of the investments in the operating companies are not adequately reflected, inter alia, due to the same being spread in three separate holding companies (Florence, BMF and the Transferee Company) and BMF being itself held by the said FIL, which is an operating company, as aforesaid. Florence, BMF and the Transferee Company are all engaged in the activity of monitoring, taking decisions and exercising their rights in respect of the same investee companies. Their registered offices are also situated in the same premises. The business and interests of the Transferor Companies and the Transferee Company are alike and can be combined and carried on under one entity appropriately.



- iv. In the circumstances it is considered desirable and expedient to amalgamate the Transferor Companies with the Transferee Company in the manner and on the terms and conditions stated in this Scheme of Arrangement in consideration of issue and allotment of shares in the Transferee Company to the Equity Shareholders of Florence and Equity Shareholders of FIL (other than the Transferee Company itself).
- v. The amalgamation will enable appropriate consolidation of the undertakings and investments of the Transferor Companies and the Transferee Company in a single holding company (viz the amalgamated Transferee Company) in which all the said investments in the operating companies are held. The amalgamation will lead to the formation of a larger and stronger entity with a wider capital and asset base and having greater capacity for conducting its operations more efficiently and competitively.
- vi. The amalgamation will simplify and rationalise the holding structure of the said operating companies, unlock value and enhance the capacity of the Transferee Company to raise and access funds for making further strategic investments, including for further growth and development of the business of the said operating companies.
- vii. The amalgamation will lead to the businesses of the amalgamated entity being carried on more efficiently and economically with better operating parameters. The same would result, inter alia, from, pooling and more effective utilisation of all available resources, greater economies of scale, elimination of duplication of work, and overall reduction of overheads and considerable savings in costs which will be facilitated by and follow the amalgamation.
- viii. No shares in the Transferee Company are to be issued to the shareholders of BMF since all shares of BMF are held by FIL which is a subsidiary of the Transferee Company and no company can issue shares to its subsidiary. However, to protect the



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value of the investment of the Equity Shareholders of FIL, this Scheme accordingly provides that shares of the Transferee Company in consideration of the amalgamation would be issued and allotted to the Equity Shareholders of FIL (other than the Transferee Company itself) instead of shareholders of BMF. Further, whilst the Transferee Company is a listed Company FIL is an unlisted Company. As such the shares of FIL are not as liquid and marketable as the shares of the Transferee Company. As part of the Scheme, it is thus also considered desirable and expedient to provide an option to the Equity Shareholders of FIL to exchange their Equity Shares in FIL for Equity Shares of the Transferee Company.

- ix. The Scheme is proposed to the advantage of the said Companies and will have beneficial results for the said Companies, their shareholders, employees and all concerned.

PART - II

(Amalgamation)

- 4. TRANSFER OF UNDERTAKINGS:**
- 4.1 With effect from the Appointed Date, the Transferor Companies shall stand amalgamated with the Transferee Company, as provided in the Scheme. Accordingly, the Undertakings of the Transferor Companies shall, pursuant to an order being passed by the Hon'ble Bench of the NCLT at Kolkata under Section 232 of the Act and subject to the provisions of the Scheme in relation to the mode and transfer of vesting, stand transferred to and vest in or be deemed to be transferred to and vest in the Transferee Company, as a going concern without any further act, deed, matter or thing (save as provided in Clause 4.2 below) so as to become on and from the Appointed Date the business of the Transferee Company.
- 4.2 It is expressly provided that in respect of such of the said assets as are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor



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Companies and shall become the property of the Transferee Company accordingly without requiring any deed or instrument of conveyance for the same.

- 4.3 In respect of such of the assets of the Transferor Companies other than those referred to in Clause 4.2 above, the same shall, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company pursuant to an order being passed by the Hon'ble Bench of the NCLT at Kolkata under the provisions of Section 232 of the Act.
- 4.4 All debts, liabilities, duties and obligations of the Transferor Companies shall also be transferred to the Transferee Company, without any further act or deed, pursuant to an order being passed by the Hon'ble Bench of the NCLT at Kolkata under Section 232 of the Act, so as to become the debts, liabilities, duties and obligations of the Transferee Company.
- 4.5 The transfer and vesting of the Undertakings of the Transferor Companies, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets of the Transferor Companies or any part thereof.
- 4.6 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by the Transferor Companies for their operations and/or to which the Transferor Companies are entitled to in terms of the various Statutes and / or Schemes of Union and State Governments, shall be available to and vest in the Transferee Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Since the Undertakings of the Transferor Companies will be transferred to and vested in the Transferee Company as going concerns without any break or interruption in the operations thereof, the Transferee Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents,

registrations, eligibility certificates, fiscal incentives and no-objection certificates and to carry on and continue the operations of the Undertakings of the Transferor Companies on the basis of the same upon this Scheme becoming effective. Further, all benefits to which the Transferor Companies are entitled in terms of the various Statutes and / or Schemes of Union and State Governments, including credit for Minimum Alternate Tax, Advance tax and tax deducted at source and other benefits under Income Tax Act and tax credits and benefits relating to Goods and Service Tax, etcetera shall be available to the Transferee Company upon this Scheme becoming effective.

4.7 For the removal of doubts, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding as between the Transferor Companies and 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 and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

5. **LEGAL PROCEEDINGS:**

If any suits, actions and proceedings of whatsoever nature (hereinafter called "the Proceedings") by or against the Transferor Companies are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Companies, in the absence of the Scheme.



6. **CONTRACTS AND DEEDS:**

Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, engagements and other instruments of whatsoever nature to which the Transferor Companies are parties or to the benefit of which the Transferor Companies may be eligible, and which have not lapsed and are subsisting on or before the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto from the inception.

7. **SAVING OF CONCLUDED TRANSACTIONS:**

The transfer of the Undertakings of the Transferor Companies under Clause 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by the Transferor Companies on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

8. **EMPLOYEES:**

On and from the Effective Date:

8.1 On the scheme becoming operative all the employees of the Transferor Companies in service on the Effective Date, if any, shall become the employees of the Transferee Company on the same terms and conditions on which they are engaged by the Transferor Companies without treating it as a break, discontinuance or interruption in service on the said date.



8.2 The Transferee Company shall abide by the terms and agreements, if any, entered into by the Transferor Companies with its employees.

8.3 Accordingly the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Companies.

8.4 It is expressly provided that on the scheme becoming effective the Provident Funds, Gratuity Funds, Superannuation Fund, Employee State Insurance or any other Special Funds or Trusts, if any, created or existing for the benefit of the employees, as applicable, of the Transferor Companies shall be continued by the Transferee Company and the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever, including in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such Fund or Funds shall become those of the Transferee Company.

9. DISSOLUTION OF THE TRANSFEROR COMPANIES:

Pursuant to the scheme becoming effective, the Transferor Companies shall be dissolved without winding up pursuant to an order being passed by the Hon'ble Bench of the NCLT at Kolkata under Section 232 of the Act.

10. BUSINESS IN TRUST FOR THE TRANSFEE COMPANY:

10.1 With effect from the Appointed Date and up to the Effective Date:

i. The Transferor Companies undertake to carry on their business in the ordinary course of business and shall be deemed to have carried on and to be carrying on all their business and activities for and on account of and in trust for the Transferee Company.



- ii. All profits accruing to the Transferor Companies (including taxes paid thereon) or losses arising or incurred by the Transferor Companies for the period falling on and after the Appointed Date to the Effective date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be of the Transferee Company.
 - iii. The Transferor Companies shall be deemed to have held and stood possessed of the properties to be transferred to the Transferee Company for and on account of and in trust for the Transferee Company and, accordingly, the Transferor Companies shall not (without the prior written consent of the Transferee Company) alienate, charge or otherwise deal with or dispose of their undertakings or any part thereof except in the ordinary course of business.
- 10.2 It is clarified that all the taxes and duties payable by the Transferor Companies from the Appointed Date onwards and up to the Effective Date, including all advance tax payments, tax deducted at source, tax liabilities or any refunds and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, excise returns, service tax returns and other direct and indirect tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

11. ISSUE OF SHARES IN CONSIDERATION OF THE AMALGAMATION

- 11.1 Pursuant to the Scheme coming into effect, and without any further application, act or deed, the Transferee Company shall, in consideration of the amalgamation, issue and allot to the Equity Shareholders of Florence and Equity Shareholders of FIL (other than the Transferee Company), holding fully paid-up Equity Shares and whose names appear in the Register of Members of Florence and FIL as on the Record Date, Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid up in the following share allotment ratio:



- i. 89 Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid up for every 100 Equity Shares of Rs. 10/- each fully paid-up held by the said Equity Shareholders of Florence in the capital of Florence; and
 - ii. 101 Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid up for every 100 Equity Shares of Rs. 10/- each fully paid-up held by the said Equity Shareholders of FIL in the capital of FIL.
- 11.2 It is clarified that no new Equity Shares can be issued to the shareholders of BMF since all Equity Shares of BMF are held by FIL which is a subsidiary of the Transferee Company and no company can issue or allot any shares to its subsidiary. This Scheme accordingly provides that Equity Shares shall be issued by the Transferee Company to the Equity Shareholders of FIL other than the Transferee Company. This Scheme also gives the Equity Shareholders of FIL the option to exchange all their Equity Shares in FIL for additional Equity Shares of the Transferee Company in accordance with Part III below.
- 11.3 Consequent to and as part of the amalgamation of the Transferor Companies with the Transferee Company herein, the respective Authorised Share Capital of the Transferor Companies shall stand merged into and combined with the Authorised Share Capital of the Transferee Company pursuant to the Scheme, without any further act of deed, and without payment of any registration or filing fee on such combined Authorised Share Capital, the Transferor Companies and the Transferee Company having already paid such fees. Accordingly, the Authorised Share Capital of the Transferee Company resulting from the amalgamation of the Transferor Companies with the Transferee Company shall be a sum of Rs. 464,55,20,000/- divided into 36,20,32,000 Equity Shares of Rs. 10/- each and 92,52,000 Cumulative Redeemable Preference Shares of Rs.100/- each and Clause V of the Memorandum of Association of the Transferee Company shall stand altered accordingly.



12. CANCELLATION OF SHARES HELD INTER SE

Upon this Scheme becoming effective, all shares held by and between the Transferor Companies and Transferee Company inter se as specified in clause 2 above shall stand cancelled as an integral part of this Scheme and in lieu thereof no allotment of any new shares in the Transferee Company shall be made to any person whatsoever.

13. ACCOUNTING:

- 13.1 On the scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Companies in its books of account with effect from the Appointed Date.
- 13.2 The amalgamation herein of the Transferor Companies with the Transferee Company shall be accounted for in the books of account of the Transferee Company according to the pooling of interest method under Accounting Standard (AS) 14, or other applicable Accounting Standard specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 13.3 Accordingly on and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required otherwise by law, all assets, liabilities and reserves of the Transferor Companies transferred to the Transferee Company under the Scheme shall be recorded in the books of accounts of the Transferee Company at the book value as recorded in the Transferor Companies' books of accounts. Further, all reserves of the Transferor Companies shall be incorporated in the books of account of the Transferee Company in the same form in which they appear in the books of account of the Transferor Companies.
- 13.4 The difference between the assets and liabilities so recorded in the books of account of the Transferee Company as reduced by the aggregate face value of the new Equity Shares issued by the Transferee Company as also the difference between the face



value of the Equity Shares of the Transferee Company held by Florence and the carrying amount thereof in the books of Florence shall be first adjusted in Capital Reserves and the balance in General Reserves in the books of account of the Transferee Company.

- 13.5 In case of any difference in accounting policy between the Transferor Companies 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.

14. POST SCHEME CONDUCT OF BUSINESS

Even after this Scheme becomes operative, the Transferee Company shall be entitled to operate all Bank Accounts and realise all monies and complete and enforce all pending contracts and transactions relating to the Undertakings of the Transferor Companies in the name of the Transferor Companies and in so far as may be necessary until the transfer of rights and obligations of the said Undertakings to the Transferee Company under this Scheme is formally accepted by the parties concerned.

PART – III

(Option for additional shares in the Transferee Company in exchange of FIL Shares and procedure for issue of shares)

15. OPTION FOR ADDITIONAL SHARES

- 15.1 In consideration of the amalgamation of BMF with the Transferee Company, the Equity Shareholders of FIL will receive Equity Shares of Rs. 10/- each in the Transferee Company, as provided in clause 11 above, with the said shareholders retaining their existing shareholding in FIL since FIL is itself not amalgamating with any company under this Scheme. Instead of so retaining their Equity Shares in FIL, which is an unlisted Company, the Equity Shareholders of FIL shall have the option of exchanging their Equity Shares in FIL for additional Equity Shares in the Transferee Company, which is a listed Company, in the following ratio:-

51 Equity Shares of Rs. 10/- each credited as fully paid up in the Transferee Company in exchange of every 100 Equity Shares of Rs. 10/- each held by them in FIL.

In this option, all Equity Shares of FIL held by the Equity Shareholders of FIL exercising this option shall be transferred to the Transferee Company and such Equity Shareholders of FIL do not retain any Equity Shares in FIL.

- 15.2 Such option may be exercised by the Equity Shareholders of FIL for all and not less than all the Equity Shares held by them in FIL.

16. EXERCISE OF OPTION

Upon issue and allotment of Equity Shares in the Transferee Company to the Equity Shareholders of Florence and FIL in consideration of the amalgamation, FIL shall send to every Equity Shareholder of FIL whose name appears in the Register of Members on the Record Date, a letter ("**Option Letter**") calling upon such shareholder to exercise and communicate to FIL the option given to such shareholder for obtaining the additional Equity Shares in the Transferee Company ("**Option Shares**"), as aforesaid, within a period of 21 days from the date of the Option Letter ("**Option Exercise Date**"). Such Option Letter shall be accompanied by a form ("**Option Form**") for facilitating exercise and communication of the option by the Equity Shareholders. The Equity Shareholders of FIL may exercise their option accordingly by sending the duly completed and signed Option Form so as to reach the share transfer agent nominated by FIL in this regard ("**Share Transfer Agent**") by the Option Exercise Date. Every Equity Shareholder of FIL exercising the option to exchange the shares shall simultaneously deliver to the Share Transfer Agent, the Equity Shares held by such Equity Shareholder in FIL. The Share Transfer Agent shall take delivery of the Equity Shares from the Equity Shareholders of FIL and give delivery of the same to the Transferee Company on issue and allotment of the Option Shares in the Transferee Company to them in terms of this Scheme and accordingly shall hold such shares in trust for the respective parties. The Equity Shareholders of FIL exercising



the option, as aforesaid, in respect of their Equity Shares in FIL shall send along with the Option Form, the relevant share certificates and share transfer deeds for such Equity Shares duly executed by them in case of physical shares and photocopy of delivery instructions to the depository participant in case of dematerialised shares and such other supporting documents, as shall be required and specified in the Option Letter. Further, such Equity Shareholders of FIL exercising their option shall tender their shares free from all encumbrances and provide such warranties and undertakings and such details of their holding, including cost of acquisition, as shall be required and specified in the Option Letter.

17. DEFAULT OF EXERCISE OF OPTION

Equity Shareholders of FIL who do not exercise or communicate their option to FIL, as above, shall be deemed to have not opted to receive additional Equity Shares in the Transferee Company and in such event will only receive Equity Shares in the Transferee Company in consideration of the amalgamation as provided in Clause 11 above.

18. TRANSFER OF EQUITY SHARES OF FIL AND ISSUE OF SHARES IN TRANSFEREE COMPANY

18.1 Verification of options: Within a period of 7 days from the, Option Exercise Date, the Share Transfer Agent, FIL and the Transferee Company shall jointly undertake and complete verification of the exercise of options by the Equity Shareholders of FIL, including the Option Forms and supporting documents, and prepare a list of Equity Shareholders of FIL who have validly exercised their option and list of Equity Shareholders of FIL who have not exercised such option or are deemed to have not exercised the same.

18.2 Issue and allotment of Option Shares: Upon completion of verification of the exercise of options, the Transferee Company shall fix a date in consultation with FIL and issue and allot the shares in the Transferee Company to the Equity Shareholders of FIL as per the option exercised by them. In this regard, it is clarified that shares in

the Transferee Company in consideration of the amalgamation shall be issued and be deemed to be issued to all the Equity Shareholders of FIL (other than the Transferee Company itself) prior to the issue of Option Shares in the Transferee Company in exchange of Equity Shares of FIL.

- 18.3 Transfer of FIL Shares: Simultaneously with issue and allotment of the Option Shares in the Transferee Company in exchange of shares of FIL, as above, the Share Transfer Agent, FIL and the Transferee Company shall effect and complete the transfer to the Transferee Company of such shares of FIL. In this regard the Share Transfer Agent shall duly deliver the share certificates and issue delivery instructions to the depository participant, as the case may be, issue and execute such other documents as may be necessary. The transfer of such Equity Shares in FIL in favour of the Transferee Company shall be recorded in the Register of Members of FIL, including in the books of the depository, accordingly. FIL shall also return within a period of 10 days from the date of issue and allotment of the Option Shares, the Equity Shares in FIL sent by the Equity Shareholders of FIL whose exercise of option is incomplete or not in accordance with the Option Letter or Option Form or is considered otherwise to be not valid as per the list prepared jointly by the Share Transfer Agent, FIL and the Transferee Company, as above. FIL and the Transferee Company shall also fulfill and comply with such further statutory obligations, if and to the extent required to be respectively fulfilled and complied with by them as a result of exchange of shares pursuant to this Scheme.
- 18.4 No fractional shares shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the Equity Shareholders of Florence and FIL may be entitled on issue and allotment of the respective Equity Shares in the Transferee Company in consideration of the amalgamation and exchange of shares, as above. The Board of Directors of the Transferee Company or a committee thereof shall on each occasion consolidate such fractional entitlements, and issue and allot the respective Equity Shares in lieu thereof to a Director and / or Officer(s) of the Transferee Company on the express understanding that such Director and / or



Officer(s) to whom such shares are allotted shall sell the same in the market and pay to the Transferee Company the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds to the said Equity Shareholders of Florence and FIL in proportion to their fractional entitlements.

- 18.5 The Equity Shares to be issued and allotted by the Transferee Company, as aforesaid, shall rank *pari passu* in all respects with the existing Equity Shares of the Transferee Company. Further such new Equity Shares shall, subject to compliance with requisite formalities, be listed and/or admitted to trading on BSE Limited where the existing Shares of the Transferee Company are listed and/or admitted to trading.
- 18.6 In respect of the shareholding of the said Equity Shareholders of Florence and FIL held in dematerialised form, the Equity Shares in the Transferee Company shall, subject to applicable regulations, also be issued to them in the dematerialised form with such shares being credited to the existing depository accounts of the said Equity Shareholders of Florence and FIL entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.
- 18.7 In respect of the shareholding of the said Equity Shareholders of Florence and FIL held in the certificate form, the Equity Shares in the Transferee Company shall be issued to such Equity Shareholders in certificate form. The Equity Shareholders of Florence and FIL desirous of receiving the shares in the Transferee Company in dematerialised form should have their shareholding in the Transferor Companies dematerialised on or before the Record Date.
- 18.8 The Transferee Company shall record in its books of account, the Equity Shares of FIL as may be acquired by it from the Equity Shareholders of FIL upon exercise of options in terms of this Scheme as investment at the value determined by valuers appointed by the Board of Directors of the Transferee Company. The difference between such value of Equity Shares of FIL recorded as investment in the books of



the Transferee Company and the face value of the Equity Shares issued by the Transferee Company to the shareholders of FIL in exchange of such Equity Shares of FIL shall be credited to Securities Premium Account in the books of the Transferee Company.

PART – IV
(General/ Miscellaneous Provisions)

19. NO TRANSFER OF BUSINESS OR UNDERTAKING OF FIL

It is expressly clarified and provided that no part of the business or undertaking of FIL is being transferred to the Transferee Company or any other Company under the Scheme. The only Arrangement with FIL and its respective shareholders in terms of this Scheme is for issue and allotment of Equity Shares in the Transferee Company to the Equity Shareholders of FIL in consideration of the amalgamation of BMF with the Transferee Company and issue and allotment of additional Equity Shares in the Transferee Company, at their option, in exchange of their Equity Shares in FIL, as aforesaid. FIL shall adjust and account for the reduction in its investment in BMF consequent to the Scheme in its Reserves.

20. APPLICATIONS:

The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make necessary applications pursuant to Sections 230 and 232 of the Act, to the Hon'ble Bench of the NCLT at Kolkata for sanction and carrying out of the Scheme, including for transfer and vesting of the Undertakings of the Transferor Companies to the Transferee Company and consequent dissolution of the Transferor Companies without winding up. FIL shall, with all reasonable dispatch, also make necessary applications pursuant to Section 230 of the Act to the Hon'ble Bench of the NCLT at Chennai for sanction of the Scheme. The said companies shall also apply for and obtain such other approvals, as may be necessary in law, if any, for bringing the Scheme into effect and be entitled to take such other steps and proceedings as may be necessary or expedient to give full and formal effect to the provisions of this Scheme. It is however clarified that since no part of the undertaking of FIL is to be

transferred to or vested in any company under the Scheme, no order under Section 232 of the Act shall be applied for or be required to be obtained by FIL from the Hon'ble Bench of the NCLT at Chennai or any other Hon'ble Bench of the NCLT. Accordingly, FIL will only seek an order of sanction of the Scheme from the Hon'ble Bench of the NCLT at Chennai under Section 230 of the Act, as above, and no properties or liabilities whatsoever shall stand or be transferred to and vested in any company by such order of sanction of the Hon'ble Bench of the NCLT at Chennai.

21. APPROVALS AND MODIFICATIONS:

Florence, BMF, FIL and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize) are empowered and authorized:

- 21.1 To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble Benches of the NCLT at Kolkata and Chennai and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.
- 21.2 To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing Florence, BMF, FIL and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.



22. SCHEME CONDITIONAL UPON:

The Scheme is conditional upon and subject to:

- 22.1 Approval of the Scheme by the requisite majority of the shareholders of Florence, BMF, FIL and the Transferee Company and such other classes of persons, if any, as may be directed by the Hon'ble Benches of NCLT at Kolkata and Chennai pursuant to Section 230 of the Act. In so far as approval of shareholders of Florence and the Transferee Company is concerned, it is clarified that in terms of paragraphs I(A)9(a) and I(A)9(b) of Annexure I of Securities and Exchange Board of India ("SEBI") Circular dated 10th March, 2017, the Scheme shall be acted upon only if the votes cast by the respective public shareholders of Florence and the Transferee Company in favor of the Scheme are more than the number of votes cast by them against the Scheme;
- 22.2 Approval of the Scheme by BSE Limited where Florence and the Transferee Company are listed in terms of the said SEBI Circular dated 10th March, 2017; and
- 22.3 Sanction of the Scheme by the Hon'ble Benches of the NCLT at Kolkata and Chennai in terms hereof.


Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which all the aforesaid approvals and sanction are obtained and certified copies of the orders of the Hon'ble Benches of the NCLT at Kolkata and Chennai sanctioning the Scheme are filed with the respective Registrar of Companies.

23. COSTS, CHARGES AND EXPENSES:

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.

24. RESIDUAL PROVISIONS:

- 24.1 On the approval of the Scheme by the shareholders of Florence, BMF, FIL and the Transferee Company pursuant to Section 230 of the Act, it shall be deemed that the shareholders have also accorded all relevant consents under Section 62(1)(c) of the Act and any other provisions of the said Act to the extent the same may be considered applicable.
- 24.2 Without prejudice to the generality of the foregoing, it is clarified and provided that cancellation of capital held inter se in terms of Clause 12 of this Scheme is only consequential to the amalgamation and shall be effected as an integral part of this Scheme. Such cancellation does not involve either diminution of liability in respect of unpaid share capital or payment of paid-up share capital. Further, since such cancellation is an integral part of the Scheme, the provisions of Section 66 of the Act are not applicable. It is further clarified and provided that notwithstanding such cancellation of Share Capital of the Transferee Company, it shall not be required to add "And Reduced" as suffix to its name.
- 24.3 The amalgamation of the Transferor Companies with the Transferee Company and transfer and vesting of the Undertakings of the Transferor Companies in the Transferee Company has been proposed in compliance 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 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said Section. Such modification will however not affect the other parts of the Scheme.
- 24.4 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

CERTIFIED TO BE TRUE
 For Florence Investtech Limited

 Company Secretary

