

SCHEME OF ARRANGEMENT
BETWEEN
UNITED PETRO FINANCE LIMITED
AND
FORTUNE CREDIT CAPITAL LIMITED
AND
FORTUNE FINANCIAL SERVICES (INDIA) LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

Under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of
the relevant Companies Act

1. The Scheme is divided into following parts:
 - 1.1 Part 1 deals with the introductions and definitions and share capital of the Demerged Company, the Holding Company of the Resultant Company and the Resulting Company;
 - 1.2 Part 2 deals with the mechanics of the transfer of the demerger of the Lending Business by way of a demerger of business on a going concern basis for consideration being discharged by way of issue of shares of the Holding Company of the Resultant Company to the shareholders of the Demerged Company; and
 - 1.3 Part 3 deals with the general terms and conditions that will be applicable to Part 2 of the Scheme.

PART I
INTRODUCTION AND DEFINITIONS

- 1.1 United Petro Finance Limited (“UPFL” or “Demerged Company”) was incorporated on 31st May, 1996 under the provisions of the Companies Act, 1956. The registered office of the Demerged Company is situated at N.P. Tower, 2nd Floor, Guruvayoor Road, West Fort, Thrissur - 680004. The Corporate Identity Number is U65923KL1996PLC010426. As on the Appointed Date of 31st March, 2017 Fortune Financial Services (India) Limited holds 40.60% of the equity share capital of UPFL. The head office is situated at Mumbai. UPFL currently has two key business verticals – Lending Business and Technology Business. The Lending business to be demerged

- into Fortune Credit Capital Limited (FCCL) with a focus on extending and consolidating short term, unsecured business loans to MSMEs (medium, small and micro enterprises) such as Retail Businesses, Distributors, Traders and Services Businesses.
- 1.2 Fortune Credit Capital Limited (“FCCL” or the “Resulting Company”) is a 100% subsidiary of Fortune Financial Services (India) Limited (FFSIL). The Resulting Company was incorporated on 19th October 2007 as a Public Limited Company. As on 24th June 2008 it is registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Company (non-deposit accepting) classified as a loan company. The Corporate Identity Number is U67190MH2007PLC175180. The registered office of FCCL is situated at Naman Midtown, “A” Wing, 21st Floor, Unit No 2104, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013. The Resulting Company is primarily engaged in the business of corporate financing and lending against security of shares, stocks, bonds, debentures or other similar instruments on short, medium and long term basis.
 - 1.3 Fortune Financial Services (India) Limited (“FFSIL” or the “Holding Company of the Resulting Company”) was incorporated on June 14, 1991 as a Limited Company in the State of Maharashtra under the provisions of the Companies Act, 1956 under the name and style of “Fortune Financial Services (India) Private Limited”. The name was then changed to its present name of “Fortune Financial Services (India) Limited” on October 20, 1991. The Corporate Identity Number is U65910MH1991PLC062067. The Registered Office of FFSIL is situated at Naman Midtown, “A” Wing Unit No. 2103, 21st Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013. The equity shares of FFSIL are listed on the BSE Limited. FFSIL is presently engaged in the business of stock broking, underwriting, portfolio management, corporate advisory services, financial advisory, asset management, fund mobilization, lease financing and other financial services.
 - 1.4 This Scheme of Arrangement ("Scheme") provides for Demerger of the Lending Business (*as defined hereunder*) of United Petro Finance Limited into Fortune Credit Capital Limited and consequent issue of equity shares of Fortune Financial Services (India) Limited to the shareholders of United Petro Finance Limited;
2. Rationale of the Scheme:
 - 2.1 In order to achieve better management and to have clear focus on business operations, the management of the Demerged Company has decided to demerge the Lending Business thereby transferring the Lending Business (as defined

- hereinafter) of the Demerged Company to the Resulting Company, in the interests of maximizing overall shareholder value.
- 2.2 Therefore, with a view to effect such plan, the Board of Directors of the Demerged Company and the Resulting Company propose that the Lending Business of the Demerged Company be transferred to and vested in the Resulting Company on a going concern basis to be undertaken through this Scheme (as defined hereinafter) under the provisions of sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the relevant Companies Act for such consideration and in such manner as provided for in this Scheme (as defined hereinafter).
 - 2.3 Accordingly, this Scheme under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the relevant Companies Act has been proposed to provide for transfer of Lending Business of the Demerged Company by way of demerger to the Resulting Company.
 - 2.4 Upon the sanction of the Scheme by the National Company Law Tribunal (as defined hereinafter) and the Scheme becoming effective on the Effective Date (as defined hereinafter), the Lending Business of the Demerged Company shall stand transferred to, and be vested in, the Resulting Company on and from the Appointed Date for all intent and purposes.
 3. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.
 4. The Demerger of the Lending Business (also referred to as "the Demerged Business") from the Demerged Company to the Resulting Company shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
 - 4.1 all the properties of the Demerged Business, being transferred by the Demerged Company, immediately before the Demerger shall become the properties of the Resulting Company by virtue of such Demerger;
 - 4.2 all the liabilities relating to the Demerged Business being transferred by the Demerged Company, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of such Demerger;
 - 4.3 the properties and the liabilities relating to the Demerged Business being transferred by the Demerged Company shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger. For this purpose, any change in the value of assets consequent to their revaluation, if any, shall be ignored;

- 4.4 the Holding Company of the Resulting Company (which is covered under the definition of Resulting Company u/s 2(41A) of the Income Tax Act, 1961) shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis;
- 4.5 Shareholders holding at least 75% value of shares of the Demerged Company shall become the shareholders of the Holding Company of the Resulting Company by virtue of the Demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any business thereof by the Demerged Company; and
- 4.6 The transfer of the Demerged Business shall be on a going concern basis.
5. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date, including resulting from an amendment of law or for any other reason whatsoever and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect other parts of the Scheme.

6. DEFINITIONS

- 6.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
- 6.1.1 "Act" or "Companies Act" means the Companies Act, 2013 (to the extent of sections thereof that have been brought into force) and the provisions of the Companies Act, 1956 for the time being in force along with rules and regulations issued thereunder, including, any statutory modifications, re-enactments or amendments made thereto from time to time.
- 6.1.2 "Appointed Date" means March 31, 2017 (close of business hours) or such other date as may be approved by the National Company Law Tribunal at Mumbai;
- 6.1.3 "Board" in relation to each of the Resulting Company, the Demerged Company and the Holding Company of the Resulting Company, as the case may be, shall, unless it be repugnant to the context or otherwise, include a committee of directors or any person duly constituted and authorized by the respective Boards of Directors

- 6.1.4 "UPFL" or "Demerged Company", means United Petro Finance Limited, a company incorporated under the Companies Act, 1956 and having its registered office at N.P. Tower, 2nd Floor, Guruvayoor Road, West Fort, Thrissur - 680004.
- 6.1.5 "FCCL" or "Resulting Company", means Fortune Credit Capital Limited, a company incorporated on 19th October 2007 and having its registered office at Naman Midtown, "A" Wing, 21st Floor, Unit No 2104, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013.
- 6.1.6 "FFSIL" or " Holding Company of the Resulting Company ", means Fortune Financial Services (India) Limited, a company incorporated on June 14, 1991 and having its registered office at Naman Midtown, "A" Wing, 21st Floor, Unit No 2103, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013.
- 6.1.7 "Effective Date" means the date on which the certified copy of the Order of the National Company Law Tribunal at Mumbai Bench is filed with the Registrar of Company, Maharashtra;
- 6.1.8 "NCLT" or "National Company Law Tribunal" or "Tribunal" means National Company Law Tribunal at Mumbai Bench having jurisdiction in relation to the Demerged Companies and the Resulting Company, or such other competent authority to whom this Scheme in its present form is submitted for sanctioning under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the relevant Companies Act.
- 6.1.9 "Optionally Convertible Preference Shares" or "OCPS" means Optionally Convertible Preference Shares of Fortune Financial Services (India) Limited of the face value of Rs. 325 each as referred to in Clause 10 and Annexure 1 of the Scheme hereof;
- 6.1.10 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form submitted to the National Company Law Tribunal at Mumbai Bench for sanction with any modification(s) approved or imposed or directed by the said National Company Law Tribunal;
- 6.1.11 "Record Date" means the date to be fixed by the Board of Directors of the Resulting Company and the Holding Company of the Resulting Company for the purpose of issue of shares of the Holding Company of the Resulting Company to the shareholders of the Demerged Company on demerger of the Lending Business and transfer and vesting thereof into the Resulting Company;

6.1.12 "Remaining Business" means all the business of the Demerged Company remaining with the Demerged Company after transfer of the Lending Business pursuant to the Scheme.

6.1.13 "Lending Business "or "Demerged Business" means all activities and business of the Demerged Company relating to Lending Business activities related thereto.

"Lending Business" shall mean and include:

- a. All assets of Lending Business of the Demerged Company as on the Appointed Date;
- b. All debts, liabilities, duties and obligations of Lending Business of the Demerged Company as on the Appointed Date (hereinafter referred to "the said Liabilities");
- c. Without prejudice to the generality of sub-clause (a) above, the Demerged Business of the Demerged Company (Lending Business) shall include all their reserves, provisions, funds, moveable and immovable properties (including the lease hold land, if any), assets including investments, claims, powers, authorities, allotments, approvals, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages, lease-hold rights and other intangible rights, industrial and other licenses, permits, authorisations, quota, rights, trade marks, patents, brands, secret formulae, drawings, research rights and other industrial intellectual properties, imports, telephone/facsimile/ telex and other communication facilities and equipments including computers, hardware, software, and other electronic equipments and instruments, system of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Lending Business of the Demerged Company, rights and powers of every kind, nature and description, liberties, easements, advantages, and approval of whatsoever nature and wheresoever situated, belonging to or in ownership, power or possession or control or entitlement of the Lending Business of the Demerged Company;

7. SHARE CAPITAL

7.1 The share capital of UPFL as on March 31, 2016 is as under:

	Amount in INR
Authorised:	
2,00,00,000 Equity Shares of INR 10/- each	20,00,00,000

	20,00,00,000
Issued, Subscribed and Paid-up:	
20,00,000 Equity Shares of INR 10/- each, fully paid-up	2,00,00,000
	2,00,00,000

Subsequent to the above balance sheet date, Issued & Paid-up share capital of UPFL has undergone a change and position as on March 31, 2017 is as stated below

	Amount in INR
Authorised:	
2,00,00,000 Equity Shares of INR 10/- each	20,00,00,000
	20,00,00,000
Issued, Subscribed and Paid-up:	
2,00,00,000 Equity Shares of INR 10/- each, fully paid-up	20,00,00,000
	20,00,00,000

As at 31st March, 2017 FFSIL held 81,20,000 equity shares of UPFL

7.2 The share capital of FCCL as on March 31, 2016 is as under:

	Amount in INR
Authorised:	
4,00,00,000 Equity Shares of INR 10/- each	40,00,00,000
	40,00,00,000
Issued, Subscribed and Paid-up:	
4,00,00,000 Equity Shares of INR 10/- each, fully paid-up	40,00,00,000
	40,00,00,000

Subsequent to the above balance sheet date, the Authorised Capital as well as Issued & Paid-up share capital of FCCL has undergone a change and position as on December 31, 2016 is as stated below

	Amount in INR
Authorised:	
5,00,00,000 Equity Shares of INR 10/- each	50,00,00,000
	50,00,00,000
Issued, Subscribed and Paid-up:	
5,00,00,000 Equity Shares of INR 10/- each, fully paid-up	50,00,00,000
	50,00,00,000

7.3 The share capital of FFSIL as on March 31, 2016 is as under:

	Amount in INR
Authorised:	
6,00,00,000 Equity Shares of INR 10/- each	60,00,00,000
	<u>60,00,00,000</u>
Issued, Subscribed and Paid-up:	
2,83,45,990 Equity Shares of INR 10/- each, fully paid-up	28,34,59,900
	<u>28,34,59,900</u>

Subsequent to the above balance sheet date, the Issued & Paid-up share capital of FFSIL has undergone a change and position as on December 31, 2016 is as stated below

	Amount in INR
Authorised:	
6,00,00,000 Equity Shares of INR 10/- each	60,00,00,000
	<u>60,00,00,000</u>
Issued, Subscribed and Paid-up:	
5,10,23,767 Equity Shares of INR 10/- each, fully paid-up	51,02,37,670
	<u>51,02,37,670</u>

8. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out therein in its present form or with any modification (s) approved or imposed or directed by the National Company Law Tribunal, shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

DEMERGER OF LENDING BUSINESS OF UPFL

9. VESTING OF LENDING BUSINESS

- 9.1 Upon this Scheme coming into effect and with effect from the Appointed Date and subject to the provisions of this Scheme, the entire Lending Business of UPFL shall, pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed, be transferred to and vested in or be deemed to have been transferred to and vested in FCCL, as a going concern in accordance with 2(19AA) of the Income Tax Act, 1961, so as to vest in FCCL all the rights, title and interest of the Demerged Company in the Lending Business, subject to subsisting charges and pledges, if any, in the following manner:
- 9.2 With effect from the Appointed Date the whole of the Lending Business shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in FCCL, at their book values, as at the Appointed Date so as to vest in FCCL all the rights, title and interest of the Demerged Company therein;
- 9.3 With effect from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Lending Business shall also, under the provisions of Sections 230 to 232 of the Act, without any further act or deed, be transferred to or deemed to be transferred to FCCL so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of FCCL and 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 sub-clause.
- 9.4 It is hereby provided that the amendment under this Clause shall become operative on the Scheme being effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act and shall not be required to pass separate resolutions as required under the Act. The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company under Sections 230-232 of the Act shall be deemed to be the approvals under Section 13 and 61 of the Companies Act 2013 and other applicable provisions of the Act

10. ISSUE OF SHARES BY FFSIL TO SHAREHOLDERS OF THE DEMERGED COMPANY

- 10.1 Upon this Scheme coming into effect, FFSIL i.e the Holding Company of the Resulting Company (which is covered under the definition of Resulting Company u/s 2(41A) of the Income Tax Act, 1961), shall, without any further application or deed, issue and allot to the shareholders of UPFL whose names appear in the Register of Members of UPFL on the Record Date (except for the shareholding by FFSIL itself), the following shares in proportion of their holding in UPFL:
- a. 496,500 (Four Lakhs Ninety-six Thousand Five Hundred) fully paid-up equity shares of face value INR 10/-; and
 - b. 732,000 (Seven Lakhs Thirty-two Thousand) Optionally Convertible Preference Shares ('OCPS') of face value INR 325/- each, convertible into equal number of equity shares of face value INR 10/- each. Further, the OCPS will carry a right for applying for additional 3 equity shares of face value INR 10/- each at a price of Rs. 325 per share including premium of INR 315/-"
- 10.2 The FFSIL Equity Shares and OCPS to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of FFSIL;
- 10.3 FFSIL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of the FFSIL equity shares and OCPS to the members of the Demerged Company under the Scheme;
- 10.4 The issue and allotment of new equity shares and OCPS by the Holding Company of the Resulting Company to the shareholders of the Demerged Company is an integral part of this Scheme and shall be deemed to have been carried out without any further act or deed and the approval of shareholders of the Resulting Company to the Scheme shall be deemed to be due compliance of the provisions of section 42 and 62 and other relevant or applicable provisions of the Companies Act, 2013.
- 10.5 The Board of Directors of FFSIL shall consolidate all fractional entitlements, if any, arising due to the demerger of the Lending Business of the Demerged Company and allot equity shares after rounding them off to nearest decimal to the respective shareholders;

11. ACCOUNTING TREATMENT IN BOOKS OF FCCL ON DEMERGER

- 11.1 FCCL shall, upon the Scheme becoming operative, record the transfer of assets and liabilities of the Lending Business pursuant to this Scheme, at their book values as appearing in the books of the Demerged Company as on the Appointed Date.
- 11.2 It is clarified that the balances in the Statutory Reserve account of UPFL as on the Appointed Date, shall be transferred to and aggregated with the corresponding Statutory Reserves in the books of FCCL. It is further clarified that identity of the Statutory Reserves of UPFL shall be preserved upon transfer thereof to the FCCL.

- 11.3 The excess or deficit, of the assets over the liabilities and Statutory Reserve recorded, shall be debited as Goodwill or credited by Resulting Company to its Capital Reserve Account (to the extent of Capital Reserve reduced in books of the Demerged Company) and balance to the General Reserve Account, as the case may be.
- 11.4 If, at the time of the arrangement, the Demerged Company and the Resulting Company have conflicting accounting policies, a uniform set of accounting policies shall be adopted following the arrangement by the Resulting Company. The effects on the financial statements of any changes in accounting policies shall be reported in accordance with Accounting Standard 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

12. ACCOUNTING TREATMENT IN BOOKS OF FFSIL ON DEMERGER

- 12.1 FFSIL shall credit its share capital account with the aggregate face value of the Equity Shares and OCPS issued by it to the members of the Demerged Company pursuant to this Scheme.
- 12.2 The amount credited to the share capital account as per clause 12.1 above, the cost in relation to transfer of assets pertaining to Lending Business to the Resulting Company such as stamp duty, registration charges, etc. and other entries in accordance with the Scheme, shall be debited as Goodwill by FFSIL.
- 12.3 If, at the time of the arrangement, the Demerged Company and the Resulting Company have conflicting accounting policies, a uniform set of accounting policies shall be adopted following the arrangement by the Resulting Company. The effects on the financial statements of any changes in accounting policies shall be reported in accordance with Accounting Standard 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

13. ACCOUNTING TREATMENT IN BOOKS OF DEMERGED COMPANY ON DEMERGER

- 13.1 Upon the Scheme coming into effect, books of accounts of the Demerged Company shall reflect the assets and liabilities as on the Appointed Date of the remaining business, after vesting of the Lending Business at book values to UPFL;
- 13.2 Upon the Scheme coming into effect, the deficit of (A) assets of the remaining business over (B) liabilities of the remaining business, aggregate of the reserves and the share capital account, shall be treated as Capital Loss and such Capital Loss shall be debited by the Demerged Company to Reconstruction Reserve Account.
- 13.3 The amount equivalent to the Reconstruction Reserve Account will be withdrawn and set off first against Capital Reserve Account and balance if any adjusted in General Reserve / Profit and Loss account as the case may be;

- 13.4 The adjustment of Capital Loss against Reconstruction Reserve Account and the subsequent withdrawal of Reconstruction Reserve Account and set off thereof against Capital Reserve Account shall be effected as a part of the Scheme only.

14. BUSINESS AND PROPERTY IN TRUST FOR FCCL

- 14.1 During the period between the Appointed Date and the Effective Date:
- 14.1.1 Demerged Company shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets of the Lending Business for and on account of and in trust for FCCL;
- 14.1.2 All the profits or income accruing or arising to the Demerged Company, including dividends, or expenditure or losses arising or incurred by the Demerged Company on account of the Lending Business, shall for all purposes be treated and deemed to accrue as the profits or income or expenditure or losses (as the case may be) of FCCL; and
- 14.1.3 Demerged Company shall not utilize the profits or income, if any, relating to the Lending Business for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of FCCL.
- 14.2 As and from the date of acceptance of this Scheme by the Board of Directors of the Demerged Company and the Board of Directors of FCCL and till the Effective Date, the Demerged Companies shall not alienate, charge, mortgage, encumber or otherwise deal with the assets of Lending Business or any part thereof without the prior written concurrence of the Board of Directors of FCCL.

15. LEGAL PROCEEDINGS

- 15.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date and relating to the Lending Business of the Demerged Company, as and from the Effective Date, shall be continued and enforced by or against in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 15.2 After the Appointed Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in the sub-clause 15.1 above, they shall defend the same at the cost of FCCL and FCCL shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

15.3 FCCL undertakes to expeditiously have all legal or other proceedings initiated by or against the Demerged Company referred to in sub-clause 15.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against FCCL to the exclusion of the Demerged Company.

16. CONTRACTS, DEEDS, ETC.

16.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature relating to the Lending Business and to which the Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of, as the case may be, and may be enforced by or against the FCCL as fully and effectually as if, instead of the Demerged Company, FCCL had been a party thereto. FCCL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme. FCCL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

17. SAVING OF CONCLUDED TRANSACTIONS

17.1 The transfer of assets under Clause 9 above and the continuance of proceedings by or against FCCL under Clause 15 above shall not affect any transaction or proceedings already concluded by the Demerged Company in respect of the Lending Business on or after the Appointed Date till the Effective Date, to the end and intent that FCCL accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

18. STAFF, WORKMEN & EMPLOYEES

18.1 On the Scheme becoming operative, all staff, workmen and employees of the Lending Business of the Demerged Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of FCCL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with FCCL shall not be less favourable than those applicable to them with reference to the Lending Business on the Effective Date.

18.2 It is expressly provided that on this Scheme coming into effect, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Lending

Undertaking shall become the trusts/funds of FCCL for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Lending Business in relation to such Fund or Funds shall become those of FCCL. It is clarified that the services of the staff, workmen and employees of the Lending Business will be treated as having been continuous for the purpose of the said Fund or Funds.

PART III
GENERAL TERMS AND CONDITIONS

19. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

19.1 The Demerged Company, Holding Company of the Resulting Company and Resulting Company shall with all reasonable dispatch make applications under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the relevant Companies Act to the National Company Law Tribunal for seeking approval of the Scheme.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

20.1 Subject to approval of the National Company Law Tribunal, the Demerged Company, Holding Company of the Resulting Company and Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Demerged Company, Holding Company of the Resulting Company and Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

20.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme

21. CONDITIONALITY OF THE SCHEME

21.1 This Scheme is and shall be conditional upon and subject to:

- 21.1.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 21.1.2 The approval by the requisite majorities of the classes of persons of the Demerged Company, Holding Company of the Resulting Company and Resulting Company as directed by the National Company Law Tribunal under Sections 230 to 232 of the Act.
- 21.1.3 All other sanctions and orders as are legally necessary or required in respect of the Scheme being obtained.
- 21.1.4 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the Demerged Company, Holding Company of the Resulting Company and Resulting Company and by their respective Board of Directors or any Committee constituted by them.

22. EFFECT OF NON-RECEIPT OF APPROVALS

- 22.1 In case the Scheme is not sanctioned by the National Company Law Tribunal at Mumbai Bench, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void, and the Demerged Company, Holding Company of the Resulting Company and Resulting Company shall bear the entire cost, charges and expenses in connection with the Scheme equally unless otherwise mutually agreed.

23. COSTS, CHARGES & EXPENSES

- 23.1 All costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by FFSIL.

ANNEXURE 1– TERMS OF PREFERENCE SHARES

TERMS AND CONDITIONS FOR ISSUE OF OPTIONALLY CONVERTIBLE PREFERENCE SHARES (‘OCPS’)

Dividend Rate on OCPS	0% p.a.
Listed	OCPS will not be listed on any Stock Exchange
Tenure of OCPS	5 (Five) Years
Conversion Option of OCPS	At the option of the preference shareholder, 1 (One) OCPS shall be convertible into 1 (One) equity share of Rs. 10 fully paid up
Redemption Option of OCPS	FFSIL shall also have an option to redeem the OCPS any time after 3 Years from the date of allotment of OCPS in such amount as may be determined by Board of FFSIL.

TERMS AND CONDITIONS OF OCPS

(to be printed on the reverse of the share certificate)

The following rights shall be attached to the preference shares of Rs.325/- each:

- I) The Preference Share shall be convertible into equal number of equity share of Rs.10/- fully paid-up, at the option of the preference shareholder;
- II) The Preference Shares shall be non-cumulative;
- III) The Preference Shares shall be non-participating;
- IV) In the event of winding up of FFSL (including capital uncalled for at the commencement of winding up) remaining after paying and discharging the debts and liabilities of FFSL and the cost of winding up shall be applied in the following order of priority:
 - (a) in repayment of capital paid up or credited as paid up on the OCPS;
 - (b) the surplus, if any, shall be divided amongst the holders of the equity shares according to the amounts paid up thereon.
- v) The OCPS shall be deemed to be allotted on the Effective Date.

- VI) The OCPS shall be taken as redeemed and fully discharged on payment of the redemption amount by FFSL to the holder thereof as per the Register of Preference Shareholder. Such payment will be a legal discharge of the liability of FFSL towards the Preference Shareholders.
- VII) The record date for payment of the redemption amount will be 30 days prior to each redemption date.
- VIII) The Preference Shareholders will not be entitled to any rights and privileges of equity shareholders, other than those available to them under statutory requirements.