

**SCHEME OF ARRANGEMENT
BETWEEN
GILLANDERS ARBUTHNOT AND COMPANY LIMITED
AND
BARFANI BUILDER LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

**FOR
RECONSTRUCTION BY TRANSFER OF CHEMICAL (WALDIES) DIVISION
OF GILLANDERS ARBUTHNOT AND COMPANY LIMITED TO BARFANI
BUILDER LIMITED**

PART – I

(Preliminary)

1. Definitions:

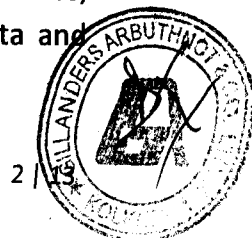
In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- i. **“Act”** means the Companies Act, 1956 or the Companies Act, 2013 as in force from time to time. As on the date of approval of this Scheme by the Boards of Directors of GACL and BBL, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956, unless stated otherwise. Upon such provisions of the Companies Act, 1956 standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.
- ii. **“GACL”** means Gillanders Arbuthnot And Company Limited, a Company incorporated under the provisions of the Companies Act, 1913 and being a Company within the meaning of the Companies Act, 2013 having its registered office at C-4, Gillander House, Netaji Subhas Road, Kolkata 700 001 in the State of West Bengal.
- iii. **“BBL”** means Barfani Builder Limited, a company incorporated under the provisions of the Companies Act, 1956 and being a Company within the meaning of the Companies Act, 2013, having its registered office at C-4, Gillander House, Netaji Subhas Road, Kolkata 700 001 in the State of West Bengal.
- iv. **“Appointed Date”** means the 1st day of April, 2015.



v. **“Chemical Division”** means the Chemical (Waldies) Division of GACL engaged in the business of manufacture of Lead Oxides and Polyvinyl Chloride (PVC) Stabilisers as a going concern and shall include all property, rights and powers and all debts, liabilities, duties and obligations of GACL comprised in and/ or relating to the Chemical Division, including:

- (a) all properties and assets, moveable and immovable, freehold and leasehold, real and personal, tangible and intangible, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situated, as on the Appointed Date relating to the Chemical Division, including factory land at Konnagar in the State of West Bengal and all factory sheds and other structures, thereon, all other lands and buildings, leases, tenancies and agencies of GACL relating to the Chemical Division, plant and machineries, electrical installations, vehicles, equipments, furniture, sundry debtors, inventories, other current assets, cash and bank balances, bills of exchange, deposits, loans and advances and other assets as appearing in the books of account of GACL in relation to the Chemical Division;
- (b) all other interests or rights in or arising out of or relating to the Chemical Division together with all respective powers, interests, charges, privileges, benefits, entitlements, industrial and other registrations, licenses, quotas, brands and trademarks, patents, copyrights, other intellectual property rights, liberties, easements and advantages, subsidies, grants, taxes, tax credits/ incentives (including but not limited to credits/ incentives in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax etcetera), and other benefits appertaining to the Chemical Division and/or to which GACL is entitled to in respect of the Chemical Division of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all respective contracts and engagements relating to the Chemical Division;
- (c) all debts, liabilities, duties and obligations of GACL in relation to the Chemical Division, including liabilities on account of loans, sundry creditors, sales-tax, bonus, gratuity and other taxation and contingent liabilities of GACL relating to the Chemical Division;
- (d) all employees of GACL engaged in or in relation to the Chemical Division, on the date immediately preceding the Effective Date; and
- (e) all books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and



records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Chemical Division.

- vi. **"Remaining Business"** means all the business of GACL other than the Chemical Division and all property, rights and powers and all debts, liabilities, duties and obligations of GACL not comprised in and/ or relating to the Chemical Division. Without prejudice to the generality of the foregoing, the same shall include the Tea Division, Engineering (MICCO) Division, Textile Division, Trading Division and Property Division of GACL; corporate office at Kolkata; and all investments in shares and securities in other bodies corporate.
- vii. **"Effective Date"** means the date or last of the dates on which all the approvals and sanction are obtained in terms of clause 16 of this Scheme and certified copies of the order of the Hon'ble High Court at Calcutta sanctioning this Scheme are filed with the Registrar of Companies.
- viii. **"Scheme"** means this Scheme of Arrangement under Sections 391 to 394 of the Act in the present form or with such modification(s) as sanctioned by the Hon'ble High Court at Calcutta.
- ix. 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 GACL and BBL is as under:

i. GACL:

Authorised Share Capital:

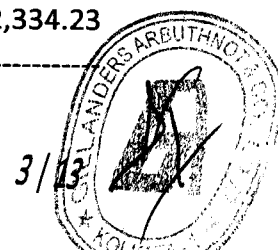
	<u>(Rs. in Lakhs)</u>
4,20,00,000 Ordinary Shares of Rs.10/- each	4,200.00
32,00,000 Preference Shares of Rs.100/- each	3,200.00

	7,400.00

Issued, Subscribed and Paid up Share Capital

2,13,42,346 Ordinary Shares of Rs.10/- each fully paid up	2,134.23
2,00,000 8% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	200.00

	2,334.23



ii. BBL:

Authorised Share Capital:

(Rs. in Lakhs)

50,000 Equity Shares of Rs.10/- each

5.00

Issued, Subscribed and paid up Share Capital

50,000 Equity Shares of Rs.10/- each fully paid up

5.00

3. Objects and Reasons:

- i. As on 31st March, 2015, GACL was engaged in business in six diverse segments as follows:-

Sl No.	Division	Gross Turnover in the financial year 2014-2015 (Rs. in Lakhs)
1.	Textile Division: Manufacture of cotton and manmade fibre yarn and blends.	39,311.21
2.	Engineering (MICCO) Division: Structural engineering; steel fabrication; execution of turn key projects and other engineering work.	20,917.83
3.	Tea Division: Plantation and production of tea.	18,982.86
4.	Chemical (Waldies) Division: Manufacture of lead oxide and PVC stabilisers	6,442.37
5.	Trading Division: Trading in paint and allied products	1,233.77
6.	Property Division: Holding and letting out real estate.	711.99
	Total	87,600.03

- ii. GACL has been looking at suitable proposals for restructuring its business and activities and pursuing the same more advantageously. In view, inter alia, of decreasing sales and uncertain prospects in its Trading Division, GACL decided to discontinue the same with effect from 31st March 2016. Further, as compared to the other manufacturing divisions, the Chemical Division of GACL represents its smallest manufacturing division. There has not been much development in the said business over the years. Induction of an appropriate focussed financial and/or strategic stakeholder in such business is desirable for fostering growth and development in



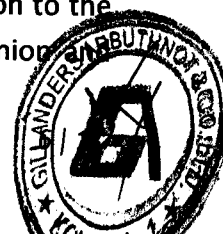
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- such business and deriving optimum returns therefrom. However any potential investor interested in taking a stake in such chemical business of GACL would not be interested in the other business segments of GACL by reason of the difference and divergence in the nature and financials of such chemical business from the other businesses.
- iii. As part of an overall strategy for restructuring, growth and development, it is considered desirable and expedient to reorganise and reconstruct GACL by transferring the Chemical Division of GACL to BBL in the manner and on the terms and conditions stated in this Scheme of Arrangement. BBL is presently a subsidiary of GACL with GACL along with its nominee holding 99.99% of the total issued Equity Share Capital of BBL. (
- iv. BBL is a public limited company which is duly authorised to undertake the business carried on in the Chemical Division of GACL and does not have any other business interest or plan at present. The Reconstruction will enable suitable separation of the business of the Chemical Division from the other businesses of GACL and result in the creation of a pure play chemical business company viz BBL, capable of independent evaluation and participation therein by any suitable investor interested in such business. The same will enable GACL to give such stake in the said chemical business in BBL to such interested investor as may be considered to be in the best interest of GACL and in consonance with its outlook and plans in its various businesses.
- v. As such, the Scheme will enable the said chemical business and other businesses of GACL to be carried on more conveniently and advantageously by two separate companies, i.e. BBL and GACL, with independent management set up and greater focus, attention and specialisation. The same will also enable the business considerations and factors peculiar to the respective businesses to be addressed more effectively and adequately by the said companies.
- vi. The Scheme will enable independent and optimum running, growth and development of the said chemical business and other businesses and better realisation of the potential thereof. 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

(Transfer of Chemical Division of GACL to BBL)

- 4. Transfer of Chemical Division of GACL:**
- 4.1 With effect from the Appointed Date, the Chemical Division of GACL shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act, stand transferred to and vest in or be deemed to be transferred to and vested in BBL, as a going concern for all the estate and interest of GACL therein subject to the charges in respect of the Chemical Division and in accordance with the modalities for transfer stipulated herein.
- 4.2 All debts, liabilities, duties and obligations of GACL relating to the Chemical Division as on the close of business on the day immediately preceding the Appointed Date and all other debts, liabilities, duties and obligations of GACL relating to the Chemical Division which may accrue or arise from the Appointed Date but which relate to the period upto the day immediately preceding the Appointed Date shall also be transferred to BBL, without any further act or deed, pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of BBL.
- 4.3 The transfer and vesting of the Chemical Division of GACL, 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 Chemical Division or any part thereof, provided however that such charges, mortgages and/ or encumbrances shall be confined only to the assets of the Chemical Division or part thereof on or over which they are subsisting on transfer to and vesting of such assets in BBL.
- 4.4 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by GACL for the operations of the Chemical Division and/or to which GACL is entitled to in relation to the Chemical Division in terms of the various Statutes and / or Schemes of Union and State Governments, shall be available to and vest in BBL, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of BBL. Since the Chemical Division will be transferred to and vested in BBL as a going concern without any break or interruption in the operation thereof, BBL 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 Chemical Division on the basis of the same upon this Scheme becoming effective. Further, all benefits, including, under Income Tax, Excise (including Modvat/Cenvat), Sales Tax etc to which GACL is entitled in relation to the Chemical Division in terms of the various Statutes and / or Schemes of Union



State Governments shall be available to and vest in BBL upon this Scheme becoming effective.

4.5 A Statement of Assets and Liabilities of the Chemical Division as appearing from the books of account of GACL as on 31st March, 2015 is set out in Schedule I hereto.

5. Legal Proceedings:

All legal or other proceedings by or against GACL and relating to the Chemical Division of GACL shall be continued and enforced by or against BBL only. If proceedings are taken against GACL, GACL will defend on notice or as per advice of BBL at the costs of BBL and BBL will indemnify and keep indemnified GACL from and against all liabilities, obligations, actions, claims and demands in respect thereof.

6. Contracts and Deeds:

All contracts, deeds, bonds, agreements, engagements and other instruments of whatsoever nature relating to the Chemical Division to which GACL is a party or to the benefit of which GACL may be eligible, and which have not lapsed and are subsisting on the Effective Date shall remain in full force and effect against or in favour of BBL as the case may be, and may be enforced by or against BBL as fully and effectually as if, instead of GACL, BBL had been a party thereto.

7. Saving of Concluded Transactions:

The transfer and vesting of the properties and liabilities of the Chemical Division under Clause 4 above, the continuance of the proceedings by or against BBL under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above shall not affect any transaction or proceeding relating to the Chemical Division already completed by GACL on or before the Effective Date to the end and intent that BBL accepts all acts, deeds and things relating to the Chemical Division done and executed by and/or on behalf of GACL as acts, deeds and things done and executed by and on behalf of BBL.

8. Employees:

On and from the Effective Date:

8.1 BBL undertakes to engage all the employees of GACL engaged in the Chemical Division on the Effective Date on the same terms and conditions on which they are engaged by GACL without treating it as a break, discontinuance or interruption of service on the said date as a result of the transfer of the Chemical Division to BBL.

8.2 Accordingly, the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes, including



for the purpose of payment of any retrenchment compensation and other terminal benefits, will be reckoned from the date of their respective appointments with GACL.

8.3 The accumulated balances, if any, standing to the credit of the employees of the Chemical Division in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by BBL and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by BBL. Pending the transfer as aforesaid, the dues of the employees of the Chemical Division relating to the said funds would be continued to be deposited in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

9. Conduct of business of Chemical Division in trust for BBL:

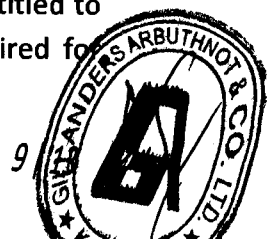
9.1 With effect from the Appointed Date and up to and including the Effective Date:

- i. GACL shall carry on and be deemed to have carried on all business and activities relating to the Chemical Division for and on account of and in trust for BBL.
- ii. All profits accruing to GACL (including taxes paid thereon) or losses arising or incurred by it relating to the Chemical Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be, of BBL.
- iii. GACL shall be deemed to have held and stood possessed of the properties to be transferred to BBL for and on account of and in trust for BBL and, accordingly, the GACL shall not (without the prior written consent of BBL) alienate, charge or otherwise deal with or dispose of the Chemical Division or any part thereof except in the usual course of business.

9.2 It is clarified that all the taxes and duties payable by GACL, relating to the Chemical Division, 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 BBL. Accordingly, upon the Scheme becoming effective, GACL is expressly permitted to revise and BBL is expressly permitted to 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 tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme.



- 9.3 All assets (including fixed assets, current assets, cash and bank balances etcetera) acquired by GACL after the Appointed Date and prior to the Effective Date for operation of the Chemical Division or pertaining to the Chemical Division shall be deemed to have been acquired for and on behalf of BBL.
- 9.4 All loans raised and/ or used and all liabilities and obligations incurred by GACL for the operations of the Chemical Division after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of BBL.
- 9.5 All loans, liabilities and obligations of GACL relating to the Chemical Division which have been discharged by GACL after the Appointed Date and prior to the Effective Date shall be deemed to have been discharged for and on account of BBL.
- 10. Consideration | Issue of Shares:**
Upon the Scheme coming into effect and without further application, act or deed, BBL shall, in consideration of transfer of the Chemical Division, issue and allot to GACL, 1,46,80,000 Equity Shares of Rs.10/- each in BBL credited as fully paid up ("new Equity Shares"). This Scheme will accordingly result in slump exchange between GACL and BBL of ownership of Chemical Division for ownership of such new Equity Shares. Such new Equity Shares issued by BBL shall rank pari passu in all respects with the existing Equity Shares of BBL.
- 11. Accounting:**
- 11.1 In books of BBL:
The new Equity Shares issued to GACL in consideration of the arrangement will be recorded at their aggregate face value in the books of account of BBL. The assets and liabilities of the Chemical Division transferred to BBL in terms of this Scheme shall be recorded in the books of BBL by allocating the consideration to the respective assets and liabilities based upon values determined by an independent valuer and approved by its Board of Directors.
- 11.2 In books of GACL:
The new Equity Shares issued by BBL in slump exchange of the Chemical Division shall be recorded as Investments in the books of account of GACL at their aggregate face value. The excess of the aggregate face value of new Equity Shares over the net book value of the assets and liabilities of the Chemical Division shall be credited to the Profit and Loss Account in the books of account of GACL and which shall be treated as free reserve for all purposes.
- 11.3 Subject to the aforesaid, the Board of Directors of GACL and BBL shall be entitled to make such corrections and adjustments, as may, in their opinion be required for



ensuring consistent accounting policy or which may otherwise be deemed expedient by them in accounting for the reconstruction in the respective books of accounts of the said Companies.

12. Change of Name:

The business of the Chemical Division is carried on with the established 'Waldies' trade mark and trade name. Consequent to transfer of the Chemical Division to BBL and upon the Scheme becoming effective, the name of BBL shall accordingly be changed to "Waldies Limited" or such other name containing the word "Waldies" as may be approved by the Board of Directors of BBL. BBL shall take necessary steps to give effect to such change of name.

13. Remaining Business:

Save and except the Chemical Division of GACL and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the Remaining Business of GACL which shall continue to belong to and be vested in and be managed by GACL.

PART – III

(General/ Miscellaneous Provisions)

14. Applications:

GACL and BBL shall, with all reasonable dispatch, make necessary applications under Sections 391 to 394 of the Act, to the Hon'ble High Court at Calcutta, for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal under the Companies Act, 2013, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcutta shall be construed as references to the National Company Law Tribunal as the context may require. GACL and BBL shall also apply for such other approvals as may be necessary in law, if any, for bringing the Scheme into effect. Further, GACL and BBL shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

15. Modification and Implementation:

GACL and BBL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

- i. 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 High Court at Calcutta and/ or any authorities under law may deem



fit to approve or direct or which may be considered necessary due to any change in law or as may be deemed expedient or necessary; and

- ii. to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things on behalf of the companies, necessary, desirable or proper for putting the Scheme into effect, including entering into transitional arrangements; arrangements for carrying out or performing all such formalities or compliances as may be deemed proper and necessary for effecting transfer and vesting of the properties of the Chemical Division; and deciding any question that may arise as to whether whole or part of a specific asset or liability pertains or does not pertain or arises out of the activities or operations of the Chemical Division or whether a specific employee is or is not substantially engaged in relation to the Chemical Division.

Without prejudice to the generality of the foregoing, GACL and BBL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) 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.

16. Scheme Conditional Upon:

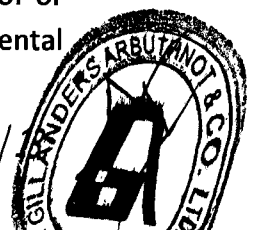
The Scheme is conditional upon and subject to:

- 16.1 Approval of the Scheme by the requisite majorities of the members of GACL and BBL;
- 16.2 Approval of the Scheme by the Stock Exchanges where GACL is listed in terms of the Securities and Exchange Board of India Circular dated 30 November 2015 on Schemes of Arrangement; and
- 16.3 Sanction of the Scheme by the Hon'ble High Court at Calcutta.

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 approvals and sanction are obtained as above and certified copies of the order of the Hon'ble High Court at Calcutta sanctioning this Scheme are filed with the Registrar of Companies.

17. 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



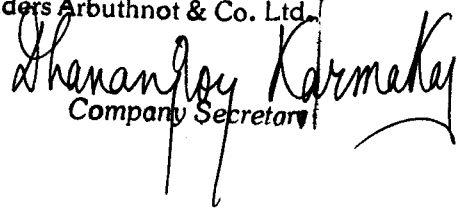
thereto upto the Effective Date, including liability for stamp duty on the order sanctioning the Scheme, shall be borne and paid by BBL. Subsequent to the Effective Date or in the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each Company shall pay and bear their own costs.

18. Residual Provisions:

- 18.1 Save as provided in Clause 10 above, BBL shall not at any time during the period commencing from the date of approval of this Scheme by the Boards of Directors of the said Companies and ending with the Effective Date make any change in its capital structure either by way of increase (by issue of equity shares on a rights or preferential allotment basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner except by mutual consent of the respective Boards of Directors of GACL and BBL.
- 18.2 On the approval of the Scheme by the members of GACL and BBL pursuant to Section 391 of the Companies Act, 1956, it shall be deemed that the said members have also accorded all relevant consents under any other provisions of the Companies Act, 1956 and the Companies Act, 2013, including Sections 13 and 62(1)(c) of the Companies Act, 2013, to the extent the same may be considered applicable.

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For Gillanders Arbuthnot & Co. Ltd.


Company Secretary

Schedule I

Statement of Assets and Liabilities of Chemical Division as on March 31, 2015

Particulars	Rs. in Lakhs	Rs. in Lakhs
<u>Non – Current Assets</u>		
Fixed Assets	36.08	
Capital Work in Progress	-	
Long term Loans & Advances	20.06	
Other Non - Current Assets	1.57	
Investments	-	
		57.71
<u>Current Assets</u>		
Inventories	535.95	
Trade Receivables	625.13	
Cash and Bank Balances	72.16	
Short Term Loans & Advances	63.24	
Other Current Assets	3.71	
		1300.19
Total Assets (A)		1,357.90
<u>Current Liabilities & Short Term Provisions</u>		
Short term Borrowings	210.93	
Trade Payables	188.97	
Other Current Liabilities	125.30	
Short term Provisions	93.36	618.56
<u>Non-Current Liabilities</u>		
Long Term Borrowings	-	
Long Term Provisions	-	
Deferred Tax Liabilities	-	
		-
Total Liabilities (B)		618.56
Net Assets (A – B)		739.34

