



Hem Securities Ltd.

Building Your Wealth Through Values

ANNEXURE - 5 42

Member: BSE, MSEI, CDSL-57
Category 1 Merchant Banker

Sebi Regd. No. : IN DP CD5L-83-2000, MSEI-INB261069935

Sebi Regd. No. : BSE-INB011069953, M.B.-INM000010981

CIN: U67120RJ1995PLC010390

www.hemsecurities.com

STRICTLY PRIVATE & CONFIDENTIAL

June 12, 2017

The Board of Directors,

BENGAL & ASSAM COMPANY LIMITED

7, Council House Street,
Kolkata,
West Bengal - 700001

The Board of Directors

BMF Investments Limited

4th Floor, Patriot House,
3 Bahadur Shah Zafar Marg,
New Delhi - 110002

The Board of Directors

Florence Investech Limited

3rd Floor, Patriot House,
3 Bahadur Shah Zafar Marg,
New Delhi - 110002

The Board of Directors

JK Fenner (India) Limited

3, Madurai - Melakkal Road
Madurai - 625016

Re: Fairness Opinion on recommended Share Allotment Ratio for the amalgamation of Florence Investech Limited and BMF Investments Limited in consideration of issue and allotment of shares in Bengal And Assam Company Limited to the equity shareholders of Florence Investech Limited and JK Fenner (India) Limited (other than Bengal and Assam Company Limited itself) and Exchange of shares of JK Fenner (India) Limited for shares of Bengal and Assam Company Limited at the option of equity shareholders of JK Fenner (India) Limited

Dear Sir/ Madam,

We, Hem Securities Limited ('HSL', 'we', 'us', 'our'), a SEBI Registered Merchant Banker having SEBI Registration No/NM000010981 refer to the engagement letter wherein BACL has engaged HSL to provide a fairness opinion in terms of SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 towards the subjected amalgamation exercise. The valuation has been conducted jointly by Doogar & Associates, Chartered Accountants, and Lunawat & Co., Chartered Accountants.

CERTIFIED TO BE TRUE
For Bengal & Assam Company Ltd.


Secretary



Page 1 of 7



SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information:

- Audited Financial Statement of BACL, Florence, Fenner, and BMF along with provisional/ audited financial statements of relevant subsidiary, associate, and group companies for the financial year 2016-17, 2015-16, and 2014-15;
- Management Certified Fair Value of Immovable Properties;
- We have also received necessary explanations and information, which we believed were relevant to the present valuation exercise from the executives and management of the Company;
- Information (industry related as well as company specific) available on various public domains;
- Latest Shareholding pattern of the Companies;
- Draft Scheme of Arrangement
- Signed Valuation Report (joint) from Doogar & Associates, Chartered Accountants and Lunawat & Co., Chartered Accountants.

BACKGROUND INFORMATION

1. Bengal and Assam Company Limited ('BACL') :- Transferee Company

Bengal and Assam Company(CIN : L67120WB1947PLC221402) is a public limited company incorporated on January 30, 1947 under the provisions of Companies Act, 1956

BACL is a Core Investment Company registered with RBI and engaged in the business of holding of investment and renting of properties. BACL is listed only on Bombay Stock Exchange.

The shareholding pattern on the company as on 31st March 2017 is as follows;

S. No.	Name of Shareholder	No. of Equity Shares	Shareholding (%)
1.	Promoter and Promoter Group	64,22,493	73.96%
2.	Public and Others	22,61,060	26.04%
	Total	86,83,553	100.00%

2. BMF Investments Limited ('BMF'):- Transferor

BMF Investments Limited (CIN: U67120DL2005PLC161088) is a public limited company incorporated on July 13, 2005 under the provisions of the Companies Act, 1956

BMF is a Non-Banking Financial Company (NBFC) operating as an investment management company. BMF is wholly owned subsidiary of JK Fenner (India) Limited. BMF is not listed on any stock exchange.

The shareholding pattern on the company as on 31st March 2017 is as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Shareholding (%)
1.	Promoter and Promoter Group	3,01,995	100.00%
	Total	3,01,995	100.00%





Hem Securities Ltd.

Building Your Wealth Through Values

44
Member: BSE, MSEI, CDSL-DP

Category 1 Merchant Banker

Sebi Regd. No. : IN DP CDSL-83-2000, MSEI-INB261069935

Sebi Regd. No. : BSE-INB011069953, M.B.-INM000010981

CIN: U67120RJ1995PLC010390

www.hemsecurities.com

3. Florence Investech Limited('Florence'):- Transferor

Florence Investech Limited (CIN: L24211DL1993PLC254964) is a public limited company incorporated on May 25, 1992 under the provisions of Companies Act, 1956.

Florence is a Core Investment Company (CIC), but exempted from registration and is engaged in the business of investment in shares and securities majorly investing in group companies. Florence is listed on Bombay Stock Exchange.

The shareholding pattern on the company as on 31 March 2017 is as follows:

S. No.	Category	No. of Equity Shares	% Shareholding
1.	Promoter and Promoter Group	24,96,366	74.99%
2.	Public and Others	8,32,578	25.01%
	Total	33,28,944	100.00%

4. JK Fenner (India) Limited ('Fenner') :-

JK Fenner (India) Limited (CIN : U24231TN1992PLC062306) is a public limited company incorporated on April 09, 1992 under the provisions of Companies Act, 1956.

Fenner is an operating company, and is engaged in manufacturing of mechanical power transmission and sealing solutions. Fenner has 7 manufacturing facilities spread over 5 geographical locations. Fenner is a subsidiary of BACL. Fenner is also not listed on any stock exchange.

The shareholding pattern on the company as on 31 March 2017 is as follows:

S. No.	Category	No. of Equity Shares	% Shareholding
1.	Promoter and Promoter Group	21,89,314	88.17%
2.	Public and Others	2,93,752	11.83%
	Total	24,83,066	100.00%

SCOPE AND PURPOSE OF THIS REPORT

We understand that the management of BACL, Florence, BMF, and Fenner proposes to amalgamate Florence & BMF in consideration of issue and allotment of shares in Bengal and Assam pursuant to scheme of amalgamation between BACL, Florence, BMF, and their respective shareholders under section 230 to 232 of the Companies Act, 2013.

In this connection, the Management has engaged Hem Securities Limited to submit a fairness opinion on the proposed amalgamation.

This report is subject to the scope, assumptions, limitations and disclaimers detailed below. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitation of Amalgamation and should not be used for any other purpose.





KEY FACTS AND THE RATIONALE OF THE SCHEME:

The transferee company (BACL) along with transferor companies (Florence and BMF) are investment companies majorly holding the investments within the JK group. Fenner is a direct subsidiary of BACL and an operating company. However, Fenner directly holds almost entire shareholding of BMF.

The amalgamation may enable appropriate consolidation of the investment companies in a single holding company. The amalgamation will lead to the formation of a larger and stronger entity with a wider capital and asset base.

VALUATION METHODOLOGY ADOPTED BY THE VALUER

For the purposes of determining the Share Allotment Ratio, the Valuer has considered following methods:

- COST APPROACH
- INCOME APPROACH
- MARKET APPROACH

FINDINGS OF HEM SECURITIES LIMITED ("HSL")

The formation of fairness opinion is generally a complex process involving careful consideration and review of valuation methods, associated financial and other analysis, performed by the Valuer.

We have gone through the valuation report dated June 12, 2017 issued by Valuer for the purpose of ascertaining the reasonableness of the Share Allotment Ratio determined by Valuer. We have taken into consideration the fairness on the Methods used by Valuer for the purpose of determining Share Allotment Ratio.

Based on the Valuation Report and explanations given to us by Valuer, following are the share valuation derived by the Valuer:

Share Valuation

The Valuer has considered a combination of three methods namely the Adjusted Net Asset Value (NAV Method), the Discounted Cash Flow (DCF) Method and Market Price Method and has assigned following weights to the methods to arrive at the average value of equity shares

Fair Value of equity share derived by Valuer:-

Valuation Approach	Bengal & Assam Company Limited		Florence Investech Limited		BMF		Fenner excluding BMF	
	Value per Share	Weight	Value per Share	Weight	Value per Share	Weight	Value per Share	Weight
Adjusted Net Asset Value Method	4622	2	4444	2	3638	1	1716	1
Discounted Cash Flow Method	-	-	-	-	-	-	1888	2
Market Price Method	1527	1	670	1	-	-	1830	
Relative Value per Share	3591		3186		3638		1830	
Share Allotment Ratio			0.89		1.01		0.51	



Based on the above calculations, the share Allotment ratio derived by the Valuer is:-

In consideration of amalgamation of Florence with BACL, the equity shareholders of Florence shall receive:

89 Equity Share(s) of Rs.10/- each in BACL for every 100 Equity Share of Rs.10/- each fully paid-up held by the said equity shareholders of Florence.

In consideration of amalgamation of BMF with BACL, the equity shareholders of Fenner shall receive:

101 Equity Share(s) of Rs.10/- each in BACL as fully paid up for every 100 Equity Share of Rs.10/- each fully paid-up held by the equity shareholders of Fenner in the capital of Fenner. Equity Shareholders of Fenner shall continue to retain shares held by them in Fenner.

In addition to consideration received with amalgamation of BMF with BACL, the equity shareholders of Fenner (other than BACL) instead of retaining their equity shares in Fenner shall have the option to exchange shares of Fenner for additional shares in BACL.

51 Equity Shares of Rs.10/- each fully paid up in the BACL for every 100 Equity Shares of Rs.10/- each fully paid up held by them in Fenner. Equity Shareholders of Fenner shall cease to hold shares held by them in Fenner.

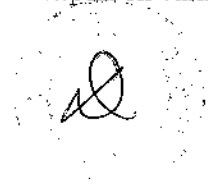
FAIRNESS OPINION AND ITS RATIONALE

Based upon and subject to the foregoing, we are of the opinion on the date hereof, that the valuation including the share exchange ratio recommended by the Valuer for the purpose of proposed Scheme of Amalgamation is fair.

The Fairness of the proposed Scheme is tested by:

1. Considering whether the valuation methods adopted by Valuer, depicts a correct picture on the value of shares of companies.
2. Considering qualitative factors such as economics of scale of operations, synergy benefits that may result from the proposed amalgamation.
3. The rationale for share exchange ratio as explained by Valuer is justified.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on valuation for the proposed scheme.





EXCLUSIONS AND LIMITATIONS

This Fairness Opinion Report is prepared by Hem Securities Limited under an engagement from BACL on the basis of information, documents and explanations given by the Management of the respective Companies to Hem Securities Limited.

In preparing the Fairness Opinion Report, HSL has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and financial data provided by the Companies. HSL has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

HSL has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

HSL shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account of the use of or reliance on the information set out herein in this report.

HSL has not provided any accounting, tax or legal advice to any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

This Report is necessarily based on various factors and conditions as of the date hereof, and the written and oral information made available to us until June 12, 2017. It is understood that subsequent developments may affect the conclusions of the Report and of the Opinion and that, in addition, HSL has no obligation to update, revise, or reaffirm the Opinion.

LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. The report should be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

In course of the present exercise, we were provided with both written and verbal information. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon such information without carrying any audit or other tests to verify the accuracy with limited independent appraisal. Also, we have been given to understand by the management of the respective companies that they have not omitted any relevant facts and material factors. Accordingly, we do not express any opinion in any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.

Neither HSL nor its associates, directors, or employees shall be required by reason of this Fairness Opinion to give testimony or appear in a Court of Law or any other legal proceedings.





Hem Securities Ltd.

Building Your Wealth Through Values

48

Member: BSE, MSEI, CDSL-DP
Category 1 Merchant Banker
Sebi Regd. No. : IN DP CDSL-83-2000, MSEI-INB261069935
Sebi Regd. No. : BSE-INB011069953, M.B.-INM000010981
CIN: U67120RJ1995PLC010390

www.hemsecurities.com

In no circumstances will HSL, its associates, directors or employees accept any responsibility or liability to any third party. BACL and their affiliates shall fully indemnify and hold harmless HSL, its associates, directors and employees from any liability arising out of third party claims in relation to this fairness opinion. BACL and their affiliates shall also bear all costs, expenses, charges etc. on account of such third party claims including that of any legal proceedings.

Our work does not constitute an audit or certification or due diligence of the past financials of BACL, BMF, Florence and Fenner used in the study and we have relied upon the information provided to us by the management of the respective Companies as regards such working results.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of BACL will trade following the announcement of the proposed Scheme or as to the financial performance of BACL following the consummation of the proposed Scheme.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.

Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of considering the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date of the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no changes will be imposed that will have a material adverse effect on the Proposed Scheme. It should be understood that although subsequent developments may affect this opinion, we assume no responsibility for revising or updating our opinion based on circumstances or events occurring after date hereof. Our opinion is specific and is being issued as per requirement of SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in force as on the date.

Thanking you,
Yours Faithfully,
For Hem Securities Limited.

Roshni Lahoti
AGM-Merchant Banking
Place: Jaipur

CERTIFIED TO BE TRUE
For Bengal & Assam Company Ltd.


Secretary