



The Board of Directors
Kaycee Industries Ltd
Old Kamani Chambers,
32-Ramjibhai Kamani Marg,
Ballard Estate, Mumbai - 400 001

Independent Auditor's Certificate on non-applicability of paragraph I(A)(9)(b) of Annexure I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017

We, the statutory auditors of Kaycee Industries Limited (hereinafter referred to as "the Company" or "Demerged Company"), have examined the accompanying undertaking ('the Undertaking') regarding the non-applicability of paragraph I(A)(9)(b) of Annexure I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 ('SEBI Circular') stating the reasons thereof in respect of the Scheme of Arrangement ('the Scheme'), between Kaycee Industries Limited and RDJ Constructions Private Limited ('the Resulting Company') and their respective shareholders and creditors in terms of the provisions of sections 230 to 232 read with section 66 and section 52 and the applicable provisions of the Companies Act, 2013 ('the Act'), which has been stamped by us for identification purposes only.

Management's Responsibility

The preparation of the Undertaking is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Undertaking, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI Circular and for providing all relevant information to the Securities and Exchange Board of India and BSE Limited.

Auditor's Responsibility

Our responsibility is to form an opinion whether the paragraph I (A) (9) (b) of Annexure I of SEBI Circular is applicable to the Scheme based on our examination of the Scheme, the Undertaking, the unaudited books of account, other relevant records and documents maintained by the Company and representations obtained from the management.

We conducted our examination of the proposed accounting treatment in accordance with the "Guidance Note on Reports or Certificates for Special Purposes" ("the Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.





N. D. KAPUR & CO.
Chartered Accountants

Opinion

Based on our examination as above, and the information and explanations given to us, in our opinion, the paragraph I (A) (9) (b) of Annexure I of SEBI Circular is not applicable to the Scheme for the reasons stated in the Undertaking.

Restriction on Use

This Certificate is provided to the Board of Directors of the Company for onward submission to the BSE Limited. This Certificate should not be used by any other person or for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

Date: May 5, 2017

Place: Mumbai

For N.D. Kapur & Co.

Chartered Accountants

Firm Registration No. 001196N



S.K. Agrawal
S.K. Agrawal
(Partner)

Membership No. 13968



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Brand that sets
the Standard



KAYCEE INDUSTRIES LTD.

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Undertaking pursuant to paragraph I(A)(9)(c) of Annexure 1 of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") regarding non - applicability of requirements prescribed under paragraph I(A)(9)(b) of Annexure 1 of SEBI Circular in respect of Scheme of Arrangement

In connection with the Scheme of Arrangement ("the Scheme") which provides for a demerger of property leasing business along with all the related operations, employees, assets, liabilities, rights etc. of Kaycee Industries Limited ("Demerged Company") into RDJ Constructions Private Limited ("Resulting Company"), a wholly owned subsidiary of the Demerged Company, as a going concern.

In terms of paragraph I(A)(9)(b) of Annexure 1 of SEBI Circular, SEBI has mandated that the Scheme of Arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in the cases mentioned therein.

The Demerged Company hereby undertakes that the requirement of paragraph I(A)(9)(b) of Annexure 1 of the SEBI Circular is not applicable to the Demerged Company as the following specified cases under paragraph I(A)(9)(b) are not applicable to the Scheme as explained below-

1. Paragraph I(A)(9)(b)(i)

"Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group of the listed company"

Reasons for non-applicability

This clause is not applicable. Upon demerger coming into effect, the following has been envisaged-

- Issue of shares by Resulting Company to the existing shareholders of Demerged Company

Resulting Company shall issue and allot to every member of the Demerged Company, holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the Record Date in the following modes, at their options viz:

- 1 (One) fully paid up equity shares of Rs.10 each of the Resulting Company for every 1 (One) fully paid up equity share of Rs.100 each held in Demerged Company; or
 - 70(Seventy) 7.50 % non-convertible redeemable preference shares of Rs.100 each of Resulting Company for every 1 (One) fully paid up equity shares of Rs.100 each held in Demerged Company.
- Cancellation of shares held by the Demerged Company in the Resulting Company



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Accordingly, it is evident from above that all the shareholders of the Demerged Company will be issued either equity shares or redeemable preference shares in Resulting Company in the same proportion in which they hold shares in the Demerged Company and there would be no allotment of additional shares to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed company

2. Paragraph I(A)(9)(b)(ii)

"Where the Scheme of Arrangement involves the listed company and any other entity involving Promoter/ Promoter Group, Related Parties of Promoter/ Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group"

Reasons for non-applicability

This clause is not applicable. The Scheme of Arrangement is between the Demerged Company and its wholly owned subsidiary i.e. the Resulting Company and thus, it does not involve any arrangement between the Demerged Company and any other entity involving Promoter/ Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.

3. Paragraph I(A)(9)(b)(iii)

"Where the parent listed company has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter/ Promoter Group, Related Parties of Promoter/ Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group of the parent listed company, and if that subsidiary is being merged with the parent Listed company under the Scheme of Arrangement"

Reasons for non-applicability

This clause is not applicable. The Demerged Company (listed company) has not acquired either directly or indirectly any equity shares of Resulting Company (being the subsidiary company) from any of the shareholders of Resulting Company who may be Promoter/ Promoter Group, Related Parties of Promoter/ Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed company i.e. the Demerged Company. In fact, the Demerged Company holds the entire share capital of the Resulting Company along with nominee shareholder. Further, the Scheme is not for the purpose of merger of the subsidiary company with the parent listed company.

4. Paragraph I(A)(9)(b)(iv)

"Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee/ resulting company by more than 5% of the total capital of the merged entity"



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Reasons for non-applicability

The above clause is not applicable as merger/ demerger of unlisted entity into listed entity is not envisaged. The proposed Scheme provides for demerger of property leasing business along with all the related operations, employees, assets, liabilities, rights etc of the Demerged Company into the Resulting Company. The shareholding pattern of the Demerged Company after the Scheme would remain the same, and no reduction of the public shareholding in the Demerged Company is envisaged.

5. Paragraph I(A)(9)(b)(v)

"Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares"

For the purpose of this clause, the expression "substantially the whole of the undertaking" in any financial year shall mean twenty percent or more of value of the company in terms of consolidated net worth or consolidated total income during previous year as specified in Section 180(1)(a)(i) of the Companies Act, 2013

Reasons for non-applicability

The above clause is not applicable. The scheme envisages transfer of the Demerged undertaking which is does not constitute twenty percent of value of the company in terms of consolidated net worth or consolidated total income during previous year as specified in Section 180 (1)(a)(i) of the Companies Act, 2013.

The same has been tabulated below:

[Amount in Cr.]

Particulars	Kaycee Industries Ltd (31 Mar 2016)	Demerged Undertaking (31 Mar 2016)	As % of consolidated net worth/ total income	Kaycee Industries Ltd (31 Dec 2016)	Demerged Undertaking (31 Dec 2016)	As % of consolidated net worth/ total income
Net Worth	11.66	1.66	14.27	11.77	1.62	13.80
Income	23.62	0.55	2.33	17.48	0.54	3.09

Based on the above, we understand that the value of the demerged undertaking is less than twenty percent of the consolidated net worth or consolidated total income of the company. Therefore, the following demerged undertaking does not fall under the expression "substantially the whole of the undertaking" as defined in Paragraph I(A)(9)(b)(v) of the SEBI Circular.



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For the reasons mentioned above, Paragraph 1(A)(9)(b) of the SEBI Circular is not applicable to the said Scheme of Arrangement.

For and on behalf of Kaycee Industries Ltd.



Chandra Prakash Jain

Director

Date: 04.05.2017

Place: Mumbai

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