

SCHEME OF ARRANGEMENT

BETWEEN

KAYCEE INDUSTRIES LIMITED
("KIL" or "Demerged Company")

AND

RDJ CONSTRUCTIONS PRIVATE LIMITED
("RCPL" or "Resulting Company")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(Under section 230 to 232 read with section 66 and section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder)

1. PREAMBLE

The Scheme of Arrangement ("Scheme") is presented under section 230 to 232 read with section 66 and section 52 of the Companies Act 2013 and other applicable provisions of the Companies Act, 2013, and the rules and regulations made there under, for the demerger of Demerged Undertaking (defined herein below) of Kaycee Industries Limited into RDJ Constructions Private Limited on a going concern basis and cancellation of the entire existing paid-up equity share capital of RDJ Constructions Private Limited.

2. DESCRIPTION OF COMPANIES

- Kaycee Industries Limited ('the Demerged Company') is a public limited company incorporated under the provisions of the Indian Companies Act,



(13)

1913 on 15 December 1942 vide Corporate Identity Number (L70102MH1942PLC006482). The Demerged Company is engaged in manufacturing and trading of industrial switches, counters, water meters, electrical components, etc. The Demerged Company is also engaged in the property leasing business. The equity shares of KIL are listed on Stock Exchange.

- RDJ Constructions Private Limited ('the Resulting Company') is a private limited company incorporated under the provisions of the Companies Act, 1956 on 21st March 2000 vide Corporate Identity Number (U45200MH2000PTC125073). RCPL is a wholly owned subsidiary of KIL. RCPL is currently not engaged into any business activities but was incorporated with an objective to engage in real estate development activities. The Resulting Company currently owns land jointly with the Demerged Company.

3. RATIONALE OF THE SCHEME

The rationale of the proposed Scheme is as under:

- Currently, the core business activities of the Demerged Company is manufacturing and trading of industrial switches, counters, water meters, electrical components, etc. The Demerged Company along with its wholly owned subsidiary i.e. the Resulting Company jointly owns an immovable property which comprises land and building at Bhandup, Mumbai. The Demerged Company is also engaged into leasing activities of the said



property owned by it. The said leasing activities forms part of non-core business activities of the Demerged Company.

- Accordingly, in order to ensure better management focus on the core business activities, the management of KIL has proposed to demerge its non-core activities i.e. property leasing activities along with related assets into the Resulting Company such that the shareholders of KIL have direct participation in property owning and leasing company.
- The demerger will inter alia have the following benefits to the companies and the shareholders:
 - Business-wise segregation to ensure better management focus on core business activities.
 - The proposed segregation of the non-core activities and assets of the Demerged Company is expected to enhance the value for the shareholders.
 - Each business would be treated as the independent business opportunity, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders.

4. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- (i) **PART I** deals with the Definitions, Interpretations and the Share capital;
- (ii) **PART II** deals with demerger of the Demerged Undertaking of Demerged Company into the Resulting Company; and



- (iii) **PART III** deals with general terms and conditions applicable to the Scheme

PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 **“Act”** means the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, each as amended from time to time and to the extent in force and any statutory modification or re-enactment thereof. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 2013 unless stated otherwise.
- 1.2 **“Accounting Standards”** means the generally accepted accounting principles in India complying with (i) the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 or the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and to the extent in force; and (ii) the relevant provisions of the Act.
- 1.3 **“Appointed Date”** means the 1st day of April 2017.
- 1.4 **“Board”** means the respective Board of Directors of the Demerged Company and the Resulting Company and shall include any Committee of



Directors constituted or appointed and authorized for the purposes of matters pertaining to this Scheme and or any other matter relating thereto.

1.5 **“Demerged Company” or “KIL”** means Kaycee Industries Limited, a public limited company incorporated under the Indian Companies Act, 1913 and having its registered office at Old Kamani Chambers, 32-Ramjibhai Kamani Marg, Ballard Estate, Mumbai – 400 001.

1.6 **“Demerged Undertaking”** means the business undertaking of the Demerged Company on a going concern basis, comprising of the property leasing activity along with all the related assets (including the investment in the Resulting Company), building, capital work in progress, liabilities, employees, rights, powers and shall include (without limitation) and in particular the following of KIL:

(a) All assets and properties, whether movable or immovable including property owned by the Demerged Company as set out in Schedule 1, tangible or intangible, real or personal, whether corporeal or incorporeal, leasehold or otherwise, including all rights (whether freehold, leasehold or license), title, interest and not limited to the plant and machinery, capital work in progress, advances, deposits, sundry debtors, inventories, cash and bank balances, bills of exchange, other fixed assets, trademarks, all intellectual property rights, development rights, loans, inventory and work in progress wherever situated, covenant and pertaining to the Demerged Undertaking of KIL;



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- (b) Assets other than those referred to in sub-clause (a) above being general in nature, if any, be allocated to the Demerged Undertaking of KIL in the manner as may be decided by the Board of Directors of KIL;
- (c) All present and future liabilities arising out of the activities or operations of Demerged Undertaking of KIL including loans, debts, borrowings, current liabilities and provisions, duties and obligations relatable to the Demerged Undertaking of KIL;
- (d) Without prejudice to the generality of the above, the Demerged Undertaking of KIL shall include in particular:
- (i) all properties constituting, relating to or required for the Demerged Undertaking of KIL wherever situated, including all fixed assets, work in progress, current assets, plant and machinery, equipment, funds, offices, office equipment, accessories, computer, fixtures, fittings, furniture, vehicles and other goods, in respect of the Demerged Undertaking of KIL; including leasehold improvements, all other tangible and intangible assets of whatsoever nature, lease and hire purchase contracts, contracts, engagements, arrangements, rights with or without the consent of the landlord, as may be required by law, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever;

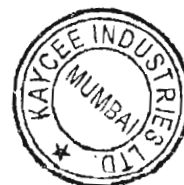


- (ii) all quotas, rights and licenses, assignments and grants thereof, all permits, registrations, rights under any agreement, contracts, government contracts, applications, memorandum of understanding, letters of intent, tender (including open tender), or any other contracts, approvals, regulatory approvals, consents, entitlements, industrial and other licenses, municipal permissions, goodwill, cash balances, bank balances, bank accounts, privileges, benefit of any deposits, financial assets, corporate guarantees issued by the Demerged Company in relation to the Demerged Undertaking and the benefits of any bank guarantees issued in relation to the Demerged Undertaking for the benefit of the Demerged Company, deferred tax benefits, privileges, liberties, easements, advantages and all other claims, rights, benefits and licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, tenancies in relation to the office and/or residential properties for the employees, offices, patents, copyrights, investments and/or interest (whether vested, contingent or otherwise) in activities undertaken by the Demerged Undertaking of KIL, either solely or jointly with other parties, benefits of all agreements, contracts



and arrangements and all other interests in connection with or relating to the Demerged Undertaking of KIL;

- (iii) all books, records, files, papers, computer programs, manuals, data, catalogues, quotations, backup and other data and records whether physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking of KIL;
- (iv) all contracts, agreements, understanding in connection with or pertaining to or relatable to the Demerged Undertaking of KIL;
- (v) all employees of KIL employed in and / or relatable to the Demerged Undertaking of KIL as on the Effective Date; and
- (vi) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the Demerged Undertaking.
- (vii) all deposits and balances with government, semi-government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the Demerged Undertaking of KIL.



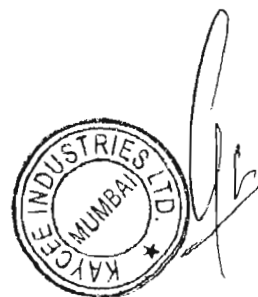
(e) For the purpose of this Scheme, the liabilities pertaining to the Demerged Undertaking of KIL means and includes:

- (i) all liabilities including contingent liabilities arising out of the activities of the Demerged Undertaking of KIL including in relation or connection with taxes or under or in relation to its contracts, other obligations, duties and sums owing;
- (ii) specific loans and borrowings raised, if any, incurred and utilized solely for the activities of the Demerged Undertaking of KIL;
- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Demerged Undertaking, being the amounts of any general or multipurpose borrowings, if any, of KIL be allocated to the Demerged Undertaking of KIL in the same proportion in which the value of the assets transferred under this Clause bears to the total value of the assets of KIL immediately before the Appointed Date of the Scheme.

Whether any particular asset or liability should be included as asset or liability of Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of KIL and RCPL.



- 1.7 **“Effective Date”** means last of the date on which the certified copies of the orders sanctioning this Scheme, passed by the National Company Law Tribunal at Mumbai or such other competent authority, are filed by the Demerged Company and the Resulting Company with the Registrar of Companies, Mumbai. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme being effective” or “effectiveness of the Scheme” or “Scheme taking effect” shall mean the Effective Date.
- 1.8 **“NCLT” or “Tribunal”** means the Hon’ble National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to the Demerged Company and Resulting Company and shall be deemed to include, if applicable, a reference to such other forum or authority which may be vested with any of the powers of a Tribunal to sanction the Scheme under the Act.
- 1.9 **“Promoter of KIL”** means CMS Computers Limited.
- 1.10 **“Record Date”** means the date to be mutually fixed by the Boards of Directors of the Demerged Company and the Resulting Company for the purposes of determining the shareholders of the Demerged Company to whom consideration shall be paid as mentioned in Clause 5 of this Scheme of Arrangement between Demerged Company and the Resulting Company.
- 1.11 **“Resulting Company” or “RCPL”** means RDJ Constructions Private Limited, a private limited company incorporated under the Companies Act, 1956 and



having its registered office at CMS Lake Road Center, 70 Lake Road, Kaycee Industrial Compound, Bhandup (West), Mumbai – 400 078.

1.12 **“Remaining Business”** with respect to the Demerged Company means all business activities of the Demerged Company other than the Demerged Undertaking.

1.13 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 18 of this Scheme as approved or directed by the National Company Law Tribunal.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

1.14 **“Stock Exchange”** means the Bombay Stock Exchange Limited where the equity shares of KIL are listed.

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme as set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the NCLT or any other appropriate authority shall be effective from the Appointed Date, but shall be operative from the Effective Date.



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3. SHARE CAPITAL

3.1 The share capital of KILas on March 31, 2016 was as under:

Particulars	Amount in (Rs)
Authorised Capital	
97,500 Equity Shares of Rs.100 each	97,50,000
TOTAL	97,50,000
Issued, Subscribed and Paid up Capital	
63,470 Equity Shares of Rs.100each, fully paid up	63,47,000
TOTAL	63,47,000

Subsequent to March 31, 2016, there has been no change in its authorised, issued, subscribed and paid-up share capital.

3.2 The share capital of RCPLas on March 31, 2016 was as under:

Particulars	Amount in (Rs)
Authorised Capital	
10,000 Equity Shares of Rs.10 each	1,00,000
TOTAL	1,00,000
Issued, Subscribed and Paid up Capital	
10,000 Equity Shares of Rs.10 each, fully paid up	1,00,000
TOTAL	1,00,000

Subsequent to March 31, 2016, there has been no change in its authorised, issued, subscribed and paid-up share capital.



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KIL along with its nominee shareholder holds the entire equity share capital of RCPL.

PART II

DEMERGER OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Demerged Undertaking of the Demerged Company as defined in Clause 1.5 thereof, shall pursuant Section 230 to 232 of the Act and other relevant provision of the Act and the order of the NCLT sanctioning the Scheme, without any further act, instrument or deed, be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, on a going concern basis, in accordance with Section 2(19AA) of the Income-tax Act, 1961, so as to vest in the Resulting Company all the rights, title and interest of Demerged Undertaking therein, subject to the subsisting charges and pledges, if any.
- 4.2 Without prejudice to the provisions of Clause 4.1, assets and properties of the Demerged Company relating to the Demerged Undertaking, upon the coming into effect of this Scheme and with effect from the Appointed Date, under the provisions of section 230 to 232 of the Act, without any further act or deed or instrument or conveyance for the same shall deemed to be transferred to the Resulting Company and shall become the assets and properties of the



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Resulting Company. The order of the NCLT shall for all purposes be treated as the instrument conveying such properties and assets to the Resulting Company.

- 4.3 In respect of assets such as intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities, bodies and customers, the Demerged Company shall if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme under section 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Demerged Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company.
- 4.4 All immovable properties (including land, building and any other immovable property) of the Demerged Undertaking of the Demerged Company whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in the Resulting Company without the requirement of execution of any further documents for registering the name of the Resulting Company as the owner thereof and the appropriate authorities, including the relevant sub-registrar in Maharashtra may rely on the Scheme along with the order passed by NCLT, to make necessary mutation entries and



changes in the land or revenue records to reflect the name of Resulting Company as the owner of the immovable properties. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The Demerged Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Resulting Company.

- 4.5 If any asset relating to Demerged Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall, (i) hold such asset in trust for the sole benefit of the Resulting Company till the same is transferred and shall hold and deal with the same in accordance with the reasonable instructions as may be given by the Resulting Company in that regard; and (ii) make reasonable efforts to transfer such asset to the Resulting Company (along with any benefits attached thereto) within the earliest possible period pursuant to the Scheme becoming effective.
- 4.6 All patents, patent rights applications, trademarks, trade names, knowhow, content, software, manuals, copyrights and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits,



goodwill, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipment and installations, utilities, electricity and electronic devices and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities/ guarantees given by the Demerged Company in relation to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, local authorities or any other customs etc., benefits of any agreement to sell off immovable properties sold or purchased by the Demerged Company in relation to the Demerged Undertaking, and all other rights, interests, claims and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest moneys and/ or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company and relating to the Demerged Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Resulting Company pursuant to the provisions of section 232 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.



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- 4.7 With effect from the Appointed Date, any statutory licenses, permissions or approvals or consents held by the Demerger Company required to carry on operations of the Demerged Undertaking shall stand transferred to and vested in Resulting Company by virtue of order of NCLT sanctioning the Scheme, and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resulting Company. The benefit of all statutory and regulatory permissions, approvals and consents, registration or other licenses, and consents shall vest in and become available to Resulting Company pursuant to the Scheme.
- 4.8 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the debts, advances, liabilities and obligations pertaining to the Demerged Undertaking of the Demerged Company shall, under the provisions of Sections 230 to 232 of the Act, without any further act or deed shall stand transferred to or be deemed to be transferred to the Resulting Company and shall become the debts, liabilities and obligations of the Resulting Company which it undertakes to meet, discharge and satisfy 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, advances, liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.9 In so far as the assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the security, existing charges, mortgages



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and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings not relating to Demerged Undertaking shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to the liabilities, which are not related to Demerged Undertaking of the Demerged Company. The Demerged Company to apply to the authorities for release of such assets and apply to Registrar of Companies for modification of charges, encumbrances created on such assets, if required.

- 4.10 All accrued or unaccrued advance income tax, service tax, any tax deduction / collection at source of any other taxes of any nature, duties, cesses or any other like payments or deductions made by the Demerged Company to any statutory authorities which pertains to the Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be deemed to have been on account of or paid by the Resulting Company.

5. **CONSIDERATION**

- 5.1 Upon this Scheme becoming effective and in consideration of the de-merger and vesting of the Demerged Undertaking of KIL into RCPL in accordance with this Scheme, RCPL shall at the option of the equity shareholders of the KIL and subject to Clause 5.3 below, by way of delivering an Election Notice in accordance with Clause 6, issue and allot to every member of KIL, holding fully paid up equity shares in KIL and whose names appear in the register of members of KIL on the Record Date or to such of their heirs, executors,



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administrators or the successors-in-title, in the following modes, at their option viz:

- 1(One) fully paid up equity shares of Rs.10 each of RCPL for every 1 (One) fully paid up equity share of Rs.100 each held in KIL; or
- 70 (Seventy) 7.50% non-convertible redeemable preference shares of Rs.100 each of RCPL for every 1 (One) fully paid up equity shares of Rs.100 each held in KIL.

5.2 The redeemable preference shares and the equity shares of the Resulting Company shall not be listed and/ or admitted on any stock exchange. The Scheme therefore envisages an exit mechanism to desired shareholders of KIL by way of issue of redeemable preference shares of the Resulting Company which will be redeemable by the Resulting Company after a period of 12 months from the date of their issuance.

5.3 Further, the non-residents holding equity shares of KIL on repatriation basis shall be mandatorily issued 1 (One) fully paid unlisted equity shares of Rs.10 each of RCPL for every 1 (One) fully paid up equity shares of Rs.100 each held by such shareholder in KIL on the Record Date. However, such shareholders shall have the option to tender these unlisted equity shares of RCPL to the Promoter of KIL within a period of 3 months from the date of allotment of such equity shares at a price of Rs.6,925 per share, determined in accordance with the valuation for the purpose of issuance of equity shares of RCPL.



5.4 Terms of issue of Redeemable Preference Shares:

(a) Face value

The Redeemable Preference Shares issued shall have a face value of Rs. 100 per Redeemable Preference Share.

(b) Coupon

The Redeemable Preference Share shall subject to the provisions of the Articles of Association of the Resulting Company and the Act confer the holders thereof a right to fixed preferential dividend of 7.50% per annum in priority to the equity shares. Dividend shall be payable annually.

(c) Voting Rights

The holder of the Redeemable Preference Share shall have the right to vote in general meeting of the Resulting Company in accordance with Section 47 (2) of the Companies Act 2013.

(d) Redemption

The Redeemable Preference Shares are redeemable on the expiry of 12 months from the date of allotment. Each Redeemable Preference Shares shall be redeemable at par.

(e) Taxation

The coupon payments received by the preference shareholders shall not be taxable under the Income-tax Act, 1961.

(f) Winding-up



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In the event of winding up of the Resulting Company, the holders of the Redeemable Preference Shares shall have a right to receive of the paid up capital and arrears of dividend, whether declared or not, upto the commencement of winding up, in priority to any paid up capital on the equity shares out of the surplus but shall not have any further rights to participate in the profits of the assets of the Resulting Company.

- 5.5 Any fraction arising out of allotment of shares as per Clause 5.1 shall be rounded off to the nearest integer.
- 5.6 The shares shall be issued in dematerialised form unless communication is received from any particular shareholder in writing that shares are to be issued in physical form, on or before such date as may be determined by the Resulting Company or committee constituted thereof.
- 5.7 The issue and allotment of equity shares or redeemable preference shares to the shareholders of KIL, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under the Act.
- 5.8 The Resulting Company shall and to the extent required, increase its Authorized Share Capital to facilitate the issue of equity or the redeemable preference shares as the case may be under this Scheme.
6. **ELECTION NOTICE**
- 6.1 The Resulting Company shall dispatch the format of notice ('Election Notice') to each of the equity shareholders (except for non-resident equity shareholders holding shares on repatriation basis as per Clause 5.3 above) of the Demerged



Company whose name appear in register of members as on the Record Date, which shall allow equity shareholders of the Demerged Company, the following options, and contain or require furnishing of such other information as may be necessary to give effect to such options:

- a) Issuance and allotment of equity shares of Resulting Company; or
- b) Issuance and Allotment of 7.50% non-convertible redeemable preference shares

- 6.2 Such Election Notice shall be dispatched within 15 (Fifteen) days of the Record Date.
- 6.3 Such equity shareholders of the Demerged Company shall be required to submit the duly filled-up Election Notice to the Resulting Company on or before the expiry of 25 (Twenty-Five) days from the date of dispatch of such Election Notice. The equity shareholders of the Demerged Company are mandatorily required to exercise either of the option which shall be provided to them in the election notice in entirety and not in parts.
- 6.4 If any of such equity shareholders of the Demerged Company has not submitted the duly filled-up Election Notice to the Resulting Company within the stipulated time as mentioned above or has not provided requisite details as may be required in relation to the option or where such Election Notice has not been received by the Resulting Company or the Election Notice has returned undelivered or the ownership of the equity shares of the Demerged Company is in dispute, then in that event, such equity shareholder shall be allotted



7.50% redeemable preference shares of the Resulting Company (as consideration pursuant to Clause 5) in the ratio as stated in Clause 5.1 above

7. ACCOUNTING TREATMENT

Pursuant to the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Demerged Company and the Resulting Company shall account for the demerger in their respective books of accounts in accordance with Accounting Standards in the following manner:

TREATMENT IN THE BOOKS OF DEMERGED COMPANY

- 7.1 The book values of the assets and liabilities pertaining to the Demerged Undertaking transferred by the Demerged Company to the Resulting Company shall be reduced from the book values of the assets and liabilities appearing in the books of the Demerged Company.
- 7.2 Inter-corporate deposit / loans and advances between the Demerged Company and the Resulting Company relating to the Demerged Undertaking, if any, shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 7.3 The difference between the Net Assets (Assets minus liabilities) for the Demerged Company as per Clause 7.1 after adjustments for 7.2 shall be adjusted as follows:
- To the extent of share premium account as appearing in the books of the Demerged Company;



- ii. Balance shall be adjusted against General Reserves and Statement of Profit and Loss account of the Demerged Company.
- 7.4 The utilisation of the share premium account of the Demerged Company as mentioned in Clause 7.3 above shall be effected as an integral part of this Scheme without having to follow the process under section 52 of the Companies Act 2013 read with sections 66 of the Companies Act, 2013 separately and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under section 66 of the Act for the purpose of the confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and hence the provisions of section 66 of the Act will not be applicable. The Demerged Company shall not be required to add words “and reduced” as a suffix to its name consequent upon such reduction.

TREATMENT IN THE BOOKS OF RESULTING COMPANY

- 7.5 The Resulting Company shall credit its share capital account with the aggregate face value of the equity shares and redeemable preference shares issued by it to the shareholders of the Demerged Company pursuant to Clause 5.1 of this Scheme.
- 7.6 The face value of equity shares of the Resulting Company which are cancelled pursuant to Clause 8 shall be reduced from its share capital account.
- 7.7 Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking at their respective book value.



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- 7.8 Inter-corporate deposit / loans and advances between the Demerged Company and Resulting Company relating to Demerged Undertaking shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 7.9 The excess/ deficit if any, remaining after recording the aforesaid entries shall be adjusted in the reserves of the Resulting Company.
- 7.10 In case of any differences in the accounting policies between the Demerged Company and the Resulting Company, the impact of the same till the Appointed Date of arrangement will be quantified and adjusted in the free/general reserves of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies.

8. **CANCELLATION OF THE EXISTING EQUITY SHARE CAPITAL OF RCPL**

- 8.1 Upon the Scheme becoming effective and allotment of equity shares by RCPL as per clause 5, the existing 10,000 equity shares having face value of Rs. 10 each of RCPL shall, without any application or deed, stand cancelled without any payments to the holders of such equity shares of RCPL.
- 8.2 The cancellation of the such equity shares of RCPL, as mentioned above, shall be effected as an integral part of this Scheme without having to follow the process under Section 66 of the Act separately and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would



not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital to the shareholders and the provisions of Section 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name and the Resulting Company shall carry on its old name.

9. **LEGAL PROCEEDINGS**

- 9.1 All legal proceedings of whatsoever nature, whether pending or threatened, by or against the Demerged Company at the Appointed Date and or arising after the Appointed Date till the Effective Date, relating to the Demerged Undertaking of the Demerged Company, as and from the Effective Date, shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 9.2 After the Appointed Date till the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 9.1 above, it shall defend the same at the cost of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 9.3 After the Effective Date, if any proceedings are taken or continued against the Demerged Company in respect of Demerged Undertaking carried on by the



Resulting Company, the Resulting Company shall defend the same at its own cost; and, in respect of Demerged Undertaking carried on by the Resulting Company after the Effective Date, Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities, costs and obligations incurred by the Demerged Company, if any, in respect thereof.

- 9.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 9.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the Resulting Company to prosecute / defend such proceedings and the Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if any, in respect thereof.

10. **DIVIDENDS**

- 10.1 The Demerged Company shall be entitled to declare and pay dividend, whether interim or final to their shareholders in respect of the accounting period prior to the Effective Date.
- 10.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the



Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fits.

- 10.3 It is clarified that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any on Demerged Company and /or the Resulting Company to demand or claim any dividend which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Demerged Company, subject to the approval of the shareholders, as may be required.

11. **CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 11.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise of whatsoever nature relating to the Demerged Undertaking and to which the Demerged Company are a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or there under.
- 11.2 Without prejudice to the transfer and vesting of the Demerged Undertaking to and in the Resulting Company, the Resulting Company may, at any time after



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this Scheme becomes effective. if so required or becomes necessary, enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations with or in favour of any party to any agreements, contracts, arrangements, understandings, bonds, engagements, deeds and instruments relating to the Demerged Undertaking. The Resulting Company 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.

11.3 For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licences, consents, registrations, approvals, municipal permissions, insurance policies, registrations, connections for water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.

11.4 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements,



schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do till such time as the transfer is effected.

- 11.5 In pursuance of the Scheme, the Demerged Company and the Resulting Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents and enter into such arrangements as may be required for giving effect to this Scheme.

12. TREATMENT OF STAFF, WORKMEN AND EMPLOYEES

- 12.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company relatable to Demerged Undertaking, who are in service on the date immediately preceding the Effective Date shall become staff, workmen and employees of the Resulting Company, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. The Resulting Company further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Demerged Company shall also be taken into account.



12.2 The accounts / funds of staff, workmen and employees, past or present, relating to pension and/or superannuation, provident fund, gratuity fund or any other special fund or trusts created or existing for the benefit of staff, workmen and employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall be identified, determined and transferred to the respective Trusts / Funds of the Resulting Company.

13. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

With effect from the Appointed Date to the Effective Date:

- 13.1 The Demerged Company undertakes to preserve and carry on the business and activities related to Demerged Undertaking, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:
- a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT(s); or
 - b) if the same is expressly permitted by this Scheme; or
 - c) if the prior approval of the Board of Directors of the Resulting Company has been obtained.
- 13.2 The Demerged Company shall carry on and be deemed to have carried on all business and activities relating to Demerged Undertaking and shall stand possessed of all the assets, rights, title and interest for and on account of, and in trust for the Resulting Company.



13.3 All income, profits and cash accruing to or expenditure or losses arising or incurred (including the effect of taxes if any thereon), by the Demerged Company in relation to Demerged Undertaking, shall for all purposes, be treated as the income, profits, cash, taxes, expenditure or losses of the Resulting Company.

14. **REMAINING BUSINESS**

14.1 The Remaining Business and all the assets, liabilities and obligations other than Demerged Undertakings shall continue to belong to and be vested in and be managed by the Demerged Company.

14.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date.

14.3 If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 14.2 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and



obligations incurred by the Resulting Company in respect thereof. In respect of such defence, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

14.4 With effect from the Appointed Date and upto and including the Effective Date:

- (a) The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) all income and profits accruing to the Demerged Company thereon or expenditure or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
- (c) All assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

15. **TREATMENT OF TAXES**

- 15.1 On and from the Appointed Date, Cenvat credits, credit for tax deducted at source or any other tax credit certificate relating to the Demerged Undertaking received in the name of the Demerged Company, shall be deemed to have



been received by the Resulting Company and which alone shall be entitled to claim credit for such tax deducted or paid.

15.2 Upon this Scheme being effective, the Demerged Company and Resulting Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

15.3 The Resulting Company shall be entitled to carry forward, avail or set-off any unutilized CENVAT credit, VAT credit, Entry tax etc. lying unutilized in the Demerged Company in relation to the Demerged Undertaking on and from the Effective Date.

15.4 Without prejudice to the generality of the above, all benefits including under the income tax, excise duty, service tax, applicable State Value Added Tax Laws, Goods & Service tax, etc., pertaining to the Demerged Undertaking to which the Demerged Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Resulting Company.

16. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the Demerged Undertaking as above and the continuance of proceedings as referred in Clause 9 above, by or against the



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Demerged Company in relation to the Demerged Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company 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 the Resulting Company.

PART III

GENERAL TERMS AND CONDITIONS

17. APPLICATION TO THE NCLT

The Demerged Company and the Resulting Company shall with all reasonable dispatch, make necessary applications / petitions, wherever required, under sections 230 to 232 and other applicable provisions of the Act to the NCLT for sanctioning this Scheme.

18. MODIFICATION / AMENDMENT TO THE SCHEME

- 18.1 Subject to approval of the NCLT, the Demerged Company and the Resulting Company by their respective Board of Directors, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme or to any conditions or limitations that the NCLT and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all



difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

- 18.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Demerged Company and the Resulting Company may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.
- 18.3 The Demerger under this Scheme is proposed to be carried out in compliance with the provisions of section 2(19AA) of the Income Tax, 1961 as interpreted and explained by the various judicial decisions, circulars and notifications issued under the Income Tax Act, 1961 and the Rules thereunder ('Applicable Tax Laws'). If any terms or provisions of this Scheme found or interpreted to be inconsistent with the provision of the Applicable Tax Laws, then the provisions of the Applicable Tax Laws shall prevail over the Scheme and the Scheme shall be modified and amended to bring them in compliance with the Applicable Tax Laws. Such modification will however, not affect other parts of the Scheme. The Board of Directors of the Demerged Company and the Resulting Company shall on behalf of all persons concerned carry out and consent to the carrying out of any modifications or amendments of the Scheme or to any conditions or limitations that may be deemed appropriate in this regard or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that



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may arise for carrying out the Scheme in compliance with the Applicable Tax Laws and do all acts, deeds and things necessary for the same.

- 18.4 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Demerged Company and/or the Resulting Company may find unacceptable for any reason, in whole or in part, then the Demerged Company and/or the Resulting Company are at liberty to withdraw the Scheme.

19. **CONDITIONALITY OF THE SCHEME**

The Scheme is conditional upon and subject to the following:

- 19.1 The Scheme being approved by the requisite consent of the members and/or creditors of the Demerged Company and the Resulting Company respectively, as required under the Act and the requisite orders of the NCLT being obtained.
- 19.2 The sanction of the Scheme by the NCLT under Sections 230 to 232 of the Act in favour of the Demerged company and the Resulting Company, as the case may be, under the said provisions and to the necessary order under Section 232 of the Act being obtained;
- 19.3 The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 19.4 Certified copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Mumbai by the Demerged Company and the Resulting Company respectively.



20. **EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the NCLT, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

21. **COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, shall be borne by the Demerged Company.



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SCHEDULE 1

IMMOVABLE PROPERTY

Land and building situated at Bhandup (West), Bhandup Taluka Kurla
Mumbai Suburban CTS No 109 (Property card no. 7436/109)

Name of Company	Description (Area of Land)
Kaycee Industries Limited	Land (3382 sq. meter) and building appurtenant thereto

