

**SCHEME OF ARRANGEMENT FOR DEMERGER
(Under Sections 230 to 232 of the Companies Act, 2013)**

BETWEEN

RDB REALTY & INFRASTRUCTURE LIMITED

AND

RDB REAL ESTATE CONSTRUCTIONS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

FOR

**DEMERGER OF REALTY DIVISION OF
RDB REALTY & INFRASTRUCTURE LIMITED**



PREAMBLE

1. RDB Realty & Infrastructure Limited (RRIL) is an existing company registered under the provisions of the Companies Act, 1956 and having its registered office at Bikaner Building, 8/1 Lalbazar Street, 1st Floor, Room No.-10, Kolkata-700001, West Bengal.
2. RRIL presently has two business Divisions.
 - (i) Realty Division – The company is engaged in real estate development business and does real estate development projects for domestic markets. This division works generally for the non-government sector.
 - (ii) Infrastructure Division – This division carries out infrastructure development projects for domestic markets. The Infrastructure business is the core activity of the company.
3. It is intended that the Realty Division will be demerged. Such demerger into another group company, namely, RDB Real Estate Constructions Limited which is an unlisted public company. In future RDB Real Estate Constructions Limited will also go for listing.
4. RRIL proposes by this Scheme of Arrangement and Reconstruction to divest its Realty Division by vesting the same with RDB Real Estate Constructions Limited in accordance with the terms of this Scheme.
5. RDB Real Estate Constructions Limited, the Transferee Company is a company incorporated under the provisions of the Companies Act, 2013 having its registered office at Bikaner Building, 8/1 Lal Bazar Street, 1st Floor, Room No-11-Kolkata - 700001, West Bengal.



PART -I

1. DEFINITIONS

For the purpose of this scheme, the following expressions shall, have the following meaning unless repugnant to the meaning or context thereof:

- 1.1 **“Act”** means the Companies Act 2103 or any statutory modification or re-enactment thereof for the time being in force.
- 1.2 **“Appointed date”** means the first day of April, 2020 or such other date as the National Company Law Tribunal at Kolkata may direct or approve.
- 1.3 **“Board”** or **“Board of Directors”** in relation to each of the Companies, as the case may be, means the board of directors of such company and, unless it be repugnant to the context, includes a duly authorised committee of directors
- 1.4 **“RRIL”** or **“Transferor Company”** shall mean RDB Realty & Infrastructure Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Bikaner Building, 8/1 Lalbazar Street, 1st Floor, Room No.10, Kolkata - 700001, West Bengal.
- 1.5 **“RRECL”** or **“Transferee Company”** shall mean RDB Real Estate Constructions Limited, a company incorporated under the provisions of the Companies Act, 2013` and having its registered office at Bikaner Building, 8/1 Lalbazar Street, 1st Floor, Room No.11, Kolkata - 700001, West Bengal.
- 1.6 **“Effective date”** means the date or the last dates on which the certified copy of the order of the National Company Law Tribunal at



Kolkata sanctioning the scheme are filed with the Registrar of Companies, West Bengal by RRIL and RRECL.

1.7 **“Infrastructure Division of RRIL”** means the division involved in the development of infrastructure business in the domestic market.

1.8 **“Realty Division”** means business of real estate development and does real estate development project for domestic market. more fully and particularly comprising of the following :

(a) i) All properties and assets, whether movable and immovable, tangible or intangible, real and personal, corporeal and incorporeal, in possession of RRIL or in reversion, present and contingent of whatever nature, wheresoever situated including continuing rights, title and interests in connection with the land and the buildings thereon, whether leasehold or otherwise, all plant and machinery, electrical installation, computers, equipment, furniture, whether leased or otherwise; and

ii) All investments in quoted and unquoted shares, bills of exchange, deposits and loans & advances including interest thereon and other assets as appearing in the books of accounts of RRIL; and

iii) All rights, powers, interests, charges, privileges, benefits, entitlements, industrial and other licenses, registrations, permits, quotas, patents, trademarks, liberties, easements and advantages, of whatever kind, nature or description held, applied for or as may be obtained hereafter together with the benefit of all contracts and engagements and all books, papers, documents and records, as appearing in the books of RRIL; and



- iv) All debts, borrowings and liabilities, present or future, whether secured or unsecured, sundry creditors and other statutory or non-statutory liabilities including provisions for taxes, duties, liability towards gratuity and leave encashed for employees; and
- v) Proportionate Reserves & Surplus (in proportion to net assets transferred) as appearing in the Books of RRIL as on the date immediately preceding the appointed date,

details of which as on 31st March 2020 are appended vide Schedule I to the Scheme.

- (b) without prejudice to the generality of sub-Clause (a) above, the Infrastructure Division of the Transferor Company shall include all the movable and immovable properties, assets, including lease-hold rights, tenancy rights, industrial and other licenses, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, rights and benefits of all agreements, guarantees, deeds, bonds, insurance policies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power or possession or control of the Transferor Company;

1.9 **“Record Date”** shall mean the date fixed by the respective Board of the Transferor Company and Transferee Company for the purpose of determining the shareholders of the Transferor



Company to whom the Transferee Company Shares shall be allotted under this Scheme.

1.10 **“Scheme”** shall mean this scheme of arrangement for demerger of realty division of RRIL with another group company RRECL under Section 230 to 232 of the Act in the present form or with such modifications as sanctioned by the National Company Law Tribunal at Kolkata.

1.11 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 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.

2. **RATIONALE:**

This scheme of arrangement envisages demerger of Realty division of RRIL in favour of another group company under the same management namely RRECL which is also a real estate development company.

2.1 RRIL intends to develop/restructure its two businesses to achieve optimum growth and development of both the business separately and to have separate concentrated focus on both the Realty and Infrastructure activities.

2.2 RRECL is a newly incorporated company desirous of engaging in the business of real estate development and is empowered by the Objects Clause of its Memorandum & Articles of Association to undertake the business of real estate development. RRECL is planning to expand its business operations and is desirous of



expanding in various real estate development activities. In future RRECL will also go for listing.

- 2.3 The nature of risk and competition involved in both the Divisions of RRIL are divergent and consequently each Division is capable of attracting different sets of investors. Moreover, the activities which have been so far carried out by RRIL, have potential for growth and development, and require large infusion of funds and require undivided care and attention. Therefore, both the businesses need separate set of directions and investment for development, expansion and optimum growth of their respective businesses and maximization of shareholders' value.
- 2.4 Infrastructure development carried out at Infrastructure Division is the core business of RRIL which needs special attention of the Management to seize the new opportunities which this segment offers. To be competitive and maintain its market share in domestic, it is necessary to improve operational and administrative efficiency and create the requisite infrastructure for obtaining good business. The scheme for separation of Realty Division of RRIL, will lead to better and more efficient management of its core Infrastructure activity having better focus and undivided attention in the best interests of its stakeholders.
- 2.5 The proposed scheme will enable RRECL to undertake real estate development business currently being carried out by RRIL, under separate umbrella of management having greater focus and attention in an efficient manner. Furthermore, RRECL will avoid the gestation period involved in acquiring and developing new ventures.



2.6 The proposed scheme will enable RRECL to effectively raise financial resources through equity and debt capital on the basis of



financial assets for better operation and greater realization of the potential of RRIL real estate development business.

- 2.7 In view of the aforesaid and in order to develop / restructure the business carried on a stand-alone basis without encumbering the Infrastructure business of RRIL, it is considered desirable and expedient to reorganize and reconstruct RRIL by transferring the Realty Division to RRECL.
- 2.8 The scheme will have beneficial results for both the companies, their shareholders and all concerned.

3. SHARE CAPITAL AND SHARE HOLDING PATTERN

The authorized, issued, subscribed and paid up share capital of RRIL and RRECL as on 31st March 2020 are as follows:

(i) RRIL		
A.	Authorised Share Capital	Amount (Rs.)
	2,30,00,000 Equity Shares of Rs.10/- each	23,00,00,000/-
B.	Issued, Subscribed and Paid-up share capital	
	1,72,83,400 Equity Shares of Rs.10/- each fully paid-up	17,28,34,000/-
(ii) RRECL		
A.	Authorised Share Capital	Amount (Rs.)
	32,50,000 Equity Shares of Rs.10/- each	3,25,00,000
B.	Issued, Subscribed and Paid-up share capital	
	10,10,000 Equity Shares of Rs.10/- each fully paid-up	1,01,00,000



PART - II

(DEMERGER OF REALTY DIVISION)

4. CONSIDERATION - ISSUE OF SHARES



4.1 Upon the Scheme becoming operative RRECL shall, in consideration of the transfer and vesting of Realty Division, without further application, issue and allot shares on a proportionate basis to the shareholders of RRIL as on the Record Date in the following ratio (**the entitlement ratio**).

Equity Shares -

27 (Twenty Seven) Equity Share of Rs.10/- each credited as fully paid up ("**New RRECL Equity Shares**") for every 50 (Fifty) Equity Shares of Rs.10/- each credited as fully paid up held by them in RRIL.

- 4.2 The New RRECL Equity Shares to be issued by RRECL under Clause 4.1 shall, in all respects, rank pari passu with the existing shares of RRECL and shall rank for dividends from the date of their allotment.
- 4.3 Fractional shares, if any, arising on allotment of New RRECL Equity Shares by RRECL shall be rounded off to the next nearest integer and issued and allotted to the shareholders of RRIL by RRECL.
- 4.4 Notwithstanding anything contained in Clause 4.1, RRECL shall be entitled to discharge the consideration in respect of entitlements of the Equity Shareholders of RRIL either by way of issue of Equity shares in RRECL as per the Entitlement Ratio provided in Clause 4.1 or by way of payment in cash to the extent of the fractional entitlements of the Equity Shares.
- 4.5 The shares allotted by RRECL pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange i.e. BSE Limited.

5. TRANSFER OF THE REALTY DIVISION

- 5.1 With effect from the Appointed Date, the Realty Division shall be transferred to RRECL at its **book value** for all the estate and interest of



RRIL therein, subject however, to all charges, liens, lispendens, mortgages and encumbrances, if any, affecting the same or any part thereof specific to the Realty Division.

- 5.2 The transfer of the movable assets comprised therein shall be effected by RRIL delivering possession of the same to RRECL.
- 5.3 A statement of Assets relating to Realty Division as appearing in the books of account of RRIL as on 31st March 2020 is set out in Schedule 1 hereto. The same shall be transferred to RRECL in terms of this scheme at their said respective **book values**.
- 5.4 All debts, liabilities, duties and obligations of RRIL relating to the Realty Division whether or not provided for in the books of accounts of RRIL, whether disclosed or undisclosed in the Balance Sheet shall become the debts, liabilities, duties and obligations of RRECL pursuant to the provisions of Section 232 of the Act. RRECL undertakes to meet, discharge and satisfy the same to the exclusion of RRIL and to keep RRIL indemnified at all times from and against all such debts, liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereof.
- 5.5 The Realty Division is to belong to and be vested in RRECL at book values, without any further act or deed. The Realty Division would include investment in the form of securities comprising shares, Government Securities, Mutual Fund as defined under the Securities Contract (Regulations) Act, 1956 and as are augmented or added to during the time this scheme is pending for consideration of the NCLT, and shall be vested in RRECL and/or deemed to be transferred or vested in RRECL and shall become the property of RRECL at book value, pursuant of the provisions of sections 230 to 232 of the Act and the transmission thereof in the name of RRECL in pursuance to the provisions of sections 230 to 232 of the Act.
- 5.6 RRECL shall, at any time after the vesting order passed under this scheme be entitled to get recording of the change in the legal title on the vesting of the said investments pursuant to the terms and



conditions of the scheme and pursuant to the provisions of sections 230 to 232 of the Companies Act. RRIL and RRECL shall jointly and severally be authorised to execute any writings as are or may be required to remove any difficulties and carry out any formalities or compliance for the implementation of this scheme.

6. EMPLOYEES

There are two permanent employees in the rolls of RRIL specifically engaged in or in relation to the Realty Division who will be transferred to the Realty Division. Balance permanent employees in the rolls of RRIL belong to the Infrastructure Division as on the Appointed Date and accordingly shall continue to remain in the employment of RRIL without any change in the terms and conditions of service.

7. LEGAL PROCEEDINGS

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

8. BUSINESS & PROPERTY IN TRUST AND CONDUCT OF NEW COMPANY BUSINESS

8.1 With effect from the Appointed Date and up to and including the Date on which this Scheme becomes operative:

- (a) RRIL undertakes to carry on the business of its rights and obligations relating to Realty Division in the ordinary course of business and RRIL shall be deemed to have carried on and to be carrying on all business and activities relating to the Realty Division and on account of and in trust for RRECL).



- (b) All profits accruing to RRIL or losses arising or incurred by it relating to the Realty Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be, of RRECL.
- (c) RRIL shall be deemed to have held and stood possessed of the assets so to be transferred to RRECL under this Scheme for and on account of and in trust for RRECL and, accordingly, RRIL shall not (except with the prior written consent of RRECL) alienate, charge or otherwise deal with or dispose of the Realty Division or any part thereof except in the usual course of business.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer of Realty Division and the continuance of the proceedings by or against RRECL shall not affect any transaction or proceeding already completed by RRIL on and after the Appointed Date and prior to this Scheme becoming operative to the end and intent that RRECL accept all acts, deeds and things done and executed by and/or on behalf of RRIL in relation to Realty Division as acts, deeds and things done and executed by and on behalf of RRECL.

10. CONTRACTS, LICENSES, APPROVALS

On the Effective Date:

- 10.1 all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Realty Division to which RRIL is a party subsisting or having effect immediately before this Scheme becomes operative shall remain in full force and effect against or in favour of RRECL, as the case may be and may be enforced as fully and effectually as if instead of RRIL, RRECL had been a party thereto.



10.2 all permissions, approvals, consents etc. issued directly to RRIL under any notification or government order or order of any competent authority or local body in respect of the Realty Division shall stand transferred in the name of RRECL or become applicable to it and RRECL shall accordingly be entitled to avail benefits of and act upon the said consents and approvals, permissions, etc, as if the said consents approvals, permissions etc, were originally granted to RRECL.

11. ACCOUNTING TREATMENT

11.1 In the books of RRIL:

Upon the coming into effect of this Scheme with effect from the Appointed Date

- (a) All assets relating to the Realty Division of RRIL shall stand transferred at their respective book values to RRECL.
- (b) Reserves and Surplus as on the day immediately before the Appointed Date, shall be apportioned between RRIL and RRECL in the same proportion in which net assets have been retained by RRIL and net assets of the Realty Division being demerged and the allocated amounts shall stand transferred to RRECL resulting in reduction of equal amount in the Books of RRIL.
- (c) The book value of the assets as reduced by the amount of proportionate Reserves and Surplus relating to the Realty Division as per clause 11.1(b) shall be further adjusted against Reserves & Surplus of RRIL converting it into debit balance to be set off against future profits.

11.2 In the books of RRECL:

Upon the coming into effect of this Scheme with effect from the Appointed Date



- (a) RRECL shall record all the assets transferred to it in pursuance of this Scheme at their respective book values as appearing in the books of accounts of RRIL immediately before the Appointed Date.
- (b) RRECL shall record the proportionate amount of Reserves & Surplus. as allocated and transfer to it in terms of clause no.11.1(b) and shall be credited to General Reserve.
- (c) Pursuant to the proposed Demerger in accordance with the Scheme, the difference, if any, arising in the books of RRECL between:
 - i. the aggregate of the face value of the equity share capital issued by RRECL, in terms of clause 11.1 above; and
 - ii. the amount representing the surplus of assets over liabilities of the Realty Division as reduced by the proportionate Reserves & Surplus of RRIL recorded in its books of accounts, as per provisions of sub- clause 11.2.(a) & (b).

shall be credited to Capital Reserve/ Goodwill of RRECL.

- (d) It is hereby clarified that pursuant to this Scheme, all transactions during the period between the Appointed Date and the Effective Date relating to the Realty Division of RRIL would be duly reflected in the financial statements of RRECL, upon the Scheme coming into effect.

12. NO CHANGE IN THE SHARE CAPITAL OF RRIL

With effect from the Appointed Date and until the occurrence of the effective date RRIL shall not make any change in its capital structure either by increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), or by decrease, reduction,



reclassification, subdivision or consolidation, reorganization or in any other manner which would have the effect of reorganization of capital of RRIL.

13. STATUTORY APPROVALS

On the approval of the Scheme by the Equity Shareholders of RRIL and RRECL, it shall be deemed that the said shareholders have also accorded all relevant consents under provisions of the Companies Act, 2013 or any other provisions of the Act to the extent the same may be considered applicable.

14. OPERATION OF BANK ACCOUNT

After this Scheme becomes operative, RRECL shall be entitled to operate Bank Accounts relating to the Realty Division and realize all monies and complete and enforce all pending contracts and transactions in respect of the Realty Division in the name of RRIL insofar as may be necessary until the transfer of rights and obligations of RRIL to RRECL under this Scheme is formally accepted by the parties concerned.

PART – III (MISCELLANEOUS)

15. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL (NCLT)

RRIL and RRECL shall, with all reasonable dispatch, make necessary applications to the NCLT pursuant to Sections 230 and 232 of the Act, for obtaining sanction of this Scheme and shall apply for and obtain such other approvals, as required by law.

17. MODIFICATIONS TO THE SCHEME



The Board of Directors of RRIL and RRECL or any person authorised by them may assent to any alteration or modification to this Scheme which the NCLT and/or any other Authority may deem fit to approve or impose or which the said Board of Directors may, in their sole discretion, think fit and the Board of Directors may do all such acts, things and deeds as may be necessary, desirable, expedient and/or appropriate for the purpose of implementing this Scheme and/or to settle any question, doubt or difficulty regarding the implementation of this Scheme or otherwise arising under this Scheme or in any manner connected therewith.

18. CONDITIONALITY OF SCHEME

This Scheme is conditional upon and subject to:

- 18.1 approval of this Scheme by the requisite majority of the members, as may be required of RRECL and approval by the public shareholders through e-voting in terms of para 9(a) of Part 1 of Annexure I of SEBI circular no. CFD /DIL3/ CIR/ 2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the scheme are more than the number of votes cast by the public shareholders against it.;
- 18.2 sanction of the Scheme by the NCLT under Sections 230 and 232 and other applicable provisions of the Act;
- 18.3 such other sanctions and approvals, including sanctions of any governmental or regulatory authority, as may be required; and
- 18.4 the certified copies of the order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies, West Bengal.

Accordingly, this Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the last of the dates on which the conditions referred to above have been fulfilled.



20. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses incurred in carrying out and implementing the terms and provisions of this Scheme and incidentals thereto including those incurred during negotiations leading to the Scheme to be borne by RRIL.

21. RESIDUAL PROVISIONS:

In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person.



Schedule-1**Statement of Assets & Liabilities of Realty Division as appearing in
RDB Realty & Infrastructure Ltd. as on 31.03.2020**

Particulars	Realty Division (Rs.)
Non-current assets	
(a) Property, Plant and Equipment	60,16,982
(b) Intangible Assets	-
(c) Financial Assets	
(i) Investment	80,99,95,853
(ii) Other Financial Assets	55,42,098
(d) Deferred tax assets (Net)	-
(e) Other non-current assets	1,95,86,631
Total Non - Current Assets	84,11,41,565
Current assets	
(a) Inventories	31,14,48,170
(b) Financial Assets	
(i) Trade receivables	1,28,68,522
(ii) Cash and cash equivalents	19,93,445
(iii) Other financial assets	9,67,17,116
(c) Other current assets	4,36,37,438
Total Current Assets	46,66,64,692
Total Assets	1,30,78,06,256
EQUITY AND LIABILITIES	
Reserve and Surplus	86,08,21,898
Total equity	86,08,21,898
Non-current liabilities	
(a) Financial Liabilities	
(i) Borrowings	-
(ii) Other financial liabilities	77,21,589
(b) Provisions	-
Total non-current liabilities	77,21,589
Current liabilities	
(a) Financial Liabilities	
(i) Borrowings	5,03,18,440
(ii) Trade and other payables	3,15,84,408
(iii) Other financial liabilities	71,48,789
(b) Other current liabilities	25,71,40,566
(c) Provisions	-
Total Current Liabilities	34,61,92,202
Total Equity & Liabilities	1,21,47,35,689
Difference	(9,30,70,567)

