

**SCHEME OF ARRANGEMENT FOR RECONSTRUCTION /
RESTRUCTURING OF CAPITAL**

BETWEEN

**ALAN SCOTT INDUSTRIES LIMITED AND
ITS SHAREHOLDERS**

A. PREAMBLE:

Alan Scott Industries Limited (Hereinafter referred to as ASIL or Company), a listed public limited company having registered office situated at 15, Silversands, Dariyalal CHSL, Juhu Tara Road, Mumbai - 400049, Maharashtra, was founded in February 1994 under the name of 'Suketu Fashions Limited' it was subsequently changed its Name to Alan Scott Industries Limited.

B. BRIEF NOTE ON COMPANY, ITS ACTIVITIES AND ASSETS, ETC.:

The Company engaged inter- alia in the following business:

- i. To manufacturers, processors, knitters, dyers, colourers, bleachers, printers, spinners, doublers, weavers, ginners, sellers, buyers, importers, exporters, distributors and or otherwise dealers in textiles, garments, garment accessories, hosiery, fabrics, yarns and such related activities.
- ii. To carry on in India or elsewhere the business to the present, produce, arrange, organize, manage, conduct, sponsor, compose, plan, design, exhibit, demonstrate and run at national and international level all sorts of Advertisements, shows, films, news, programmes of arts, TV channels, web sites, publications, periodicals and such related activities.
- iii. To carry on the business of film manufacturers, film apparatus manufacturers, film producers, both sound and silent, hippodrome and circus proprietors, picture places and studios; to carry on the business of letting or subletting the use of cinema hall, theatres, picture, places, studios or other machinery, apparatus, building and such related activities.

As on March 31, 2015 the Company has a paid up capital of Rs. 3,26,37,000.00 (Rupees Three Crows Twenty Six Lakhs Thirty Seven Thousand Only) and a negative reserves and surplus of Rs. 2,61,07,111/- (Rupees Two Crows Sixty One Lakh One Hundred Eleven Only) leaving a net worth of Rs. 65,29,889/- (Rupees Sixty Five Lakh Twenty Nine Thousand Eight Hundred Eighty Nine Only).

C. RATIONALE FOR THE SCHEME:

The Company has been incurring losses in earlier years due to business Loss and inadequate working capital facilities. The Audited accumulated losses of the Company as on 31st March, 2015 which amounted to Rs. 2,61,07,111/- (Rupees Two Crows Sixty One Lakh One Hundred Eleven Only) has almost wiped off the most of the net worth of the Company. The company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake



business activities on a larger scale. The proposed Scheme would enable the company to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholders' value.

D. PURPOSE OF THE SCHEME:

The purpose of the Scheme is to reorganize the Capital Structure of the Company so as to represent the realistic value for the Shares of the Company. This scheme of arrangement is between **M/s. Alan Scott Industriess Limited** and its **Shareholders**.

PART-I

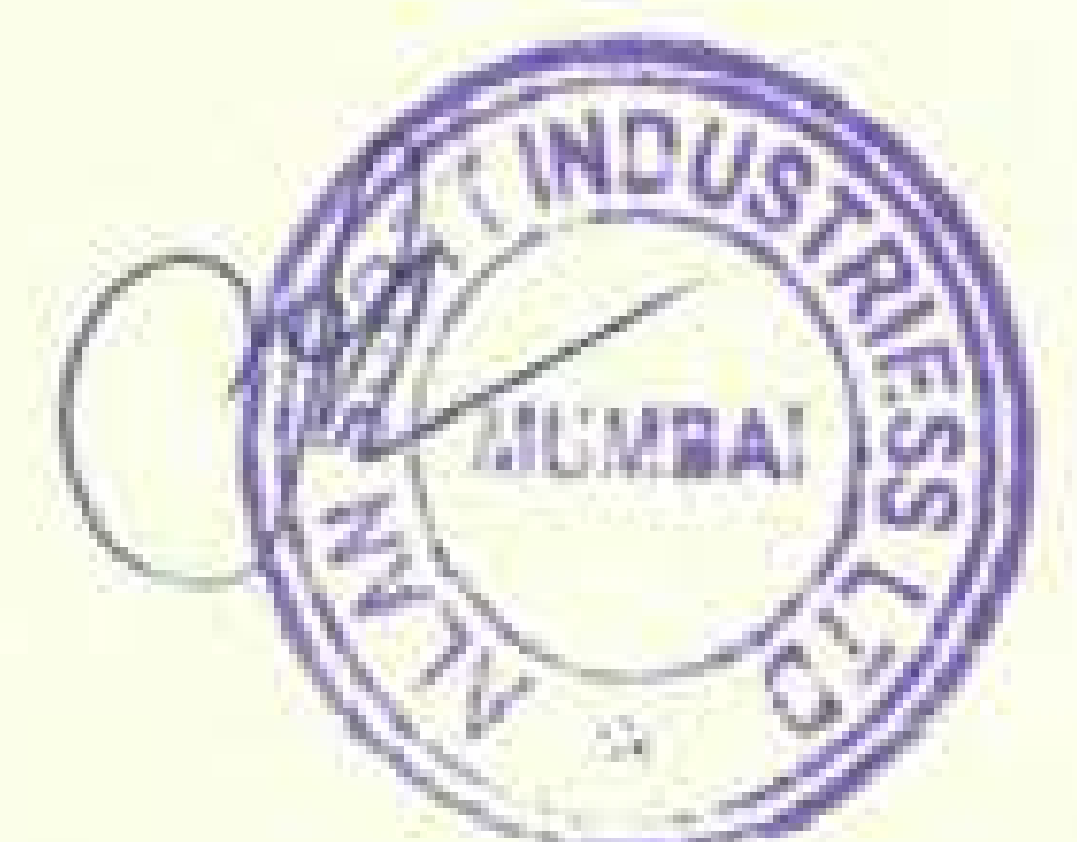
The Scheme of Arrangement provides for:

Reduction of Share capital of M/s. Alan Scott Industriess Limited;

1. DEFINITIONS:

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

- 1.1. **Act" or "the Act"** means the Companies Act, 2013 and / or the Companies Act 1956, as applicable to the Company, including any statutory modifications, re-enactments or amendments thereof from time to time.
- 1.2. **"Appointed Date"** means 01.04.2016 or such other date as may be approved by the High Court at Bombay or such other appropriate authority.
- 1.3. **"Capital Loss"** means the accumulated losses available to **M/s. Alan Scott Industriess Limited** to be set off against its future profits;
- 1.4. **"Company"** means **M/s. Alan Scott Industriess Limited**, a company registered under the Companies Act, 1956 and having its registered office situated at 15, Silversands, Dariyalal CHSL, Juhu Tara Road, Mumbai - 400049, Maharashtra herein after referred as ASIL;
- 1.5. **"Court, The Court or High Court"** shall means the High Court of Judicature of Mumbai, and shall include the National Company Law Tribunal as applicable;
- 1.6. **"Effective Date"** for the Scheme of Arrangement shall mean the date on which certified copies of the Order of the Hon'ble High Court of Maharashtra sanctioning this Scheme of Arrangement under Section 100 to 104 of the Companies Act, 1956 and other applicable provisions, if any, are filed with the Registrar of Companies, Maharashtra and if the certified copies are filed on different dates, the last of such dates.



- 1.7. "Record Date" means the date to be fixed by the Board of Directors or a committee of the Company for the purpose of determining the members of the Company whose shares in the Company will stand reduced pursuant to this Scheme and allotment of New Shares as per the scheme after reduction of capital.
- 1.8. Reference in the Scheme to "coming into effect of the Scheme" or "effectiveness of the Scheme" shall mean the Effective Date.
- 1.9. "This Scheme" or "The Scheme" or "Scheme" means this Scheme of Arrangement for reconstruction / restructuring of capital between M/S. Alan Scott Industriess Limited and its Shareholders in its present form or with any modification(s) approved or imposed or directed by the High Court of Maharashtra.
- 1.10. "Stock Exchange" means the BSE Limited where the equity shares of the Company are listed.
- 1.11. The words "shareholder" and "member" are used to denote the same meaning and are used interchangeably;

PART-II CAPITAL STRUCTURE

2. The share capital of "M/s. Alan Scott Industriess Limited (ASIL)" as on January 01, 2016 is as under:

Share Capital	Amount in Rs.
Authorised:	
50,00,000 Equity shares of Rs. 10/-each	5,00,00,000.00
Issued, subscribed and paid-up:	
32,63,700 equity shares of Rs. 10/- each fully paid up	32,637,000.00

3. COMPLIANCE WITH TAX LAWS

This Scheme has been drawn up to comply also with the provisions of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the scheme becomes effective, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of the Income Tax Act, 1961.



PART-III

4. SCHEME

REDUCTION OF SHARE CAPITAL

- 4.1. On the effective date and after securing necessary approvals and permissions, the accumulated losses of Rs. 2,57,83,230/- (Rupees Two Crores Fifty Seven Lakh Eighty Three Thousand Two Hundred Thirty Only) of the Company is sought to be set off against the paid up capital of the Company with effect from the appointed date.

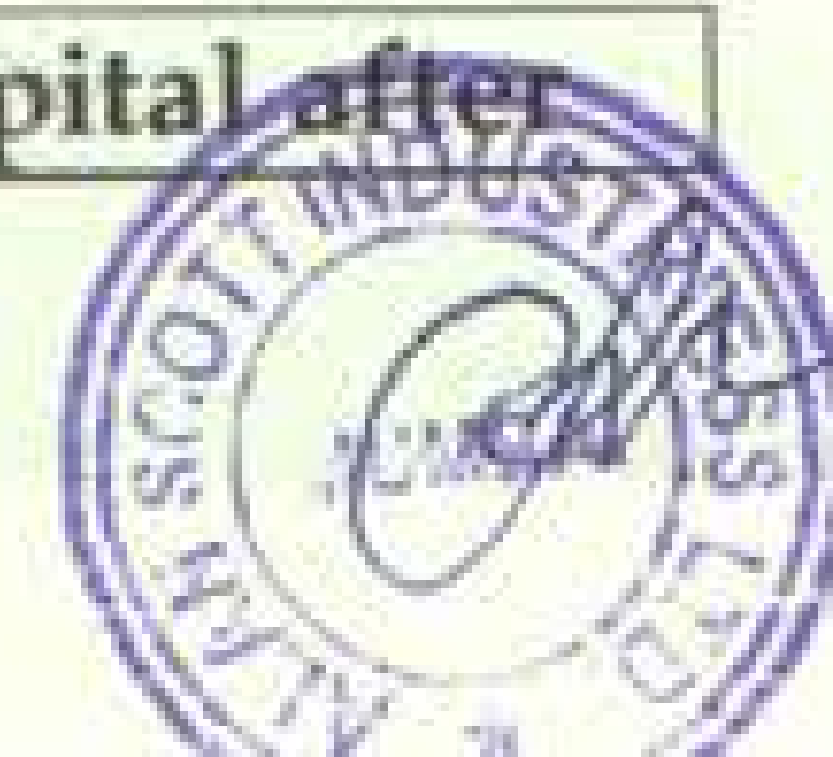
As an integral part of this Scheme and upon coming into effect of the Scheme the issued, subscribed and paid up share capital of the Company shall be reduced by canceling a sum of Rs.7.90/- from every paid up share of Rs.10/- and thereafter consolidating 1 Equity Shares of Rs.10/- each as fully paid up capital in the Company i.e. after reduction the capital of the company will be of 6,85,377 (Six Lakhs Eighty Five Thousand Three Hundred Seventy Seven) Equity Shares of Rs.10/-(Rupees Ten Only) each. aggregating to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only).

- 4.2. As a result of the reduction the Subscribed and Paid-up Share Capital of the Company shall stand reduced from Rs. 3,26,37,000.00 (Rupees Three Crores Twenty Six Lakhs Thirty Seven Thousand Only) divided into 32,63,700 (Thirty Two Lakhs Sixty Three Thousand Seven Hundred) fully paid up Equity Shares of Rs. 10/-(Rupees Ten Only) each, to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only) divided into 6,85,377 (Six Lakhs Eighty Five Thousand Three Hundred Seventy Seven) Equity Shares of Rs.10/-(Rupees Ten Only) each.
- 4.3. The reconstruction / restructuring of capital shall not cause any shareholder to hold any fractional shares in the Company. In respect of the fractional shares, if any, caused by the reconstruction / restructuring of capital, the same shall be rounded off to one share and the same would be allotted to the shareholders. Simultaneously the increase in the number of shares due to rounding off will be foregone by Mr. Sometu J. Parikh, Managing Director of the Company thus keeping the paid up capital intact to Rs. 68,53,770 (Sixty Eight Lakhs Fifty Three Thousand Seven Hundred Seventy Only).
- 4.4. For the purpose as aforesaid, the Company shall, if and to the extent required, apply for and obtain any approvals from all concerned authorities, for the transfer of the fractional shares to the Trust and to pay the proportionate net sale proceeds of fractional entitlement as provided above.
- 4.5. The consent of the members of the Company to this Scheme of reduction of capital of the company shall be taken through a resolution under the provisions of Section 100 to 104 of the Act and any other applicable provisions.

5. EFFECT OF THE SCHEME

The proposed reconstruction / restructuring of capital by reduction of paid up capital against accumulated losses pursuant to the Scheme shall be reflected in the books of Accounts of the Company, on the effective date, in the following manner.

Particulars	Prior Capital to the	Reduction of	Post Capital after
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	Scheme of Arrangement as on 31 st March 2012(Audited)	capital against "accumulated loss" as per Scheme	the Scheme of Arrangement as on the Effective Date(Rs.)
Number of Equity Shares	32,63,700	25,78,323	6,85,377
Value of each share	10	10	10
Total paid up share Capital	3,26,37,000	25,78,323	68,53,770
Profit & Loss A/c	(2,61,07,111)	(25,78,3230)	(3,23,881)

The share holding pattern of the Company, upon the approval of Scheme shall be in the following manner:

Particulars	Prior Holding before reduction of share capital and preferential issue of equity shares		Holding after reduction of share capital	
	No. of Shares	% of Total Share Capital	No. of Shares	% of Total Share Capital
Promoter	9,23,950	28.31	1,94,030	28.31
Public	23,39,750	71.69	4,91,347	71.69
Total	3263700	100	6,85,377	100

The Scheme, which is an arrangement between the Company and its does not envisage transfer or vesting of any properties and / or liabilities to or in the favour of the Company.

6. The Scheme does not involve any conveyance of transfer of any property and consequently, the order of the Hon'ble High Court of Bombay approving the Scheme will not attract any stamp duty, under the Mumbai Stamp Act, in this regard.
7. The Company shall make all applications / petitions as may be required under Section 100 to 104 of the Act to the High Court of Judicature of Maharashtra at Mumbai, for convening and holding the meeting of the Equity Shareholders of the Company and for obtaining the sanction of the Court of this Scheme of Arrangement for reconstruction / restructuring of capital, under the provision of Section 100 to 104 of the Act and for such orders for carrying this Scheme into effect.

8. JUSTIFICATION OF THE SCHEME:

- 8.1. The Company has been incurring losses in earlier years due to the business Loss and inadequate working capital facilities. The accumulated losses of the Company as on 31st March 2015 which Rs. 2,61,07,111/- (Rupees Two Crores Sixty One Lakh One Hundred Eleven Only) has almost wiped off most of the net worth of the Company. The company is therefore unable to raise any finance either from the capital markets or financial institutions whether in the form of equity or debt, to undertake business activities on a larger scale. The proposed Scheme would enable the company to show the actual financial position in its balance sheet to depict the representing Assets value which in turn will enable it to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholders



value.

- 8.2. In view of the accumulated losses of Rs. 2,61,07,111/- (Rupees Two Crores Sixty One Lakh One Hundred Eleven Only), the Company is not in position to undertake the Business activities of the Company due to paucity of working capital. The Company was also not able to raise any loans from Financial Institutions, which is essential for expanding its business activities.
- 8.3. In view of the above, the Company is seeking to reconstruct / restructure its capital by way of writing off its accumulated Capital loss against the reduction of its paid up capital which is not represented by available assets of the Company, by virtue of this Scheme, if approved, the Company would be able to represent its true financial position to reflect proper corporate governance, which would be beneficial to the Company and its shareholders in the long-term.

9. OBJECTS / BENEFITS ARISING OUT OF THE SCHEME:

- 9.1. The Company has incurred heavy losses and has an eroded most of the Net Worth. The Scheme, after full implementation, will result in depicting its true financial position;
- 9.2. The Scheme will enable the Company to overcome its financial difficulties and improve its working in the future;
- 9.3. The improved financial resources of the Company would ensure enhancement of its shareholders' value;
- 9.4. The Scheme will help the revival of the Company, which will be in the interests of its employees, shareholders, the National and State Exchequer and the Society in general; and
- 9.5. The Scheme will facilitate the Company to expand the present business activities and pursue new business activities. The experience and expertise of the management will bring efficiency and professionalism in the management of the company.

PART-IV

10. IMPACT OF THE SCHEME ON EMPLOYEES/WORKERS:

The Scheme shall not have any adverse impact on the employees/workers of the Company and they would, in fact be generally benefited as the infusion of fresh funds into the Company would help it to deploy the same in its business and thereby improve its financial position.

11. IMPACT OF THE SCHEME ON SECURED CREDITORS / BANKS / FINANCIAL INSTITUTIONS:

This Scheme of arrangement will not affect any of the Company's Secured Creditors / Banks / Financial Institutions. As on date there are no secured creditors.



12. LEGAL PROCEEDINGS:

The Scheme would not affect any legal or other proceedings by or against the Company.

13. APPLICATION TO THE HIGH COURT OF MAHARASHTRA:

This Scheme involves reduction of share capital as contemplated by Article 13 of the Company's Articles of Association Which required Approvals of the shareholders and of the Hon'ble High Court, MUMBAI, pursuant to this Scheme under Section 100 to 104 of the Act are being sought as a measure of legal compliance, transparency and prudence.

14. MODIFICATIONS / AMENDMENTS OF THE SCHEME

The Company, by its Directors (including a Committee of Directors constituted for this purpose), may effect or assent to any modification or amendment of the Scheme which the Court and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board of Directors of the Company for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme or otherwise as may be considered by the Board to be in the best interest of the Company and its members and do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme.

PART-V

15. THIS SCHEME IS SPECIFICALLY CONDITIONAL UPON AND SUBJECT TO:

The Scheme is conditional upon and subject to:

- 15.1. The approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Company as may be directed by the Hon'ble High Court of Judicature of Maharashtra at Mumbai on the applications made or directions under Section 100 to 104 of the Act of the said Act for calling meetings and necessary resolutions being passed under the said Act for the purpose;
- 15.2. The sanction of the Hon'ble High Court of Judicature of Maharashtra at Mumbai being obtained under Section 100 to 104 of the Act and any other applicable provisions, if any, by the Company.

16. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS:

- 16.1. In the event of any of the aforesaid sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court at Bombay and/or the order or orders not being passed as aforesaid, the Scheme shall become null and void and Company shall bear and pay the costs, charges and expenses for/or in connection with the Scheme.



16.2. If, in the opinion of the Board of Directors of the Company, any part of the Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of other parts or provisions of the Scheme.

17. EXPENSES CONNECTED WITH THE SCHEME:

All Costs, charges, expenses, taxes, duties levies and fees, if any, arising out of or incurred in carrying out and implementing the provisions of and giving effect to this Scheme, shall be borne and paid by the Company.

PART-VI

18. CANCELLATION OF SHARES:

Upon this Scheme becoming finally effective, all the shareholders, if so required by the Company, shall surrender their share certificates for cancellation thereof. Notwithstanding anything to the contrary, upon the issue of the new share certificates in the Company to the Shareholders whose names shall appear in the Register of Members of the Company on such Record Date fixed as aforesaid, the old share certificates held by them in the Company shall be deemed to have been automatically cancelled and cease to be negotiable and be of no commercial or legal value, on and from the Record Date. The Company may instead of requiring the surrender of the old share certificates, as above, directly issue and dispatch the new share certificates of the Company in lieu thereof. In the case of shares held in dematerialised and electronic form, the required procedure for reflecting the change in the holdings of the members of the Company, as a consequence of the sanctioning of this Scheme, shall be adopted for making the necessary alterations in the Depository Accounts of the shareholders.

19. LISTING OF SHARES:

Notwithstanding the reduction of Capital of the Company pursuant of this Scheme, the listing benefit of the Company, for the existing shares being on all or any of the Stock Exchanges where the existing Equity Shares of the Company are listed may continue and the company will comply the applicable provisions of the Listing Agreement with the Stock Exchange.

20. Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words "And Reduced" to its name as the last words thereof.

