

**SCHEME OF MERGER BY ABSORPTION  
OF  
KRKUMAR INDUSTRIES LIMITED  
BY  
RRIL LIMITED  
(Formerly known as S R K Industries Limited)  
AND  
THEIR RESPECTIVE SHAREHOLDERS**

This Scheme of Merger is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for Merger by Absorption of KRKumar Industries Limited ("**KRK**" or "**Transferor Company**") by RRIL Limited ("**RRIL**" or "**Transferee Company**"). This Scheme also provides for various other matters consequential and otherwise integrally connected therewith.

The Scheme is divided into the following parts:

- A. Part I** deals with the Introduction and Rationale;
- B. Part II** deals with the Definitions, Interpretations and Share Capital;
- C. Part III** deals with Merger of KRK with RRIL;
- D. Part IV** deal with reorganisation of share capital of RRIL
- E. Part V** deals with the Accounting Treatment;
- F. Part VI** deals with the General Clauses; and
- G. Part VII** deals with the General Terms and Conditions.

**PART I  
INTRODUCTION, RATIONALE AND OPERATION OF  
THE SCHEME**

**1. INTRODUCTION**

## 1.1. **KRKUMAR INDUSTRIES LIMITED**

1.1.1. KRK (CIN: U45203MH1987PLC042969) was originally incorporated under the name of "*Alimco Food Industries Private Limited*" under the provisions of the Companies Act, 1956 on March 25, 1987 issued by the Registrar of Companies, Maharashtra and further *Alimco Food Industries Private Limited* changed their name to *Alimco Industries Private Limited* vide Certificate of Incorporation dated March 28, 2003. The name of the Company was further changed to Mecron Infra Private Limited vide Certificate of Incorporation dated July 02, 2011. Mecron Infra Private Limited further changed their name to KRKumar Industries Private Limited vide Certificate of Incorporation dated January 30, 2014.

1.1.2. The company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from KRKumar Industries Private Limited to its present name i.e. KRKumar Industries Limited vide fresh Certificate of Incorporation dated December 10, 2014 issued by the Registrar of Companies, Maharashtra, Mumbai.

1.1.3. KRK is *inter-alia* engaged in the activities pertaining to Construction and Textile activities.

1.1.4. KRK holds 0.46% of the issued, subscribed and paid-up share capital of the Transferee Company.

## 1.2. **RRIL LIMITED**

1.2.1 RRIL (CIN: L17121MH1991PLC257750), was originally incorporated under the name of Associated Textile Rubber Products Private Limited under the provisions of the Companies Act, 1956 on August 06, 1991 issued by the Registrar of

Companies, Coimbatore, Tamil Nadu. The Company was subsequently converted into Public Limited Company as Associated Textile Rubber Products Limited vide fresh Certificate of Incorporation dated December 15, 1994. The Company changed its name to S R K Industries Limited *vide* Certificate of Incorporation dated March 19, 2011. The Registered Office of the Company shifted from State of Tamil Nadu to the State of Maharashtra pursuant to the provisions of the Companies Act, 1956 with effect from September 08, 2014. The name of the Company was further changed to RRIL Limited *vide* Certificate of Incorporation dated January 15, 2020. The Company has its shares listed on the BSE Limited (“BSE”).

1.2.2 RRIL is *inter-alia* engaged in the business of dealing in Textile products in fabrics and Yarn and also intent to redevelop housing societies in western suburbs of Mumbai to achieve its objective of venturing into the business activities of real estate and re-development.

## **2. RATIONALE FOR THE SCHEME**

2.1. The merger of KRK with RRIL is based on the following rationale:

2.1.1. KRK and RRIL, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. dealing in textile products and re-development of housing project, , and any other related activities. which will be beneficial to the merged entity for its product portfolio pursuant to the Scheme coming into effect.

2.1.2. Economies of scale will play a bigger role as the consolidated entity’s operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders.

- 2.1.3. As on December 31, 2019 RRIL has a net worth of Rs.27,05,60,061 (Rupees Twenty Seven Crores Five Lacs Sixty Thousand Sixty One only) excluding Goodwill and Deferred Tax Assets and KRK has a net worth of Rs.7,09,25,144 (Rupees Seven Crores Nine Lakhs Twenty Five Thousand One Hundred and Forty Four only). The combined entity will have net worth of around Rs.34,12,33,569/- (Rupees thirty four crore twelve lacs thirty three thousand five hundred sixty nine only) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- 2.1.4. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It will provide an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- 2.1.5. The Transferor and Transferee Company are under common control and it would be advantageous to combine the activities and operations in a single Company and to build strong capability to effectively meet future challenges in competitive business environment.
- 2.1.6. This merger will result in business synergy, pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity.
- 2.1.7. The merger will result to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs, in a value creation for the shareholders and stakeholders of KRK and RRIL as the combined amalgamated company will have improved efficiency, market share, financial

structure, larger cash flows and stronger consolidated revenue and profitability.

2.1.8. The Transferor Company is engaged in the business pertaining to Construction and Textile activities. Whereas, the Transferee Company is engaged in the business of Trading in Textile products in fabrics and Yarn and also venturing into the business activities of real estate / Re-development of Housing property. The proposed amalgamation will enable the integration of the business activities of the Transferor Company with the Transferee Company.

2.1.9. This merger will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.

2.1.10. The Merger will result in significant reduction in multiplicity of legal and regulatory compliances which at present are required to be done separately by the Transferee Company as well as by the Transferor Company.

2.1.11. The merger of KRK with RRIL would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.

### **3. OPERATION OF THE SCHEME**

3.1. This Scheme is presented under Sections 230 to 232 read with Sections 66 of the Companies Act, 2013, and other applicable provisions of the relevant Act (*as defined hereinafter*) for:

3.1.1. Merger of KRK with RRIL;

- 3.1.2. Various other matters consequential or otherwise integrally connected herewith.

## **PART II**

### **DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL**

#### **4. DEFINITIONS**

4.1. In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meanings:

4.1.1. "**Act**" means the Companies Act, 2013, along with rules and regulations issued thereunder, including, any statutory modifications, re-enactments or amendments made thereto from time to time.

4.1.2. "**Adjudicating Body (ies)**" means the Hon'ble National Company Law Tribunal, Mumbai Bench and the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 232 of the Companies Act, 2013 or any other authority having jurisdiction under the Act to sanction the scheme.

4.1.3. "**Appointed Date**" means April 01, 2020 or such other date as the Adjudicating Body (ies) may direct or fix, for the purpose of amalgamation of KRK with RRIL under this Scheme.

4.1.4. "**Board**" or "**Board of Directors**" means the board of directors of KRK or RRIL, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or

such committee of directors.

4.1.5. "**Effective Date**" means the last of the dates on which the certified copies of the Order(s) of the Adjudicating Body, are filed with the Registrar of Companies, Mumbai.

All references in this Scheme to the date of "coming into effect of the / this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.

4.1.6. "**KRK**" or "**Transferor Company**" means KRKumar Industries Limited, a company incorporated under the Companies Act, 1956 and having its registered office situated at 101, Raj Bhavan, Daulat Nagar Road No. 9, Borivali (East) Mumbai- 400066 in the State of Maharashtra. The Permanent Account Number of KRK is AAACA4428P.

4.1.7. "**Governmental Authorities**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.

4.1.8. "**LODR**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities and Exchange Board of India.

4.1.9. "**Record Date**" means the date to be fixed by the Board of Directors of RRIL for the purpose of reckoning name of the equity shareholders of KRK, who shall be entitled to receive the New Shares to be issued by RRIL and for any other purpose as

provided in this Scheme.

4.1.10. "**ROC**" means the Registrar of Companies, Maharashtra, Mumbai having jurisdiction in relation to both the Transferor Company and the Transferee Company.

4.1.11. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Scheme of Merger by Absorption in its present form submitted to the relevant Adjudicating Body with modification(s), approved or imposed or directed by the relevant Adjudicating Body.

4.1.12. "**SEBI Circulars**" means the circulars issued by Securities and Exchange Board of India in relation to the amalgamations and arrangements carried out under the Act and shall *inter-alia* collectively refer to SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 03, 2018 and SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2019/192 dated September 12, 2019.

4.1.13. "**RRIL**" or "**Transferee Company**" means RRIL Limited incorporated under the provisions of the Companies Act, 1956 and having its registered office at A-325, Hari Om Plaza, M.G. Road, Near Omkareshwar Temple, Borivali (East), Mumbai-400066. The Permanent Account Number of RRIL is AABCA8392D.

4.1.14. "**Transferor Undertaking**" means and includes:

4.1.14.1. All the assets and properties of KRK, whether real, tangible or intangible, present or future, actual or contingent, or whether recorded in the books or not, as on the commencement of the Appointed Date;



4.1.14.2. All debts, liabilities, duties and obligations of KRK, whether fixed, contingent or absolute, as on the commencement of the Appointed Date;

4.1.14.3. Without prejudice to the generality of sub-clause 4.1.14.1 and 4.1.14.2 above, the Transferor Undertaking shall mean and include:

4.1.14.4. all the assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent assets including stock, investments, insurance policies, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, contributions (including to any provident fund, employee state insurance, gratuity fund or any other schemes or benefits for employees), utilities, electricity, telephone, data, water and other service connections, books, records (including employee records and files), files, papers, engineering and process information, computer programmes along with licenses, drawings, backup copies, websites, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by KRK as on the commencement of the Appointed Date and all earnest money

and/or deposits including security deposits paid by KRK as on the commencement of the Appointed Date and all other rights, obligations, benefits available under any rules, regulations, statutes including direct and indirect tax laws, central goods and services tax, state goods and services tax and particularly Sales Tax benefits, advance taxes, self-assessment tax, tax deducted at source, CENVAT benefits, import and export benefits and custom duty benefits, MAT credit, tax deferrals, accumulated tax losses, unabsorbed tax depreciation of KRK;

4.1.14.5.any license fee with any Governmental Authority that may have been paid by KRK;

4.1.14.6.all intellectual property rights including trademarks, brands, domain names, trade names and the goodwill associated therewith, patent rights copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how assignments and grants in respect thereof of KRK;

4.1.14.7.all employees of KRK;

4.1.15. and in each case, as on the commencement of the Appointed Date and as modified and altered from time to time till the Effective Date.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (as the case may be) or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

## **5. INTERPRETATION**

- 5.1. In this Scheme, unless the context otherwise requires:
  - 5.1.1. words denoting singular shall include plural and vice versa;
  - 5.1.2. headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
  - 5.1.3. references to the word "include" or "including" shall be construed without limitation;
  - 5.1.4. a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
  - 5.1.5. unless otherwise defined, the reference to the word "days" shall mean calendar days;
  - 5.1.6. references to dates and times shall be construed to be references to Indian dates and times;
  - 5.1.7. reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
  - 5.1.8. word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and
  - 5.1.9. references to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).

## 6. SHARE CAPITAL

6.1. The Share Capital of RRIL as on date is as under:

<b>Particulars</b>	<b>(Amount in Rs.)</b>
<b>Authorised Share Capital</b>	
8,52,34,000 Equity Shares of Rs. 5 each	42,61,70,000
<b>Total</b>	42,61,70,000
<b>Issued, Subscribed and Paid-up Capital:</b>	
7,84,53,380 Equity Shares of Rs. 5 each	39,22,66,900
<b>Total</b>	39,22,66,900

6.2. The Share Capital of KRK as on date is as under:

<b>Particulars</b>	<b>(Amount in Rs.)</b>
<b>Authorised Share Capital</b>	
50,00,000 Equity Shares of Rs.10 each	5,00,00,000
<b>Total</b>	5,00,00,000
<b>Issued, Subscribed and Paid-up Capital:</b>	
30,80,000 Equity Shares of Rs.10 each	3,08,00,000
<b>Total</b>	3,08,00,000

6.3. As on date of the approval of the Scheme by the Board of Directors of KRK and RRIL, there is no change in the capital structure of KRK or RRIL.

## PART III MERGER OF KRK WITH RRIL

## 7. TRANSFER AND VESTING OF ASSETS AND LIABILITIES OF KRK INTO RRIL

7.1. The entire assets, liabilities, Investments, business and

undertaking (including, the Transferor Undertaking) of KRK shall, with effect from the Appointed Date and without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in RRIL, as a going concern, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the relevant Act and in accordance with the provisions of Sections 2(1B) and 47 of the Income Tax Act, 1961 and the provisions of this Scheme in relation to the mode of transfer and vesting of assets. This Scheme is a '*Merger by Absorption*' in terms of the Explanation provided in Section 232 of the Act and shall be deemed to be regarded as an '*Amalgamation*' in terms of Section 2(1B) of the Income Tax Act, 1961.

- 7.2. This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other relevant 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 and other related provisions 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 and other related provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.
- 7.3. The assets of KRK, which are moveable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and acknowledgement of possession, shall be so transferred by KRK and shall become the property of RRIL without any act or deed on the part of KRK without requiring any separate deed or instrument or conveyance for the same to the end

and intent that the property and benefits therein passes to RRIL.

- 7.4. The assets of KRK on the Appointed Date shall upon the Scheme coming into effect, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in RRIL pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act and the vesting of all such assets shall take place from the Effective Date.
- 7.5. The assets of KRK, acquired by KRK on and from the Appointed Date upto the Effective Date, shall also without any further act, instrument or deed stand transferred to or be deemed to have been transferred to RRIL upon the Scheme coming into effect.
- 7.6. For avoidance of doubt, upon the Scheme coming into effect, all the rights, title, interest and claims of KRK in any leasehold properties shall, pursuant to Section 232 of the Companies Act, 2013 and other applicable provisions of Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in RRIL.
- 7.7. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the Scheme coming into effect, all approvals, permits, quotas, environmental approval and consents, permissions (municipal and any other statutory permission), licences, accreditations to trade and industrial bodies, privileges, powers, facilities, certificates, clearances, membership, subscriptions, entitlements, incentives, engagements, remissions, remedies, powers, facilities, rehabilitation schemes, authorities, subsidies, concession, special status and other benefits or privileges (granted by any Governmental Authorities or by any other person) any exemptions or waivers of every kind and description of whatsoever nature, powers of attorney given by, issued to or

executed in favour of KRK, shall stand transferred to RRIL as if the same were originally given by, issued to or executed in favour of RRIL and RRIL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to RRIL.

- 7.8. As a consequence of the amalgamation of KRK with RRIL in accordance with this Scheme, the recording of change in name from KRK to RRIL, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 7.9. Without prejudice to the other provisions of this Scheme, RRIL may, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if required by any applicable law or otherwise, take such actions or execute such documents or deeds or make such applications to the Governmental Authorities or any third person for the purposes of transfer/vesting of the approvals, sanctions, consents, permits, rights, entitlements, contracts or arrangements to which KRK was entitled to or party to, as the case may be and such authority or third party shall pursuant to sanction of this Scheme by Adjudicating Body, deem to take on record in the name of RRIL. RRIL shall make applications to any Governmental Authorities or any third persons (as the case may be) as may be necessary in this behalf.
- 7.10. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of KRK occurs by virtue of this Scheme itself, RRIL may, at any time after the Scheme coming into effect in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (not limited to

deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangements to which KRK was a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. RRIL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of KRK and to carry out or perform all such formalities and compliances as required by KRK.

- 7.11. RRIL shall be entitled to the benefit of all insurance policies which have been issued in respect of KRK and the name of RRIL shall be substituted as "Insured" in the policies as if RRIL was initially a party.
- 7.12. RRIL shall be entitled to all the development rights held in the name of KRK and the name of KRK shall be substituted in the document related thereto.
- 7.13. With effect from the Appointed Date, all debts, liabilities and obligations, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of KRK, as on the close of the business on the day immediately preceding the Appointed Date, shall become the debts liabilities, duties and obligations of RRIL. Upon the Scheme coming into effect, RRIL shall, in relation to all debts, liabilities and obligations provided for and disclosed in the books of accounts and / or balance sheet of KRK meet, discharge and satisfy the same to the exclusion of KRK.
- 7.14. With effect from the Appointed Date, and subject to the provisions of this Scheme, the liabilities of KRK including, but not limited to all secured and unsecured debts, sundry creditors, liabilities (including contingent liabilities), and all duties and obligations (including any guarantees, indemnities, letter of credit or any other instrument or arrangement which may give rise to a



contingent liability in whatever form) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the Adjudicating Body and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed or matter or thing be transferred to and vested in or be deemed to have been transferred to and vested in RRIL, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by RRIL to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date, the liabilities of RRIL on the same terms and conditions as were applicable to KRK, without any consent of any third party or other person who is a party to the contract or arrangements by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause. Further, any existing credit facilities which have been sanctioned to KRK by the bankers, financial institutions and any third party and which is standing as on the Appointed Date but before the Effective Date shall upon the Scheme coming into effect shall *ipso facto* extend to RRIL.

- 7.15. Where any such debts, loans raised, liabilities, duties and obligations of KRK as on the Appointed Date have been discharged or satisfied by KRK after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of RRIL.
  
- 7.16. With effect from the Appointed Date, all guarantees, indemnities and contingent liabilities of KRK shall also, without any further act or deed, be transferred to or be deemed to be transferred to RRIL so as to become as and from the Appointed Date, as the guarantees, indemnities and contingent liabilities of RRIL 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 guarantees, indemnities and contingent liabilities have arisen or given, in order to give effect to the provisions of this Clause.

7.17. The transfer and vesting of KRK as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of KRK, provided however, any reference in any security documents or arrangements, to which KRK is a party, wherein the assets of KRK have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to KRK as are vested in RRIL by virtue of this Scheme, to the end and intent that such security, charges, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of RRIL, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of RRIL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages to the end and intent that such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend, to any of other assets of KRK vested in RRIL. Notwithstanding anything contrary provided in this Scheme, it is clarified that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by KRK which shall vest in RRIL by virtue of the vesting of KRK with RRIL and RRIL shall not be obliged to create any further or additional security therefore after the amalgamation has become operative.

7.18. Without prejudice to the foregoing provisions, KRK and RRIL may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the respective ROC, Sub Registrar of Assurances and any other

Governmental Authorities to give formal effect to the above provisions, if required.

- 7.19. All inter party transactions between KRK and RRIL as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due *inter-se* i.e. between KRK and RRIL as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.
- 7.20. All the loans, advances, credit, overdraft and other facilities sanctioned to KRK by its bankers and financial institutions and any third party as on the Appointed Date, whether utilised, partly drawn or unutilised shall be deemed to be the loans and advances sanctioned to RRIL and the said loans, advances and other facilities can be drawn and utilised either partly or fully by KRK from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by any of KRK (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to RRIL and all the obligations of KRK under any loan agreement shall be construed and shall become the obligation of RRIL without any further act or deed on the part of RRIL. Further, any existing credit facilities which have been sanctioned to KRK by the bankers and financial institutions prior to or after the Appointed Date but before the Effective Date shall, upon the Scheme coming into effect *ipso facto* extend to RRIL.
- 7.21. All existing and future incentives, benefits, brought forward losses (if any), book unabsorbed depreciation, tax unabsorbed depreciation, un-availed credits including MAT credits and exemptions and other statutory benefits, including in respect of

income tax, excise (including cenvat), customs, central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, sales tax, service tax etc. to which KRK is entitled to in terms of the various statutes / schemes / policies, etc. of Union and State Governments shall be available to and shall vest in RRIL upon this Scheme becoming effective. Accordingly, upon the Scheme becoming effective, RRIL is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, GST, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. RRIL is also expressly permitted to claim refunds and credits in respect of any transaction between or amongst KRK and RRIL.

- 7.22. All taxes, including, income-tax, tax on book profits, service tax, GST, value added tax, central goods and service tax, state goods and service tax, integrated goods and services tax etc. paid or payable by KRK in respect of the operations and/ or the profits of KRK before the Appointed Date, shall be on account of KRK and, in so far as it relates to the tax payment (including, without limitation, income-tax, tax on book profits, value added tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by KRK in respect of the profits or activities or operation of KRK after the Appointed Date, the same shall be deemed to be the corresponding item paid by RRIL and shall, in all proceedings, be dealt with accordingly. Any tax deducted at source by KRK / RRIL on payables to KRK/ RRIL on account of inter corporate loans or balances between KRK and RRIL which has been deemed not to be accrued, shall be deemed to be advance taxes paid by RRIL and shall, in all proceedings, be dealt with accordingly.
- 7.23. Any refund, under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax,

GST laws, applicable state value added tax laws or other applicable laws / regulations dealing with taxes / duties / levies due to KRK consequent to the assessment made on KRK (including any refund for which no credit is taken in the accounts of KRK) as on the date immediately preceding the Appointed Date shall also belong to and be received by RRIL, upon this Scheme becoming effective.

7.24. Any tax liabilities under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/ duties/ levies of KRK to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to RRIL.

7.25. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of KRK after the Effective Date shall be accepted by the bankers of RRIL and credited to the account of RRIL, if presented by RRIL. Similarly, the banker of RRIL shall honour all cheques issued by KRK for payment after the Effective Date. If required, KRK shall allow maintaining of banks accounts in the name of KRK by RRIL for such time as may be determined to be necessary by KRK and RRIL for presentation and deposition of cheques and pay orders that have been issued in the name of KRK. It is hereby expressly clarified that any legal proceedings by or against KRK in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of KRK shall be instituted, or as the case may be, continued, by or against, RRIL after the coming into effect of the Scheme.

7.26. Pursuant to the order of the Adjudicating Body, RRIL shall file

the relevant notifications and communications in relation to assignment, transfer, cancellation, modification, or encumbrance of any license/ certificate and any other registration including but not limited to central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, excise, service tax, income tax, IEC Code, ESI, company registration number, PF, etc. if any, for the record of the appropriate authorities, which shall take them on record.

## **8. ISSUE OF NEW SHARES**

- 8.1. Upon the Scheme coming into effect and without any further act or deed on the part of RRIL, RRIL will, in consideration of transfer and vesting of KRK into RRIL in terms of this Scheme, issue and allot 14 (Fourteen) Equity Shares of Rs.5/- each credited as fully paid-up in the capital of RRIL to the Equity Shareholders of KRK for every 1 (One) Equity Share of the Face value of Rs. 10/- each held by the shareholders of KRK (“New Shares Entitlement Ratio”). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of KRK whose names are recorded in the register of equity shareholders of KRK on the Record Date.
- 8.2. Mr. Dinesh Kumar Deora (Registered Valuer- Securities or Financial Assets) have issued the report dated March 04, 2020 on the aforesaid New Shares Entitlement Ratio adopted under this Scheme. Mark Corporate Advisors Private Limited, Merchant Banker, has provided its fairness opinion on the aforesaid New Shares Entitlement Ratio. The aforesaid report on New Shares Entitlement Ratio and Fairness Opinion have been duly considered by the Boards of Directors of KRK and RRIL, respectively.
- 8.3. After detailed deliberation and discussions at the meeting held on March 05, 2020 of the Board of Directors of RRIL, for the benefit

of the shareholders of KRK, have decided to issue shares to the members of KRK in the ratio of 14:1 i.e. 14 (Fourteen) equity shares of Rs. 5 each credited as fully paid up in RRIL for every 1 (*one*) equity share of the Face value of Rs. 10/- each held by them in KRK.

- 8.4. RRIL, shall, increase its authorised share capital, to the extent required, in order to issue the New Shares under this Scheme in accordance with the procedure prescribed under Section 61 of the Companies Act, 2013, without prejudice to the right of RRIL to avail set off for the fees paid by KRK as per Clause 16 in terms of Section 232(3) (i) of the Act.
- 8.5. The New Shares, to be issued by RRIL pursuant to Clause 8 above, shall be issued and allotted in dematerialised form by RRIL, unless otherwise notified in writing by the shareholders of KRK to RRIL, on or before such date as may be determined by the Board of Directors of RRIL or a committee thereof. In the event that such notice has not been received by RRIL in respect of any of the shareholders of KRK, the equity shares shall be issued and allotted to such shareholders in dematerialised form, provided that the shareholder of KRK shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required.
- 8.6. In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of KRK, the Board of Directors, or any committee thereof, of KRK shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in KRK, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to KRK or RRIL, as the case may be, in respect of such shares.
- 8.7. In the event the New Shares are required to be issued and allotted

to such shareholders of KRK, being non-resident, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).

- 8.8. The New Shares, to be issued and allotted by RRIL, in terms of this Scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of RRIL. The New Shares, to be issued and allotted, shall rank *pari-passu* in all respects with the existing shares of RRIL, including in respect of dividends, if any, that may be declared by RRIL, on or after the Effective Date.
- 8.9. If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of RRIL pursuant to Clause 8, becomes entitled to receive any fractional equity shares of RRIL, such person shall be entitled to receive one fully paid share instead of any such fractional entitlement.
- 8.10. Pursuant to Clause 8.9 above, the total number of shares that will be issued to equity shareholders of KRK, may vary from the total number of shares of RRIL to be issued as set forth in the first sentence of Clause 8.1.
- 8.11. The issue and allotment of the New Shares in RRIL to the relevant shareholders of KRK as provided in the Scheme shall be carried out and the same would not require following of the procedure laid down under Section 42 and 62 of the Companies Act, 2013 and any other applicable provisions of the relevant Act.
- 8.12. The New Shares to be issued by RRIL under this Scheme pursuant to Clause 8 in respect of any equity shares of KRK which are held in abeyance under the provisions of Section 126 of



the Companies Act, 2013 and other applicable provisions of the relevant Act shall, pending allotment or settlement of dispute by the order of court or otherwise, also be held in abeyance by KRK and RRIL.

- 8.13. For the purpose of issue of the New Shares to the equity shareholders of KRK, RRIL may, if and to the extent required, apply for and obtain the required statutory approvals from the Governmental Authorities for the issue and allotment by RRIL of such New Shares.
- 8.14. Subsequent to the sanction of the Scheme, RRIL will make an application for listing of its New equity shares on the stock exchange in which the shares of RRIL are listed, in pursuance to the relevant regulations including, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circulars.
- 8.15. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing / trading permission is given by the designated stock exchange i.e. BSE Limited.
- 8.16. RRIL and KRK shall duly comply with various provisions of the LODR read with the SEBI Circulars.

## **9. CANCELLATION OF LOANS AND ADVANCES**

- 9.1. Upon the Scheme coming into effect, all the loans, inter-corporate deposits, advances or any kind of debts, as the case may be, paid or subscribed by KRK in RRIL and vice versa shall, without any further act or deed, get cancelled at their respective face value.
- 9.2. Upon the Scheme coming into effect, any instrument either issued by RRIL or KRK in relation to any outstanding loans, advances and/or any kind of debts, as the case may be, as set out in Clause

9.1 shall also, without any further act or deed, get cancelled.

9.3. The obligations in respect of aforesaid loans, advances or any kind of debts, as the case may be, shall come to an end and a corresponding suitable effect shall be given in the books of accounts and records of RRIL. If required reduction/ cancellation of such loans, advances or any kind of debts shall be reflected in the books of accounts and records of RRIL.

#### **10. DISSOLUTION OF KRK**

10.1. Upon the Scheme coming into effect, KRK shall, without any further act or deed, stand dissolved without winding up. The name of KRK shall be struck off from the records of the Registrar of Companies, Mumbai and RRIL shall make necessary filings in this regard.

### **PART IV REORGANISATION OF SHARE CAPITAL OF RRIL**

#### **11. CANCELLATION/ REDUCTION OF SHARE CAPITAL OF RRIL HELD BY KRK**

11.1. KRK, legally and beneficially, owns 3,59,090 equity shares of Rs. 5/- each of RRIL thereby aggregating to 0.46% of the total issued, subscribed and paid-up equity share capital of RRIL.

11.2. As part of the Scheme, upon the Scheme coming into effect, all the equity shares of RRIL held by KRK being, 3,59,090 equity shares of Rs. 5/- each of RRIL, shall stand cancelled and extinguished on and from the Effective Date as an integral part of the Scheme and accordingly, the Share Certificates/ Shares in

Demat Form in respect of the aforesaid equity share in RRIL held by KRK shall also stand cancelled and shall be deemed to be cancelled without any further act or deed.

- 11.3. Accordingly, upon the Scheme coming into effect and after taking into effect cancellation of Equity Shares as mentioned in Clause 11.2 and issue and allotment of New Shares under Clause 8, the issued, subscribed and paid-up equity share capital of RRIL shall change from the sum of Rs.39,22,66,900 divided into 7,84,53,380 equity shares of the face value of Rs.5 each fully paid to Rs.60,60,71,450 divided into 12,12,14,290 equity shares of the face value of Rs. 5 each fully paid to give effect to cancellation of equity shares held by KRK in RRIL.
- 11.4. The cancellation, which amounts to reduction of share capital of RRIL, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital. The order of the Adjudicating Bodies sanctioning the Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013 and other applicable provisions of the Act confirming the reduction without imposing a condition on RRIL to add to its name "and reduced".

## **PART V**

### **ACCOUNTING TREATMENT**

#### **12. ACCOUNTING TREATMENT IN BOOKS OF RRIL**

- 12.1. The merger of KRK with RRIL is a 'Business combinations of

entities under common control' within the meaning of Indian Accounting Standard ("*Ind AS*") 103 issued by the Central Government u/s 133 of the Companies Act, 2013 or any applicable standard prevailing. Upon the Scheme coming into effect:

- 12.1.1. RRIL shall recognize the accounting treatment for this Scheme, upon the Scheme becoming effective, in accordance with the provisions of Ind AS 103. The Merger would be accounted for by applying "Pooling of Interest method" of accounting as contained in the Ind AS 103 issued by, Central Government.
- 12.1.2. Accordingly, RRIL shall record the assets, liabilities and reserves (whether Capital or Revenue or arising on Revaluation) pertaining to the business and undertaking of KRK transferred to it in pursuance of this Scheme at their respective carrying amounts and in the same form as at the Appointed Date. RRIL shall pass such accounting entries which are necessary in connection with the Scheme to comply with other applicable Accounting Standards. The balance of Profit and Loss Account of KRK will be aggregated with corresponding balances of RRIL.
- 12.1.3. To the extent that there are inter-corporate loans / trade deposits, debentures, debt securities or balances between KRK and RRIL, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of RRIL for the reduction / netting of any assets or liabilities, as the case may be.
- 12.1.4. Upon the Scheme coming into effect, the surplus / deficit, if any of the net value of assets, liabilities and reserves of the Transferor Company acquired and recorded by the Transferee Company in terms of Clause 12.1.2 over the sum of (a) the face value of the new shares on merger issued and allotted pursuant to clause 8.1 and (b) the value of investments cancelled pursuant to Clause

11.2 shall be adjusted in “Capital Reserve Account” or “Goodwill” as the case may be, in the financial statements of the Transferee Company.

- 12.1.5. In case of any differences in accounting policy between KRK and RRIL, the accounting policies followed by RRIL will prevail and the differences, if any, till the Appointed Date will be quantified and appropriately recorded in the Accounts of RRIL to ensure that the financial statements of RRIL reflect the financial position on the basis of consistent accounting policy. The effects on the financial statements of any changes in accounting policies should be reported in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates & Errors.

## **PART VI GENERAL CLAUSES**

### **13. STAFF, WORKMEN AND EMPLOYEES**

- 13.1. On the Scheme coming into effect, all the employees of KRK in service on such date shall be deemed to have become employees of RRIL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with RRIL shall not be less favourable than those applicable to them with reference to KRK on the Effective Date. The position, rank and designation of the employees would however be decided by RRIL. Any salary, compensation, fringe benefits, perquisites and other kind of consideration given by KRK from the Appointed Date till the Effective Date will be deemed to have been paid by RRIL.
- 13.2. In so far as the Provident Fund, Gratuity Fund or any other Special Fund created or existing for the benefit of the employees of KRK are concerned, upon the Scheme coming into effect,

RRIL shall, stand substituted for KRK for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of KRK in relation to such Fund or Funds shall become those of RRIL and all the rights, duties and benefits of the employees employed in KRK under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. The contributions made by KRK in respect of its employees to such Fund or Funds for any period subsequent to the Appointed Date shall be deemed to be contributions made by RRIL. It is clarified that the services of the employees of KRK will be treated as having been continuous for the purpose of the said Fund or Funds.

#### **14. CONTRACTS, DEEDS AND STATUTORY CONSENTS**

- 14.1. Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature of KRK which are subsisting or having effect immediately before the Effective Date shall be in full force against or in favour of RRIL, and may be enforced as fully and effectively as if, instead of KRK, RRIL has been a party or beneficiary thereto. RRIL shall, if necessary, to give formal effect to this Clause, enter into and / or issue and / or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which KRK is a party.
- 14.2. RRIL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which

KRK is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. RRIL shall be deemed to be authorised to execute any such writings on behalf and in the name of KRK and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of KRK.

- 14.3. RRIL shall be entitled, pending the sanction of the Scheme, to apply to the relevant Governmental Authorities (including, the Court, Tribunal, Debt Recovery Tribunal, as the case may be or any other agency, department or other authorities concerned as may be necessary under law), for such consents, approvals and sanctions which RRIL, respectively, may require to own and operate all or any party of KRK.

#### **15. VALIDITY OF EXISTING RESOLUTIONS**

- 15.1. Upon coming into effect of this Scheme, the resolutions of KRK including the approvals that may have been obtained by KRK from its shareholders and which are valid and subsisting on the Effective Date, as are considered necessary by the Board of Directors of RRIL shall be considered as resolutions of RRIL. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of RRIL, shall be added to the limits, if any, under the like resolutions passed by RRIL.

#### **16. MERGING OF AUTHORISED SHARE CAPITAL**

- 16.1. Upon the Scheme coming into effect, in accordance with the provisions of Section 232 of the Companies Act, 2013 the authorised share capital of KRK of Rs.5,00,00,000 (*Rupees Five Crores only*) shall stand combined / consolidated with the authorised share capital of RRIL and on the Scheme coming into

effect, the authorised share capital of RRIL shall, without any further act, deed or action, stand increased (*post combination and consolidation*) and reconstituted to Rs.47,61,70,000 (*Rupees Forty Seven Crores Sixty One Lakhs Seventy Thousand only*) divided into 9,52,34,000 equity shares of Rs. 5/- each.

16.2. Clause V of the Memorandum of Association of RRIL shall be amended by deleting the clause and replacing it by the following:

16.3. *"The Authorised Share Capital of the Company is Rs.47,61,70,000 (Rupees Forty Seven Crores Sixty One Lakhs Seventy Thousand only) divided into 9,52,34,000 equity shares of Rs.5/- each., with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and divide the shares in the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified for special rights, privileges, or conditions in such manner as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privilege or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being force."*

16.4. It is hereby clarified that an increase in authorised share capital of RRIL, if required, shall be effected as an integral part of this Scheme without any further act or deed on the part of RRIL and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. RRIL shall not be obliged to follow the procedure or filing as required under Sections 13, 61, 64 of the Companies Act, 2013 or any other applicable provisions of the relevant Act. It is further clarified that no registration fee / ROC fees, stamp duty etc., shall



be payable by RRIL. Upon the Scheme coming into effect, the fees paid by KRK on the authorised share capital of KRK shall, without any act or deed, be available as a set off to RRIL in terms of Section 232(3) (i) of the Act.

- 16.5. The aforesaid quantum of merging of authorised share capital of KRK with RRIL and consequent amendment to the Memorandum of Association of RRIL is indicative in nature and the same shall be subject to change due to any increase in authorised share capital of KRK or RRIL pursuant to the Appointed Date till the Scheme coming into effect. Any such increase in the authorised share capital of KRK or RRIL pursuant to the Appointed Date till the Scheme coming into effect shall stand ipso facto added or clubbed to aggregate authorised share capital of RRIL as set out in Clause 16.1 above.

## **17. LEGAL PROCEEDINGS**

- 17.1. Any suit, petition, appeal or other proceeding of whatsoever nature and any orders of court, judicial or quasi-judicial tribunal or other Governmental Authorities enforceable by or against KRK including without limitation any restraining orders (including order under section 281B of the Income-tax Act, 1961) pending before any court, judicial or quasi-judicial tribunal or any other forum, relating to KRK, whether by or against KRK, pending as on the Effective Date, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of KRK or of any order of or direction passed or issued in the amalgamation proceedings or anything contained in this Scheme, but by virtue of the order sanctioning the Scheme, such legal proceedings shall be continued and any prosecution shall be enforced by or against RRIL in the same manner and to the same extent as would or might have been continued, prosecuted and / or enforced by or against KRK, as if this Scheme had not been implemented.

17.2. After the Appointed Date and until the Effective Date, KRK shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of RRIL.

17.3. The transfer and vesting of the assets and liabilities under the Scheme and the continuance of the proceedings by or against RRIL shall not affect any transaction or proceeding already completed by KRK between the Appointed Date and the Effective Date to the end and intent that RRIL accepts all acts, deeds and things done and executed by and / or on behalf of KRK as acts, deeds and things done and executed by and on behalf of RRIL.

**18. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE**

18.1. With effect from the Appointed Date and up to the Effective Date:

18.1.1. KRK shall carry on its business and activities in the normal course of business till the vesting of the Transferor Undertaking and amalgamation of KRK with RRIL on the Effective Date and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the assets of KRK for and on account of and in trust for RRIL;

18.1.2. all the profits or income accruing or arising to KRK in relation to the Transferor Undertaking or the expenditure or losses arising or incurred by KRK shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses of RRIL.

18.1.3. KRK shall carry on their business activities with general prudence and shall not, without prior written consent of RRIL, alienate, charge or otherwise deal with or dispose off any of its business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by

KRK prior to the Appointed Date).

- 18.1.4. KRK shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, including Securities & Exchange Board of India (SEBI) and BSE Ltd. wherever necessary for such consents, approval and sanctions which RRIL may require including the registration, approvals, exemptions, reliefs, etc., as may be required to be granted under any law for time being in force for carrying on business by RRIL.
- 18.1.5. KRK shall not make any modification to its capital structure, either by increase, decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of KRK and of RRIL.
- 18.1.6. all the taxes of KRK in relation to the Transferor Undertaking paid or payable by KRK, including Income Tax Refunds receivable, Tax Credits such as TDS Deducted by Customers / Banks, CENVAT Credit Balances, Goods and Services Tax Credit Balances, Goods and Services Tax Refunds due and Service Tax Refunds due, etc. shall be deemed to be taxes paid or payable by or Credits available (as the case may be) for RRIL; and
- 18.1.7. KRK shall, with simultaneous intimation to RRIL, take major policy decisions in respect of its assets and liabilities and its present capital structure.

## **19. RATIFICATION**

- 19.1. Except as provided in the Clauses above, RRIL shall accept all acts, deeds and things relating to the Transferor Undertaking, done and executed by and/or on behalf of KRK on and after the

Appointed Date as acts, deeds and things done and executed by and / or on behalf of RRIL, as the case may be.

## **20. DIVIDEND, PROFIT, BONUS, RIGHT SHARES**

20.1. At any time upto the Effective Date KRK shall not declare dividend, distribute profits, or issue or allot any right shares or bonus shares or any other security converting into equity shares or other share capital or obtain any other financial assistance converting into equity shares or other share capital, unless agreed to by the Board of Directors of RRIL.

## **PART VII GENERAL TERMS AND CONDITIONS**

## **21. APPLICATION TO ADJUDICATING BODY**

21.1. KRK and RRIL shall, with all reasonable despatch, make applications / petitions (jointly, if permissible) under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the relevant Adjudicating Body, for sanctioning of this Scheme and all matters ancillary or incidental thereto.

## **22. MODIFICATIONS, AMENDMENTS TO THE SCHEME**

22.1. Upon prior approval from the Adjudicating Body, KRK and RRIL (by their respective Board of Directors) may assent from time to time on behalf of persons concerned to any modifications/amendments to this Scheme (including but not limited to the terms and conditions thereof) or any conditions or limitations which the relevant Adjudicating Body, or any authorities under the law may deem fit to approve or impose and to resolve any doubt or difficulties that may arise for carrying out

this Scheme and to do and execute all such acts, deeds, matters and things necessary for putting the Scheme into effect.

22.2. For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, the Directors of KRK and RRIL, or any person authorised in that behalf by the concerned Board of Directors, may give and is / are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

### **23. CONDITIONALITY OF THE SCHEME**

23.1. Unless otherwise decided by the Board of KRK and RRIL, this Scheme is specifically conditional upon and subject to:

23.1.1. the approval of the Scheme by the requisite majority of the respective members and such class of persons of KRK and RRIL, as required in terms of the applicable provisions of the relevant Act as well as any requirements that may be stipulated by the relevant Adjudicating Body in this respect;

23.1.2. the approval of the shareholders of transferor and transferee company through e-voting and / or other mode as may be required under any applicable law and the SEBI circular. The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of para 9 (a) of Part I 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 proposal are more than the number of votes cast by the public shareholders against it.

23.1.3. sanction of the relevant Adjudicating Body, being obtained under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, and other applicable provisions of the Act, if so required on

behalf of KRK and RRIL;

- 23.1.4. the necessary certified copies of the order under Sections 230 to 232 of the Act, and other applicable provisions of the Act are duly filed with the Registrar of Companies;
- 23.1.5. approval of the Government of India and/ or Reserve Bank of India and/ or Securities and Exchange Board of India, if required and the consent of the BSE Limited where such approval or consent is necessary; and
- 23.1.6. all other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

#### **24. EFFECTIVE DATE OF THE SCHEME**

- 24.1. The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Adjudicating Body and/or by the Board of Directors in terms of Clause 23 shall although be operative from the Effective Date but shall be deemed to be retrospectively effective from the Appointed Date in accordance with the provisions of Section 232 (6) of the Act.

#### **25. REVOCATION OF THE SCHEME**

- 25.1. In the event of any of the said sanction and approval referred to in the preceding Clauses 23 above not being obtained and/or the Scheme not being sanctioned by applicable Adjudicating Body and/or the Order(s) not being passed as aforesaid within eighteen (18) months from the date of filing of the Company Application with the relevant Adjudicating Body, or within such further period(s) as may be agreed upon from time to time between KRK and RRIL (through their respective Board of Directors), this Scheme shall stand revoked, cancelled and be of no effect and in

that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between KRK and RRIL, or their respective shareholders or employees or any other persons, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation 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 this Scheme and or otherwise arise as per law. For the purpose of giving full effect to this Scheme, the respective Board of Directors of KRK and RRIL, are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.

- 25.2. The Board of Directors of KRK and RRIL, shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards of Directors of KRK and RRIL are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up/ certified/ authenticated orders with any authority could have adverse implication on both/ any of the companies or in case any condition or alteration imposed by the relevant Adjudicating Body or any other authority is not on terms acceptable to them.
- 25.3. If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

**26. COSTS, CHARGES AND EXPENSES CONNECTED WITH THE SCHEME**

26.1. All costs, charges, taxes including duties, levies and all other expenses of KRK and RRIL in relation to or in connection with or incidental to this Scheme shall be borne by RRIL.

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**For RRIL Limited**  
**RATANC**  
**HAND D**  
**JAIN**  
**Ratanchand D Jain**  
**Managing Director**  
**DIN: 01604521**

Digitally signed by  
RATANCHAND D JAIN  
DN: cn=RATANCHAND D JAIN,  
o=RRIL, email=rjd@rril.com,  
c=IN  
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