

March 17, 2022

To,
The Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400 001

Sub. : Update on Scheme of Merger by Absorption of KRKumar Industries Limited by RRIL Limited - Disclosure pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Scrip ID: RRIL Scrip Code: 531307

Dear Sir,

With reference to the captioned subject and in continuation of our letter dated 24th February, 2022, wherein we had intimated that Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench has approved/ sanctioned the Scheme of Merger by Absorption of KRKumar Industries Limited ("the Transferor Company") by RRIL Limited ("the Transferee Company" / "the Company") on 24th February, 2022.

In this regard we would like to inform you that, the Company has received Certified True copy of NCLT Order on 16th March, 2022. Please find enclosed herewith the Certified True copy of NCLT Order.

The aforesaid is for your information and records

Thanking you.

Yours faithfully,
For RRIL Limited



Sanjay Vishwakarma
Company Secretary & Compliance officer

Encl: As above

RRIL LIMITED

(Formerly known as KRK Industries Limited)

A-325, Hari Om Plaza, M.G.Road, Near Omkareshwar Temple, Borivali (E), Mumbai - 400 066.

✉ office@rrillimited.com | 🌐 www.rrillimited.com | ☎ 022 2895 9644

CIN : L17121MH1991PLC257750

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT-III**

C. P. (CAA) No. 26 of 2021
Connected with
C. A. (CAA) No. 1076 of 2020

In the matter of Section 230-232
of the Companies Act, 2013 and
other applicable provisions of the
Companies Act, 2013 read with
the Companies (Compromises,
Arrangements and
Amalgamations) Rules, 2016;

And

In the matter of Scheme of
Amalgamation of KRKUMAR
INDUSTRIES LIMITED, the
Transferor Company by RRIL
LIMITED, the Transferee
Company and their respective
shareholders.

KRKUMAR INDUSTRIES LIMITED

[CIN: U45203MH1987PLC042969]

... Petitioner Company No. 1/
Transferor Company

RRIL LIMITED

[CIN: L17121MH1991PLC257750]

... Petitioner Company No. 2/
Transferee Company

Order delivered on 24.02.2022

Coram:

Hon'ble Shri. H. V. Subbarao, Member (Judicial)

Hon'ble Shri. Chandra Bhan Singh, Member (Technical)

Appearance (through video conferencing) :

For the Applicants : Mr Ahmed M Chunawala, i/b Rajesh Shah
& Co, Advocates

For the Regional Director : Ms. Rupa Sutar, Authorized representative
of Regional Director

ORDER

1. Heard the Learned Counsel for the Petitioner Companies. No objector has come before this Tribunal to oppose the Scheme and



nor has any party controverted any averments made in the Petitions to the said Scheme.

2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and the rules framed there under for the Scheme of Scheme of Amalgamation of KRKUMAR INDUSTRIES LIMITED, the Transferor Company by RRIL LIMITED, the Transferee Company and their respective shareholders.
3. The Petitioner Companies have approved the said Scheme of Amalgamation by passing the Board Resolutions dated 5th March, 2020 which are annexed to the respective Company Scheme Petitions.
4. The Learned Advocate appearing on behalf of the Petitioners states that the Petitions have been filed in consonance with the Order passed in the C.A. (CAA) No. 1076 of 2020 by this Tribunal.
5. The Learned Advocate appearing on behalf of the Petitioners further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench.
6. The Learned Counsel for the Petitioner Companies states that the First Petitioner Company presently is engaged is business in the activities pertaining to Construction and Textile activities and that the Second Petitioner Company presently is 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.

7. The rationale for the Scheme of Amalgamation of the Petitioner Companies would, inter alia, all the Companies are under the same management. The management is of the opinion that the merger will lead to synergies of operations and more particularly the following benefits:
- a. 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.
 - b. 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.
 - c. 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.

- d. 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.
- e. 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.
- f. 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.
- g. 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.
- h. 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.

- i. 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.
- j. 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.
- k. 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.

8. The Regional Director has filed his Report dated 9th December, 2021 *inter-alia* making the following observations in Paragraphs IV (a) to (o) which are reproduced hereunder:

Para	Observation by the Regional Director	Undertaking of the Petitioner Company / Rejoinder
IV(a)	In addition to compliance of AS-14 (IND AS-103), the Transferee	So far as the observation in paragraph IV (a) of the Report



	<p>Company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5(IND AS-8) etc.</p>	<p>of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner undertakes that in addition to Compliance of AS-14 (IND AS-103), the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS – 8) etc.</p>
<p>IV(b)</p>	<p>As per Part -II- Definitions Clause 4(4.1.3), Clause 4 (4.1.5) & Clause 4 (4.1.9) of the Scheme.</p> <p>“Appointed Date” means April 01, 2020 or such other date as the Adjudicating Body (ies) may direct or fix, or fix, for the purpose of amalgamation of KRK with RRIL under this Scheme.</p> <p>“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.</p> <p>All reference in this Scheme to the</p>	<p>So far as the observation in paragraph IV (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Appointed Date is 1st April, 2020 from which it shall be effective and the scheme shall be deemed to be effective from such date and not from a date subsequent to the appointed date. The Petitioner undertakes to comply with the requirements clarified vide circular no. F.</p>



<p>date of "coming into effect of the / this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.</p> <p>"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.</p> <p>In this regard, it is submitted that Section 232 (6) of the Companies Act, 2013 states that the scheme under this section shall clearly indicate an appointed dated from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers.</p> <p>Further, the Petitioner may be asked to comply with the requirements and clarified vide circular no. F. No.7/12/2019/CL-1</p>	<p>No.7/12/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.</p>
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	dated 21.08.2019 issued by the Ministry of Corporate Affairs.	
IV (c)	The Hon'ble Tribunal may kindly seek the undertaking that this Scheme is approved by the requisite majority of members and creditors as per Section 230(6) of the Act in meetings duly held in terms of Section 230(1) read with subsection (3) to (5) of Section 230 of the Act and the Minutes thereof are duly placed before the Tribunal.	So far as the observation in paragraph IV (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertake and confirm that Scheme is approved by the requisite majority of members and creditors in the form of consent affidavits duly submitted to the Hon'ble NCLT.
IV (d)	The Hon'ble NCLT may kindly direct the Petitioners to file an undertaking to the extent that the Scheme enclosed to Company Application & Company Petition, are one and same and there is no discrepancy / any change/ changes are made, for changes if any, liberty be given to Central Government to file further report if any required.	So far as the observation in paragraph IV (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Scheme enclosed in the Company Application and the scheme enclosed in the Company Petition are one & same and there is no discrepancy or deviation.
IV (e)	The Petitioners under provisions of section 230(5) of the Companies Act, 2013 have to serve notices to	So far as the observation in paragraph IV (e) of the Report of the Regional Director is



	concerned authorities which are likely to be affected by Amalgamation. Further, the approval of the scheme by this Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such Authorities is binding on the Petitioner Company(s).	concerned, the Learned Counsel for the Petitioner Companies submits that the scheme by this Hon'ble Tribunal may not deter any authorities to deal with any of the issues arising after giving effect to the scheme and that the decision of authorities is binding on the Petitioner Company (s).
IV (f)	Petitioner Company have to undertake to comply with section 232(3)(i) of Companies Act, 2013, where the transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation and therefore, petitioners to affirm that they comply the provisions of the section.	So far as the observation in paragraph IV (f) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that the setting off of fees paid by the Transferor Company on its Authorised Share Capital shall be accordance with provisions of section 232(3)(i) of the Companies Act, 2013.
IV (g)	The Petitioner Company may be directed to submit undertaking that the petitioner company shall ensure compliance of all provisions of the Income Tax Act,	So far as the observation in paragraph IV (g) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner



	1961 including provisions of section 2(1B) of the Income Tax Act.	Companies undertake to comply with all the applicable provisions of the Income Tax Act, 1961 including provisions of Section 2(1B) of the Income Tax Act, 1961.
IV(h)	<p>As per Part -V- Clause 11(11.1 to 11.3) of the Scheme (Reduction in Securities Premium Account). 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 RRIL.</p> <p>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 Certificate / 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.</p>	So far as the observation in paragraph IV (h) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes to comply with the provisions of Section 230-232, Section 52 read with Section 66 and other relevant provisions of the Companies Act, 2013.



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 in to 7,84,53,380 equity shares of 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.

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



	<p>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". In this regard it is submitted that the Petitioner Companies shall also comply the provisions of Section 230-232, Section 52 read with Section 66 and other relevant provisions of the Companies Act, 2013.</p>	
<p>IV(i)</p>	<p>As per Part-V-Clause 12(12.1) (12.1.1 to 12.1.5) of the Scheme (Accounting Treatment). The merger of KRK with RRIL is a 'Business combinations of entities under common control' within the meaning of India 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</p>	<p>So far as the observation in paragraph IV (i) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that the difference so credited to "Capital Reserve arising out of Amalgamation" shall not be available for distribution of dividend and other similar purpose.</p>



	<p>effect.</p> <p>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 Interest method" of accounting as contained in the Ind AS 103 issued by Central Government. In view of the above it is submitted that the difference so credited to "Capital Reserve arising out of Amalgamation" shall not be available for distribution of dividend and other similar purposes.</p>	
IV(j)	<p>As per Part-VI Clause 16 (16.1 to 16.5) – (General Clause) of the Scheme (Merging of Authorized Share Capital), In This Regard It Is Submitted That The Fee Payable by the Transferee Company shall be in accordance with the provisions of Section 13, Section 61, Section 64 and Section 232(3)(i) of the Companies Act, 2013 further if any stamp duty is payable the same should be paid</p>	<p>So far as the observation in paragraph IV (j) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the setting off of fees paid by the Transferor Company on its Authorised Share Capital shall be accordance with provisions of section 232(3)(i) of the Companies Act, 2013 and the</p>



	in accordance with applicable laws of the State.	fees payable by the Transferee Company shall be in accordance with the provisions of Section 13, Section 61, Section 64 and Section 232 (3) (i) of the Companies Act, 2013 further if any stamp duty is payable the same should be paid in accordance with applicable laws of the State.
IV(k)	Since the Transferee Company limited by shares, is listed on the Bombay Stock Exchange and the National Stock Exchange, the Petitioner Company be directed to place on record whether necessary approval from SEBI and the concerned Stock Exchange have been obtained and whether the meeting of the shareholders / class of shareholders have been convened as per the listing/ SEBI guidelines.	So far as the observation in paragraph IV (k) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes the following: i. That necessary approval was given by SEBI / BSE Limited to the Transferee Company vide Observation Letter No. DCS/AMAL/BA/R37/1769 /2020-21 dated 7 th August, 2020. The Transferee Company is not listed on National Stock Exchange of India Limited. ii. The Meeting of the Shareholders of the



		Transferee Company have been convened as per the listing / SEBI guidelines.
IV(l)	The Petitioner Companies to place on record the minutes of the meeting of public shareholder (other than the promoters) as required to be held since holding of promoters should stand increase on approval of Scheme.	So far as the observation in paragraph IV (l) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that there were 10 number of Promoters Shareholders having value of Rs.20,11,91,315 and 50 number of Public Shareholder having value Rs.4,78,78,500 have attended the meeting.
IV(m)	Since the Transferee Company have foreign / non-resident shareholders, therefore, it is subject to the compliance of section 55 of the Companies Act, 2013 the FEMA Regulations / RBI Guidelines by the Transferee Company.	So far as the observation in paragraph IV (m) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes the comply with section 55 of the Companies Act, 2013 the FEMA Regulations / RBI Guidelines by the Transferee Company.
IV(n)	The Petitioner Company be directed to place on record whether necessary NOC / approval from Competition	So far as the observation in paragraph IV (n) of the Report of the Regional Director is concerned, the Learned



	Commission of India (CCI) have been obtained or not, if applicable.	Counsel for the Petitioner Companies undertakes that NOC / approval from Competition Commission of India (CCI) is not applicable.
IV(o)	In view of the observation raised by the ROC Mumbai, mentioned at para 20 above Hon'ble NCLT may pass appropriate order/orders as deem fit.	So far as the observation in paragraph IV (o) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that: <ul style="list-style-type: none"> i. The Petitioner Companies have open charge and the same will be taken over by the Transferee Company; ii. The Transferor Company undertakes to comply with filing of e-form MGT-14; iii. The interest of Creditors will be protected and that they would be paid in ordinary course of business.

9. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 above. The Representative of the Regional Director has submitted that the explanations and clarifications given by the petitioner companies



are found satisfactory and that they have no objection to the Scheme.

10. 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.
11. The Official Liquidator has filed his report on 7th September, 2021 in the Company Scheme Petition No. 26 of 2021, inter alia, stating therein that the affairs of the Transferor Company have been conducted in a proper manner not prejudicial to the interest of the Shareholders of the Transferor Company and that the Transferor Companies may be ordered to be dissolved by this Tribunal.
12. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. Since all the requisite statutory compliances have been fulfilled, C.P. (CAA) No. 26 of 2021 is made absolute in terms of clauses (a) to (c) of the said Company Scheme Petition. Hence ordered.

ORDER

- a. The said Scheme of Amalgamation is hereby sanctioned and declared the same to be binding on the ("Transferor



Company”) and (“Transferee Company”) and their respective shareholders.

- b. The First Petitioner Company be dissolved without winding up.
- c. Petitioners are directed to file a copy of this Order along with a copy of the Scheme of Amalgamation with the concerned Registrar of Companies, electronically along with E-Form INC-28, in addition to physical copy within 30 days from the date of receipt of the Order from the Registry.
- d. The Petitioner Companies to lodge a copy of this Order and the Scheme duly authenticated by the Joint/ Deputy/ Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any within 60 days from the date of receipt of the Certified copy of the Order.
- e. All authorities concerned to act on a copy of this Order along with Scheme duly authenticated by the Joint/ Deputy/ Assistant Registrar, National Company Law Tribunal, Mumbai.
- f. The Appointed Date is 1st April, 2020.

13. Ordered Accordingly. CP (CAA) No. 26 of 2021 is Allowed and disposed-off. Files to be consigned to Records.

Sd/-
CHANDRA BHAN SINGH
MEMBER (TECHNICAL)

Sd/-
H. V. SUBBA RAO
MEMBER (JUDICIAL)



Certified Stamp on next page.
5/4/20

Certified True Copy

Date of Application 25.02.2022

Number of Pages 18

Fee Paid Rs. 90

Applicant called for collection copy on 16.03.2022

Copy prepared on 16.03.2022

Copy Issued on 16.03.2022

A.S. Sonawane

Deputy Registrar

National Company Law Tribunal, Mumbai Bench