

**SCHEME OF AMALGAMATION AMONG
GOKAK SUGARS LIMITED
(Transferor Company)**

Annexure -3

AND

**SHREE RENUKA SUGARS LIMITED
(Transferee Company)**

AND

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013**

PART I

1. INTRODUCTION:

- (A) **Gokak Sugars Limited** (hereinafter referred to as “GSL” or the “**Transferor Company**”), was incorporated as a private limited company, under the Companies Act, 1956 on 22nd February, 2000 in the name of Gokak Sugars Private Limited, in the State of Karnataka. The name of the Transferor Company was changed from Gokak Sugars Private Limited to Gokak Sugars Limited on its conversion in to public limited company and a fresh certificate of incorporation consequent upon change of name was issued on 8th July 2003. The Registered office of the Transferor Company is situated at S. No. 238 and 263, Kolvi Village, Taluka Gokak, District Belgaum, PIN - 591344, Karnataka.

Gokak Sugars Limited is primarily engaged in the business of

- (i) manufacturers, importers, exporters and dealers in all types and grades of sugar and its allied products as molasses and bagasse, manures, breweries etc.;
- (ii) Generation, distribution, supply and employ electricity, all kinds of power and energy out of steam generated in the process of manufacture of sugar and its products.

The main objects of the Transferor Company are as follows:

1. To carry on all or any of the business of manufacturers, importers, exporters and dealers in all types and grades of sugar and its allied products.
2. To generate, distribute, supply and employ electricity, all kinds of power and energy out of steam generated in the process of manufacture of sugar and its products.
3. To carry on all or any business of manufacturers, importers, exporters, distributors and otherwise dealers in sugar and its by-products such as molasses and bagasse, manures, breweries and distilleries and manufacturers of all kinds of preserved food, sauces, jams, alcoholic and non-alcoholic drinks and pharmaceuticals for domestic and hotel use.



4. To carry on all or any of the' business of cultivators, planters, growers, processors, buyers, millers and dealers of all types of sugarcane, sugar beet and other agricultural products or the soil as may be required for the purpose of the Company.
5. To carry on all or any of the business of manufacturers, importers and exporters, distributors, processors and otherwise dealers in all types of raw materials like sulfur, lime, chemicals packing materials gunny bags, plastic, and synthetic bags, metallic and non-metallic bag and containers and the things required of the manufacture of sugar, its by-products and electricity.
6. To manufacture, export, import, distribute or sell in retail and wholesale pulp, simplex, duplex and triplex boards, hardboards, soft boards, coated paper, writing paper and printing paper specialty papers, all varieties of boards and papers and board products, art paper, newsprint, drawing paper, filter paper, grease paper, insulation paper, craft paper, cheque paper, absorbent paper, decorative laminate paper.

(B) **Shree Renuka Sugars Limited** (hereinafter referred to as “SRSL” or the “**Transferee Company**”), was incorporated as a public limited company under the Companies Act, 1956 on 20th October, 1995 in the State of Karnataka. The Certificate of Commencement of Business of the Transferee Company was received on 5th January, 1996. The Registered Office of the Transferee Company, on the date of incorporation was situated at B. C. 105, Havelock Road, Camp, Belgaum 590001. The Registered Office of the Transferee Company was shifted to 2nd & 3rd Floor, Kanakashree Arcade, CTS No. 10634, JNMC Road, Nehru Nagar, Belagavi – 590010 with effect from 1st August 2019 and the present Registered Office of Transferee Company continues to be situated at 2nd & 3rd Floor, Kanakashree Arcade, CTS No. 10634, JNMC Road, Nehru Nagar, Belagavi – 590010.

The Equity shares of the Company are listed on BSE Limited (SCRIP CODE - 532670) and National Stock Exchange Limited (SCRIP CODE – RENUKA).

Shree Renuka Sugars Limited is primarily engaged in the business of:

- (i) Purchase, manufacture, produce, boil, refine, prepare, brew, import, export, buy, sell and generally to deal in all varieties of sugar, sugar candy, jaggery, khandsari sugar, sugar beet, sugar cane, molasses, syrups, melada, alcohol, spirits and all products and by-products, thereof such as confectionery, glucose, bagasses, bagasse boards,
- (ii) paper, paper pulp, butyl alcohol, acetone, carbon-di-oxide, hydrogen, potash, cane wax, fertilizers, cattle feed and food products generally;
- (iii) Generation of power by traditional and/or using, any latest technology for the captive consumption and also to distribute, sell such surplus generation if necessary to outsiders.

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The main objects of the Transferee Company are as follows:

1. To purchase, manufacture, produce, boil, refine, prepare, brew, import, export, buy, sell and generally to deal in all varieties of sugar, sugar candy,



jaggery, khandsari sugar, sugar beet, sugar cane, molasses, syrups, melada, alcohol, spirits and all products and by-products, thereof such as confectionery, glucose, bagasses, bagasse boards, paper, paper pulp, butyl alcohol, acetone, carbon-di- oxide, hydrogen, potash, cane wax, fertilizers, cattle feed and food products generally.

2. To purchase sugar cane, sorghum, sugar beet, sago, palmyra juice and other crops or raw materials used in the production of sugar and its products and by- products.
3. To generate power by traditional and/or using, any latest technology for the captive consumption and also to distribute, sell such surplus generation if necessary to outsiders.

1. RATIONALE:

(A) This Scheme (as defined hereinafter) envisages the amalgamation of GSL into SRSR, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. Accordingly, it would be in the best interests of the Transferor Company and the Transferee Company and their respective shareholders, creditors customers and employees. The proposed amalgamation of GSL into SRSR is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. The Transferor Company and the Transferee Company believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Company and the Transferee Company pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of the Transferor Company and the Transferee Company believe that the Scheme of Amalgamation would benefit the respective companies and other stake holders of respective companies, inter-alia, on account of the following reasons:

- (i) Enable Transferee Company to use the resources of Transferor Company and generate synergy in operations;
- (ii) Increase in net worth of Transferee Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure;
- (iii) Reduction of overheads and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources.
- (iv) Will result in bolstering the capital base and Balance Sheet of the Transferee Company.



- (v) Rationalizing the Group Structure by reducing the number of companies for better financial and compliance management leading lowering of finance and compliance costs of the Group.
- (B) GSL is subsidiary company of SRSL since SRSL controls more than one half of the total voting power at its own. SRSL holds 93.64% of the paid-up equity capital of GSL. GSL and SRSL are engaged in similar business.
- (C) The proposed amalgamation and vesting of GSL into SRSL, with effect from the Appointed Date is in the interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all stakeholders and for the purposes of synergies of business.
- (D) This Scheme is divided into the following parts:
- (i) Part I, which deals with the background and rationale of the Scheme;
 - (ii) Part II, which deals with the definitions and financial position of the Transferor Company and the Transferee Company;
 - (iii) Part III, which deals with the merger of the Transferor Company into the Transferee Company;
 - (iv) Part IV, which deals with the accounting treatment to the Transferor Company and the Transferee Company under this Scheme;
 - (v) Part V, which deals with the general terms and conditions as applicable to this Scheme.

PART II

2. DEFINITIONS

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

- a. “**Act**” means the Companies Act, 2013, including any statutory modifications, re-enactment or amendments thereof.
- b. “**Appointed Date**” means 1st day of April, 2021 or such other date as may be mutually agreed between the Transferor Company and the Transferee Company and thereafter approved by the NCLT
- c. “**Board of Directors**” in relation to Transferor Company and/or Transferee Company, as the case may be, 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.
- d. The “**Effective Date**” means the date on which certified copies of the Order of the National Company Law Tribunal Bench at Bengaluru, Karnataka is filed with the



Registrar of Companies, Karnataka at Bangalore after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.

- e. “**National Company Law Tribunal**” or “**NCLT**” means Tribunal constituted under Section 408 of the Companies Act, 2013 having its bench at Bengaluru
- f. The “**Transferee Company**” means Shree Renuka Sugars Limited, a company incorporated under the Companies Act, 1956, and having its registered office situated at 2nd & 3rd Floor, Kanakashree Arcade, CTS No. 10634, JNMC Road, Nehru Nagar, Belagavi - 590010).
- g. The “**Transferor Company**” means Gokak Sugars Limited, a company incorporated under the Companies Act, 1956, having its registered office situated at S. No. 238 and 263, Kolvi Village, Taluka Gokak, District Belgaum PIN 591 344 (Karnataka).
- h. “**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company after the Effective Date with reference to which the eligibility of the shareholders of the Transferor Company for allotment of shares in the Transferee Company in terms of this Scheme shall be determined.
- i. The “**Scheme**” means this Scheme of Amalgamation in its present form submitted to the Hon’ble National Company Law Tribunal Bench at Bengaluru, Karnataka for sanction or with any modification(s) made under Clause 14 of this Scheme and/or any modification(s) approved or imposed or directed by the said High Courts.
- j. “**Shareholders**” with reference to the Transferor Company or Transferee Company means persons holding equity/preference shares in the said Companies in physical form or in electronic form and whose names are entered and registered as members in the Register of Members of the said Companies or whose names appear as the beneficial owners of the equity/preference shares in the records of the Depositories as on the Record Date.
- k. “**Stock Exchange**”
- a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or
- b) a body corporate incorporated under the Companies Act, 1956 (1 of 1956) whether under a scheme of corporatisation and demutualization or otherwise,
- for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities.
- l. “**Undertaking**” means the entire business of the Transferor Company, as a going concern and shall include (without limitation)



- a. all the assets and properties of the Transferor Company as on the Appointed Date i.e. all the undertakings, the entire business, all the properties (whether movable or immovable – freehold or leasehold, tangible or intangible), plant and machinery, buildings and structures, including any advances for acquisition of land, allotment letters, sanctions, approvals, permits granted by any government or any other authority, offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, appliances, accessories, power lines, deposits, stocks, assets, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, quotas, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, leases, licenses, registrations, tenancies, benefits, of all taxes including but not limited to Minimum Alternate Tax (“MAT”) paid under Section 115JA/115JB of the Income Tax Act, 1961 (“IT Act”), advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits; engagements, arrangements of all kinds, exemptions, benefits, incentives, privileges and rights under State tariff regulations and under various laws; loan agreements, titles, interests, trade and service names and marks, patents, copyrights, and other intellectual property rights to use and avail of telephones, telexes, facsimile, email, interest, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company or which have accrued to the Transferor Company as on the Appointed Date, whether in India or abroad, of whatsoever nature and where-ever situated, (hereinafter referred to as the “Assets”);
- b. all the debts, present, contingent and future liabilities, duties and obligations of the Transferor Company as on the Appointed Date (hereinafter referred to as the “Liabilities”);
- c. without prejudice to the generality of sub-Clause (a) above, the Undertaking of the Transferor Company shall include all the movable and immovable properties, assets, including lease-hold rights, tenancy rights, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements including Power Purchase Agreement(s), guarantees including guarantees given by the State Government(s), deeds, bonds, insurance policies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power or possession or control of the Transferor Company;
- d. all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds



service agreements or other instruments (including all tenancies leases and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature along with any contractual rights and obligations to which Transferor Company is a party or to the benefit of which the Transferor company may be eligible and which are subsisting or having effect immediately before the effective date.

- e. all earnest monies and/or security deposits paid by the Transferor Company, all amounts claimed by the Transferor Company from any Government Authority under any law in force as refund of any tax, duty, cess or any excess payment.

3. SHARE CAPITAL

- 3.1 The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on 31st March, 2020 is as under: -

GSL (Transferor Company)

Gokak Sugars Limited	
Particulars	Amount in minr.
Authorized Share Capital	
36,000,000 Equity Shares of Rs.10/- each	360.00
Issued Subscribed and Paid up Share Capital	
35,174,540 Equity Shares of Rs.10/-	351.75
Paid up	
35,174,540 Equity shares of Rs. 10/ each	351.75
Total	351.75

- 3.2 The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on 31st March, 2020 is as under:-

SRSL (Transferee Company)

Shree Renuka Sugars Limited	
Particulars	Amount in minr
Authorised Share Capital	
800,00,00,000 Equity Shares of Re.1/- each	8,000.00
17,15,00,000 Preference Shares of Rs. 100/- each	17,150.00
Total	25,150.00
Issued, Subscribed and Paid up Share Capital	
191,68,19,292 Equity Shares of Re.1/- each	1,916.82
7,43,88,207 0.01% Redeemable Preference Shares of Rs. 100 each	7,438.82
4,28,08,858 0.01% Optionally Convertible Preference Shares of Rs. 100 each	4,280.89
Total	13,636.53



33 **Financial Position:**

The summarized financial position of the Transferor Company and the Transferee Company as per their respective latest Audited Accounts as on 31st March, 2020 is as under:

Gokak Sugars Limited (GSL or Transferor Company)

(Amount in minr)

Particulars	As at 31 st March, 2020
SOURCES OF FUNDS	
Shareholders' Funds	
Share Capital	351.75
Reserves & Surplus	(319.52)
Non-Current Liabilities	
Secured Loans	Nil
Unsecured Loans	1,783.10
Deferred Tax Liabilities	
Other Non Current Liabilities	1.43
Current Liabilities	
Duties & Taxes	25.10
Trade Payables (Sundry Creditors)	350.34
Other Current Liabilities	58.72
TOTAL	2,250.92
APPLICATION OF FUNDS	
Non-Current Assets	
Tangible Assets (Fixed)	1,527.46
Capital Work in Progress- Tangible	19.50
Non-Current Investments	5.00
Deferred Tax Assets	58.07
Long Term Loans and advances	0.21
Other Non-Current Assets	2.79
Current Assets	
Inventories	170.98
Trade Receivables	76.61
Cash and Cash Equivalents	280.48
Short Term Loans and Advances	Nil
Other Current Assets	109.82
Profit & Loss Account	
Opening Balance	Nil
Current Period	Nil
TOTAL	2,250.92



Shree Renuka Sugars Limited (SRSL of Transferee Company)

(Amount in
minr)

Particulars	As at 31 st March, 2020
SOURCES OF FUNDS	
Shareholders' Funds	
Share Capital	13,636.53
Reserves & Surplus	(11,995.20)
Non Current Liabilities	
Long term borrowings	13,843.00
Deferred Tax Liabilities (Net)	Nil
Other long term liabilities	127.21
Long term provisions	227.74
Current Liabilities	
Short term borrowings	3,737.79
Trade Payables	26,592.90
Other Current Liabilities	18,580.77
Short term provisions	67.69
TOTAL	64,818.43
APPLICATION OF FUNDS	
Non Current Assets	
Tangible Assets (Fixed)	36,943.04
Intangible assets	10.21
Capital work in progress – Tangible	1,518.88
Non Current Investments	1,039.29
Deferred Tax Assets	1,580.93
Long Term Loans and advances	1,918.37
Other Non Current Assets	708.23
Current Assets	
Current Investments	Nil
Inventories	16,544.26
Trade Receivables	1,527.06
Cash and Cash Equivalent	386.92
Short Term Loans and Advances	0.33
Other Current Assets	2,640.91
TOTAL	64,818.43



PART III

4. TRANSFER AND VESTING

- 4.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company along with its Undertaking shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 230 to 232 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 4.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed /to be availed by the Transferor Company or the Transferee Company. Similarly, the Promoters shall not be required to provide additional collateral security by way of pledge of their shareholding in the Transferor/Transferee Company.
- 4.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, the Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company, except as stated elsewhere in the Scheme.
- 4.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.
- 4.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of



Sections 230 to 232 of the Act.

- 4.6 In respect of such of the Assets other than those referred to in sub-Clause 4.5 above, they shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Sections 230 to 232 of the Act and shall form an integral part of the Undertaking.
- 4.7 The Transferee Company 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, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 4.8 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions of the Act, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.
- 4.9 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to MAT paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits, by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company. All un-availed credits, set offs, claims for refunds under Goods and Services Tax Act, any State VAT Acts, CST Acts, Central Excise and Service Tax provisions or any other State or Central statutes regardless of the period to which they may relate, shall stand transferred to the benefit of and shall be available in the hands of the Transferee Company without restrictions under the respective provisions.
- 4.10 All secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities whether provided for or not in the books of the Transferor Company, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall be and stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such



debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company shall without any further act or deed continue to relate to such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which any of the Transferor Company and the Transferee Company are parties, and consistent with the joint obligations assumed by them under such arrangement.

- 4.11 All the properties including freehold & leasehold properties, leases, estates, assets, rights, titles, interests, benefits, licenses, consents, allotment letters, sanctions, approvals, permissions and authorities etc. accrued to and/or acquired by the Transferor Company after the Appointed Date, shall have been and deemed to have accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 230 to 232 of the Act and without any further act, instrument or deed, be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. of the Transferee Company.
- 4.12 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date, shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date.
- 4.13 All inter party transactions between the Transferor Company and the Transferee Company which 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 the Transferor Company with the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.
- 4.14 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation/ notice in favour of any other party to any contract or arrangement to which the Transferor Company is party of any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.



4.15 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2 (1B) of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever up to the Effective Date, the provisions of the said Section of the Income Tax Act, 1961 or re-enactment thereof shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2 (1B) of the Income Tax Act, 1961 or re-enactment thereof.

5. **ALTERATIONS/AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF TRANSFEREE COMPANY:**

With respect to the Transferee Company, upon this Scheme becoming effective but before allotment of the Equity Shares in terms of this Scheme:

5.1 The Authorised Share Capital of the Transferor Company shall stand transferred to and combined with the Authorised Share Capital of the Transferee Company without any further act or deed. The filing fee and stamp duty already paid by the Transferor Company on its Authorized Share Capital shall be deemed to have been so paid by the Transferee Company on the combined Authorised Share Capital and accordingly, the Transferee Company shall not be required to pay any fee/stamp duty on the Authorised Share Capital so increased. The resolution approving the Scheme shall be deemed to be the approval of increase in the Authorised Share Capital of the Transferee Company under Section 61 and other applicable provisions of the Act. The Clause V of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to sections 13, 14, 61 and 64 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

V. The Authorised Share Capital of the Company is Rs. 2551,00,00,000/- (Rupees Two thousand Five hundred Fifty One crores only) divided into:

(a) 836,00,00,000 (Eight hundred crores) Equity Shares of Rs. 1/- (Rupee One only) each,

(b) 17,15,00,000 (Seventeen crores Fifteen lakh) Preference Shares of Rs. 100/- (Rupees One Hundred only) each

5.1.1 With effect from the Appointed date the borrowing limits of the Transferee Company in terms of Section 180 (1) (c) of the Act shall, without further

act or deed, stand increased to an amount equal to the aggregate of the amounts of borrowings authorized by the respective shareholders of the Transferor Company and the Transferee Company, pursuant to Section 180 (1) (c) of the Act.



It is clarified that the approval of the members of SRS L to the Scheme shall be deemed to be their consent/ approval also to enhancement of the borrowing limit referred to above as required under Section 180(1) (c) and other applicable provisions of the Act.

6. ISSUE OF SHARES BY THE TRANSFEREE COMPANY:

- 61 Upon the Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, other than Transferee Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company, in the following manner:

44 Equity Shares of Re.1/- each in the Transferee Company credited as fully paid up for every 100 Equity Share of Rs.10/- each fully paid up held by such member in the Transferor Company.

The Transferee Company being the holding company of the Transferor Company, consequent up on the amalgamation, the equity capital held by the Transferee Company in the Transferor Company, shall stand extinguished up on the scheme becoming effective.

- 62 No fractional certificate(s) shall be issued in respect of fractional entitlements to which the shareholders of the Transferor Company may be entitled to on issue and allotment of the new Equity Shares. The Transferee Company shall deposit to the respective bank accounts of the shareholders holding such fractional entitlements, cash amount in proportion to their respective fractional entitlements, subject to tax deductible at source if any.
- 63 The Equity Shares so issued by the Transferee Company in exchange for the equity shares held in the Transferor Company shall rank pari passu in all respects, including dividend declared after the date of allotment, with the existing Equity Shares of the Transferee Company.
- 64 The issue and allotment of Equity Shares in the Transferee Company to the members of the Transferor Company as provided in the Scheme shall be deemed to have been carried following the procedure laid down under Sections 42 and 62 (1) (c) and any other applicable provisions of the Act.
- 65 Equity Shares issued and allotted by, the Transferee Company in terms of Clause 6.1 mentioned above shall be listed and/or admitted to trading by the National Stock Exchange and Bombay Stock Exchange Limited, where the Equity Shares of the Transferee Company are already listed.
- 66 Upon the Scheme being effective and upon the Equity Shares of the Transferee Company both in electronic form and in the physical form being allotted and issued to the shareholders of the Transferor Company whose names appear on the Register of Members of the Transferor Company on the Record Date, the Equity Shares of the Transferor Company both in electronic form and in the



physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, the Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and dispatch the new share certificates of the Transferee Company in lieu thereof.

- 6.7 Upon the Scheme coming into effect, the Transferee Company shall ensure compliance with the requirements specified in Rule 19 (2) and Rule 19 A of the Securities Contracts (Regulation) Rules 1957.

7. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE:

- 7.1 With effect from the Appointed Date and up to and including the Effective Date:

- (i) the Transferor Company shall be deemed to have been carrying on and shall carry on all business and activities relating to the Undertaking and stand possessed of the properties so to be transferred, for and on account of and in trust for the Transferee Company, including but without limitation, sugar manufacture and sale, acquisition and setting up of new plants, investment in subsidiaries/other companies and payment of advance income tax and subsequent installments of income tax, sales tax, excise and other statutory levies, etc.
- (ii) all incomes, profits, benefits and incentives accruing to the Transferor Company or losses arising or incurred by it relating to the Undertaking shall, for all purposes, be treated as the incomes, profits, benefits and incentives or losses, as the case may be, of the Transferee Company;
- (iii) the Transferee Company shall have the right to claim refund of payment of the taxes arising on account of transactions entered into between the Transferor Company and the Transferee Company between the Appointed date and the Effective date.

- 7.2 The Transferor Company hereby undertakes, from the Appointed Date up to and including the Effective Date –

- (i) to carry on the business of the Undertaking with reasonable diligence and business prudence and not to borrow alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof, or to undertake any new business or a substantial expansion of its existing business except with the prior written consent of the Transferee Company.
- (ii) not to utilize the profits, if any, relating to the Undertaking for the purposes of declaring or paying any dividend in respect of the period falling on and after

the Appointed Day without obtaining prior approval of the Transferee Company.

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8. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES:

On and from the Effective Date:

- 8.1 All employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company as on the Effective Date.
- 8.2 The accumulated balances standing to the credit of the employees of the Transferor Company on the Effective Date in the Provident Fund, Gratuity Fund, Superannuation Fund and/or other Funds and including any surplus in any such Funds created or existing for the benefit of the employees of the Transferor Company shall be identified, determined and transferred to the corresponding funds of the Transferee Company in due course.

9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:

- 9.1 Subject to other provisions of this Scheme, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and/or on behalf of the Transferor Company on or after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of the Transferee Company.
- 9.2 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.
- 9.3 On this Scheme finally taking effect as aforesaid:
- (i) All the agreements, guarantees, approvals, consents, permissions, licenses, sanctions, leases and the like entered into with and/or given by, as the case may be, the various Central/ State Governments, statutory or regulatory body or agencies or third parties with respect to projects with respect to the Transferor Company shall, without any further act, deed, matter or thing, stand transferred to and vested in the Transferee Company;
 - (ii) All business activities engaged in by the Transferor Company shall be continued by the Transferee Company under its name; and
 - (iii) The Transferor Company shall stand dissolved without winding up.



10. LEGAL PROCEEDINGS:

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

PART IV

11. ACCOUNTING TREATMENT:

11.1 Upon the Scheme coming into effect, the Transferee company shall account for the for the amalgamation of the Transferor Companies in accordance with "Pooling of Interest Method" of accounting as laid down in Appendix C of Ind AS-

103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

- 11.1.1 The Transferee Company shall record the assets and liabilities, if any, of the Transferor Company vested in it pursuant to this Scheme, at the carrying values as appearing in the consolidated financial statements of Transferee Company.
- 11.1.2 The identity of reserves of the Transferor Company, if any, shall be preserved and the Transferee Company shall record the reserves of the Transferor Company, at the carrying amount as appearing in its consolidated financial statements.
- 11.1.3 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, the Inter-company balances between the Transferee Company and the Transferor Company, if any, appearing in the books of the Transferee Company shall stand cancelled.
- 11.1.4 The value of all investments held by the Transferee Company in the Transferor Company shall stand cancelled pursuant to amalgamation.
- 11.1.5 The face value of new equity shares issued by the Transferee Company pursuant to Clause 6 of this Part III above shall be credited to the Equity Share Capital Account of the Transferee Company.
- 11.1.6 The surplus/deficit, if any arising after taking the effect of clause 1, clause 2, clause 4 and clause 5, after giving the effect of the adjustments referred to in clause 3, shall be transferred to "Capital

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Reserve” in the financial statements of the Transferee Company and shall be presented separately from other capital reserves with disclosure of its nature and purpose in the notes..

- 11.1.7 In case of any differences in accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies
- 11.1.8 Comparative financial information in the financial statement of the Transferee Company shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of comparative period.
- 11.1.9 For accounting purpose, the Scheme will be given effect from the date when all substantial conditions for the transfer of Transferor Company to Transferee Company are completed.

12. TAX TREATMENT

The amalgamation of Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961 and Section 47 of Income Tax Act, 1961.

- 12.1 Any tax liabilities under the Income Tax Act, 1961, Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other State Sales Tax/ Value Added Tax laws, Service Tax, stamp laws or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company 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 Transferee Company.
- 12.2 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and / or the profits of the business, on and from the Appointed Date, shall be on account of Transferee Company and, insofar as it relates to the tax payment (including without limitation to income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by Transferee Company and, shall, in all proceedings, be dealt with accordingly.
- 12.3 Any refund under the Tax Laws received by / due to Transferor Company consequent to the assessments made on Transferor Company subsequent to the Appointed Date pertaining to the business transferred and for which no credit is taken in the accounts as on the date immediately preceding the Appointed



- Date, shall also belong to and be received by Transferee Company.
- 12.4 Without prejudice to the generality of the above, all benefits under the income tax including dividend tax, sales tax, MAT, excise duty, customs duty, service tax, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in Transferee Company.

PART V

13. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

On the Scheme being agreed to by the requisite majorities of the members and creditors of the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company shall respectively and/or jointly with reasonable dispatch, apply to the Hon'ble National Company Law Tribunal Bench at Bengaluru, for sanctioning this Scheme of Amalgamation under Sections 230 to 232 of the Act and for an order or orders under Section 232 of the Act for carrying this Scheme into effect.

Provided that 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. The term "Public" shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulations) Rules, 1957.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Board of Directors or by a Committee thereof duly authorized by the Board of Directors) and the Transferee Company (by its Board of Directors or by a Committee thereof duly authorized by the Board of Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the National Company Law Tribunal may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective Company). In the event that any conditions are imposed by the said National Company Law Tribunal which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme.

15. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS:

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majorities of the members and creditors of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 13 hereof being obtained;



- (ii) The sanction of the Scheme by the Hon'ble National Company Law Tribunal under Sections 230 and 232 of the Act;
- (iii) The certified copies of the orders of the Hon'ble National Company Law Tribunal referred to in Clause 13 above being filed with the Registrar of Companies, Karnataka at Bengaluru.
- (iv) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

16. EFFECTIVE DATE OF THE SCHEME:

16.1 This Scheme shall become effective when all the following conditions are fulfilled:

- (i) The Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and the Transferee Company as may be required under the Act and/or the orders of the said National Company Law Tribunal.
- (ii) The Scheme is sanctioned by the said National Company Law Tribunal under Section 232 of the Act.
- (iii) The certified copy of the order of the said National Company Law Tribunal sanctioning the Scheme is filed with the Registrar of Companies, Karnataka at Bengaluru.

16.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the Parties or any one of them. In such a case, each company shall bear its own cost or as may be mutually agreed.

16.3 The Transferor Company and the Transferee Company shall be at liberty to withdraw this Scheme at any time as may be mutually agreed through the Board of Directors of the Transferor Company and the Transferee Company. In such a case, each company shall bear its own cost or as may be mutually agreed.

17. OPERATIVE DATE OF THE SCHEME:

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.



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18. DISSOLUTION OF THE TRANSFEROR COMPANY:

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 230 to 232 of the Act.

19. SCHEME RENDERED NULL AND VOID

19.1 This Scheme although comes into operation from the Appointed Date shall not become effective until the last of the date on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 15 shall be obtained or passed. The last of such dates shall be the "Effective Date" for the purpose of this Scheme.

19.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the Parties or any one of them.

19.3 In the event the Board of Directors of the Transferor Company and the Transferee Company, either through itself or through a committee appointed in this behalf, agree to proceed with the sanctioning of the Scheme in part, the Transferor Company and the Transferee Company shall proceed with the National Company Law Tribunal's Order for sanctioning of the Scheme in part.

20. EXPENSES CONNECTED WITH THE SCHEME:

20.1 Save and except as provided elsewhere in the Scheme, all costs, charges taxes, levies and other expenses including registration fee of any deed, in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Transferee Company.

20.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), or the Scheme is rendered null and void in terms of Clause 19 above of this Scheme then, the Transferor Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

21. GENERAL TERMS AND CONDITIONS:

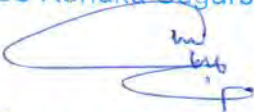
21.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make all applications / petitions under Section 230 and 232 and other applicable provisions of the Act to the Tribunal for the sanctioning of the Scheme and obtain all approvals and consents as may be required under law or any agreement.

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- 212 The respective Board of Directors of the Transferor Company and the Transferee Company may empower any Committee of Directors or Officer(s) or any individual director, officer or other person to discharge all or any of the powers and functions, which the said Board of Directors are entitled to exercise and perform under the Scheme.
- 213 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 214 If any part of this Scheme is invalid, ruled illegal by any court(s), Tribunal or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this 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 this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

CERTIFIED TRUE COPY
For Shree Renuka Sugars Limited


Company Secretary

