



March 10, 2017

BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P.J. Tower
Dalal Street, Fort
Mumbai - 400 001

Dear Sir,

This is in reference to the Scheme of Arrangement ('Scheme') we have filed with your good office on August 08, 2016.

The Scheme envisages amalgamation of Kajaria Securities Private Limited ('KSPL') with Kajaria Ceramics Limited ('KCL').

In this regard, vide our letter August 25, 2016 to your good office, we have informed that the shareholders of KCL in its AGM dated August 24, 2016 have approved the sub-division of the equity shares having a face value of Rs. 2/- into two (2) equity shares having face value of Re. 1/- each. Also, KSPL has further acquired 120,040 equity shares of Rs. 2/- each of KCL on the stock exchange on August 31, 2016, thereby KSPL holds 32,182,569 equity shares of Rs. 2/- each of KCL. Pursuant to this, KSPL holds 64,365,138 equity shares of Re. 1/- each fully paid up in KCL.

Thereafter, we have received the 'No Objection' letter on September 19, 2016.

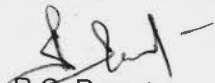
In this matter, we would like to inform you that vide Board Meeting dated January 24, 2017 of KCL, the Board has approved the modified Scheme of Arrangement as attached herewith for your reference. The modification to the Scheme includes change in Appointed Date from April 01, 2016 to April 01, 2017 and certain minor changes.

We request you to kindly take the modified Scheme of Arrangement on record.

We shall proceed with filing of the Scheme with the NCLT basis the 'No Objection' letter dated September 19, 2016.

We will be pleased to provide any information, if required.

For Kajaria Ceramics Limited


R.C. Rawat
COO(A&T) & Company Secretary

Encl.: as above

Kajaria Ceramics Limited

Corporate Office : J1/B1 (Extn.), Mohan Co - op Industrial Estate, Mathura Road, New Delhi - 110044, **Ph.:** +91-11-26946409 | **Fax:** +91-11- 26946407
Regd Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon-122001, Haryana, **Ph.:** +91-124-4081281
CIN No. : L26924HR1985PLC056150, **E-mail:** info@kajariaceramics.com | **Web:** www.kajariaceramics.com

SCHEME OF ARRANGEMENT

BETWEEN

**KAJARIA SECURITIES PRIVATE LIMITED
(TRANSFEROR COMPANY)**

AND

**KAJARIA CERAMICS LIMITED
(TRANSFeree COMPANY)**

UNDER SECTION 391 READ WITH SECTION 394 READ WITH SECTION 100-103 OF THE COMPANIES ACT, 1956 IN RESPECT OF AMALGAMATION OF KAJARIA SECURITIES PRIVATE LIMITED INTO KAJARIA CERAMICS LIMITED

PREAMBLE

This Scheme of Arrangement ("Scheme") provides for the amalgamation of KAJARIA SECURITIES PRIVATE LIMITED (hereinafter referred to as "KSPL" or the "Transferor Company") into KAJARIA CERAMICS LIMITED (hereinafter referred to as "KCL" or the "Transferee Company"), and also provides for matters connected therewith under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 ("the Act"), including the corresponding provisions of the Companies Act, 2013 as and when applicable.

DESCRIPTION OF COMPANIES

KSPL is a company incorporated on June 19, 1986, under the Companies Act, 1956 under the name of Kajaria Overseas Private Limited. The name of KSPL was changed to Cheri Overseas Private Limited on January 12, 1989. On November 24, 1992, the name of KSPL was again changed to its present name that is Kajaria Securities Private Limited. At the time of incorporation of KSPL, the registered office of KSPL was situated at J-1/ B-1 (Extn), Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044, and the same was changed to SF-02, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001 on June 9, 2015. KSPL is a declared promoter company holding shares in KCL.

KCL was incorporated on December 20, 1985. At the time of incorporation of KCL, the registered office of KCL was situated at A-27 -30, Industrial Area, Sikandrabad, Distt Bulandshahr (UP) - 203205, the same was changed to SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001 on 27th July 2015. KCL is one of largest manufacturer of ceramics and vitrified tiles in India. The Equity Shares of KCL are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd. ('NSE').

PURPOSE AND RATIONALE OF THE SCHEME

This Scheme of Arrangement is presented under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of



the Companies Act, 2013, (as and when applicable) where under the amalgamation of KSPL with KCL is envisaged.

KSPL forms part of the Promoter Group of KCL. It holds 3,20,62,529 Equity shares of Rs. 2/- each fully paid up in KCL constituting 40.35% of KCL's paid up equity share capital as on July 11, 2016. Pursuant to the proposed Scheme, KSPL would be ceased to form part of the Promoter Group of KCL and individual promoters of KCL ("Promoters") would directly hold the equity shares in KCL in the same proportion as they held through KSPL which will be dissolved without the process of winding up.

The Amalgamation of KSPL into KCL would not only lead to simplification of the shareholding structure and reduction of the shareholding tiers, but also demonstrate the promoter group direct commitment to and engagement with KCL.

There would be no change in the promoter shareholding of KCL. The promoters would continue to hold the same percentage of shares collectively in KCL, pre and post amalgamation of KSPL into KCL.

All costs and charges of any nature arising or incurred in connection with and implementing this Scheme shall be borne by KSPL and or / its members.

Further this Scheme also provides that Promoters shall indemnify KCL and keep KCL indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings and the like which may be instituted by any third party(ies) including governmental authorities on KCL and are directly relatable to KSPL or which may devolve on KCL on account of this Scheme.

In consideration of the above mentioned rationale and related benefits, this Scheme between KSPL and KCL is being proposed in accordance with the terms set out hereunder.



PARTS OF THE SCHEME

PART A - DEFINITIONS AND SHARE CAPITAL

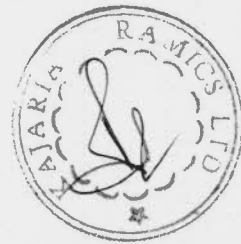
PART B - AMALGAMATION OF KSPL INTO KCL

PART C - GENERAL TERMS AND CONDITIONS OF AMALGAMATION

PART D - ISSUE OF SHARES AND ACCOUNTING TREATMENT

PART E - MISCELLANEOUS PROVISIONS

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PART A - DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme of Arrangement, unless inconsistent / repugnant with the subject, context or meaning thereof, the following initialed and/or fully capitalized words or expressions shall have the meaning as set out herein below:

- (a) **“Act” or “the Act”** means the Companies Act, 1956, and / or the Companies Act, 2013 and shall include any and all statutory amendments, modifications or re-enactment thereof from time to time. As on the date of approval of this Scheme by the Board of Directors of KSPL and KCL, Section 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, references in this Scheme to the particular provisions of the Act are references to particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of the provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted;
- (b) **“Amalgamation”** means the combination of the KSPL into KCL in such a manner that all the Assets and Liabilities of KSPL become the Assets and Liabilities of KCL and KSPL ceases to exist forthwith without the process of winding up;
- (c) **“Appointed Date”** means closing hours of business on 31st March, 2017 or such other date as may be approved by the Hon'ble High Court of Punjab & Haryana at Chandigarh or National Company Law Tribunal, if required or any other competent authority;
- (d) **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body, or authority within the territories of State of Haryana, including Registrar of Companies, NCT of Delhi and Haryana, New Delhi, High Court, National Company Law Tribunal (NCLT), if required, Securities and Exchange Board of India ('SEBI') and Stock Exchange(s) where the shares of KCL are listed;
- (e) **“Audit Committee”** in relation to the KSPL & KCL, as the case may be, means an audit committee of such company as constituted from time to time;
- (f) **“Board of Directors” or “Board”** of KSPL and KCL shall include any committee or any person authorised by Board of Directors or such committee of Directors;
- (g) **“BSE”** means the BSE Limited, the designated stock exchange of KCL;
- (h) **“Effective Date”** means the last of the dates on which all the conditions and matters referred to in Clause 21 hereof have been fulfilled. References in this Scheme to the date of “coming into effect of this Scheme”, “upon the Scheme becoming effective” or “effectiveness of this Scheme” shall mean the Effective Date;
- (i) **“High Court” or “Court”** means the Hon'ble High Court of Punjab & Haryana at Chandigarh or such other court of appropriate jurisdiction and shall include the National Company Law



Tribunal ('NCLT'), if applicable; and "High Courts" or "High Court" shall mean both of them, as the context may require;

- (j) **"Income-tax Act"** means the Income-tax Act, 1961, and shall include any statutory modifications, re-enactment or amendment thereof;
- (k) **"KSPL" or "Transferor Company"** means KAJARIA SECURITIES PRIVATE LIMITED, a company incorporated under the Act and presently having its registered office SF-02, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001;
- (l) **"KCL" or "Transferee Company"** means KAJARIA CERAMICS LIMITED, a listed company incorporated under the Act and presently having its registered office at SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001;
- (m) **"Law" or "Applicable Law"** shall mean any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinances, orders or instructions having the force of law enacted or issued by the any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force;
- (n) **"NSE"** means National Stock Exchange of India Ltd;
- (o) **"RECORD DATE"** shall be the date or dates to be fixed by the Board of Transferor and /or Transferee Company for the purpose of determining the names of the equity shareholders of the Transferor company for issue of equity shares of the Transferee Company pursuant to this Scheme
- (p) **"ROC" or "Registrar of Companies"** means Registrar of Companies, NCT of Delhi and Haryana;
- (q) **"Scheme of Arrangement" or "this Scheme" or "the Scheme"** means this Scheme of Arrangement in its present form or with any modifications, as approved or directed by the Hon'ble High Court of Punjab & Haryana at Chandigarh or any other appropriate authority;
- (r) **"SEBI"** means Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992;
- (s) **"SEBI Circular"** means the circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 and as issued by SEBI from time to time in respect of Scheme.;
- (t) **"SEBI Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by SEBI and any amendments made thereof;

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time. In particular,



wherever reference is made to High Court in the Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal or such other forum or authority as may be vested with the powers of the High Court under the Act.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) shall be operative with effect from the Appointed Date but take effect from the Effective Date.

3. SHARE CAPITAL

- 3.1 The Authorised, Issued, Subscribed and Paid Up share capital of KSPL as on March 31, 2016 as per audited financial statements is as follows:

PARTICULARS	AMOUNT (Rs)
<u>AUTHORISED CAPITAL</u>	
2,70,00,000 Equity Shares of Rs 10/- each	27,00,00,000
6,71,00,000 Preference Shares of Rs 10/- each	67,10,00,000
TOTAL	94,10,00,000
<u>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</u>	
12,14,600 Equity Shares of Rs. 10/- each	1,21,46,000
TOTAL	1,21,46,000

Subsequent to the above Balance Sheet date and till the approval of the Scheme by the Board of Directors of KSPL, there is no change in the Share Capital structure set out above.

- 3.2 The Authorised, Issued, Subscribed and Paid Up share capital of KCL as on March 31, 2016 as per audited financial results as approved by Board of Directors on 28 April 2016 is as follows:

PARTICULARS	AMOUNT (Rs)
<u>AUTHORISED CAPITAL</u>	
12,50,00,000 Equity Shares of Rs.2/- each	25,00,00,000
10,00,000 Preference Shares of Rs. 100/- each	10,00,00,000
TOTAL	35,00,00,000
<u>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</u>	
7,94,69,000 Equity Shares of Rs 2/- each	1,58,938,000
TOTAL	1,58,938,000

Subsequent to the above Balance Sheet date and upto July 11, 2016, vide Board meeting dated June 16, 2016 following has been approved by the Board subject to the approval of the shareholders:

- i. Sub-division of the equity shares of the Company from Rs. 2/- each fully paid up to Re. 1/- each fully paid up i.e. 7,94,69,000 equity shares of Rs. 2/- each fully paid up will be sub divided into 15,89,38,000 equity shares of Re.1/- each fully paid up.



- ii. Amendment in clause V (Capital Clause) of the Memorandum of Association of the Company.
- 3.3 The Equity shares of KCL are listed on BSE & NSE. The Equity Shares of KSPL are not listed on any of the stock exchange.

4. COMPLIANCE WITH THE TAX LAWS

This Scheme, has been drawn up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, specifically section 2(1B) of the Income Tax Act, 1961, and other relevant sections of the Income Tax Act, 1961 which includes the following:

- all the property of the amalgamating company immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation;
- all the liabilities of the amalgamating company immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation;
- shareholders holding not less than three-fourths in value of the shares in the amalgamating company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) become shareholders of the amalgamated company by virtue of the amalgamation, otherwise than as a result of the acquisition of the property of one company by the other company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first mentioned company.

If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments as may become necessary shall vest with the Board of Directors of KCL, which power shall be exercised reasonably in the best interests of the companies and their stakeholders, and which power can be exercised at any time, whether before or after the Effective Date.

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PART B - AMALGAMATION OF KSPL INTO KCL

5. TRANSFER AND VESTING

With effect from the Appointed Date or such other date as may be fixed or approved by the High Court or any other appropriate authority and upon the Scheme becoming effective, KSPL shall pursuant to the sanction of this Scheme by the High Court and in accordance with the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 or provisions of Companies Act, 2013 as applicable be and stand transferred to and vested in or be deemed to have been transferred to and vested in KCL, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the assets and liabilities of KCL by virtue of and in the manner provided in this Scheme.

6. TRANSFER OF ASSETS

Upon the sanction of the Scheme by the High Court, and without prejudice to the generality of the preceding Clause, upon the coming into effect of this Scheme and with effect from the Appointed Date:

- 6.1. All the assets and properties of KSPL of whatsoever nature and wheresoever situated, including all rights, titles, interest and privileges, powers and authorities in the movable and immovable properties, tangible and intangible assets, including capital work-in-progress, bank balances, all advances recoverable in cash or kind or value to be received, and all deposits/balance whether with Government or Semi-Government, local authorities or any other institution and bodies, including but not limited to amounts receivables from insurance companies, advance tax(es) paid, if any, all benefits accruing as on the Appointed Date under the Income tax Act or under any other fiscal laws like sales tax credit, input service tax credit, cenvat credit and deferred tax asset etc., deposits, margin money, cash in hand, loans to any other body corporate, investments of all kinds, inventories, lease and hire purchase contracts, licensing arrangements, license fees, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals including but not limited to approvals, consents and/or certificates obtained under the provisions of Income Tax Act, 1961, all consents, licenses, registrations in the name of KSPL, contracts, agreements, engagements, arrangements of all kind, rights, titles, interests, benefits, easements, and privileges, if any of whatsoever nature and wherever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by KSPL (hereinafter referred to as "Assets"), shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in KCL or be deemed to be transferred to and vested in KCL as a going concern so as to become, as and from the Appointed Date, the assets and properties of KCL.
- 6.2. Without prejudice to the provisions of Clause 6.1 above, in respect of such of the assets and properties of KSPL as are movable in nature or incorporeal property and are capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by KSPL and shall, upon such transfer, become the assets and properties of KCL without requiring any separate deed or instrument or conveyance for the same.



- 6.3. In respect of movables other than those dealt with in Clause 6.2 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in KCL without any notice or other intimation to the debtors (although KCL may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, or any class of them, as the case may be), that the said debt, loan, advance, balance or deposit stands transferred and vested in KCL. In addition, KSPL shall, if so required by KCL, issue notices in such form as KCL may deem fit and proper stating that pursuant to the High Court having sanctioned this Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of KCL, as the person entitled thereto, to the end and intent that the right of KSPL to recover or realize the same stands transferred to KCL and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 6.4. Upon coming into effect of the Scheme all motor vehicles, if any, of any nature whatsoever comprised in or relatable to KSPL, shall vest in KCL and appropriate Governmental and Registration Authorities shall mutate and register the said vehicles in the name of KCL as if the vehicles had originally been registered in the name of KCL.
- 6.5. With effect from the Effective Date and until such time the names of the bank accounts of KSPL are replaced with that of KCL, KCL shall be entitled to operate the bank accounts of KSPL, in so far as may be necessary.
- 6.6. All cheques and other negotiable instruments, payment orders received in the name of KSPL after the Effective Date shall be accepted by the bankers of KCL and credited to the account of KCL. Similarly, the banker of KCL shall honour cheques issued by KSPL for payment after the Effective Date.
- 6.7. KCL, at any time after the coming into effect of this Scheme, may execute deeds of confirmation in favor of any party to any contract or arrangement or memorandum of understanding, to which KSPL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. KCL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of KSPL to carry out or perform all such formalities or compliance, referred to above on the part of KSPL to be carried out or performed.
- 6.8. All the statutory licenses, consents, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status, no objection certificates and other benefits or privileges enjoyed or conferred upon or held or availed of by KSPL, and all rights and benefits that have accrued or which may accrue to KSPL, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to KCL so as to become, as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights,



claims, leases, tenancy rights, liberties, special status and other benefits or privileges of KCL and shall remain valid, effective and enforceable on the same terms and conditions. If the terms of the licenses, permits, quotas, approvals, permissions are such that they cannot be transferred/assigned/endorsed in the name of KCL and/or any of the concerned authorities specifically direct KCL to make a fresh application, in such scenarios, KCL shall comply with the necessary directions including but not limited to making a fresh application or such other application as may be directed by the concerned authority for the desired transfer of the licenses, permits, quotas, approvals, permissions in the name of KCL and pending the requisite fresh permissions, approvals, consents etc, KCL shall, to the extent permissible under the Law, be allowed to continue to use the existing approvals, consents, permissions etc issued in the name of KSPL. All brands, copyrights, trademarks, or any other kind of intellectual property, if any, registered with the authorities concerned or pending applications submitted at any time on or before the Effective Date or being used by KSPL shall stand vested in or transferred to KCL without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of KCL. The benefit of all brands, copyrights, trademarks, any other intellectual property, statutory and regulatory permissions, environmental approvals and consents, sales tax registrations, excise registrations, service tax registrations or other licenses and consents shall vest in and become available to KCL.

- 6.9. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of KSPL shall stand transferred by the order of the High Court to KCL, KCL shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning court.
- 6.10. With effect from the Appointed Date and upon the Scheme becoming effective, immovable property, if any, including but not limited to land and buildings with plants and equipment or any other immovable property of KSPL, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in KCL, without any further instrument, deed or act.
- 6.11. With effect from the Appointed Date and upon the Scheme becoming effective, KCL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, taxes and fulfill obligations, in relation to or applicable to such immovable properties, if any. The mutation/substitution of the title to the immovable properties shall be made and duly recorded in the name of KCL by the appropriate authorities pursuant to the sanction of the Scheme by the Hon'ble High Court and the Scheme becoming effective in accordance with the terms hereof.
- 6.12. All assets and properties of KSPL as on the Appointed Date, whether or not included in the books of KSPL, and all assets and properties which are acquired by KSPL on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of KCL, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in KCL upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act. Similarly, all the assets and properties, which are sold, transferred/ alienated by KSPL on or after the Appointed Date but prior to the Effective Date, shall be deemed to be



transferred/ alienated by and on behalf of KCL, and shall be recognized by KCL in the same manner as would have been recognized had such sale, transfer taken place after this Scheme had become effective under the provisions of Sections 391 to 394 and all other applicable provisions and upon the Scheme becoming effective, KCL shall record the entries in its books of accounts appropriately.

- 6.13. All the insurance policies registered in the name of KSPL shall, pursuant to the provisions of Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been transferred to and vested in and be available to the benefit of KCL and accordingly, the insurance companies shall record the name of KCL in all the insurance policies registered in the name of KSPL.

7. TRANSFER OF LIABILITIES

- 7.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities of KSPL including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, share application money, current maturity of secured long term borrowings from NBFC, advance received, liabilities (including contingent liabilities), duties and obligations of KSPL of every kind, nature and description whatsoever and howsoever (herein referred to as the "Liabilities"), shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in KCL, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by KCL to the extent they are outstanding on the Effective Date so as to become, as on and from the Appointed Date, the Liabilities of KCL on the same terms and conditions as were applicable to KSPL, and KCL shall meet, discharge and satisfy the same and further 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 Liabilities have arisen in order to give effect to the provisions of this Clause.
- 7.2. All debts, liabilities, duties and obligations of KSPL as on the Appointed Date, whether or not provided in the books of KSPL, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to KSPL on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by KCL by virtue of this Scheme.
- 7.3. Where any such debts, loans raised, liabilities, duties and obligations (including contingent liabilities) of KSPL as on the Appointed Date have been discharged or satisfied by KSPL after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of KCL.
- 7.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by KSPL after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of KCL and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or be deemed to have been transferred to and vested in



KCL and shall become the loans and liabilities, duties and obligations of KCL which shall meet, discharge and satisfy the same.

- 7.5. Loans, duties and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between KSPL inter-se and/or KCL shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of KCL. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- 7.6. Upon the Scheme becoming effective, all taxes payable by KSPL under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter in this Clause referred to as "Tax Laws") shall be transferred to the account of KCL; similarly all credits for taxes including Minimum Alternate Tax, Tax deduction at source on income of KSPL or obligation for deduction of tax at source on any payment made by or to be made by KSPL shall be made or deemed to have been made and duly complied with by KCL if so made by KSPL. Similarly any advance tax payment required to be made for by the specified due dates in the tax laws shall also be deemed to have been made by KCL if so made by KSPL. Any refunds under the Tax Laws due to KSPL consequent to the assessments made on KSPL 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 KCL.
- 7.7. All taxes of any nature, duties, cess or any other like payment or deductions made by KSPL to any statutory authorities such as Income Tax, Sales Tax, Service Tax etc. or any tax deduction / collection at source, tax credits under Tax laws, relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been paid by or on account of KCL and the relevant authorities shall be bound to transfer to the account of and give credit for the same to KCL upon the passing of the orders on this Scheme by the High Court upon relevant proof and documents being provided to the said authorities
- 7.8. The income tax, if any, paid by KSPL on or after the Appointed Date, in respect of income assessable from that date, shall be deemed to have been paid by or for the benefit of KCL. Further, KCL shall, after the Effective Date, be entitled to revise the relevant returns, if any, filed by KSPL for any year, if so necessitated or consequent to this Scheme.

8. ENCUMBRANCES

- 8.1. The transfer and vesting of the Assets of KSPL to and in KCL shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 8.2. All the existing securities, mortgages, pledge, charges, encumbrances or liens (the "Encumbrances"), if any, as on the Appointed Date and/or created by KSPL after the Appointed Date, over the assets or any part thereof transferred to KCL by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of KSPL or otherwise, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which



they are related or attached prior to the Effective Date and as are transferred to KCL, and such Encumbrances shall not relate or attach to any of the other assets of KCL.

- 8.3. The existing Encumbrances over the assets and properties of KCL or any part thereof which relate to the liabilities and obligations of KCL prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of KSPL transferred to and vested in KCL by virtue of this Scheme.
- 8.4. Any reference in any security documents or arrangements (to which KSPL is a party) to KSPL and its assets and properties, shall be construed as a reference to KCL and the assets and properties of KSPL transferred to KCL by virtue of this Scheme. Without prejudice to the foregoing provisions, KSPL and KCL 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 Registrar of Companies to give formal effect to the above provisions, if required.
- 8.5. Upon the coming into effect of this Scheme, KCL alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- 8.6. It is expressly provided that, save as herein provided, no other terms or conditions of the Liabilities transferred to KCL is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

The provisions of this Clause shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

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PART C - GENERAL TERMS AND CONDITIONS OF AMALGAMATION

9. BUSINESS AND PROPERTY IN TRUST

- 9.1. Upon the coming into effect of the Scheme, as and from the Appointed Date and upto and including the Effective Date:
- (a) KSPL shall carry on and be deemed to have carried on the business and activities and shall stand possessed of all the assets and properties, in trust for KCL and shall account for the same to KCL.
 - (b) Any income or profit accruing or arising to KSPL, as the case may be, and all costs, charges, expenses and losses or taxes incurred by KSPL shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of KCL and shall be available to KCL for being disposed off in any manner as it thinks fit.
- 9.2. With effect from the Appointed Date, all debts, liabilities, duties and obligations of the KSPL as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the KSPL, and all liabilities debts, duties, obligations which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the KCL

10. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

- 10.1. KSPL undertakes to preserve and carry out the business with reasonable diligence and prudence and shall not undertake any financial commitments or sell, transfer alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof, save and except in each case:
- a. If the same is in the ordinary course of business as carried on by it as on the date of filing of this Scheme with the High Court; or
 - b. If the same is expressly permitted under this Scheme; or
 - c. If prior written consent of the Board of Directors or its committee thereof of KCL has been obtained
- 10.2. Any of the rights, powers, privileges attached, related or pertaining to or exercised by KSPL shall be deemed to have been exercised by KSPL for and on behalf of, and in trust for and as an agent of KCL. Similarly any of the obligation, duties or commitment attached, related or pertaining to KSPL that have been undertaken or discharged by KSPL, shall be deemed to have been undertaken or discharged for and on behalf of and as an agent of KCL
- 10.3. KSPL shall not vary the terms and conditions of services of its employees except in the ordinary course of business



11. LEGAL PROCEEDINGS

- 11.1. All suits, action, legal proceedings of whatsoever nature by or against KSPL pending and/ or arising at the Appointed Date and relating to KSPL or its properties, assets, debts, liabilities, duties and obligations, shall be continued and/ or enforced until the Effective Date as desired by KCL and as and from the Effective Date shall be continued and enforced by or against KCL in the same manner and to the same extent as would or might have been continued and enforced by or against KSPL.
- 11.2. On and from the Effective Date, KCL may, if required, initiate any legal proceedings in its name in relation to KSPL in the same manner and to the same extent as would or might have been initiated by KSPL.
- 11.3. After the Effective Date, the Promoters undertakes to keep harmless and keep indemnified from time to time KCL from and against any contingent liabilities and obligations relating to KSPL including all demands, claims, suits, proceedings, and the like which have, shall or may be instituted by any person, authority, government of India, firm, company, body corporate or organization against KCL, directly relating to KSPL and / or against any financial liability/claim that may arise against KCL by virtue of transfer and vesting of KSPL into KCL under and pursuant to this Scheme.

12. DIVIDEND AND UTILISATION OF THE AVAILABLE CASH

- 12.1. Until the Effective Date, KSPL shall be entitled to declare and pay any dividends, whether interim, or final, to its shareholders in respect of the accounting period prior to the Effective Date out of its income/cash if any, lying with KSPL.
- 12.2. KSPL shall have right to utilize its income or available cash for the purpose of meeting the expenses in the ordinary course of business or for the purpose(s) specified in the Scheme.

13. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 13.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which KSPL is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of KCL, as the case may be, and may be enforced by or against KCL as fully and effectually as if, instead of KSPL, KCL had been a party thereto.
- 13.2. KCL may enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which KSPL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. KCL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of KSPL and to implement or carry out all formalities required on the part of KSPL to give effect to the provisions of this Scheme.
- 13.3. Since each and every and all of the statutory permissions, approvals, consents, sanctions, remissions, special reservations, incentives, no-objection certificates, permits, quotas,



entitlements, concessions, licenses, registrations, certificates, and other authorizations, howsoever described and in whatever form, of the KSPL shall stand transferred by the order of the High Court to the KCL, the KCL shall file the relevant intimations, if required, for the record of all of the statutory and regulatory authorities, who shall take them on file, pursuant to the vesting orders of the sanctioning High Court.

14. STAFF AND EMPLOYEES

- 14.1. On the Scheme coming into effect, all staff and employees of KSPL in service on such date shall be deemed to have become staff and employees of KCL without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with KCL shall not be less favorable than those applicable to them with reference to KSPL on the Effective Date.
- 14.2. Upon the Scheme coming into effect, the existing Provident Fund, Gratuity Fund, Superannuation Fund and/ or schemes and trusts, including employee's welfare trust, if any, created by KSPL for its employees shall be transferred to KCL. KSPL shall take all steps necessary for the transfer, where applicable, of the Provident Fund, Gratuity Fund, Superannuation Fund and/ or schemes and trusts, including employee's welfare trust, pursuant to the Scheme, to KCL. All obligations of KSPL with regard to the said fund or funds as defined in the respective trust deed and rules shall be taken over by KCL from the Effective Date to the end and intent that all rights, duties, powers and obligations of KSPL in relation to such Fund or Funds shall become those of KCL and all the rights, duties and benefits of the employees employed in KSPL under such Funds and Trusts shall be fully protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of KSPL will be treated as having been continuous for the purpose of the said Fund or Funds.

15. TREATMENT OF TAXES

- 15.1. Any tax liabilities under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter in this Clause referred to as "**Tax Laws**") allocable or related to KSPL 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 KCL. Any surplus in the provision for taxation/ duties/ levies account including advance tax and withholding tax as on the date immediately preceding the Appointed Date will also be transferred to the account of the KCL. Any refund under the Tax Laws due to KSPL consequent to the assessments made on KSPL 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 KCL.
- 15.2. All taxes (including income tax, sales tax, excise duty, customs duty, service tax, VAT, etc) paid or payable by KSPL in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of KSPL and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by KSPL in respect of the profits or activities or operation of the business after the Appointed Date, the



same shall be deemed to be the corresponding item paid by KCL, and, shall, in all proceedings, be dealt with accordingly.

- 15.3. Upon the Scheme becoming effective, KCL is also expressly permitted to revise its income tax returns and other returns filed under the tax laws and to claim refunds, advance tax and withholding tax credits, etc, pursuant to the provisions of this Scheme.

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PART D - ISSUE OF SHARES AND ACCOUNTING TREATMENT

16. ISSUE OF SHARES

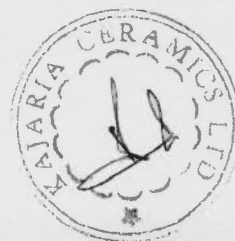
- 16.1. Upon this Scheme becoming effective and in consideration for the Amalgamation of KSPL into KCL, in terms of this Scheme, KCL shall, without any further application, act or deed, issue and allot equity shares to the Equity Shareholders of KSPL or such of their respective heirs, executors, administrators, or other legal representatives or other successors in title, as may be recognized by the Board of KCL and approved by them, and whose names appear in the Register of Members of KSPL on the Record Date, equity shares in its share capital at par (hereinafter also referred to as the "**Equity Shares on Amalgamation**"), in the following proportion:
- "1 (One) fully paid up equity share of KCL to be issued and allotted to the shareholders of KSPL in proportion of their respective shareholding in KSPL for every 1 (one) fully paid up equity share held by KSPL in KCL.
Therefore 3,20,62,529 (Three Crores Twenty Lacs Sixty Two Thousand Five Hundred And Twenty Nine) fully paid up equity shares of face value of Rs.2/- (Rupees Two) each of KCL to be issued and allotted to shareholders of KSPL in proportion of their respective holding in KSPL."*
- 16.2. The Equity Shares on Amalgamation is based on the following share capital positions of KSPL and KCL:
- 3,20,62,529 equity shares of face value of Rs.2/- each fully paid up of KCL held by KSPL; and
 - 12,14,600 equity shares of face value of Rs. 10/- each fully paid up of KSPL.
- 16.3. The aforesaid ratio as referred in Clause 16.1, shall be suitably adjusted for any changes in the share capital position as mentioned above, whether by means of a bonus issue, split of shares, sub-division of shares, consolidation of shares, capital reduction, re-classification of shares or any other corporate action. All such adjustments to the Equity Shares on Amalgamation shall be deemed to be carried out as an integral part of this Scheme, and the resultant Equity Shares on Amalgamation shall be adopted in Clause 16.1 without any further act or deed, upon agreement in writing by both KSPL and KCL
- 16.4. The fractional entitlement, if any, to which the shareholders of KSPL may become entitled to upon issue of Equity Shares on Amalgamation pursuant to clause 16.1 or 16.3 above would be rounded off by KCL to the nearest integer. However in no event, the number of Equity Shares on Amalgamation shall exceed the total number of equity shares held by KSPL in KCL
- 16.5. The Equity Shares on Amalgamation to be issued and allotted pursuant to Clause 16.1 or 16.3 shall in all respects, rank pari passu with the existing equity shares of KCL, if any, for dividend and all other benefits and on all respects with effect from the date of their allotment except that, in respect of dividend that may be declared, such shares will be entitled for such dividend from the Appointed Date.
- 16.6. The Equity Shares on Amalgamation to be issued and allotted in terms hereof will be subject to the relevant Memorandum and Articles of Association of KCL.



- 16.7. The Equity shares on amalgamation issued pursuant to Clause 16.1 or 16.3 above shall be issued in the dematerialized form by KCL unless otherwise notified in writing by the shareholders of KSPL to KCL or on before such date as may be determined by the Board of Directors of KCL. In the event, such notice has not been received by KCL in respect of any of the member of KSPL, the equity shares on amalgamation shall be issued to such shareholder in dematerialized form provided that members of KSPL shall be required to have an account with a depository participant and shall provide details thereof and such other confirmation as may be required. It is only thereupon that KCL shall issue and directly credit the dematerialized securities account of such members of KSPL.
- In the event that KCL receives the notice from any of the member of KSPL that the Equity shares on amalgamation are to be issued in certificate form or if any member has not provided the requisite details regarding the account with a depository participant or other confirmations as may be required, then KCL shall issue equity shares on amalgamation in certificate form in such manner.
- Such physical share certificates (if any) shall be sent by KCL to such equity shareholder of KSPL at their respective registered address, as appearing in the Register of Members maintained by KSPL as on the Record Date with respect to their respective shareholder (or in case of the Joint Shareholders to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and KCL shall not be responsible for any loss in transit.
- 16.8. KCL shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment of Equity Shares on Amalgamation to the shareholders of KSPL.
- 16.9. Equity shares on Amalgamation issued in terms of Clause 16.1 or 16.3 above shall be listed on the relevant stock exchange/s, where the existing equity shares of KCL are listed and /or admitted to trading in accordance with the applicable laws including without limitation the SEBI Circulars & SEBI Regulations. KCL shall enter into such agreements and give such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulations for complying with the formalities of the relevant Stock Exchange(s).
- 16.10. Upon coming into effect of this Scheme and subject to the above provisions, the shareholders of KSPL shall receive new share certificates (in dematerialized form or physical form) reflecting the shares held by each member in KCL and the shares or the share certificates of KSPL in relation to the shares held by its shareholders shall, without any further application, act, instrument, deed, be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 16.11. In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of KSPL, the Board of Directors or any committee thereof of KCL, shall be empowered in appropriate cases, even subsequent to the Record Date, to effectuate such a transfer in KSPL, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the KSPL/ KCL.



- 16.12. Upon the issue of Equity Shares on Amalgamation in terms of Clause 16.1 or 16.3 above, the provisions of Section 62 (corresponding to Section 81(1A) of the Act) read with Section 42 of the Companies Act, 2013 shall be deemed to have been complied with and such issue shall be an integral part of this Scheme.
- 16.13. The approval of this Scheme by the shareholders of KCL & KSPL under Section 391 and 394 read with Sections 100-103 of the Companies Act, 1956 or any corresponding provision of Companies Act, 2013 shall be deemed to have the approval under Section 16, 31 and other applicable provision of the act or any corresponding provision of Companies Act, 2013 and any other applicable law, including but not limited to SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 as amended and any other consents and approval required in this regard.
- 16.14. Upon the Equity Shares on Amalgamation being issued and allotted by KCL to the shareholders of KSPL, in accordance with the provisions of Clause 16.1 or 16.3 above, the investments held by KSPL in the share capital of KCL, shall, without any further application, act, deed, instrument stand cancelled. The shares held by KSPL in dematerialized form shall be extinguished, on and from such issue and allotment of Equity Shares on Amalgamation.
- 16.15. Such reduction of share capital of KCL in accordance with the provisions of Clause 16.14 above shall be effected as an integral part of the Scheme and the Order of the High Court sanctioning the Scheme shall be deemed to be an order under Sections 100-103 and any other applicable provision of the Act confirming the reduction. KCL shall not be required to add the words "and reduced" as a suffix to its name consequent upon reduction.
- 17. ACCOUNTING TREATMENT**
- 17.1. KCL shall, upon the coming into effect of this Scheme, record the assets and liabilities of KSPL vested in it pursuant to this Scheme, at the respective book values thereof, at the close of business of the day immediately preceding the Appointed Date.
- 17.2. KCL shall credit to its share capital account in its books of account the aggregate face value of Equity Shares on Amalgamation issued by it to the shareholders of KSPL, pursuant to this Scheme.
- 17.3. Upon the coming into effect of this Scheme, any intercompany investment in the books of KSPL and KCL, representing equity shares of KSPL and/ or KCL will stand cancelled and no shares or consideration shall be issued by KCL in respect of such cancelled shares.
- 17.4. The excess/ deficit of the value of the assets over the value of the liabilities of KSPL vested in KCL pursuant to this Scheme, and as recorded in the books of account of KCL shall, after adjusting the amount recorded in Clause 17.2 and 17.3 above and 'Expenses of Scheme', be treated in the balance sheet of the KCL in accordance with "The Pooling of Interests" method as per applicable Accounting Standards notified by the Central Government under the Companies Act 1956/ Companies Act, 2013.
- 17.5. In case of any differences in accounting policy between KSPL and KCL, the impact of the same till the Appointed Date will be quantified and directly adjusted in profit and loss account



appearing in the balance sheet of KCL, to ensure that upon the coming into effect of this Scheme, the financial statements of KCL reflect the financial position on the basis of a consistent accounting policy.

- 17.6. It is hereby clarified that pursuant to the provisions of Clause 9, all transactions during the period between the Appointed Date and Effective Date relating to KSPL would be duly reflected in the financial statements of KCL, upon the coming into effect of this Scheme.
- 17.7. To the extent that there are inter-corporate loans or balances between KSPL and KCL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of KCL for the reduction of any assets or liabilities, as the case may be.

18. MERGER OF AUTHORISED SHARE CAPITAL

- 18.1. Upon sanction of this Scheme, the authorised share capital of KCL, shall automatically stand increased without any further act, instrument or deed on the part of KCL, including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of KSPL aggregating to Rs. 94,10,00,000 (Rupees Ninety Four Crores Ten Lacs only) comprising of 2,70,00,000 Equity Shares of Rs.10/- each and 6,71,00,000 Preference Shares of Rs. 10/- each and the Memorandum of Association and Articles of Association of KCL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Section 13, Section 14, and Section 61 of the Companies Act, 2013 (corresponding to Section 16, Section 31, Section 94 of the Companies Act, 1956) or any other applicable provisions of the Act, as the case may be and for this purpose the stamp duty and the fee paid on authorised share capital of KSPL shall be utilized and applied to the above referred increased authorised share capital of KCL and no payment of any extra stamp duty and/or fee shall be payable by KCL for increase in its authorised share capital to that extent.
- 18.2. If required, KCL shall take necessary steps to increase its Authorized Share Capital before the effective date so as to make it sufficient for allotment of shares to the shareholders of KSPL in consideration of the amalgamation after considering the clubbed authorized capital of KCL.
- 18.3. It is clarified that the approval of the members of KCL to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum of Association and Articles of Association of KCL as may be required under the Act
- 18.4. Clause V of the Memorandum of Association of KCL shall be suitably amended to take effect of Clause 18.1 to 18.3 as mentioned above.

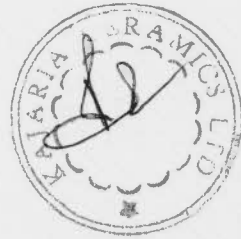
19. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 5 and the continuance of proceedings by or against KCL under Clause 11 shall not affect any transaction or proceedings already concluded by KSPL on or before the date when KSPL adopts the Scheme in its Board meeting, and after the date of such adoption till the Effective Date, to the end and intent that KCL accepts



and adopts all acts, deeds and things done and executed by KSPL in respect thereto as done and executed on behalf of itself.

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PART E - MISCELLANEOUS PROVISIONS

20. APPLICATION TO THE HIGH COURT

KSPL and KCL shall, with all reasonable dispatch, make applications or petitions under Sections 391-394 read with Sections 100-103 and other applicable provisions of the Act, to the High Court or any other Appropriate Authority, for sanction of this Scheme under the provision of the law.

21. CONDITIONALITY OF THE SCHEME

The Scheme is conditional upon and subject to:

- a. The Scheme being approved by the requisite majorities in number and value of such class of persons including the respective members and /or creditors of KCL and KSPL, as prescribed under the Act and as may be directed by the High Court or any other Appropriate Authority as may be applicable;
- b. As Para (I)(A)(9) of Annexure I of the SEBI Circular is applicable to this Scheme, therefore it is provided in the Scheme that KCL will provide voting by the public shareholders through postal ballot and evoting and will disclose all material facts in the explanatory statements, to be sent to the shareholders in relation to said resolution. Further, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of this Scheme 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 (Regulation) Rules, 1957.
- c. The sanction of the Scheme by the High Court or any other Appropriate Authority under Sections 391-394 read with Sections 100-103 and other applicable provisions, if any of the Act in favour of KSPL and KCL;
- d. Last date of the filing by KSPL and KCL of the certified copies of the order of the High Court sanctioning the Scheme under Sections 391-394 read with Sections 100-103 of the Act with the respective jurisdictional Registrar of Companies.
- e. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law, may be necessary for the implementation of the Scheme

22. EFFECT OF NON RECEIPT OF APPROVAL

- 22.1. In the event any of the said sanctions and approvals referred to in Clause 21 above not being obtained and/ or the Scheme not being sanctioned by the High Court or such other Appropriate Authority, if any, this Scheme shall stand revoked, cancelled and be of no effect and null and void save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law



and in such event each party shall bear their respective costs, charges and expenses in connection with the Scheme.

22.2. If any part or section of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of KSPL and KCL, affect the adoption or validity or interpretation of the other parts and/ or provisions of this Scheme. It is hereby clarified that the Board of Directors of KSPL and KCL, as the case may be, may in their absolute discretion at any time, adopt any part of this Scheme or declare the entire Scheme to be null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case KSPL and KCL shall bear its own cost or bear costs as may be mutually agreed.

22.3. The Board of Directors of KCL will have the power to resolve the differences, if any.

23. MODIFICATION OR AMENDMENT TO THE SCHEME


The Board of Directors of KSPL and KCL reserve the right to withdraw the Scheme at any time before the 'Effective Date' and may assent to any modification(s) or amendment(s) in this Scheme which the Court and/ or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme and the Board of Directors of KSPL and KCL and after the dissolution of KSPL, the Board of Directors of KCL be and are hereby authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or any matters concerning or connected therewith.

24. DISSOLUTION WITHOUT WINDING UP

On the Scheme becoming effective, KSPL shall be dissolved without going through the process of winding up and no person shall make assert or take any claims, demands or proceedings against a director or officer thereof in his capacity as such director or officer except in so far be necessary for enforcing the provisions of this order

25. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties (including the stamp duty and/ or transfer charges, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) of KSPL and KCL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Promoters and/or KSPL and or /its members.

FOR KAJARIA SECURITIES PRIVATE LIMITED AUTHORISED SIGNATORY	FOR KAJARIA CERAMICS LIMITED  AUTHORISED SIGNATORY
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