

**SCHEME OF ARRANGEMENT
AMONGST
PRANATHARTHI COMMERCIALS PRIVATE LIMITED
AND
RELIANCE RETAIL LIMITED
AND
ITS EQUITY SHAREHOLDERS**

(UNDER SECTIONS 230 - 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

(A) BACKGROUND OF THE COMPANIES

1. **Reliance Retail Limited**, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 3rd Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002 and having Corporate Identification Number: U01100MH1999PLC120563 (hereinafter referred to as "**Company**"). The Company is mainly engaged in 'organised retail' primarily catering to Indian consumers in various consumption baskets. The Company is a subsidiary of Reliance Retail Ventures Limited and an indirect subsidiary of Reliance Industries Limited.
2. **Pranatharthi Commercials Private Limited**, a company incorporated under the provisions of the Companies Act, 2013 having its registered office at 2nd floor, Maker Chambers IV, 222, Nariman Point, Mumbai – 400021 and having Corporate Identification Number: U51900MH2019PTC334144 (hereinafter referred to as "**Pranatharthi**").

(B) RATIONALE FOR THE SCHEME

1. The Company had implemented two schemes namely Reliance Retail Employees' Restricted Stock Unit Plan 2006 and 2007 under which Restricted Stock Units ("**RSUs**") have been allotted to eligible employees. On exercise of the RSUs by some of the employees, Equity Shares (*as defined hereinafter*) have been allotted to them. Some RSUs are outstanding against which Equity Shares will be allotted on exercise before effectiveness of this scheme of arrangement ("**Scheme**").
2. The equity shareholding pattern of the Company as on 11 December 2019 is as follows:

Sr No	Category of shareholders	Number of shares	Percentage (%)
1	RRVL	4,98,70,26,060	99.95
2	Specified Shareholders	25,24,590	0.05
	Total	4,98,95,50,650	100

Note: The number of RSUs outstanding as on 11 December 2019 is 17,54,894 against which 10,52,937 Equity Shares are proposed to be allotted before the effectiveness of the Scheme.

3. The Equity Shares are not listed on any stock exchanges.
4. The Company has been receiving requests from the employees holding Equity Shares for providing them options for exit and liquidity, including by way of listing of the Equity Shares.
5. The Company does not have any plan for listing of its Equity Shares on the stock exchanges.
6. In view of the above, the Company is proposing this Scheme in terms of which, equity shareholders of the Company other than the holding company viz., Reliance Retail Ventures Limited ("**Specified Shareholders**"), are being given listed equity shares of Reliance Industries Limited (the ultimate holding company of the Company) and the corresponding equity share capital held by them in the Company is being reduced and cancelled. This Scheme enables the Specified Shareholders to continue to participate in the growth of retail business (the business of the Company), as hitherto since the Company is an indirect subsidiary of Reliance Industries Limited.
7. Since, the Scheme does not contemplate any outflow of funds / assets of the Company, the aggregate of 'equity and other equity' of the Company pre and post implementation of the Scheme will remain the same and unaltered. Accordingly, interests of the creditors of the Company is not affected and they are not prejudiced or impacted in any manner.

(C) **PARTS OF THE SCHEME**

This Scheme is divided into the following parts:

PART I deals with the definitions, interpretations and share capital of the Company and Pranatharthi;

PART II deals with the arrangement proposed under the Scheme; and

PART III deals with general terms and conditions applicable to this Scheme.

PART I

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) all terms and words not defined in this Scheme shall have the meaning ascribed to them under the relevant Applicable Law (*as defined hereinafter*); and (iii) the following expressions shall have the meanings ascribed hereunder:

“Act” means the Companies Act, 2013 and the Rules and Regulations made thereunder and includes any statutory modification(s) or re-enactment(s) thereof for the time being in force;

“Appointed Date” means the Effective Date;

“Applicable Law” or **“Law”** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) approvals; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties as may be in force from time to time;

“Appropriate Authority” means:

- a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;
- b) any public international organization or supranational body and its institutions, departments, agencies and instrumentalities; and
- c) any governmental, quasi-governmental or private body or agency lawfully exercising or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing, exporting or other governmental or quasi-governmental authority including without limitation the Tribunal (*as defined hereinafter*).

“Board(s)” in relation to the Company and/ or Pranatharthi, as the case may be, means the board of directors of such company, and shall include the committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

“Company” means Reliance Retail Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 3rd Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002 and having Corporate Identification Number: U01100MH1999PLC120563;

“Effective Date” means the date on which the Scheme is sanctioned by the Tribunal. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** or **“upon the Scheme becoming effective”** shall mean the Effective Date;

“Equity Share(s)” means fully paid up equity share(s) of INR 10 each of the Company;

“Parties” means collectively the Company and Pranatharthi and **“Party”** shall mean each of them, individually;

“**Pranatharthy**” means Pranatharthy Commercials Private Limited, a company incorporated under the provisions of the Companies Act, 2013 having its registered office at 2nd Floor, Maker Chamber IV 222, Nariman Point, Mumbai 400 021 and Corporate Identification Number: U51900MH2019PTC334144.

“**Record Date**” means the date as may be fixed by the Board of the Company, for the purpose of determining the equity shareholders of the Company for effecting the actions as set out in Clause 4 of this Scheme;

“**RIL**” means Reliance Industries Limited having Corporate Identification Number: L17110MH1973PLC019786;

“**RIL Equity Share(s)**” means fully paid up equity share(s) of INR 10 each of RIL, listed on recognised stock exchange(s) in India;

“**RRVL**” means Reliance Retail Ventures Limited and having Corporate Identification Number: U51909MH2006PLC166166;

“**Specified Shareholder(s)**” means shareholder(s) of the Company other than RRVL, as on the Record Date;

“**Specified Share(s)**” means 35,77,527 Equity Share(s), held by the Specified Shareholders on the Record Date; and

“**Tribunal**” means the Mumbai bench of the National Company Law Tribunal.

1.2 In this Scheme, unless the context otherwise requires:

- a) words denoting the singular shall include the plural and vice versa; and
- b) headings, subheadings, titles, subtitles to clauses and sub-clauses are for convenience only and shall be ignored in construing the Scheme.

2. SHARE CAPITAL

2.1 The share capital structure of the Company as on 11 December 2019 is as follows:

Particulars	Amount in INR
Authorised share capital	
1350,00,00,000 equity shares of INR 10 each	13500,00,00,000
150,00,00,000 preference shares of INR 10 each	1500,00,00,000
Total	15000,00,00,000
Issued and subscribed share capital	
4,98,95,50,650 equity shares of INR 10 each	4989,55,06,500
80,00,00,000 preference shares of INR 10 each	800,00,00,000
Total	5789,55,06,500
Issued, subscribed and paid up share capital	
4,98,95,50,650 equity shares of INR 10 each	4989,55,06,500
80,00,00,000 preference shares of INR 2.50 each	200,00,00,000
Total	5189,55,06,500

Subsequent to the above date, there has been no change in the issued, subscribed and paid up share capital of the Company.

RSUs outstanding as on 11 December 2019 is 17,54,894 against which 10,52,937 Equity Shares are proposed to be allotted before the Effective Date.

2.2 The share capital structure of Pranatharthy as on 11 December 2019 is as follows:

Particulars	Amount in INR
Authorised share capital	
1,00,000 equity shares of INR 10 each	10,00,000
Total	10,00,000
Issued, subscribed and paid-up share capital	
10,000 equity shares of INR 10 each	1,00,000
Total	1,00,000

Subsequent to the above date, there has been no change in the issued, subscribed and paid up share capital of the Pranatharathi.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 9 of this Scheme, shall become effective and operative from the Appointed Date.

PART II

ARRANGEMENT

4. ARRANGEMENT

- 4.1 Upon the effectiveness of the Scheme and within a period of 3 (three) days from the Effective Date, the Company shall fix a Record Date. Within a period of 3 (three) days thereafter, the Company shall dispatch (electronically and/ or physically) a notice with such terms and conditions ("**Option Notice**") to Specified Shareholders as on the Record Date, providing them an option to retain the Equity Shares of the Company held by them.
- 4.2 Each Specified Shareholder shall be required to submit the duly completed Option Notice to the Company on or prior to the expiry of 15 (fifteen) days from the dispatch of the Option Notice ("**Option Period**"). The Specified Shareholders shall exercise the option in its entirety and not in parts for the Equity Share(s) held by them. For the purposes of implementation of this Scheme, the Company shall take appropriate action(s) to freeze the International Securities Identification Number (ISIN) of the Equity Share(s) such that no effect shall be given to any transfer of Equity Shares during the Option Period.
- 4.3 If any Specified Shareholder(s) has not submitted the duly completed Option Notice to the Company prior to the expiry of the Option Period; or such Option Notice has not been received by the Company; or the Option Notice has returned undelivered; or the ownership of the Equity Shares of the Company is in dispute and/or not in compliance with Applicable Laws, then in that event, the Specified Shares held by such Specified Shareholder(s) shall be dealt in the manner as stated in Clause 4.5 below.
- 4.4 Immediately on the expiry of the Option Period, the Specified Shares (other than the Equity Shares retained by Specified Shareholders arising out of the option exercised by them) held by the Specified Shareholders ("**Exchanging Shareholders**") shall be deemed to have been transferred and vested in Pranatharathi, without any act or deed, on part of such Specified Shareholders. Necessary corporate action will be executed by the Company to give effect to the aforesaid transfer.

To the extent of the Specified Shares held by the Exchanging Shareholders in physical form as on the Record Date ("**Physical Specified Shares**"), each of the share certificates representing the Physical Specified Shares shall, without any further act or deed, stand cancelled and the register of members of the Company shall stand altered to give full effect to this Clause 4.4. Immediately thereafter, the Company shall issue a consolidated share certificate representing the Physical Specified Shares held in physical form, in favour of Pranatharathi.

- 4.5 In consideration for the transfer as stated in Clause 4.4 above, every Exchanging Shareholder shall receive 1 (One) RIL Equity Share for every 4 (Four) Equity Shares held by them as on the Record Date ("**Share Exchange Ratio**"). Simultaneously, upon transfer of Specified Shares, held by the Exchanging Shareholders, as stated in Clause 4.4 above, the eligible number of RIL Equity Shares determined on the basis of the above-mentioned Share Exchange Ratio shall be deemed to have been transferred from Pranatharathi and vested in favour of such Specified Shareholders. Necessary actions to that effect, will be executed by Pranatharathi. Upon effectiveness of the Scheme, for the purpose of the above, Pranatharathi will acquire up to 8,94,382 RIL Equity Shares, to implement this Scheme.

Without prejudice to the actions set out in this Clause 4.5, all the Exchanging Shareholders, who held the Physical Specified Shares, shall provide details of his/ her/ its demat account to Pranatharathi. Until such information is received by Pranatharathi, Pranatharathi shall continue to hold the RIL Equity Shares to be transferred pursuant to this Clause 4.5, in trust for and on behalf of such Exchanging Shareholders, in a separate demat account to be opened by Pranatharathi for this purpose.

The Share Exchange Ratio has been determined by M/s BDO Valuation Advisory LLP, independent registered valuer, vide their report, dated 10th December, 2019 and M/s Ernst & Young Merchant Banking Services LLP, independent merchant banker, vide their opinion dated 11th December, 2019, opined that the Share Exchange Ratio, is fair to the shareholders of the Company.

- 4.6 In case any Exchanging Shareholder becomes entitled to a fraction of RIL Equity Share, then the Board of Pranatharthi shall aggregate such fractions (which aggregate, if not a whole number, will be rounded off to the next integer) and sell such RIL Equity Shares on the recognised stock exchange(s) at the prevailing market price(s) within 7 (Seven) trading days from expiry of the Option Period, as the Board of Pranatharthi may in its sole discretion decide. The Board of Pranatharthi shall determine the net sale price per share by dividing the proceeds (after deduction of applicable taxes and other expenses incurred) by the aggregate of the fractions. The fractional entitlement of a Exchanging Shareholder multiplied by the net sale price per RIL Equity Share shall be distributed to such Exchanging Shareholder.
- 4.7 Immediately upon implementation of actions contemplated in Clauses 4.4 and 4.5 above, the Specified Shares, to the extent held by Pranatharthi shall stand cancelled, extinguished and annulled and consequently, the paid up equity share capital of the Company represented by such Specified Shares shall stand cancelled and reduced, without any consideration.
- 4.8 Notwithstanding the reduction as mentioned above, the Company shall not be required to add “and reduced” as a suffix to its name and the Company shall continue in its existing name.
- 4.9 The register of members of the Company shall stand altered and rectified to give full effect to the actions set out in this Clause 4.
- 4.10 The Board of the Parties shall be authorised to make all such consequential modifications/ changes to this Scheme that may be required to be made as a consequence of the option provided to the Specified Shareholders under this Scheme.

5. ACCOUNTING TREATMENT IN THE BOOKS OF PRANATHARTHI

- 5.1 Pranatharthi will comply with the applicable accounting standards for the purchase of the Specified Shares, sale and transfer of RIL Equity Shares and cancellation of the Specified Shares held by Pranatharthi in the books of Pranatharthi.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

- 6.1 Upon the reduction of equity share capital represented by the Specified Shares, the difference between the amount of equity share capital as extinguished under Clause 4.7 above, shall be credited to the capital reserve account of the Company.
- 6.2 The Company will comply with all the applicable accounting standards in relation to the reduction of equity share capital represented by the Specified Shares.

PART III

GENERAL TERMS AND CONDITIONS

7. SPECIFIED SHARES HELD IN ABEYANCE

- 7.1 The RIL Equity Shares to be given in accordance with Clause 4.5 above, with respect to the Specified Shares of the Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending settlement of dispute by order of the Court or otherwise, be held in abeyance by Pranatharthi.

8. APPLICATIONS/PETITIONS TO THE TRIBUNAL

- 8.1 The Parties shall make and file all applications and petitions under Sections 230 – 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

9. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 9.1 The Board of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate or consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose.

9.2 For the purposes of giving effect to this Scheme, the Board may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

10. WITHDRAWAL OF THIS SCHEME

10.1 The Parties, jointly, acting through their respective Boards shall be at liberty to withdraw this Scheme.

11. COSTS AND EXPENSES

11.1 The respective parties shall be liable to pay taxes arising out of transactions mentioned in this Scheme as per Applicable Law.