

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**7NR RETAIL LIMITED**

**AND**

**ITS SHAREHOLDERS**

**AND**

**ITS CREDITORS**

**UNDER SECTION 230 OF THE COMPANIES ACT, 2013**

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**(A) PREAMBLE**

This Scheme of Arrangement ("Scheme") provides for capital reorganization/reclassification of Identified Creditors of the Company (as defined hereinafter), inter alia, providing for a transfer of amounts standing to the trade payables for Identified Creditors (as defined hereinafter) to the Equity Share Capital (as defined hereinafter) of the Company, pursuant to the provisions of Section 230-231 and other applicable provisions of the Act (as defined hereinafter). This Scheme also provides for various other matters consequential thereto or otherwise integrally connected therewith.

**(B) DESCRIPTION OF THE COMPANY**

7NR Retail Limited was originally incorporated on December 21, 2012, as 7NR Retail Private Limited as a private limited company under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Havelili. Thereafter, the Company was converted into a public limited Company and accordingly the name of the Company was changed to 7NR Retail Limited pursuant to a special resolution passed by the members of the Company at the Extra-Ordinary General Meeting (EGM) held on March 11, 2017. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued on March 22, 2017, by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate Identification Number (CIN) of 7NR Retail Limited is L52320GJ2012PLC073076. The equity shares of the company are listed on BSE Limited. The Company is engaged in the business of trading apparel in the Wholesale and Retail Segments. The company mainly deals in the business of Branding and selling ready-made garments, suiting-shirting, fabrics and all other textile products.



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**(C) RATIONALE OF THE SCHEME**

1. The Company (as defined hereinafter) believes that the conversion of trade payables to Equity Shares can be pooled to unlock the opportunity for creating shareholder value.
2. Presently, the Company entered into the definitive agreement for the conversion of trade payables into Equity Shares as a result of which, Company will reduce its liability and expand equity share capital, and also the Company's net worth as bargaining power to propose lender will be increased.
3. The proposed reclassification of trade payables is in the interest of the Company and its shareholders, creditors and all other stakeholders of the Company.
4. For the shareholders of the Company, the Scheme will result in economies of scale and consolidation of opportunities that will improve profitability and enhance overall shareholder value. The impact of the Scheme on the shareholders, including the public shareholders, would be the same in all respects, and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

**(D) PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

Part I	Deals with the definitions used in the Scheme and sets out the share capital and details of a trade payables for Identified Creditors of the Company
Part II	Deals with reorganization/reclassification of amounts standing to the credit of the trade payables for Identified Creditors to the Issued,



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	Subscribed and Fully Paid-up Equity Shares of the Company, pursuant to the provisions of section 230-231 and other applicable provisions of the Act
Part III	Deals with the general terms and conditions applicable to this Scheme

**PART 1**

**DEFINITION AND SHARE CAPITAL AND TRADE PAYABLES FOR IDENTIFIED CREDITORS OF THE COMPANY**

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**1. DEFINITION AND INTERPRETATION**

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

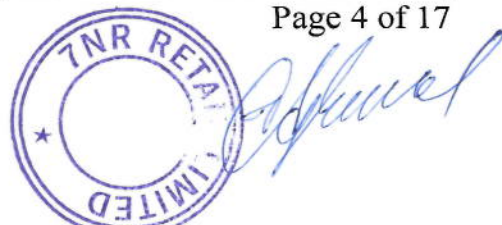
1.1.1. "Act" or "The Act" means the Companies Act, 2013, including any rules, regulations, orders and notifications made thereunder or any statutory modification(s) thereto or re-enactment(s) thereof for the time being in force;

1.1.2. "Appointed Date" means Effective Date;

1.1.3. "Appropriate Authority" means any governmental, statutory, regulatory, departmental or public body or authority of India including Securities and Exchange Board of India (SEBI), Stock Exchange (SE), Registrar of Companies (ROC) and the National Company Law Tribunal (NCLT), as may be applicable;

1.1.4. "Board of Directors" or "Board" means the Board of Directors of the Company and shall include a Committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/or any other matter relating thereto;

1.1.5. "Company" means 7NR Retail Limited incorporated under Companies Act 1956, having Corporate Identity Number L52320GJ2012PLC073076 and its registered office at Godown No-1,



234/1+234/2, FP-69/3, Sadashiv Kanto, B/h Bajaj Process, NarolChokdi,  
Narol Ahmedabad – 382 405 India;

- 1.1.6. “Effective Date” means the day on which all the conditions and matters referred to in Clause 12 (Conditions Precedent) of this Scheme occur or have been fulfilled or waived in accordance with this Scheme;

References in this Scheme to date of “coming into effect of the Scheme” or “effectiveness of the Scheme” shall mean the Effective Date

- 1.1.7. “Identified Creditors” means amount standing as on September 30, 2022, astrade payables accounted for following creditors, excluding GST and any other taxes.

SR. NO.	NAME OF CREDITORS
01	QMIN PHARMA PRIVATE LIMITED
02	VAX FASHION PRIVATE LIMITED
03	HEARMO TECH PRIVATE LIMITED
04	BRAND CLUSTER LLP

- 1.1.8. “Governmental Authority” means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or Commission, including Stock Exchange or any Court, Tribunal, Board, Bureau, instrumentality, judicial or arbitral body;

- 1.1.9. “INR” means Indian Rupee, the lawful currency of the Republic of India;

- 1.1.10. “Person” means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

- 1.1.11. “Registrar of Companies” means the Registrar of Companies, Ahmedabad.

- 1.1.12. “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement in its present form as submitted to the Tribunal or this



Scheme with such modification(s), if any, including those as approved, imposed or directed by the Tribunal and accepted by the Parties hereto;

- 1.1.13. "SEBI" means the Securities and Exchange Board of India;
- 1.1.14. "SEBI Circular" means Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22,2020;
- 1.1.15. "SEBI LODR" means SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, and any amendments thereof;
- 1.1.16. "Stock Exchange" means BSE Limited
- 1.1.17. "Tax Laws" means all Applicable Laws dealing with Taxes including but not limited to income-tax, goods & service tax, value added tax, excise duty, customs duty or any other levy of similar nature;
- 1.1.18. "Taxation" or "Tax" or "Taxes" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to the Company or any other Person and all penalties, charges, costs and interest relating thereto;
- 1.1.19. "The trade payables for Identified Creditors" means outstanding trade payables as on September30, 2022, in the books of accounts of the Company which is identified by the Board of Directors of the Company;
- 1.1.20. "Tribunal" shall mean Ahmedabad Bench of the National Company Law Tribunal having jurisdiction over the Company.
- 1.2. References to clauses, sub-clauses and recitals, unless otherwise provided, are to clauses, sub-clauses and recitals of and to this Scheme.



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- 1.3. The headings herein shall not affect the construction of this Scheme.
- 1.4. The words 'including', 'include' or any similar expression are to be construed without limitation.
- 1.5. Unless the context otherwise requires the singular shall include the plural and vice versa; and references to one gender include all genders; and references to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

## 2. SHARE CAPITAL AND OTHER EQUITY

- 2.1. The Share Capital structure of the Company as on October 30,2022, is as under:

Particulars	Amt in INR
Authorized Share Capital:	
2,60,00,000 equity shares of Rs.10/- each	26,00,00,000
<b>Total</b>	<b>26,00,00,000</b>
Issued, Subscribed and Paid-up Share Capital:	
2,33,39,000 equity shares of Rs. 10/- each	23,33,90,000
<b>Total</b>	<b>23,33,90,000</b>

Apart from the aforementioned shares, the Company has not issued any other shares or other ownership interests of the Company or any options (including employee stock options), warrants, rights or other securities (including but not limited to compulsorily convertible preference shares and compulsorily convertible debentures) that are directly or indirectly



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convertible into, or exercisable or exchangeable for, such equity capital till 30th October 2022.

- 2.2. The equity shares of the Company are listed on the Stock Exchange.
- 2.3. The details of trade payables for Identified Creditors of the Company, as appearing in the books of accounts of the Company as on September 30, 2022, are as under:

<b>NAME OF IDENTIFIED CREDITORS</b>	<b>AMT EXCLUDING GST AND OTHER TAXES (IN INR)</b>
QMIN PHARMA PRIVATE LIMITED	2,15,37,195
VAX FASHION PRIVATE LIMITED	1,78,58,962
HEARMO TECH PRIVATE LIMITED	2,40,38,552
BRAND CLUSTER LLP	71,70,008
QMIN PHARMA PRIVATE LIMITED	2,15,37,195

## **PART II**

### **CAPITAL REORGANISATION/RECLASSIFICATION OF TRADE PAYABLES FOR IDENTIFIED CREDITORS OF THE COMPANY**

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#### **3. CAPITAL REORGANISATION OF THE COMPANY**

- 3.1. Upon this Scheme becoming effective and with effect from the Appointed Date, an amount of INR 11,36,73,594.28 (Indian Rupees Eleven Crores Thirty Six Lacs Seventy Three Thousand Five Hundred Ninety-Four and Twenty Eight Paise) standing to the trade payables for Identified Creditors of the Company shall be reclassified, transferred to and shall form part of the "Issued, Subscribed and Fully Paid-Up Equity Shares" of the Company.
- 3.2. The newly Issued, Subscribed, and Fully Paid-Up Equity Shares shall be listed to BSE Limited and have the rights, pari-passu, with existing issued share capital.



- 3.3. The amount reclassified for trade payables for Identified Creditors shall be given effect after the deduction of any tax, including GST and direct tax.
- 3.4. The Identified Creditors have no right to claim any amounts which are transferred to Equity Shares as per Clause 3.1. except for any GST credits or any other tax.
- 3.5. The Company submits that the proposed reduction of capital as above is in conformity with and does not violate or circumscribe any provisions of the Act.
- 3.6. All actions taken by the Company pursuant to and in accordance with this Scheme shall be deemed to have not breached any terms and conditions or any other provisions of the Law.
- 3.7. This Scheme is an “arrangement” between the Company, its’ creditors and its’ shareholders under Section 230 of the Act and does not envisage the transfer or vesting of any properties and/or liabilities as contemplated in Sections 230 to 232 and other applicable provisions of the Act.
- 3.8. Notwithstanding anything to the contrary in any other instrument, deed or writing, without any further act Scheme being sanctioned by the Tribunal, it shall be binding upon the shareholders and all other Persons concerned.

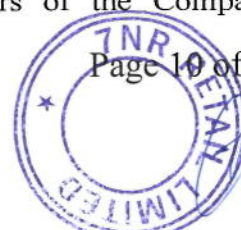
#### **4. CONSIDERATION AND DISCHARGE OF CONSIDERATION**

- 4.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, the Company shall, without any further application, act, deed, consent or instrument, issue and allot to the Identified Creditors of the Company whose names are recorded as trade payables in the books of accounts of the Company in the following manner:



<b>NAME OF IDENTIFIED CREDITORS</b>	<b>AMT OUTSTANDING AS ON SEPTEMBER 30, 2022 (IN INR)</b>	<b>NUMBER OF NEW EQUITY SHARES</b>
QMIN PHARMA PRIVATE LIMITED	3,46,74,883.81	2,15,37,195
VAX FASHION PRIVATE LIMITED	2,87,52,928.57	1,78,58,962
HEARMO TECH PRIVATE LIMITED	3,87,02,069.52	2,40,38,552
BRAND CLUSTER LLP	1,15,43,712.38	71,70,008
<b>TOTAL</b>	<b>11,36,73,594.28</b>	<b>7,06,04,717</b>

- 4.2 The shares issued by the Company to the Identified Creditors in terms of Clause 4.1 of Part II shall be hereinafter referred to as “New Equity Shares”. The New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Company, and shall rank *pari passu* in all respects with the then existing equity shares of the Company after the Effective Date including in respect of dividend, if any, that may be declared by the Company on or after the Effective Date.
- 4.3 The New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form.
- 4.4 The issue and allotment of the New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with. It is clarified that the issue and allotment of New Equity Shares by the Company to the respective Identified Creditors of the Company as



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provided in the Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Company or its equity shareholders and as if the procedure laid down under Section 62,42 or any other applicable provisions of the Act, as may be applicable, and such other statues and regulations as may be applicable were duly complied with.

- 4.5 It is clarified that the approval of the shareholders of the Company to this Scheme shall be deemed to be their consent/approval for the alteration of the Memorandum of Association under Sections 13, 61, 64 and other applicable provisions of the Act. The Company shall pay the requisite stamp duty and ROC fees and shall file the required returns/ information/ amended copy of the Memorandum of Association with the ROC to give effect to the alteration in the authorised share capital of the Company.
- 4.6 The Company shall apply for listing of its equity shares on the Stock Exchange in terms of and in compliance with SEBI Circular and other relevant provisions as may be applicable. The New Equity Shares allotted by the Company in terms of Clause 4.1 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the Stock Exchange. Further, there shall be no change in the shareholding pattern of the Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchange.
- 4.7 The Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchange.
- 4.8 In case any Identified Creditors of the Company become entitled to any fractional shares, then Company shall not issue fractional shares to such



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Identified Creditors but shall instead, at its absolute discretion, decide to round off all fractional entitlements to the next whole number above the 0.5 fractional entitlement and issue such number of equity shares to the relevant Identified Creditors or deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders and Creditors of the Company.

**5. ACCOUNTING TREATMENTS IN THE BOOKS OF THE COMPANY**

Notwithstanding anything else contained in the Scheme, the Company shall account for the reorganization of the capital of the Company in accordance with Indian Accounting Standards (“Ind AS”) 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 and other accounting principles generally accepted in India, in its books of accounts such that:

- (i) The amount of INR11,36,73,594.28 (Indian Rupees Eleven Crores Thirty Six Lacs Seventy Three Thousand Five Hundred Ninety-Four and Twenty Eight Paise) standing credit of the trade payables for Identified Creditors of the Company shall be reclassified and transferred to the Equity Share Capital of the Company.
- (ii) The Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner;
- (iii) For accounting purposes, the reorganization of the capital of the Company will be given effect on the date when all substantial conditions for the reorganization of the capital of the Company are completed.

**PART III**  
**GENERAL TERMS AND CONDITIONS**

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**6. EMPLOYEES**

The employees of the Company shall, in no way, be affected by the Scheme, as there is no transfer of employees under the Scheme. On the Scheme becoming effective, all the employees of the Company shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

**7. CREDITORS**

The reorganization of Capital will not cause any prejudice to the Creditors of the Company. The creditors of the Company are, in no way, affected by the proposed reorganization of capital, except Identified Creditors, as there is no reduction in the amount payable to any of the creditors, and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Company. Thus, the proposed arrangement would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

**8. COMPLIANCE WITH TAX LAWS**

The Scheme is in compliance with the applicable Tax Laws. Upon the Scheme becoming effective, the Company shall continue to pay Taxes in accordance with and subject to Applicable Law.

**9. LEGAL PROCEEDINGS**



Upon the Scheme becoming effective, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Company.

**10. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

The Company shall make necessary applications before the Ahmedabad Bench of the National Company Law Tribunal for the sanction of this Scheme under Sections 230 of the Act and any other applicable provisions of the Act.

**11. MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

The Board 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. The Board may consent to any conditions or limitations or may make any modifications to the Scheme that the Tribunal or any other Appropriate Authority may impose.

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.

**12. CONDITION PRECEDENT**

Page 14 of 17



Unless otherwise decided (or waived) by the Board, the Scheme is conditional upon and subject to the following condition precedent:

- 12.1. receipt of approval of the Scheme by the Stock Exchanges and SEBI, pursuant to the SEBI LODR and the SEBI Circular;
- 12.2. the Scheme being approved by the requisite majority of the shareholders and/or creditors of the Company or dispensation having being received from the Competent Authority in relation to obtaining such approval from the shareholders and/or creditors or any Applicable Law , as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 12.3. the sanctions and orders of the Tribunal under section 230 of the Act being obtained by the Company;
- 12.4. such other approvals and sanctions of any Governmental Authority as may be required in respect of the Scheme being obtained and
- 12.5. the certified copy of the order of the Tribunal approving the Scheme being filed with the Registrar of Companies.

It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Company may have under or pursuant to all Applicable Laws.

### **13. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS**

- 13.1. The Company shall be at liberty to withdraw the Scheme, any time before the Scheme becomes effective.



- 13.2. In the event of withdrawal of the Scheme under Clause 13.1 above, no rights and liabilities whatsoever shall accrue or be incurred by the Company or its shareholders or creditors or employees or any other Person.
- 13.3. In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be decided by the Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred upon the Company or their shareholders or creditors or employees or any other Person in terms of this Scheme.

**14. BINDING EFFECT**

This Scheme, when sanctioned by the Tribunal and upon effectiveness, shall be binding on the Company, all its shareholders, creditors and all other persons, notwithstanding anything to the contrary in any other instrument, deed or writing.

**15. SHAREHOLDERS' APPROVAL**

It is hereby clarified that if pursuant to this Scheme any action is to be taken by the Company which requires the consent or approval of shareholders, then for such purposes, the consent or approval of the shareholders to the Scheme shall be deemed to be sufficient, and no further resolution of the shareholders would be required to be separately passed.

**16. NO CAUSE OF ACTION**

No third party claiming to have acted or changed its position in anticipation of this Scheme taking effect, shall get any cause of action against the Company or their respective directors or officers, if the



*Approved*



Scheme does not take effect or is withdrawn, amended or modified for any reason whatsoever.

**17. EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of the Company shall waive such conditions as it consider appropriate to give effect, as far as possible, to this Scheme.

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