

**NOTICE OF MEETING OF THE SECURED CREDITORS OF
M/S. JAY CHEMICAL INDUSTRIES PRIVATE LIMITED
(formerly Jay Chemical Industries Limited)
(Convened pursuant to order dated 21st June, 2022 passed by the
National Company Law Tribunal, Ahmedabad Bench)**

Meeting of the secured Creditors of Jay Chemical Industries Private Limited	
Day	Saturday
Date	30 th July, 2022
Time	3.00 p.m.
Venue	"Jay House" , Near Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat - 380006

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO.19 OF 2022**

In the matter of the Companies Act, 2013
AND
In the matter of Scheme of Arrangement of Jay
Chemical Industries Private Limited (formerly Jay
Chemical Industries Limited)
AND
Jay Infa Trade Private Limited
AND
Jaykon Industries Private Limited
And
In the matter of Sections 230 read with Section 232 and
other applicable provisions of the Companies Act, 2013

Jay Chemical Industries Private Limited
(formerly Jay Chemical Industries Limited)
(CIN U24119GJ2000PTC037683)

A company incorporated under the provisions of
Companies Act, 1956 and having its registered office
At Jay House, Nr. Saffron Building, Panchvati,
Ellisbridge, Ahmedabad - 380006

in the state of Gujarat.....**Applicant Transferee/ Demerged Company**

**NOTICE CONVENING THE MEETING OF SECURED CREDITORS OF JAY
CHEMICAL INDUSTRIES PRIVATE LIMITED (FORMERLY JAY CHEMICAL
INDUSTRIES LIMITED), THE APPLICANT TRANSFEREE/ DEMERGED
COMPANY**

To,

The secured Creditors of Jay Chemical Industries Private Limited
(formerly Jay Chemical Industries Limited) (the Applicant Transferee/
Demerged Company)

It is hereby informed that by an Order dated 21st June, 2022, the Ahmedabad
Bench of the National Company Law Tribunal has directed that a Meeting of

the secured Creditors of the Applicant Transferee/ Demerged Company be held for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement for the Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited), and Demerger of the Construction Chemical Division of Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited) into Jaykon Industries Private Limited respectively.

In pursuance of the said Order and as directed therein **NOTICE** is hereby given that a Meeting of secured Creditors of the Applicant Transferee/ Demerged Company will be held on Saturday, the 30th July, 2022 at 3.00 p.m. at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad – 380006 in the state of Gujarat, at which time and place creditors are requested to attend.

The following Resolution shall be considered and put to vote at the said meeting; **“RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013 and the clauses of the Memorandum and Articles of Association of Jay Chemical Industries Private Limited (formerly Jay Chemical Industries Limited) (“the Applicant Transferee/ Demerged Company”) and subject to the approval of the Hon’ble National Company Law Tribunal, Ahmedabad Bench (“NCLT”) and further subject to the consents, approvals and permissions being obtained from appropriate authorities to the extent applicable or necessary, approval of the secured Creditors be and is hereby accorded to the Scheme of Arrangement (“Scheme”) between Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited) (“JCIPL” or “Transferee Company”/“Demerged Company”), Jay Infa Trade Private Limited (“JITPL” or “Transferor Company”) and Jaykon Industries Private Limited (“JIPL” and/or “Resulting Company”) and other matters consequential or otherwise integrally connected therewith, the copy whereof placed before this Meeting and duly initialed by the Chairman of the Meeting for the purpose of identification;”

“RESOLVED FURTHER THAT the Board of Directors of the Applicant Transferee/ Demerged Company be and is hereby authorized (with the power to delegate any or

all the powers conferred by this resolution to any Director, KMP or any committee of the Board) to do all such acts, deeds, matters and things, as may be considered desirable, appropriate or necessary to give effect to this Resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT and/or any other authority(ies) while sanctioning the Scheme or by any authority(ies) under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as they may deem fit and proper.”

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form, duly signed or authorized by the said person, are deposited at the Registered Office of the Applicant Transferee/ Demerged Company at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad - 380006 in the state of Gujarat not later than 48 hours before the time fixed for the aforesaid Meeting. The form of proxy can be obtained free of charge from the Registered Office of the Applicant Transferee/ Demerged Company. The Applicant Transferee/ Demerged Company has provided the facility of ballot/polling paper at the venue of the Meeting.

Copy of the Scheme, the Statement under Section 230(3) read with Section 102 of the Companies Act, 2013, and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with other annexures, as mentioned in the Index, are annexed to this Notice. Copy of the Scheme and the Statement under Section 230(3) can also be obtained free of charge from the Registered Office of the Applicant Transferee/ Demerged Company or at the office of its Advocates, Thakkar and Pahwa, 71, New York Tower – A, 7th floor, Opp. Muktidham Derasar, Thaltej Char Rasta, Ahmedabad - 380054.

NCLT has appointed (i) Mr. Trupal J Patel, Chartered Accountant, and failing him (ii) Mr. Sanjay Shah, Chartered Accountant to be the Chairman of the said meetings including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid Meeting, will be subject to the subsequent approval of NCLT.

Dated this 28th June, 2022

Sd/-

Mr. Trupal J Patel

Chairman appointed for the Meeting

Place: Ahmedabad

Registered Office:

Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad – 380006 in the state of Gujarat

Notes:

- 1) Only secured creditors of the Applicant Transferee/Demerged Company may attend (either in person or by proxy or by authorised representative) at the Meeting. The authorised representative of a body corporate which is an secured creditor of the Applicant Transferee/Demerged Company may attend the Meeting with appropriate authorization letter of the Board of Directors or other governing body of the body corporate authorizing such representative together with specimen signature of their representative(s), to attend and vote at the Meeting is deposited at the Registered Office of the Applicant Transferee/Demerged Company not later than 48 hours before the scheduled time of the commencement of the Meeting of the secured creditors of the Applicant Transferee/Demerged Company.
- 2) A secured creditor entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a secured creditor of the Applicant Transferee/ Demerged Company. The Form of Proxy duly completed should, however, be deposited at the Registered Office of the Applicant Transferee/Demerged Company not later than 48 hours before the scheduled time of the commencement of the Meeting of the secured creditors of the Applicant Transferee/Demerged Company.
- 3) All alterations made in the Form of the Proxy should be initialed.
- 4) The quorum of the Meeting of the secured creditors of the Applicant Transferee/Demerged Company shall be as per the Order of the Tribunal and section 103 of the Act, present in person or by authorized representative or by proxy.
- 5) Ms. Hetanshi Shah, Practicing Company Secretary, shall act as the Scrutiniser for the said Meeting.
- 6) The Scrutinizer will submit her report to the Chairman of the Meeting after scrutinizing the voting made by secured creditors through ballot or polling paper. The scrutinizer's decision on the validity of the vote shall be final. The results, together with the scrutinizer's Report, will be displayed at the registered office of the Applicant Transferee/ Demerged Company and on the website of the Applicant Transferee/Demerged Company i.e. www.jaychemical.com after the same is filed with the Hon'ble Tribunal.
- 7) Relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the secured creditors at the Registered Office of the Applicant Transferee/Demerged Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting and at the Meeting during the meeting hours.
- 8) The Map of the Venue for the meeting is attached at the end.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO.19 OF 2022**

In the matter of the Companies Act, 2013

AND

In the matter of Scheme of Arrangement of Jay
Chemical Industries Private Limited (formerly Jay
Chemical Industries Limited)

AND

Jay Infa Trade Private Limited

AND

Jaykon Industries Private Limited

AND

In the matter of Sections 230 read with Section 232 and
other applicable provisions of the Companies Act, 2013

Jay Chemical Industries Private Limited
(formerly Jay Chemical Industries Limited)
(CIN U24119GJ2000PTC037683)

A company incorporated under the provisions of
Companies Act, 1956 and having its registered office
At Jay House, Nr. Saffron Building, Panchvati,
Ellisbridge, Ahmedabad - 380006

in the state of Gujarat.....**Applicant Transferee/ Demerged Company**

**EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102
OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES
(COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. Pursuant to the Order dated 21st June, 2022, passed by the Hon'ble National Company Law Tribunal, Bench at Ahmedabad in CA (CAA) NO.19 of 2022 a meeting of the secured creditors of Jay Chemical Industries Private Limited (formerly Jay Chemical Industries Limited) (hereinafter referred to as "JCIPL" or "Applicant Transferee/ Demerged Company") is being convened on Saturday, the 30th July, 2022 at 3.00 p.m. at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad - 380006, in the State of Gujarat, for the purpose of considering, and if thought fit, approving, with or without modifications, the proposed Scheme of Arrangement for the Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited, and Demerger of the

Construction Chemical Division of Jay Chemical Industries Private Limited into Jaykon Industries Private Limited respectively and other matters consequential or otherwise integrally connected therewith under Section 230 read with Section 232 and other applicable provisions of the Companies Act, 2013. A copy of the Scheme, which has been approved by the Board of Directors of the Applicant Transferee/ Demerged Company at their meeting held on 4th February, 2022, is enclosed as **Annexure 1**.

2. The quorum for the said meeting shall be as per the order of the Tribunal and Section 103 of the Act, present in person or by authorized representative or by proxy. Further in terms of the said Order, NCLT has appointed (i) Mr. Trupal J Patel, Chartered Accountant, and failing him (ii) Mr. Sanjay Shah, Chartered Accountant to be the Chairman of the said meetings including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
4. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the secured creditors of the Applicant Transferee/ Demerged Company voting in person or by proxy approve the Scheme.

Particulars of the Applicant Transferee/ Demerged Company

5. Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited), was originally incorporated as a public limited company under the Companies Act, 1956 on 31st March, 2000 in the name and style of 'Jay Chemical Industries Limited' in the state of Gujarat. Subsequently, it became a private company effective from 17.09.2020. The Corporate Identification Number ("CIN") is U24119GJ2000PTC037683 and Permanent Account Number ("PAN") is AAACJ7628J.
6. The Registered Office of the Transferee/ Demerged Company is situated at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad – 380006 in the state of Gujarat.
7. The share capital of **JCIPL** as on 31st March, 2021 is as follows:

Particulars	Amount (Rs)
Authorised Capital	
600,00,000 Equity Shares of Rs.10 each	60,00,00,000
TOTAL	60,00,00,000
Issued, Subscribed and Paid up Capital	
5,73,35,960 Equity Shares of Rs.10 each fully paid up	57,33,59,600
TOTAL	57,33,59,600

There is no change in the Capital structure of the JCIPL after 31st March, 2021 to till date of this notice.

8. The main objects of the Transferee/ Demerged Company as fully set out in the Memorandum of Association are as under:

1. To carry on the business of manufacture, sell, export, import, otherwise, deal in all types of chemicals, compounds and intermediates.

OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS:

5. To amalgamate, enter into any partnership, or into any arrangement for sharing profits, union of interest, cooperation, joint venture or reciprocal concession, or for limiting competition, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the company is authorized to carry on or engage in or which can be carried on in conjunction therewith or to acquire business of the Company or connected therewith or which may seem to the company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's property and to give or accept by way of consideration for any of the acts, or things aforesaid or property acquired, any shares, debentures, debenture stock, or securities, that may be agreed upon and to and hold and retain or sell, mortgage, and deal with any shares, debentures, debenture - stock or securities so received.

9. The brief description of the activities carried out by the Transferee/ Demerged Company is as follows:

Carrying out business of manufacture, sell, export, import, deal in all types of chemicals, compounds and intermediates.

Particulars of the Transferor Company

10. Jay Infa Trade Private Limited, (hereinafter referred to as "JITPL" or "Transferor Company") is a private limited company incorporated under the Companies Act, 1956 on 20-08-1990 in the state of Gujarat. The Corporate Identification Number ("CIN") is U51909GJ1990PTC014227 and Permanent Account Number ("PAN") is AAACJ3800C.

11. The Registered Office of JITPL is situated at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006 in the State of Gujarat.

12. The authorised, issued, subscribed and paid-up share capital of JITPL on 31st March, 2021 is as under: -

Share Capital	Amount (In Rs.)
<u>Authorised Share Capital</u>	
1,00,000 Equity Shares of Rs. 10 each	10,00,000
TOTAL	10,00,000

Share Capital	Amount (In Rs.)
<u>Issued, subscribed and paid-up Share Capital</u>	
64,520 Equity shares of Rs. 10 each, fully paid up	6,45,200
TOTAL	6,45,200

There is no change in the Capital structure of the JITPL after 31st March, 2021 to till date of this notice.

13. The main objects of JITPL are as under:

A) MAIN OBJECTS

1. To Carry on the business as an holding and investment company and to purchase or otherwise, underwrite, invest in, acquire, hold trade or deal in immovable and movable properties of all kinds in any part of the country and in particular lands, buildings hereditaments, objects of art and decoration, jems, jewellery, precious stones, and motals, mortgages charges annuities, shares, stocks, debentures, debenture stocks, bonds, obligations, securities, concessions, options, product policies, book debts, and claims and any interest in immovable and movable property and any claims against such property or against any person, or company and to vary all or any of the aforesaid investments.

B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS:

4. To amalgamate with or enter into partnership or any joint purse or profit sharing arrangement with or co-operate with or subsidise or assist in any way any company, firm or person.

14. NATURE OF BUSINESS CARRIED ON BY JITPL

The brief description of the activities carried out by the Resulting Company is as follows:

spinning, weaving and finishing of textiles.

Particulars of the Resulting Company

15. Jaykon Industries Private Limited, (hereinafter referred to as "JIPL" or "Resulting Company") is a private limited company incorporated under the Companies Act, 2013 on 24-05-2017, in the state of Gujarat. The Corporate Identification Number ("CIN") is U24304GJ2017PTC097514 and Permanent Account Number ("PAN") is AADCJ9870H.

16. The Registered Office of JIPL is situated at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006 in the State of Gujarat.

17. The authorised, issued, subscribed and paid-up share capital of JIPL on 31st

March, 2021 is as under: -

Share Capital	Amount (In Rs.)
<u>Authorised Share Capital</u>	
10,000 Equity Shares of Rs. 10 each	1,00,000
TOTAL	1,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
10,000 Equity shares of Rs. 10 each, fully paid up	1,00,000
TOTAL	1,00,000

There is no change in the Capital structure of the JIPL after 31st March, 2021 to till date of this notice.

18. The main objects of JIPL are as under:

A) MAIN OBJECTS

1. To carry on in India or elsewhere the business to manufacture, produce, trade, deal, treat, process, design, develop, build, convert, cure, crush, distribute, display, exchange, barter, explore, extract, excavate, finish, formulate, grind, handle, fabricate, import, export, purchase, sell, job work, mix, modify, market, operate, prepare, and to act as brokers, agents, stockiest, consignors, franchises, collaborators distributors, suppliers, promoters, concessionaries, consultants, C & F Agent, wholesaler, retailers, and sales organizers, of all shapes, sizes, varieties, specifications, descriptions, applications, and trade all kinds of chemicals, chemicals compounds (organic and inorganic), in all forms, chemical products of any nature and kind whatsoever, all by products, joint products, construction chemicals ranging from water proofing chemicals, grouts, plasticizer, tile adhesives, joint fillers, epoxy bonding – agents, white putty water resistant, white cement, all kinds of construction chemicals, allied products, other construction related products, and heavy chemicals, acid alkalines, petro chemicals, chemical compounds and chemicals of all kinds(solid, liquid and gaseous), tannin extracts, essences, solvents, dye stuff, intermediates, textile auxiliaries, cellophanes, colour dyes, paints, varnishes, vat and other organic dyestuff, chemical auxiliaries, disinfectants, insecticides, fungicides, deodrants, bio chemicals used in construction activities and other preparation and articles.

B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS:

7. To acquire or amalgamate, absorb, or merge with any other company or companies or to form, promote subsidiaries having object altogether or in part similar to those of this company

19. NATURE OF BUSINESS CARRIED ON BY JIPL

The brief description of the activities carried out by the Resulting Company is

as follows:

Manufacture of Construction Chemical

Rationale and Objectives for the Scheme

20. The rationale for the proposed Scheme is as under:

- (i) The present arrangement would result in the following benefits for the abovementioned companies:
 - Elimination of cross holdings and intercompany transactions to simplify the shareholding and reduce administrative costs.
 - Reduction of overhead and other expenses, consolidation of business under one roof and facilitate administrative convenience on account of reduction in number of entities and reduced compliance thereof.
 - Greater efficiencies in operations with optimum utilization of resources, increased cost saving and expected to flow from focused operational efforts, rationalization, standardization and simplification of business process and optimum utilization of resources.
- (ii) The Scheme is in the best interests of the shareholders, employees and the creditors of all the Companies;
- (iii) The Scheme does not have any adverse effect on either the shareholders, the employees or the creditors of any of the companies. The Boards of Directors of the companies believe that the Scheme would ensure benefit to all the stakeholders and will enhance the value for all shareholders / promoters.

Corporate Approvals

- 21.** (i) The Scheme along with the Valuation Report dated January 10, 2022 issued by CA Gaurav Parmar, Registered Valuer as per Companies Act, 2013 and Partner of Manubhai & Shah LLP, Chartered Accountants was placed before the Board of Directors of the Applicant Transferee/ Demerged Company, at its meeting held on February 4, 2022. Based on the aforesaid, the Board of Directors of the Applicant Transferee/ Demerged Company approved the Scheme.
- (ii) The proposed Scheme was placed before the Board of Directors of the Transferor Company and Resulting Company at its meeting held on February 3, 2022 and February 4, 2022 respectively. Considering the above referred Valuation Report, the Board of Directors of the Transferor Company and Resulting Company also approved the Scheme. The Valuation Report and the Board Resolutions are also open for inspection.

Salient extracts of the Scheme

22. Salient features of the Scheme are extracted below:

“Definitions:

“Appointed Date” means close of business hours of 1st April, 2021 or such other date as may be approved by the Tribunal and agreed to by the Board of the Parties;

“Demerged Undertaking and/or Construction Chemical Undertaking” means the undertaking with all business units, assets, properties, and liabilities of whatsoever nature and kind, and wherever situated, of the Demerged Company, in relation to and pertaining to the Construction Chemical Undertaking to be transferred to the Resulting Company and shall include without limitation:

- (a) all assets and liabilities of the Demerged Company pertaining to the Construction Chemical Undertaking;
- (b) without prejudice to the generality of the provisions of (a) & (b) above, the Demerged Undertaking shall include:
 - (i) all properties and assets of the Demerged Company, including all movable or immovable, investments, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, security deposits, capital work in progress, easmentary rights, rights of way associated with developing such infrastructure and every associated right, plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits, provisions, advances, recoverable, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, , or other entitlements, funds, powers, authorities, licences, registrations, quotas, allotments, consents, privileges, liberties, advantages, all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to the Construction Chemical Undertaking;
 - (ii) all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying on the business of the Construction Chemical Undertaking;
 - (iii) all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals and minimum alternate tax paid under section 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act with respect to the Construction Chemical Undertaking; and
 - (iv) all debts, borrowings and liabilities, whether present, future or contingent whether secured or unsecured, or deferred tax liabilities, of the Construction Chemical Undertaking including but not limited to all other debts, duties, obligations and liabilities pertaining to the Construction Chemical Undertaking.
- (c) all Permits, licenses, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual

property rights of the Demerged Company pertaining to the Construction Chemical Undertaking, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Construction Chemical Undertaking;

- (d) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Construction Chemical Undertaking;
- (e) all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Construction Chemical Undertaking; and
- (f) all employees/workers of the Demerged Company engaged in the Construction Chemical Undertaking;
- (g) Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

"Effective Date" means the last of the dates on which all conditions, matters and filings referred to in Clause 35 hereof have been fulfilled or waived and necessary orders, approvals and consents referred to therein have been obtained. References 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;

"Tribunal" means the Ahmedabad Bench of the National Company Law Tribunal.

"Record Date 1" means such date to be fixed by the Board of Directors of JITPL in consultation with JCIPL for the purpose of determining the members of JITPL to whom shares of JCIPL will be allotted pursuant to this Scheme in terms of **Clause 10** of this Scheme;

"Record Date 2" means such date to be fixed by the Board of Directors of JIPL in consultation with JCIPL for the purpose of determining the members of JCIPL to whom shares of JIPL will be allotted pursuant to this Scheme in terms of **Clause 23** of this Scheme;

"Remaining Business" means the Demerged Company's Remaining Business;

"Scheme" or **"this Scheme"** means this composite scheme of arrangement as modified from time to time;

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY AND OTHER RELATED MATTERS

4 AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY.

- 4.1 With effect from the Appointed Date, and subject to the provisions of this Scheme and pursuant to Section 232 of the Act, the Transferor Company shall stand amalgamated with the Transferee Company as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this Scheme.
- 4.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Appointed Date:
- 4.2.1 with respect to the assets of the Transferor Company that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company as on the Appointed Date;
- 4.2.2 Subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investment in shares of anybody corporate, fixed deposits, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, cash and bank balances, earnest moneys and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date by operation of law as transmission, as the case may be, in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required;
- 4.2.3 Without prejudice to the aforesaid, all the immovable property (including but not limited to the land, buildings, offices, factories, sites, tenancy rights related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Transferor Company, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immoveable property) shall stand transferred to and be vested in the Transferee Company, as successor to the Transferor Company, without any act or deed to be done or executed by the Transferor Company, as the case may be and/ or the Transferee Company;
- 4.2.4 all debts, liabilities, duties and obligations (debentures, commercial paper, bonds, notes or other debt securities, loan from companies) of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to

the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 4;

- 4.2.5 all the brands and trademarks (including logo and right to use the trademarks) of the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall be transferred to the Transferee Company. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company;
- 4.2.6 the vesting of the entire undertaking of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company. Any reference in any security documents or arrangements (to which Transferor Company is a party) related to any assets of Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company. Similarly, Transferee Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/ to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferee Company shall not extend or be deemed to extend or apply to the assets so vested;
- 4.2.7 on and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferor Company and credited to the account of the Transferee Company, if presented by the Transferee Company; and
- 4.2.8 without prejudice to the foregoing provisions of Clause 4, the Transferor Company and/ or the Transferee Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.
- 4.3 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other relevant provisions of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of

the said section and other related provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961.

9. TAXES/ DUTIES / CESS ETC.

- 9.1 The unutilized credits relating to excise duties, sales tax, service tax, VAT, GST or any other Taxes by whatever name called as applicable which remain unutilised in the electronic ledger of the Transferor Company shall be transferred to and vest in the Transferee Company. Thereafter the unutilized credit so specified shall be credited to the electronic credit ledger of the Transferee Company and the input and capital goods shall be duly adjusted by the Transferee Company in its books of account.
- 9.2 Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternative tax, wealth tax, if any, paid by the Transferor Company shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable notwithstanding that challans or records may be in the name of Transferor Company. Minimum Alternate Tax credit available to the Transferor Company under the Income-tax Act, 1961, if any, shall vest in and be available to the Transferee Company.
- 9.3 Upon scheme becoming effective, the Transferor Company (if required) and the Transferee Company are expressly permitted to revise their financial statements and its income tax returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961 and other statutory returns, including but not limited to tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT / GST returns, as may be applicable. The Transferee Company has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income-tax Act, 1961 read with section 115JAA of the Income Tax Act, 1961, i.e. credit of minimum alternate tax, credit of dividend distribution tax, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. All compliances done by Transferor Company will be considered as compliances by Transferee Company.
- 9.4 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc. under Income-tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws, GST laws, any incentive scheme or policies or any other applicable laws/ regulations dealing with taxes/ duties/ levies due to Transferor Company shall stand vested to the Transferee Company upon this Scheme becoming effective.
- 9.5 All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

- 9.6 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

10. CONSIDERATION

- 10.1 Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the business of Transferor Company with Transferee Company, Transferee Company shall, without any application or deed, issue and allot fully paid up shares to the members of Transferor Company whose names appear in the register of members of Transferor Company as on the Record Date 1, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Transferor Company, in the following ratio:

"35(thirty five) equity shares of JCIPL of Rs. 10/- each fully paid up for every 2 (two) equity shares of JITPL of Rs. 10/- each fully paid up."

- 10.2 JCIPL shares issued, pursuant to Clause 10.1 above, shall be issued and allotted in a demat form to the equity shareholders of the Transferor Company, in the manner as stipulated in Clause 10.1 above and shall be credited to depository account of the members of the Transferor Company.

- 10.3 Inter-company shareholdings, if any, as on the Appointed Date, amongst the Transferor Company and Transferee Company shall stand cancelled pursuant to this scheme.

- 10.4 Upon the Scheme becoming effective, the issued, subscribed and paid up share capital of JCIPL shall be automatically cancelled and reduced by Rs. 19,80,000 being the face value of 1,98,000 equity shares held by JITPL in JCIPL, in terms of section 66 of the Act. Further, upon the Scheme becoming effective, equity shares held by JCIPL in JITPL representing issued, subscribed and paid up share capital of JITPL shall stand cancelled and extinguished by Rs.3,20,000 being the face value of 32,000 equity shares held by JCIPL in JITPL .

- 10.5 The above cancellation of inter-company shareholdings shall result in reduction of capital under section 66 of the Act. However, since the aforesaid reduction is consequential and is proposed as an integral part of the Scheme, the Transferee Company shall not be required to undertake separate procedure under section 66 of the Act. Further, as the aforesaid reduction does not result in either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital, the provisions of section 66 of the Act shall not be applicable. The order of the NCLT sanctioning the scheme shall be deemed to be the Order under section 66 of the Act for the purpose of confirming reduction. Further, the Transferee Company shall not be required to add "and reduced" as a suffix to its name consequent upon such reduction.

- 10.6 In case any member's shareholding in Transferor Company is such that on the basis of the aforesaid exchange ratio of shares, the member is entitled to a fraction of new equity share which exceeds one-half share, such member shall, in lieu of such fraction, be entitled to receive allotment of one New Equity Share of Transferee Company. On the other hand, if the shareholding of any member in Transferor Company is such that on the basis of the aforesaid exchange ratio of

shares, the member is entitled to a fraction of New Equity Share which is less than or equal to one-half share, then such fraction shall be ignored and such member shall not be entitled to receive any New Equity Share of Transferee Company in lieu of such fraction.

- 10.7 Transferee Company shall take necessary steps to increase or alter, if necessary, its authorised Share Capital suitably to enable it to issue and allot the Equity shares pursuant to this Scheme.
- 10.8 Transferee Company, shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of equity shares, under the Scheme.
- 10.9 Equity shares of Transferee Company to be issued to the respective shareholders of Transferor Company as above shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank *paripassu* with the existing equity shares of Transferee Company in all respects including dividends.
- 10.10 Approval of this Scheme by the shareholders of Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Transferee Company to the shareholders of Transferor Company, as provided in this Scheme.
- 10.11 Upon the issue and allotment of New Equity Shares to the shareholders of Transferor Company, whose names appear on the Register of Members of Transferor Company the Record Date 1, the share certificates in relation to the shares held by them in Transferor Company shall be deemed to have been cancelled.

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

On the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as under:

- 11.1 On the Scheme becoming effective, Transferee Company shall account for the amalgamation, in its books with effect from the Appointed Date, as per the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and the accounting treatment prescribed below, to the extent consistent with Ind AS:

- 11.1.1 Transferee Company shall, record all the assets and liabilities, including reserves, profits and loss, of Transferor Company, vested in it pursuant to this Scheme, at their respective book values as on the Appointed Date. No adjustments shall be made to reflect fair values, or recognize any new assets or liabilities.

- 11.1.2 The equity shares of the Transferee Company held by the Transferor Company shall stand cancelled in accordance with

Clause 10.4. of the Scheme and as a result equivalent equity share capital of the Transferee Company and the book value of investments held by the Transferor Company in the Transferee Company recorded as per Clause 11.1.1 above shall stand cancelled.

11.1.3 The inter-se, inter-co balances between Transferor Company and Transferee Company appearing in the books of accounts of Transferee Company, if any, shall stand cancelled.

11.1.4 Transferee Company shall credit in its books of account, face value of the shares issued to the shareholders of Transferor Company pursuant to the Scheme of its share capital account.

11.1.5 The difference, if any, being excess of book value over liabilities including reserves of Transferor Company transferred to Transferee Company, after making adjustments as stated above, shall be adjusted against reserves of Transferee Company.

11.2 In case of any differences in accounting policy between Transferor Company and Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted to the reserves in the Balance Sheet of Transferee Company to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

11.3 It is, however, clarified that the Board of Directors of Transferor Company and Transferee Company, in consultation with the respective statutory auditors, may account for the merger in such manner as to comply with the provisions of section 133 of the Companies Act, 2013, the applicable accounting standards and other applicable provisions, if any.

12. CONDUCT OF BUSINESS FROM APPOINTED DATE UPTO THE EFFECTIVE DATE:

12.1 The Transferor Company with effect from the date of approval of the Scheme by Board of the Parties and until the Effective Date:

12.1.1 shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Transferee Company;

12.1.2 all profits or income arising or accruing to the Transferor Company and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Transferor Company shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Company; and

12.1.3 all loans raised and all liabilities and obligations incurred by the Transferor Company after the Appointed Date and prior to the Effective Date, shall, subject to the terms of

this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the undertaking of the Transferor Company shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Transferee Company.

- 12.2 From the Effective Date, the Transferee Company shall carry on and shall be entitled to carry on the business of the Transferor Company.
- 12.3 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authority and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require, to carry on the business of the Transferor Company and to give effect to the Scheme.
- 12.4 The Transferee Company shall be entitled to credit the tax paid including credit of the tax deducted at source and input tax credit under the GST law in relation to The Transferor Company, for the period between the Appointed Date and the Effective Date.
- 12.5 For the purpose of giving effect to the amalgamation order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Authority, the Transferee Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme.

14. COMBINATION OF AUTHORISED SHARE CAPITAL

- 14.1 Upon the Scheme becoming effective, the authorised share capital of the Transferor Company will get amalgamated with that of the Transferee Company without payment of any additional fees and duties as the said fees have already been paid. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the Registrar of Companies and no separate procedure or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.
- 14.3 The authorized share capital of the Transferee Company as on the Effective Date shall, accordingly, without any further act, deed, matter, or thing, stand increased to Rs. 60,10,00,000/- (Rupees Sixty Crores Ten Lakhs Only) divided into 6,01,00,000 (Six Crores One Lakh) Equity Shares of Rs. 10/- each. The existing capital **Clause V** contained in the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 61 and 64 of the Act and Section 232 and other applicable provisions of the Act, as set out below:

Memorandum of Association

"The Authorised Share Capital of the Company is Rs. 60,10,00,000/- (Rupees Sixty Crores Ten Lakhs Only) divided into 6,01,00,000 (Six Crores One Lakh) Equity Shares of INR 10 each."

- 14.4 It is clarified that the approval of this Scheme under Sections 230 to 232 of the Companies Act, 2013 shall also be deemed to be approvals under sections 13, 61, 64 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard to give effect to the increase in authorized share capital. The filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Section 230 to 232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the Memorandum of Association for the purposes of the applicable provisions of the Act and the RoC shall register the same and make the necessary alterations in the Memorandum of Association of the Transferee Company accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

17. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 17.1 Upon this Scheme becoming effective and implementation thereof and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act, the Demerged Undertaking along with all its assets, liabilities, investments, contracts, arrangements, employees, Permits, records etc. shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and be vested in or be deemed to have been transferred to and vested in the Resulting Company as a going concern so as to become as on and from the Appointed Date, the assets, liabilities, investments, contracts, arrangements, employees, Permits, records etc. of the Resulting Company by virtue of operation of law and in the manner provided in this Scheme.
- 17.2 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets) or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same.
- 17.3 All rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.
- 17.4 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to and be vested in the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company.
- 17.5 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit relating to the Demerged Undertaking

stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

- 17.6 Upon effectiveness of the Scheme, all debts, liabilities, debentures, loans, obligations and duties of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act, instrument or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same. The term "**Demerged Liabilities**" shall include without limitation:
- 17.6.1 the debts, liabilities, debentures and obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 17.6.2 the specific loans, credit facilities, overdraft facilities and borrowings (including debentures, bonds, notes and other debt securities) raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking, including Loan; and
- 17.6.3 in cases other than those referred to in Clause 17.6.1 or 17.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

In so far as indirect tax liabilities are concerned, in particular, any liability with respect to the goods and service tax, value added tax, purchase tax, sales tax or any other duty or tax in relation to the Demerged Undertaking and pertaining to the period prior to the Appointed Date, including all or any liability pertaining to the period prior to the Appointed Date, shall be treated as liability of the Resulting Company, to the extent permissible under Applicable Law.

- 17.7 In so far as any Encumbrance in respect of Demerged Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to the Scheme. Provided that, if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Demerged Liabilities shall without any further act, instrument or deed being required, be released and the Demerged Company shall be discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance

over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

- 17.8 If the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax law or Applicable Law, the Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized TDS credits, Minimum Alternate Tax credits and input credits of goods and service tax of the Demerged Company, the portion which will be attributed to the Demerged Undertaking and be transferred to the Resulting Company shall be determined by the Board of the Demerged Company in accordance with the Applicable Law.
- 17.9 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme, even if the prescribed limits or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to Appointed Date.
- 17.10 Subject to Clause 17 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 17.11 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

- 17.12 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 17 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme.

22. CONSIDERATION

- 22.1 Upon this Scheme becoming effective and upon vesting of the Demerged Undertaking of Demerged Company in Resulting Company in terms of this Scheme and in consideration for the Demerger of the Demerged Undertaking into Resulting Company, Resulting Company shall without any further application or deed, issue and allot shares, credited as fully paid up, to all the equity shareholders of Demerged Company whose names appear in the Register of Members of Demerged Company as on the Record Date 2, except where Resulting Company itself is a shareholder of Demerged Company, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Demerged Company, in the following ratio:

" 1(One) equity shares of JIPL of Rs. 10/- each fully paid up for every 100 (One Hundred) equity shares of JCPL of Rs. 10/- each fully paid up."

The equity shares to be issued pursuant to this Clause will be together referred to as "**New Shares.**"

- 22.2 The New Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the New Shares.
- 22.3 The issue and allotment of the New 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 Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the New Shares.
- 22.4 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of the New Share of the Resulting Company, the Resulting Company shall round the same up to the next whole number.
- 22.5 In the event the Parties restructure their share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the share allotment ratio set out in Clause 22.1 shall be adjusted

accordingly to consider the effect of such corporate action without requirement of any further approval from the Appropriate Authority.

- 22.6 It is clarified that the approval of the members of the Resulting Company to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of its memorandum of association and articles of association pursuant to Clause 22 of this Scheme and the Resulting Company shall not be required to seek separate consent/ approval of its shareholders for such alteration, as required under Sections 13, 14, 42, 61, 64, and other applicable provisions of the Act.
- 22.7 The Resulting Company shall, to the extent required, increase and/ or reclassify its authorized share capital in order to issue New Shares. Further, the Resulting Company shall comply with the provisions of the Act to increase and/ or reclassify its authorized share capital.

23. ACCOUNTING TREATMENT

The Demerged Company and Resulting Company shall comply with applicable accounting standards in relation to the underlying transactions in the Scheme including but not limited to the following:

Accounting Treatment in the books of Demerged Company:

- 23.1 Upon the Scheme becoming effective, Demerged Company shall account for demerger in its books of accounts with effect from the Appointed Date in the following manner:
- 23.1.1 Demerged Company shall reduce the book value of assets and liabilities relating or pertaining to the Demerged Undertaking transferred to Resulting Company from its books of accounts as appearing in its books at the close of business on the day immediately preceding the Appointed Date.
- 23.1.2 The excess of the book value of assets transferred over the book value of liabilities transferred shall be adjusted against the Retained Earnings of Demerged Company.

Accounting Treatment in the books of the Resulting Company:

- 23.2 Upon the Scheme becoming effective, Resulting Company shall account for demerger in its books of accounts with effect from the Appointed Date in the following manner:
- 23.2.1 All the assets and liabilities recorded in the books of Demerged Company related to Demerged Undertaking shall be transferred to and vested in Resulting Company pursuant to the Scheme and shall be recorded by Resulting Company at their respective book values.
- 23.2.2 The excess or deficit, if any, remaining after recording entries shall be credited/debited by the Resulting

Company to its Capital Reserve Account, as the case may be.

- 23.2.3 In case of any difference in the accounting policies of the Demerged Company and the Resulting Company, the impact of the same will be quantified and adjusted in the reserves of the Resulting Company to ensure that the Financial Statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

27. AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY

- 27.1 As an integral part of the Scheme, and, upon the coming into effect of this Scheme, the authorised share capital of the Resulting Company shall automatically stand amended, without any further act, instrument or deed on the part of the Resulting Company, such that upon the coming into effect of this Scheme, the authorised share capital of the Resulting Company shall be Rs. 58,13,460, without any further act or deed. Clause V of the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

*"V. The Authorised Share Capital of the Company is Rs. 58,13,460/- (Rupees **Fifty Eight Lakhs Thirteen Thousand Four Hundred Sixty** divided into 5,81,346 (**Five Lakhs Eighty One Thousand Three Hundred Forty Six**) Equity Shares of Rs. 10/- (Rupees Ten only) each"*

- 27.2 It is hereby clarified that the approval of the shareholders of the Resulting Company to the Scheme shall be deemed to be their consent/approval also to the consequential alteration of the Memorandum of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent/approval of its shareholders for such alteration of the Memorandum of Association of the Resulting Company as required under Sections 13 and 61 of the Act.

- 27.3 Upon the coming into effect of this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies, Gujarat, for alteration of its authorised share capital and shall pay necessary fees as may be required to be paid in accordance with law.

28. REMAINING BUSINESS

- 28.1 The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by each of the Demerged Company subject to the provisions of the Scheme.
- 28.2 All Proceedings by or against the Demerged Company under any statute, pending on the Effective Date and relating to the Remaining Business of Demerged Company (including those relating to any property, right,

power, liability, obligation or duties of the Demerged Company in respect of its Remaining Business) shall be continued and enforced by or against Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such Proceedings by or against the Demerged Company.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only salient features of the Scheme.

23. Accounting Treatment

The accounting treatment as proposed in the Scheme is in conformity with the accounting standard prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are open for inspection.

24. Effect of the Scheme on shareholders, Key managerial personnel, promoters and non-promoter shareholder of Applicant Transferee/ Demerged Company:

1) On each class of shareholders

The Company has only one class of shareholders i.e. equity. Upon scheme being effective, whole of the undertaking along with property and liabilities of the transferor Company from appointed date unless the Tribunal, decides otherwise, shall be transferred to the transferee company and the transferee company shall allot equity shares as referred under clause 10 of the Scheme to the shareholders of the Transferor Company on such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof and the Construction Chemical division of the Demerged Company shall vest into the Resulting Company and the Resulting Company shall allot equity shares as referred under clause 22 of the Scheme to the shareholders of the Demerged Company on such date as may be determined by the Board of Directors of the Resulting Company or a committee thereof.

The Scheme is expected to have several benefits for the Company, as indicated in the rationale to the Scheme, as set out above and is expected to be in the best interests of the shareholders of the Company.

2) On key managerial personnel

The KMPs of the Company, if any shall continue as key managerial personnel of the Company after effectiveness of the Scheme. Such KMPs who are shareholders of the Company, if any will be allotted shares, like the other shareholders of the Company. Please refer to point 1 above for details regarding effect on the shareholders. Other than such allotment of shares, the KMPs are not affected pursuant to the Scheme.

3) On Promoters and Non promoters

Like all the shareholders of the Company, the promoters and non-promoter shareholders of the Company shall be allotted shares in accordance with the Share Entitlement Ratio set out in the Scheme.

Please refer to point 1 above for details regarding effect on the shareholders.

Other Matters

1. There are no proceedings/investigation pending against the Applicant Transferee/ Demerged Company under Sections 210 – 217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like. There are no winding up petitions pending against the Applicant Transferee/Demerged Company.
2. To the knowledge of the Company, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.
3. The copy of the proposed Scheme has been filed by the respective companies before the concerned Registrar of Companies.
4. As per the Certificate issued by M/s. Nimish Vayawala, Chartered Accountants, the amount due to the unsecured creditors of the Applicant Transferee/Demerged Company as on 31st January, 2022 are Rs. 534,57,78,503 and secured creditors Rs. 166,07,57,564.
5. As per the Certificate issued by M/s. Nimish Vayawala, Chartered Accountants, the amount due to the unsecured creditors of the Transferor Company as on 31st January, 2022 are Rs. 67,978 and secured creditors is NIL.
6. As per the Certificate issued by M/s. Nimish Vayawala, Chartered Accountants, the amount due to the secured creditors and unsecured creditors of the Resulting Company as on 31st January, 2022 are NIL.
7. The name and addresses of the Directors of the Applicant Transferee/ Demerged Company including their shareholding in the Companies as on date of approving the scheme by Board of directors i.e. February 4, 2022 are as under:

Sr. No	Name of the Directors	Address of the Directors	Transferee/ Demerged Company	
			No. of shares of Rs. 10 each	%
1.	Mr. Jayendra H Kharawala	Sharda Bhuvan, 2 Spring Valley, B/h. Karnavati Club, Bodakdev, Ahmedabad, Gujarat - 380051	34497120	60.17
2.	Mr. Greeven J Kharawala	2, Sharda Bhuvan, Spring Valley Society, B/h. Karnavati Club, Mohammadpura Gam Road, Ahmedabad, Gujarat - 380051	6342120	11.06
3.	Mr. Ravi B Kabra	283/C, Lane No.15, Satyagrah Chhavni, Satellite Road, Ahmedabad, Gujarat - 380015	400	0.001

8. The name and addresses of the Directors of the Transferor Company including their shareholding in the Companies as on date of approving the scheme by Board of directors i.e. February 3, 2022 are as under:

Sr. No.	Name of the Directors	Address of the Directors	Transferor Company	
			No. of shares of Rs. 10 each	%
1	Dakshesh M Machhar	10, Anmol Park, Bopal, Ahmedabad, Gujarat - 380058	-	-
2	Ravi B Kabra	283/C, Lane No.15, Satyagrah Chhavni, Satellite Road, Ahmedabad, Gujarat - 380015	-	-

9. The name and addresses of the Directors of the Resulting Company including their shareholding in the Companies as on date of approving the scheme by Board of directors i.e February 4, 2022 are as under:

Sr. No.	Name of the Directors	Address of the Directors	Resulting Company	
			No. of shares of Rs. 10 each	%
1.	Jayendra H Kharawala	Sharda Bhuvan, 2 Spring Valley, B/h. Karnavati Club, Bodakdev, Ahmedabad, Gujarat - 380051	6017	60.17
2.	Greeven J Kharawala	2, Sharda Bhuvan, Spring Valley Society, B/h. Karnavati Club, Mohammadpura Gam Road, Ahmedabad, Gujarat - 380051	1106	11.06

10. The following documents will be open for inspection by the secured creditors for inspection at the registered office of the Company during 11.00 AM to 1.00 PM on all days excluding Saturday, Sunday and public holidays till date of meeting:

- Copy of the order passed by NCLT in C.A. (CAA) No.19, dated 21.06.2022, convening the meetings of equity shareholders, unsecured Creditors secured creditors of the Applicant Transferee/Demerged Company;
- Copy of Memorandum and Articles of Associations of all three Companies;
- Copy of Annual Accounts for the FY 2020-21 of the Companies;
- Copy of the Composite Scheme of Arrangement;
- Copy of Valuation Report dated January 10, 2022 issued by CA Gaurav Parmar, Registered Valuer as per Companies Act, 2013 and Partner of Manubhai & Shah LLP, Chartered Accountants;
- Copy of Board resolutions passed by the respective board of directors of the Applicant Transferee/ Demerged Company, Transferor Company and the Resulting Company;
- Copy of Statutory Auditors' Certificates dated 30th November, 2021 issued by M/s Shah & Shah Associates, Chartered Accountants, the statutory auditors of the Applicant Transferee/ Demerged Company;
- Copy of Statutory Auditors' Certificate dated 30th November, 2021 issued by M/s Nimish Vayawala, Chartered Accountants, the statutory auditors of the Transferor Company;

- i. Copy of Statutory Auditors' Certificate dated 30th November, 2021 issued by M/s. Nimish Vayawala, Chartered Accountants, the statutory auditors of the Resulting Company;
- j. Copy of the certificate by M/s Nimish Vayawala, Chartered Accountants, certifying the amount due to the unsecured creditors and secured creditors of the Applicant Transferee/ Demerged Company as on 31st January, 2022;
- k. Copy of the certificate by M/s. Nimish Vayawala, Chartered Accountants, certifying the amount due to the unsecured creditors and secured creditors of the Transferor Company as on 31st January, 2022;
- l. Copy of the certificate by M/s. Nimish Vayawala, Chartered Accountants, certifying the amount due to the unsecured creditors and secured creditors of the Resulting Company as on 31st January, 2022;

The secured creditors shall be entitled to obtain extract from or for making/obtaining copies of the documents mentioned above.

11. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
12. After the Scheme is approved, by the secured Creditors, of the Applicant Transferee/ Demerged Company, it will be subject to the approval/sanction by Tribunal.

Sd/-
Mr. Trupal J Patel
Chairman appointed for the
Meeting

Dated: 28th June, 2022

Registered office:

Jay House, Nr. Saffron Building, Panchvati,
Ellisbridge, Ahmedabad - 380006
in the state of Gujarat

COMPOSITE SCHEME OF ARRANGEMENT
AMONGST
JAY CHEMICAL INDUSTRIES PRIVATE LIMITED
AND
JAY INFA TRADE PRIVATE LIMITED
AND
JAYKON INDUSTRIES PRIVATE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013



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A. BACKGROUND OF THE COMPANIES

- (i) **Jay Chemical Industries Private Limited** (Formerly known as Jay Chemical Industries Limited) is a private limited company incorporated under the provisions of the Companies Act, 1956 bearing corporate identification number U24119GJ2000PTC037683, now repealed and replaced by the Companies Act, 2013, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. **Jay Chemical Industries Private Limited** (Formerly known as Jay Chemical Industries Limited) has been set up primarily to engage in the business of manufacturing of reactive dyes, auxiliaries, construction chemical (hereinafter referred to as "JCIPL" or "Transferee Company" / "Demerged Company").
- (ii) **Jay Infa Trade Private Limited** is a private limited company incorporated under the provisions of the Companies Act, 1956, now repealed and replaced by the Companies Act, 2013, bearing corporate identification number U51909GJ1990PTC014227, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. Jay Infa Trade Private Limited has been set up primarily to engage in the business as an holding and investment company and to purchase or otherwise, underwrite, invest in, acquire, hold trade or deal in immovable and movable properties of all kinds in any part of the country and in particular lands, building, etc. (hereinafter referred to as the "JITPL" or "Transferor Company").
- (iii) **Jaykon Industries Private Limited** is a company incorporated under the provisions of the Companies Act, 2013, bearing corporate identification number U24304GJ2017PTC097514, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. It is engaged in the business of manufacturing all kinds of construction chemicals (hereinafter referred to as the "JIPL" and/or "Resulting Company").

B. PREAMBLE

This Composite Scheme of Arrangement ('the Scheme') is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications and re-enactments thereof) and the rules and regulations made thereunder, as may be applicable for:

- (i) Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited, on a going concern basis;
- (ii) Demerger of the Construction Chemical Division (as defined hereinafter) of Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited) into Jaykon Industries Private Limited, on a going concern basis; and

The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

C. RATIONALE OF THE SCHEME

- (i) The present arrangement would result in the following benefits for the abovementioned companies:
- Elimination of cross holdings and intercompany transactions to simplify the shareholding and reduce administrative costs.
 - Reduction of overhead and other expenses, consolidation of business under one roof and facilitate administrative convenience on account of reduction in number of entities and reduced compliance thereof.
 - Greater efficiencies in operations with optimum utilization of resources, increased cost saving and expected to flow from focused operational efforts, rationalization, standardization and simplification of business process and optimum utilization of resources.



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- (ii) The Scheme is in the best interests of the shareholders, employees and the creditors of all the Companies;
- (iii) The Scheme does not have any adverse effect on either the shareholders, the employees or the creditors of any of the companies. The Boards of Directors of the companies believe that the Scheme would ensure benefit to all the stakeholders and will enhance the value for all shareholders / promoters.

D. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme and the details of the share capital of the Transferor Company, Transferee Company/ Demerged Company and the Resulting Company;
- (ii) **Part II** deals with the amalgamation of the Transferor Company into the Transferee Company ;
- (iii) **PART III** deals with the transfer and vesting of the Demerged Undertaking from the Demerged Company as a *going concern* into the Resulting Company and discharge of consideration in lieu thereof, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ;
- (iv) **PART IV** deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof (i) capitalized 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 Laws; and (iii) the following expressions shall have the meanings ascribed hereunder:

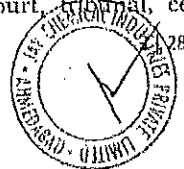
"Act" means the Companies Act, 2013, to the extent of the provisions notified, and the Companies Act, 1956, to the extent of its provisions in force;

"Appointed Date" means close of business hours of 1st April, 2021 or such other date as may be approved by the Tribunal and agreed to by the Board of the Parties;

"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:

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; any public international organization or supranational body and its institutions, departments, agencies and instrumentalities; and 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;

"Board" in relation to the Transferor Company, Transferee Company/ Demerged Company and the Resulting Company as the case may be, means the board of directors of such company, and shall include a 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;

"Demerger" means transfer and vesting of the Demerged Undertaking from JCIPL to JIPL, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and in accordance with Part-III of the Scheme;

"Demerged Company" in relation to Part-III of the Scheme means **Jay Chemical Industries Private Limited**, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006.

"Demerged Undertaking and/or Construction Chemical Undertaking" means the undertaking with all business units, assets, properties, and liabilities of whatsoever nature and kind, and wherever situated, of the Demerged Company, in relation to and pertaining to the Construction Chemical Undertaking to be transferred to the Resulting Company and shall include without limitation:

- (a) all assets and liabilities of the Demerged Company pertaining to the Construction Chemical Undertaking;
- (b) without prejudice to the generality of the provisions of (a) & (b) above, the Demerged Undertaking shall include:
 - (i) all properties and assets of the Demerged Company, including all movable or immovable, investments, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, security deposits, capital work in progress, easementary rights, rights of way associated with developing such infrastructure and every associated right, plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits, provisions, advances, recoverable, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, , or other entitlements, funds, powers, authorities, licences, registrations, quotas, allotments, consents, privileges, liberties, advantages, all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to the Construction Chemical Undertaking;
 - (ii) all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying on the business of the Construction Chemical Undertaking;
 - (iii) all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals and minimum alternate tax paid under section 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed



depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act with respect to the Construction Chemical Undertaking; and

- (iv) all debts, borrowings and liabilities, whether present, future or contingent whether secured or unsecured, or deferred tax liabilities, of the Construction Chemical Undertaking including but not limited to all other debts, duties, obligations and liabilities pertaining to the Construction Chemical Undertaking.
- (c) all Permits, licenses, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property rights of the Demerged Company pertaining to the Construction Chemical Undertaking, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Construction Chemical Undertaking;
- (d) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Construction Chemical Undertaking;
- (e) all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Construction Chemical Undertaking; and
- (f) all employees/workers of the Demerged Company engaged in the Construction Chemical Undertaking;
- (g) Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

"Effective Date" means the last of the dates on which all conditions, matters and filings referred to in Clause 35 hereof have been fulfilled or waived and necessary orders, approvals and consents referred to therein have been obtained. References 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;

"Encumbrance" means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term **"Encumber"** shall be construed accordingly;

"Income Tax Act" means the Income-tax Act, 1961;

"INR" means Indian Rupee, the lawful currency of the Republic of India;

"Parties" means collectively the Transferor Company, Transferee Company/ Demerged Company and the Resulting Company and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, ,



rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory or otherwise as required under Applicable Law and includes all rights of way associated under Applicable Law or otherwise;

"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,

"Record Date 1" means such date to be fixed by the Board of Directors of JITPL in consultation with JCIPL for the purpose of determining the members of JITPL to whom shares of JCIPL will be allotted pursuant to this Scheme in terms of Clause 10 of this Scheme;

"Record Date 2" means such date to be fixed by the Board of Directors of JIPL in consultation with JCIPL for the purpose of determining the members of JCIPL to whom shares of JIPL will be allotted pursuant to this Scheme in terms of Clause 23 of this Scheme;

"Remaining Business" means the Demerged Company's Remaining Business;

"Resulting Company" in relation to Part-III of the Scheme means Jaykon Industries Private Limited, a company incorporated under the provisions of the Companies Act, 2013, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006.

"RoC" means the Registrar of Companies having jurisdiction over the Transferor Company, Transferee Company/ Demerged Company and the Resulting Company, as the case may be;

"Scheme" or **"this Scheme"** means this composite scheme of arrangement as modified from time to time;

"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 service 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 service tax or otherwise or attributable directly or primarily to Transferor Company, Transferee Company/ Demerged Company and the Resulting Company, as the case may be or any other Person and all penalties, charges, costs and interest relating thereto;

"Tax Laws" means all Applicable Laws dealing with Taxes including but not limited to income-tax, , sales tax / value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;

"Transferor Company and/or JITPL" in relation to Part-II of the Scheme means Jay Infa Trade Private Limited a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006.

"Transferee Company and/or JCIPL" in relation to Part-II of the Scheme means Jay Chemical Industries Private Limited, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006.

"Tribunal" means the Ahmedabad Bench of the National Company Law Tribunal.



In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting the singular shall include the plural and *vice versa* and words denoting any gender shall include all genders;
- 1.2.2 headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information and convenience only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same;
- 1.2.3 the words "include" and "including" are to be construed without limitation;
- 1.2.4 reference to a clause, paragraph or schedule is a reference to a clause, paragraph or schedule of this Scheme;
- 1.2.5 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and
- 1.2.6 References to days, months and years are to calendar days, calendar months and calendar years, respectively.

2. SHARE CAPITAL

2.1 The share capital of JCIPL as on 31st March 2021 is as under:

Particulars	Amount (Rs)
Authorised Capital	
600,00,000 Equity Shares of Rs.10 each	60,00,00,000
TOTAL	60,00,00,000
Issued, Subscribed and Paid up Capital	
5,73,35,960 Equity Shares of Rs.10 each fully paid up	57,33,59,600
TOTAL	57,33,59,600

2.2 The share capital of JITPL as at 31st March 2021 is as under:

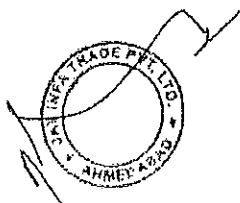
Share Capital	Amount (In Rs.)
Authorised Share Capital	
1,00,000 Equity Shares of Rs. 10 each	10,00,000
TOTAL	10,00,000
Issued, subscribed and paid-up Share Capital	
64,520 Equity shares of Rs. 10 each, fully paid up	6,45,200
TOTAL	6,45,200

2.3 The share capital of JIPL as at 31st March 2021 is as under:

Share Capital	Amount (In Rs.)
Authorised Share Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
TOTAL	1,00,000
Issued, subscribed and paid-up Share Capital	
10,000 Equity shares of Rs. 10 each, fully paid up	1,00,000
TOTAL	1,00,000

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, shall become effective from the Appointed Date but shall be operative from the Effective Date.



PART II

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE
TRANSFeree COMPANY AND OTHER RELATED MATTERS

4 AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE
BUSINESS OF THE TRANSFEROR COMPANY.

4.1 With effect from the Appointed Date, and subject to the provisions of this Scheme and pursuant to Section 232 of the Act, the Transferor Company shall stand amalgamated with the Transferee Company as a going concern and all assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, permits, licences, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this Scheme.

4.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Appointed Date:

4.2.1 with respect to the assets of the Transferor Company that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company as on the Appointed Date;

4.2.2 Subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investment in shares of anybody corporate, fixed deposits, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, cash and bank balances, earnest moneys and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date by operation of law as transmission, as the case may be, in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required;

4.2.3 Without prejudice to the aforesaid, all the immovable property (including but not limited to the land, buildings, offices, factories, sites, tenancy rights related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Transferor Company, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such Immoveable property) shall stand transferred to and be vested in the Transferee Company, as successor to the Transferor Company, without any act or deed to be done or executed by the Transferor Company, as the case may be and/ or the Transferee Company;

4.2.4 all debts, liabilities, duties and obligations (debentures, commercial paper, bonds, notes or other debt securities, loan from companies) of the Transferor Company shall, without any further act, instrument or deed



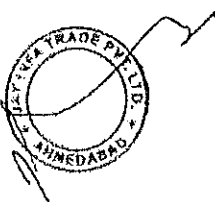
be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 4;

4.2.5 all the brands and trademarks (including logo and right to use the trademarks) of the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall be transferred to the Transferee Company. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company;

4.2.6 the vesting of the entire undertaking of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company. Any reference in any security documents or arrangements (to which Transferor Company is a party) related to any assets of Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company. Similarly, Transferee Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/ to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferee Company shall not extend or be deemed to extend or apply to the assets so vested;

4.2.7 on and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferor Company and credited to the account of the Transferee Company, if presented by the Transferee Company; and

4.2.8 without prejudice to the foregoing provisions of Clause 4, the Transferor Company and/ or the Transferee Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.



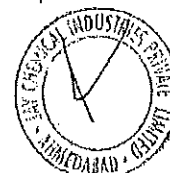
- 4.3 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other relevant provisions of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961.

5. EMPLOYEES, STAFF AND WORKMEN

- 5.1 On the Scheme becoming effective, all employees of the Transferor Company on the Effective Date, shall be deemed to have become employees of the Transferee Company, without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company recognized by the Transferor Company. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which the employees of the Transferor Company are members shall be transferred to such provident fund, gratuity fund and superannuation fund of the Transferee Company or to be established and caused to be recognized by the Appropriate Authorities, by the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.
- 5.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of the Transferor Company would continue to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company.

6. LEGAL PROCEEDINGS

- 6.1 Any suit, petition, appeal or other proceeding of whatsoever nature and any orders of court, judicial or quasi-judicial tribunal or other governmental authorities enforceable by or against the Transferor Company including without limitation any restraining orders (including order under section 281B of the Income-tax Act, 1961) pending before any court, judicial or quasi-judicial tribunal or any other forum, relating to the Transferor Company, whether by or against the Transferor Company, pending as on the Effective Date, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of any order of or direction passed or issued in the amalgamation proceedings or anything contained in this Scheme, but by virtue of the order sanctioning the Scheme, such legal proceedings shall be continued and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been implemented.
- 6.2 After the approval of the Scheme by the Parties and until the Effective Date, the Transferor Company shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company.
- 6.3 The transfer and vesting of the assets and liabilities under the Scheme and the continuance of the proceedings by or against the Transferee



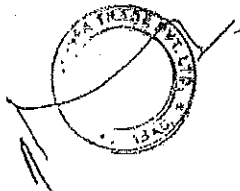
Company shall not affect any transaction or proceeding already completed by the Transferor Company between the Appointed Date and the Effective Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

7. PERMITS

With effect from the Appointed Date, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and be available to, the Transferee Company so as to become as and from the Appointed Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Effective Date and until the Permits are transferred, vested, recorded, effected, and/ or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company, the Transferee Company is authorized to carry on business in the name and style of the Transferor Company, and under the relevant license and/ or permit and/ or approval, as the case may be, and the Transferee Company shall keep a record and/ or account of such transactions.

8. CONTRACTS, DEEDS, ETC.

8.1 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, delivery or recordal or by operation of law pursuant to the order of the Authority sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, Agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) of the Transferee Company. It is clarified that all conditions, stipulations, pre-requisites, terms laid down under any Governmental, statutory or regulatory bodies, fulfilled by the Transferor Company prior to the Effective Date, shall be deemed to have been fulfilled and complied with by the Transferee Company, post the Effectiveness of the Scheme. The Transferee Company shall be entitled to the benefit of all qualification criteria, track-record, experience, goodwill and all other rights, claims and powers of whatsoever nature and whosoever situate belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company for all intents and purposes for its business. Such properties and rights described hereinabove shall stand vested in the Transferee Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company.



- 8.2 Upon this Scheme becoming effective, the rights, benefits, privileges, duties, liabilities, obligations and interest whatsoever, arising from or pertaining to contracts and properties, shall be deemed to have been entered into and stand assigned, vested and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company' substituted party or beneficiary or obligor thereto. It is being always understood that the Transferee Company shall be the successor in the interest of the Transferor Company. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company.
- 8.3 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novation's, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf and in the name of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.
- 8.4 Without prejudice to the provisions of this Scheme, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes, from the Appointed Date. Any taxes (including tax deducted at source or dividend distribution tax) paid in relation to such transaction shall, to the extent permissible by applicable law, be claimed as a refund.
- 8.5 The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Company and the name of the Transferee Company shall be substituted as "Insured" in the policies as if the Transferee Company was initially a party thereto.
- 8.6 Any inter-se contracts between the Transferor Company on the one hand and the Transferee Company on the other hand shall cease to operate upon the coming into effect of this Scheme.

9. TAXES/ DUTIES / CESS ETC.

- 9.1 The unutilized credits relating to excise duties, sales tax, service tax, VAT, GST or any other Taxes by whatever name called as applicable which remain unutilised in the electronic ledger of the Transferor Company shall be transferred to and vest in the Transferee Company. Thereafter the unutilized credit so specified shall be credited to the electronic credit ledger of the Transferee Company and the input and capital goods shall be duly adjusted by the Transferee Company in its books of account.
- 9.2 Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternative tax, wealth tax, if any, paid by the Transferor Company shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable notwithstanding that challans or records may be in the name of Transferor Company. Minimum Alternate Tax credit available to the Transferor Company under the Income-tax Act, 1961, if any, shall vest in and be available to the Transferee Company.

- 9.3 Upon scheme becoming effective, the Transferor Company (if required)



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and the Transferee Company are expressly permitted to revise their financial statements and its income tax returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961 and other statutory returns, including but not limited to tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT / GST returns, as may be applicable. The Transferee Company has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income-tax Act, 1961 read with section 115JAA of the Income Tax Act, 1961, i.e. credit of minimum alternate tax, credit of dividend distribution tax, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. All compliances done by Transferor Company will be considered as compliances by Transferee Company.

- 9.4 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc. under Income-tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws, GST laws, any incentive scheme or policies or any other applicable laws/ regulations dealing with taxes/ duties/ levies due to Transferor Company shall stand vested to the Transferee Company upon this Scheme becoming effective.
- 9.5 All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- 9.6 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

10. CONSIDERATION

- 10.1 Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the business of Transferor Company with Transferee Company, Transferee Company shall, without any application or deed, issue and allot fully paid up shares to the members of Transferor Company whose names appear in the register of members of Transferor Company as on the Record Date 1, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Transferor Company, in the following ratio:

"35(thirty five) equity shares of JCIPL of Rs. 10/- each fully paid up for every 2 (two) equity shares of JITPL of Rs. 10/- each fully paid up."

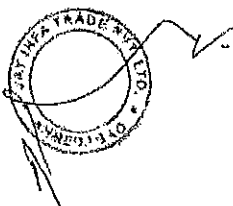
- 10.2 JCIPL shares issued, pursuant to Clause 10.1 above, shall be issued and allotted in a demat form to the equity shareholders of the Transferor Company, in the manner as stipulated in Clause 10.1 above and shall be credited to depository account of the members of the Transferor Company.

- 10.3 Inter-company shareholdings, if any, as on the Appointed Date, amongst the Transferor Company and Transferee Company shall stand cancelled



pursuant to this scheme.

- 10.4 Upon the Scheme becoming effective, the issued, subscribed and paid up share capital of JCIPL shall be automatically cancelled and reduced by Rs. 19,80,000 being the face value of 1,98,000 equity shares held by JITPL in JCIPL, in terms of section 66 of the Act. Further, upon the Scheme becoming effective, equity shares held by JCIPL in JITPL representing issued, subscribed and paid up share capital of JITPL shall stand cancelled and extinguished by Rs. 3,20,000 being the face value of 32,000 equity shares held by JCIPL in JITPL.
- 10.5 The above cancellation of inter-company shareholdings shall result in reduction of capital under section 66 of the Act. However, since the aforesaid reduction is consequential and is proposed as an integral part of the Scheme, the Transferee Company shall not be required to undertake separate procedure under section 66 of the Act. Further, as the aforesaid reduction does not result in either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital, the provisions of section 66 of the Act shall not be applicable. The order of the NCLT sanctioning the scheme shall be deemed to be the Order under section 66 of the Act for the purpose of confirming reduction. Further, the Transferee Company shall not be required to add "and reduced" as a suffix to its name consequent upon such reduction.
- 10.6 In case any member's shareholding in Transferor Company is such that on the basis of the aforesaid exchange ratio of shares, the member is entitled to a fraction of new equity share which exceeds one-half share, such member shall, in lieu of such fraction, be entitled to receive allotment of one New Equity Share of Transferee Company. On the other hand, if the shareholding of any member in Transferor Company is such that on the basis of the aforesaid exchange ratio of shares, the member is entitled to a fraction of New Equity Share which is less than or equal to one-half share, then such fraction shall be ignored and such member shall not be entitled to receive any New Equity Share of Transferee Company in lieu of such fraction.
- 10.7 Transferee Company shall take necessary steps to increase or alter, if necessary, its authorised Share Capital suitably to enable it to issue and allot the Equity shares pursuant to this Scheme.
- 10.8 Transferee Company, shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of equity shares, under the Scheme.
- 10.9 Equity shares of Transferee Company to be issued to the respective shareholders of Transferor Company as above shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank *paripassu* with the existing equity shares of Transferee Company in all respects including dividends.
- 10.10 Approval of this Scheme by the shareholders of Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Transferee Company to the shareholders of Transferor Company, as provided in this Scheme.
- 10.11 Upon the issue and allotment of New Equity Shares to the shareholders of Transferor Company, whose names appear on the Register of Members of Transferor Company the Record Date 1, the share certificates in relation to the shares held by them in Transferor Company shall be deemed to have been cancelled.



11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFeree COMPANY

On the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as under:

11.1 On the Scheme becoming effective, Transferee Company shall account for the amalgamation, in its books with effect from the Appointed Date, as per the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and the accounting treatment prescribed below, to the extent consistent with Ind AS:

11.1.1 Transferee Company shall, record all the assets and liabilities, including reserves, profits and loss, of Transferor Company, vested in it pursuant to this Scheme, at their respective book values as on the Appointed Date. No adjustments shall be made to reflect fair values, or recognize any new assets or liabilities.

~~11.1.2~~ The equity shares of the Transferee Company held by the Transferor Company shall stand cancelled in accordance with Clause 10.4. of the Scheme and as a result equivalent equity share capital of the Transferee Company and the book value of investments held by the Transferor Company in the Transferee Company recorded as per Clause 11.1.1 above shall stand cancelled.

11.1.3 The inter-se, inter-co balances between Transferor Company and Transferee Company appearing in the books of accounts of Transferee Company, if any, shall stand cancelled.

11.1.4 Transferee Company shall credit in its books of account, face value of the shares issued to the shareholders of Transferor Company pursuant to the Scheme of its share capital account.

11.1.5 The difference, if any, being excess of book value over liabilities including reserves of Transferor Company transferred to Transferee Company, after making adjustments as stated above, shall be adjusted against reserves of Transferee Company.

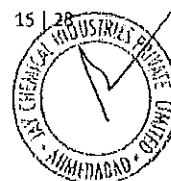
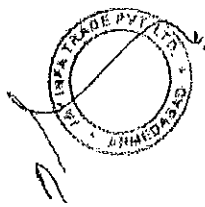
11.2 In case of any differences in accounting policy between Transferor Company and Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted to the reserves in the Balance Sheet of Transferee Company to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

11.3 It is, however, clarified that the Board of Directors of Transferor Company and Transferee Company, in consultation with the respective statutory auditors, may account for the merger in such manner as to comply with the provisions of section 133 of the Companies Act, 2013, the applicable accounting standards and other applicable provisions, if any.

12. CONDUCT OF BUSINESS FROM APPOINTED DATE UPTO THE EFFECTIVE DATE:

12.1 The Transferor Company with effect from the date of approval of the Scheme by Board of the Parties and until the Effective Date:

12.1.1 shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the



assets for and on account of, and in trust for the Transferee Company;

12.1.2 all profits or income arising or accruing to the Transferor Company and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Transferor Company shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Company; and

12.1.3 all loans raised and all liabilities and obligations incurred by the Transferor Company after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the undertaking of the Transferor Company shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Transferee Company.

12.2 From the Effective Date, the Transferee Company shall carry on and shall be entitled to carry on the business of the Transferor Company.

12.3 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authority and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require, to carry on the business of the Transferor Company and to give effect to the Scheme.

12.4 The Transferee Company shall be entitled to credit the tax paid including credit of the tax deducted at source and input tax credit under the GST law in relation to The Transferor Company, for the period between the Appointed Date and the Effective Date.

12.5 For the purpose of giving effect to the amalgamation order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Authority, the Transferee Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme.

13. SAVING OF CONCLUDED TRANSACTIONS

The vesting of the undertaking of the Transferor Company as above and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date in accordance with this Scheme, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

14. COMBINATION OF AUTHORISED SHARE CAPITAL

14.1 Upon the Scheme becoming effective, the authorised share capital of the



Transferor Company will get amalgamated with that of the Transferee Company without payment of any additional fees and duties as the said fees have already been paid. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the Registrar of Companies and no separate procedure or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.

- 14.3 The authorized share capital of the Transferee Company as on the Effective Date shall, accordingly, without any further act, deed, matter, or thing, stand increased to Rs. 60,10,00,000/- (Rupees Sixty Crores Ten Lakhs Only) divided into 6,01,00,000 (Six Crores One Lakh) Equity Shares of Rs. 10/- each. The existing capital **Clause V** contained in the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 61 and 64 of the Act and Section 232 and other applicable provisions of the Act, as set out below:

Memorandum of Association

"The Authorised Share Capital of the Company is Rs. 60,10,00,000/- (Rupees Sixty Crores Ten Lakhs Only) divided into 6,01,00,000 (Six Crores One Lakh) Equity Shares of INR 10 each."

- 14.4 It is clarified that the approval of this Scheme under Sections 230 to 232 of the Companies Act, 2013 shall also be deemed to be approvals under sections 13, 61, 64 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard to give effect to the increase in authorized share capital. The filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Section 230 to 232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the Memorandum of Association for the purposes of the applicable provisions of the Act and the RoC shall register the same and make the necessary alterations in the Memorandum of Association of the Transferee Company accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.

15. VALIDITY OF EXISTING RESOLUTIONS, ETC.

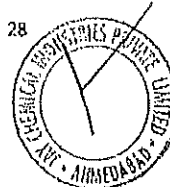
Upon the coming into effect this Scheme, the resolutions/ power of attorney of/ executed by the Transferor Company, as are considered necessary by the Board of the Transferor Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

16. DISSOLUTION OF THE TRANSFEROR COMPANY

Upon the effectiveness of this Scheme, the Transferor Company shall be dissolved without winding up, and the Board and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand ceased and discharged. The name of the Transferor Company shall be struck off from the records of the RoC and the Transferee Company shall make necessary filings in this regard and no separate consent / approval of the Transferee's shareholders shall be required under applicable provisions of the Act.



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PART III

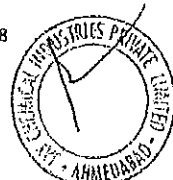
DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

17. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 17.1 Upon this Scheme becoming effective and implementation thereof and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act, the Demerged Undertaking along with all its assets, liabilities, investments, contracts, arrangements, employees, Permits, records etc. shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and be vested in or be deemed to have been transferred to and vested in the Resulting Company as a going concern so as to become as on and from the Appointed Date, the assets, liabilities, investments, contracts, arrangements, employees, Permits, records etc. of the Resulting Company by virtue of operation of law and in the manner provided in this Scheme.
- 17.2 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets) or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same.
- 17.3 All rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.
- 17.4 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to and be vested in the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company.
- 17.5 The Demerged Company may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit relating to the Demerged Undertaking stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.
- 17.6 Upon effectiveness of the Scheme, all debts, liabilities, debentures, loans, obligations and duties of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act, instrument or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are



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outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same. The term "Demerged Liabilities" shall include without limitation:

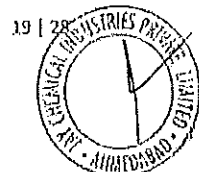
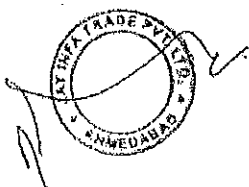
- 17.6.1 the debts, liabilities, debentures and obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 17.6.2 the specific loans, credit facilities, overdraft facilities and borrowings (including debentures, bonds, notes and other debt securities) raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking, including Loan; and
- 17.6.3 in cases other than those referred to in Clause 17.6.1 or 17.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

In so far as indirect tax liabilities are concerned, in particular, any liability with respect to the goods and service tax, value added tax, purchase tax, sales tax or any other duty or tax in relation to the Demerged Undertaking and pertaining to the period prior to the Appointed Date, including all or any liability pertaining to the period prior to the Appointed Date, shall be treated as liability of the Resulting Company, to the extent permissible under Applicable Law.

- 17.7 In so far as any Encumbrance in respect of Demerged Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to the Scheme. Provided that, if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Demerged Liabilities shall without any further act, instrument or deed being required, be released and the Demerged Company shall be discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

- 17.8 If the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax law or Applicable Law, the Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized TDS credits, Minimum Alternate Tax credits and input credits of goods and service tax of the Demerged Company, the portion which will be attributed to the Demerged Undertaking and be transferred to the Resulting Company shall be determined by the Board of the Demerged Company in accordance with the Applicable Law.

- 17.9 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial

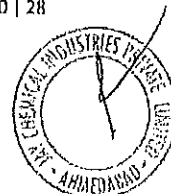
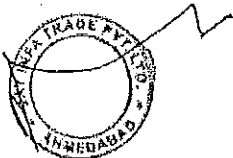


statements and returns along with prescribed forms, filings and annexures under the Tax laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme, even if the prescribed limits or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to Appointed Date.

- 17.10 Subject to Clause 17 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 17.11 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 17.12 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 17 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme.

18. PERMITS

- 18.1 With effect from the Appointed Date, the Permits relating to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such Permits shall endorse where necessary and record the name of Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance and the Permits shall stand transferred to and vested in, and shall be deemed to be transferred to and vested in the Resulting Company without any further act, instrument or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits thereunder shall be available to the Resulting Company.
- 18.2 The benefit of all Permits pertaining to the Demerged Undertaking shall, without any other order to this effect, transfer to and vest in and become available to the Resulting Company pursuant to the sanction of this Scheme by the Tribunal.
- 18.3 Notwithstanding the generality of the foregoing provisions, all electricity, gas, water and other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and



authorities in different states pertaining to the Demerged Undertaking, together with security deposits and all other advances paid, shall stand automatically transferred in favour of the Resulting Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.

19. CONTRACTS

- 19.1 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements, licenses for the purpose of carrying on the business of the Demerged Undertaking and other assets pertaining to the Demerged Undertaking, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking, or to the benefit of which the Demerged Company may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and licenses (including licenses granted by any Appropriate Authority) of the Resulting Company. Such properties and rights described hereinabove shall stand vested in the Resulting Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Resulting Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Resulting Company and shall be the legal and enforceable rights and interests of the Resulting Company, which can be enforced and acted upon as fully and effectually as if it were the Demerged Company. Upon this Scheme becoming effective, the rights, benefits, privileges, duties, liabilities, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Demerged Undertaking, shall be deemed to have been entered into and stand assigned, vested and novated to the Resulting Company by operation of law and the Resulting Company shall be deemed to be the Demerged Company's substituted party or beneficiary or obligor thereto, it being always understood that the Resulting Company shall be the successor in interest of the Demerged Company in relation to the properties or rights mentioned hereinabove.
- 19.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, the Resulting Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above, on the part of the Demerged Company with respect to Demerged Undertaking.
- 19.3 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as it may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.



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20. EMPLOYEES, STAFF AND WORKMEN

- 20.1 Upon the effectiveness of this Scheme and with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees, staff and workmen of the Demerged Company engaged in or in relation to the Demerged Undertaking, on terms and conditions no less favorable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Demerged Undertaking shall be decided by the Demerged Company, and such decision shall be final and binding on all concerned Parties.
- 20.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

21. LEGAL PROCEEDINGS

- 21.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking 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 Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced/added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 21.2 The Resulting Company undertakes to have all legal and other proceedings initiated by or against the Demerged Company transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both Parties shall make relevant applications and take all steps as may be required in this regard.
- 21.3 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any



Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

22. CONSIDERATION

- 22.1 Upon this Scheme becoming effective and upon vesting of the Demerged Undertaking of Demerged Company in Resulting Company in terms of this Scheme and in consideration for the Demerger of the Demerged Undertaking into Resulting Company, Resulting Company shall without any further application or deed, issue and allot shares, credited as fully paid up, to all the equity shareholders of Demerged Company whose names appear in the Register of Members of Demerged Company as on the Record Date 2, except where Resulting Company itself is a shareholder of Demerged Company, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Demerged Company, in the following ratio:

" 1(One) equity shares of JIPL of Rs. 10/- each fully paid up for every 100 (One Hundred) equity shares of JCIPL of Rs. 10/- each fully paid up."

The equity shares to be issued pursuant to this Clause will be together referred to as "New Shares."

- 22.2 The New Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the New Shares.
- 22.3 The issue and allotment of the New 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 Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the New Shares.
- 22.4 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of the New Share of the Resulting Company, the Resulting Company shall round the same up to the next whole number.
- 22.5 In the event the Parties restructure their share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the share allotment ratio set out in Clause 22.1 shall be adjusted accordingly to consider the effect of such corporate action without requirement of any further approval from the Appropriate Authority.
- 22.6 It is clarified that the approval of the members of the Resulting Company to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of its memorandum of association and articles of association pursuant to Clause 22 of this Scheme and the Resulting Company shall not be required to seek separate consent/ approval of its shareholders for such alteration, as required under Sections 13, 14, 42, 61, 64, and other applicable provisions of the Act.



- 22.7 The Resulting Company shall, to the extent required, increase and/ or reclassify its authorized share capital in order to issue New Shares. Further, the Resulting Company shall comply with the provisions of the Act to increase and/ or reclassify its authorized share capital.

23. ACCOUNTING TREATMENT

The Demerged Company and Resulting Company shall comply with applicable accounting standards in relation to the underlying transactions in the Scheme including but not limited to the following:

Accounting Treatment in the books of Demerged Company:

- 23.1 Upon the Scheme becoming effective, Demerged Company shall account for demerger in its books of accounts with effect from the Appointed Date in the following manner:

23.1.1 Demerged Company shall reduce the book value of assets and liabilities relating or pertaining to the Demerged Undertaking transferred to Resulting Company from its books of accounts as appearing in its books at the close of business on the day immediately preceding the Appointed Date.

23.1.2 The excess of the book value of assets transferred over the book value of liabilities transferred shall be adjusted against the Retained Earnings of Demerged Company.

Accounting Treatment in the books of the Resulting Company:

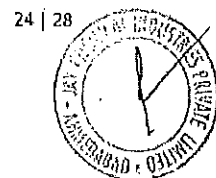
- 23.2 Upon the Scheme becoming effective, Resulting Company shall account for demerger in its books of accounts with effect from the Appointed Date in the following manner:

23.2.1 All the assets and liabilities recorded in the books of Demerged Company related to Demerged Undertaking shall be transferred to and vested in Resulting Company pursuant to the Scheme and shall be recorded by Resulting Company at their respective book values.

23.2.2 The excess or deficit, if any, remaining after recording entries shall be credited/debited by the Resulting Company to its Capital Reserve Account, as the case may be.

23.2.3 In case of any difference in the accounting policies of the Demerged Company and the Resulting Company, the impact of the same will be quantified and adjusted in the reserves of the Resulting Company to ensure that the Financial Statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

24. Inter-Company balances, loans and advances, and other balance and obligations, if any, will stand cancelled.
25. In case of any differences in accounting policy of Demerged Company and Resulting Company related to the Demerged Undertaking, then accounting policies followed by Resulting Company will prevail and the difference till the Appointed Date shall be adjusted against Capital Reserve of Resulting Company, to ensure that the financial statements of Resulting Company reflect the financial position on the basis of consistent accounting policy.
26. It is, however, clarified that the Board of Directors of Demerged Company and Resulting Company, in consultation with the respective statutory auditors, may



account for the demerger in such manner as to comply with the provisions of section 133 of the Companies Act, 2013, the applicable accounting standards and other applicable provisions, if any.

27. AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY

27.1 As an integral part of the Scheme, and, upon the coming into effect of this Scheme, the authorised share capital of the Resulting Company shall automatically stand amended, without any further act, instrument or deed on the part of the Resulting Company, such that upon the coming into effect of this Scheme, the authorised share capital of the Resulting Company shall be Rs. 58,13,460, without any further act or deed. Clause V of the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

"V. The Authorised Share Capital of the Company is Rs. 58,13,460 /- (Rupees Fifty Eight Lakhs Thirteen Thousand Four Hundred Sixty) divided into 5,81,346 (Five Lakhs Eighty One Thousand Three Hundred Forty Six) Equity Shares of Rs. 10/- (Rupees Ten only) each"

27.2 It is hereby clarified that the approval of the shareholders of the Resulting Company to the Scheme shall be deemed to be their consent/approval also to the consequential alteration of the Memorandum of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent/approval of its shareholders for such alteration of the Memorandum of Association of the Resulting Company as required under Sections 13 and 61 of the Act.

27.3 Upon the coming into effect of this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies, Gujarat, for alteration of its authorised share capital and shall pay necessary fees as may be required to be paid in accordance with law.

28. REMAINING BUSINESS

28.1 The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by each of the Demerged Company subject to the provisions of the Scheme.

28.2 All Proceedings by or against the Demerged Company under any statute, pending on the Effective Date and relating to the Remaining Business of Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of its Remaining Business) shall be continued and enforced by or against Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such Proceedings by or against the Demerged Company.

29. BUSINESS UNTIL EFFECTIVE DATE

29.1 In case the Effective Date is later than the Appointed Date, the Demerged Company with effect from the Appointed Date and up to and including the Effective Date:

29.1.1 shall be deemed to have been carrying on and shall carry on its business and activities in relation to the Demerged Undertaking and shall be deemed to have held and stood possessed of the Demerged Undertaking and shall hold and stand possessed of the assets of the Demerged Undertaking for and on account of, and in trust for the Resulting Company;



29.1.2 all profits or income arising or accruing to the Demerged Company in relation to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses of the Resulting Company;

29.1.3 all loans raised and all liabilities and obligations incurred by the Demerged Company after the Appointed Date and prior to the Effective Date in relation to the Demerged Undertaking, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company, in which the relevant Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act, instrument or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company.

29.2 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all obligations in relation to or applicable to all immovable properties including mutation and/or substitution of the ownership or the title to or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authorities in favour of the Resulting Company, pursuant to the sanction of this Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.

30. PROPERTY IN TRUST

30.1 Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking are transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the relevant Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Resulting Company.



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PART IV
GENERAL TERMS & CONDITIONS

31. APPLICATIONS/PETITIONS TO THE TRIBUNAL

- 31.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law and shall apply for such approvals as may be required under Applicable Law.
- 31.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Parties may require to own the assets and/or liabilities of the respective Undertakings and to carry on the business of the respective Undertakings.

32. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 32.1 On behalf of each of the Parties, the Board of the respective Parties acting themselves or through authorized Persons, may consent jointly but not individually, on behalf of all Persons concerned, to any modifications or amendments to this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e., the Boards of the Parties) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.
- 32.2 For the purposes of giving effect to this Scheme or to any modification hereof, the Boards of the Parties acting themselves or through authorized Persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 32.3 The Transferor Company, Transferee Company/Demerged Company and the Resulting Company shall each be at liberty to withdraw the scheme in entirety in case any condition or alteration imposed by the Tribunal or appropriate authority is unacceptable to them or as may otherwise be deemed expedient or necessary.
- 32.4 In the event of revocation/ withdrawal of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se Transferor Company, Transferee Company/Demerged Company, and the Resulting Company or the respective shareholders or creditors or employees or any other person 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 preserved or walk out as is specifically provided in the Scheme or in accordance with the applicable law and as agreed between the parties and in such case, each party shall bear its own cost unless mutually agreed.
- 32.5 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 the Parties may have under or pursuant to all Applicable Law.
- 32.6 On the approval of this Scheme by the shareholders of the Parties and such other classes of Persons relating to the Parties, if any, such shareholders and



classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable to all the matters related or arising pursuant to the Scheme.

33. COSTS AND EXPENSES

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company and transfer and vesting of assets and liabilities of Transferor Company to Transferee Company respectively in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne and paid by the Transferee Company in terms of the Part-II of the Scheme and shall be borne and paid by the Resulting Company in terms of Part-III of the Scheme, except in the event of this Scheme not taking effect as provided in Clause above in which case, each company shall bear and pay its own costs, charges and expenses incurred in relation to or in connection with this Scheme.

34. SEVERABILITY

If any part of this Scheme is found to be unworkable or unviable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Companies, affect the validity or implementation of the other parts and/or provisions of this Scheme.

35. CONDITIONS PRECEDENT

This Scheme is and shall be conditional upon and subject to:

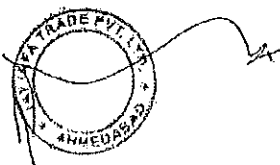
- 35.1. the approval by the respective requisite majority of the shareholders and/or creditors (where applicable) of the Companies in accordance with the Act ;
- 35.2. the Tribunal having accorded its sanction to the Scheme ;
- 35.3. certified copies of the order(s) of the Tribunal, sanctioning the Scheme, being filed with the Registrar of Companies, Gujarat, by all the Companies.

36. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/or the Scheme not being sanctioned by the Tribunal, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

37. MISCELLANEOUS

If any part of this Scheme hereof is invalid, ruled illegal by any Tribunal of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties to the Scheme that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties to the Scheme shall attempt to bring about a modification in the Scheme, as will best preserve for such parties the benefits and obligations of the Scheme, including but not limited to such part.



28 | 28



Gaurav R. Parmar

B.Com., FCA, DISA (ICA), CISA, RV

Annexure-2

Date : 10th January 2022

The Board of Directors
Jay Chemical Industries Private
Limited
Jay House, Panchavati Circle,
Ambawadi, Ahmedabad - 380006

To
Board of Directors
Jay Infa Trade Private Limited
Jay House, Panchavati Circle,
Ambawadi, Ahmedabad - 380006

To
Board of Directors
Jaykon Industries Private Limited
Jay House, Panchavati Circle,
Ambawadi, Ahmedabad -
380006

Sub: Recommendation of the Share Entitlement Ratio for the proposed demerger of Construction Chemical Undertaking of Jay Chemical Industries Private Limited into Jaykon Industries Private Limited and Share Exchange Ratio for the proposed merger of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited.

1. Valuation Analysis:

1.1. I refer to my Engagement Letter dated 24th November 2021, jointly signed by authorised representatives of Jay Chemical Industries Private Limited, Jaykon Industries Private Limited and Jay Infa Trade Private Limited, confirming my appointment as independent valuer for the following :

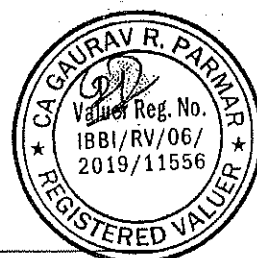
- Recommendation of the Share Entitlement Ratio for the proposed demerger of Construction Chemical Undertaking of Jay Chemical Industries Private Limited (hereinafter referred to as 'JCIPL') into Jaykon Industries Private Limited (hereinafter referred to as 'JIPL' or 'Resulting Company').
- Recommendation of Share Exchange Ratio on the proposed merger of Jay Infa Trade Private Limited ("JITPL") into Jay Chemical Industries Private Limited as a going concern.

1.2. JCIPL, JITPL and JIPL shall collectively be referred as "the Companies" or "the Clients".

1.3. In the following paragraphs, I have summarized my Valuation Analysis (the "Analysis") of the business of the Companies as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on my scope of work.

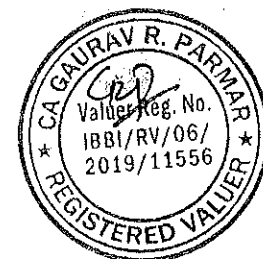
2. Registered Valuer:

2.1 I, Gaurav R Parmar, am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practicing as a partner with Manubhai & Shah LLP, Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/06/2019/11556 and registered with ICAI Registered Valuers Organization with registration no. ICAIRVO/06/RV-P00045/2019-2020. I have been hereinafter referred to as 'Valuer' or 'I' or 'me' in this Report ('Valuation Report' or 'Report') as the context may require.



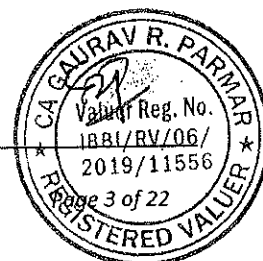
3. Context and Purpose:

- 3.1. I have been given to understand that management of Jay Chemical Industries Private Limited is planning to Demerge its Construction Chemical Undertaking into Jaykon Industries Private Limited and merge Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited. The management of the Companies is planning to restructure for future growth, synergy and expansion in the interest of the Shareholders.
- 3.2. I understand that the management of the Companies ('Management') is contemplating a consolidation and realignment of business through a composite scheme of arrangement in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "the Composite Scheme of Arrangement" or "the Scheme"):
- Demerger of Construction Chemical Undertaking of JCIPL into JIPL (Step 1)
 - Merger of JITPL into JCIPL (Step 2)
- Step 1 and Step 2 are together referred to as 'The Transaction'.
- 3.3. Subject to necessary approvals, Construction Chemical Undertaking would be demerged from JCIPL into JIPL and JITPL would be amalgamated with JCIPL, with effect from the appointed date of April 1, 2021. As a Consideration of Step 1, Equity Shareholders of JCIPL would be issued Equity Shares of JIPL and for Step 2, Equity Shareholders of JITPL would be issued Equity Shares of JCIPL.
- 3.4. Share Entitlement Ratio for this report refers to the number of Equity Shares of face value of INR 10/- each of JIPL which would be issued to the shareholders of JCIPL as consideration of Step 1.
- 3.5. Share Exchange Ratio for this report refers to the number of Equity Shares of face value of INR 10/- each of JCIPL which would be issued to the shareholders of JITPL as consideration of Step 2.
- 3.6. In this context, I have been appointed to determine and recommend the fair equity share entitlement and exchange ratio for the Composite Scheme of Arrangement.

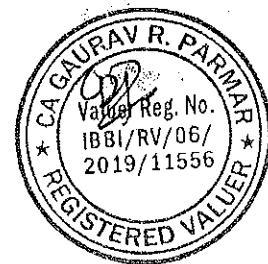


4. Conditions and Major Assumptions:

- 4.1. I have not audited, reviewed, or compiled the financial statements of the Companies and express no assurance on them. I acknowledge that I have no present or contemplated financial interest in the Companies. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- 4.2. I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. I, by reason of performing this valuation and preparing this report, am not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with me regarding such additional engagement.
- 4.3. This report, its contents, and analysis herein are specific to:
- (i) the purpose of valuation agreed as per the terms of my engagement and
 - (ii) the Report date
- 4.4. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal course between March 31, 2021 and the Report date and no material changes have occurred in their respective operations and financial position between March 31, 2021 and the Report date.
- 4.5. This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing selected information and only in connection with purpose mentioned above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued with my written consent. In the event, the Companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
- 4.6. I have not attempted to confirm whether all assets of the business of the companies are free and clear of liens and encumbrances, or that the owner has good title to all the assets. I have also assumed that the business of the Companies will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.



- 4.7. I have been informed by management of Companies that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of company, except as may be disclosed elsewhere in this report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, if any.
- 4.8. This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. I have assumed that no information has been withheld that could have influenced the purpose of my report.
- 4.9. The Share Entitlement Ratio and Exchange Ratio expressed in this report pursuant to valuation of the Companies is based on the Going Concern assumption.



5. Background of The Companies**5.1. Jay Chemical Industries Private Limited ('JCIPL')**

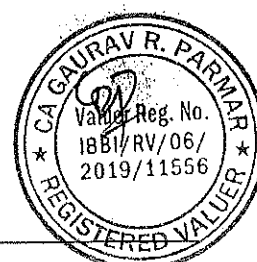
JCIPL is a private limited company incorporated under the provisions of the Companies Act, 1956 bearing corporate identification number U24119GJ2000PTC037683, now repealed and replaced by the Companies Act, 2013, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. Jay Chemical Industries Private Limited has been engaged in the business of manufacturing of reactive dyes, auxiliaries, construction chemical.

The authorised, issued, subscribed and paid up equity share capital of JCIPL as at March 31, 2021 is as under:

Particulars	Amount (Rs)
Authorised Capital	
600,00,000 Equity Shares of Rs.10 each	60,00,00,000
TOTAL	60,00,00,000
Issued, Subscribed and Paid up Capital	
5,73,35,960 Equity Shares of Rs.10 each fully paid up	57,33,59,600
TOTAL	57,33,59,600

The list of shareholders of JCIPL as at March 31, 2021 and the date of finalization of valuation report is as under :

Sr. No.	Name of Shareholders	Number of Equity Shares Held	Holding %
1	Jayendra H. Kharawala	3,44,97,120	60.17
2	Greeven J. Kharawala	63,38,560	11.06
3	Ushaben J. Kharawala	64,99,040	11.34
4	Mokshada G. Kharawala	2,01,160	0.35
5	M/s. Jay Infa Trade Pvt. Ltd.	1,98,000	0.35
6	Ravi B. Kabra	400	0.00
7	G. J. Kharawala HUF	95,98,120	16.74
8	M/s. Greeva Trading and Investments Pvt. Ltd.	400	0.00
9	M/s. Solunaris Pvt. Ltd.	1,580	0.00
10	M/s. Jayendrakumar Trading and Investments Pvt. Ltd.	1,580	0.00
	Total	5,73,35,960	100.00



5.2. Jay Infa Trade Private Limited ('JITPL')

JITPL is a private limited company incorporated under the provisions of the Companies Act, 1956, now repealed and replaced by the Companies Act, 2013, bearing corporate identification number U51909GJ1990PTC014227, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. Jay Infa Trade Private Limited has been set up primarily to engage in the business as an holding and investment company and to purchase or otherwise, underwrite, invest in, acquire, hold trade or deal in immovable and movable properties of all kinds in any part of the country and in particular lands, building, etc.. JITPL holds land and building constructed thereon situated at Jay House, Sub Plot No. "B", FP No. 661, Panchavati Road, Ellisbridge, Panchavati Society, Gulbai Tekra, Ahmedabad – 380006.

The authorised, issued, subscribed and paid up equity share capital of JITPL as at March 31, 2021 is as under:

Share Capital	Amount (In Rs.)
Authorised Share Capital	
1,00,000 Equity Shares of Rs. 10 each	10,00,000
TOTAL	10,00,000
Issued, subscribed and paid-up Share Capital	
64,520 Equity shares of Rs. 10 each, fully paid up	6,45,200
TOTAL	6,45,200

The list of shareholders of JITPL as at March 31, 2021 and the date of finalization of valuation report is as under :

Sr. No.	Name of Shareholders	Number of Equity Shares Held	Holding %
1	Jayendra H. Kharawala	8,520	13.21
2	Greeven J. Kharawala	10,000	15.50
3	Ushaben J. Kharawala	1,000	1.55
4	M/S. Jay Chemical Industries Limited	32,000	49.60
5	G. J. Kharawala HUF	13,000	20.15
	Total	64,520	100.00

5.3. Jaykon Industries Private Limited ('JIPL')

JIPL is a company incorporated under the provisions of the Companies Act, 2013, bearing corporate identification number U24304GJ2017PTC097514, having its registered office at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad, Gujarat, India - 380006. It is engaged in the business of manufacturing all kinds of construction chemicals.

The authorised, issued, subscribed and paid up equity share capital of JIPL as at March 31, 2021 is as under:

Share Capital	Amount (In Rs.)
Authorised Share Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
TOTAL	1,00,000
Issued, subscribed and paid-up Share Capital	
10,000 Equity shares of Rs. 10 each, fully paid up	1,00,000
TOTAL	1,00,000

The list of shareholders of JIPL as at March 31, 2021 was as under:

Sr. No.	Name of Shareholders	Number of Equity Shares Held	Holding %
1	Jayendra H. Kharawala	5,000	50.00
2	Greeven J. Kharawala	5,000	50.00
	Total	10,000	100.00

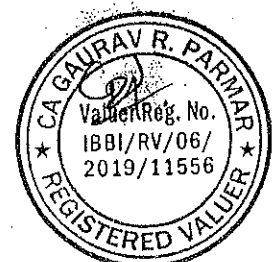
I have been informed by the Management that post March 31, 2021 there was change in the shareholding pattern of JIPL and the list of shareholders of JIPL as on the date of finalization of valuation report is as under :

Sr. No.	Name of Shareholders	Number of Equity Shares Held	Holding %
1	Jayendra H. Kharawala	6,017	60.17
2	Greeven J. Kharawala	1,106	11.06
3	Ushaben J. Kharawala	1,133	11.34
4	Mokshada G. Kharawala	35	0.35
5	M/s. Jay Infa Trade Pvt. Ltd.	34	0.35
6	Ravi B. Kabra	1	0.00
7	G. J. Kharawala HUF	1,674	16.74
	Total	10,000	100.00

5.4. As per the Draft Composite Scheme of Arrangement, the rationale for the scheme is envisaged as under:

- (i) The present arrangement would result in the following benefits for the abovementioned companies:
- Elimination of cross holdings and intercompany transactions to simplify the shareholding and reduce administrative costs.
 - Reduction of overhead and other expenses, consolidation of business under one roof and facilitate administrative convenience on account of reduction in number of entities and reduced compliance thereof.
 - Greater efficiencies in operations with optimum utilization of resources, increased cost saving and expected to flow from focused operational efforts, rationalization, standardization and simplification of business process and optimum utilization of resources.

- (ii) The Scheme is in the best interests of the shareholders, employees and the creditors of all the Companies;
 - (iii) The Scheme does not have any adverse effect on either the shareholders, the employees or the creditors of any of the companies. The Boards of Directors of the companies believe that the Scheme would ensure benefit to all the stakeholders and will enhance the value for all shareholders.
- 6. Valuation Date:**
- 6.1. The cut-off date for all the financial information used in the present valuation exercise has been considered on March 31, 2021.
- 7. Valuation Standards:**
- 7.1. The Report has been prepared in compliance with the Valuation Standards issued by the Institute of Chartered Accountants of India and adopted by ICAI Registered Valuers Organisation.
- 8. Valuation Methodology and Approach:**
- 8.1. The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.
- 8.2. Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair equity share exchange ratio pursuant to the scheme based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for determination of the fair equity share exchange ratio is of the management of the Companies who takes into account other factors such as their own assessment of the companies and input of other advisors.
- 8.3. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:



8.3.1. Cost Approach: Cost approach focuses on the net worth or net assets of a business.

Replacement Cost Method:

Replacement Cost method is a version of NAV method wherein assets and liabilities are considered at their realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company's historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company. The value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

8.3.2. Market Approach:

(A) Market Price Method

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

(B) Comparable Companies Multiple (CCM) Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are EV/EBITDA multiple, EV/Revenue and Market Capitalization/PAT (PE multiple).

To arrive at the total value available to the stakeholders, the value arrived under CCM method if calculated by EV/EBITDA or EV/Sales is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities. Value arrived under the PE multiple is adjusted only for surplus non-operating investments and contingent liabilities. (No debt adjustments required)

8.3.3. Income Approach:

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

Discounted Cash Flows (DCF)

DCF uses the future free cash flows to available to equity shareholders of the company discounted by cost of equity, considering a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

Discount Factor

The Discount Factor considered for arriving at the present value of the free cash-flows to equity of the Company is the cost of equity. The cost of equity is computed using the Capital Asset Pricing Model (CAPM) using the formula shown below:

$$K_e = R_f + \beta * (R_m - R_f)$$

Where,

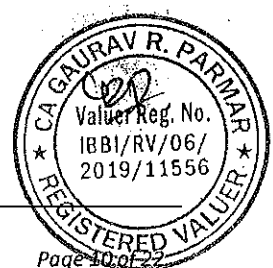
R_f = Risk free rate of return;

R_m = Market rate of return;

β = Sensitivity of the share to the market/ Measure of Market Risk

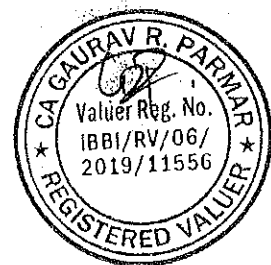
Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.



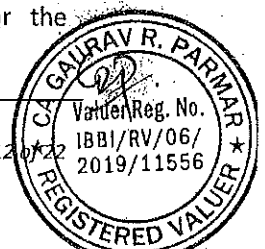
9. Sources of Information:

- 9.1. For the purpose of the report, following documents, and/or information published or provided by the management and representatives of the Companies have been relied upon:
- 9.2. From the Management of all Companies:
- (i) Brief history & note on the business profile of the Companies.
 - (ii) Audited financial statements for FY 2018-19, 2019-20 and 2020-21 of the Companies.
 - (iii) Capital structure and Shareholding pattern as of March 31, 2021 and as at the date of issuance of valuation report.
 - (iv) Details of all contingent liabilities and obligations.
 - (v) Income Tax Returns for Past three years
 - (vi) Draft Scheme of Amalgamation.
 - (vii) Discussion with the management of the Companies and representatives of the Companies including necessary information, explanations and representations provided by the management and representatives of the Companies.
 - (viii) Management representation letter by JCIPL, JITPL and JIPL.



10. Caveats:

- 10.1. Provision of valuation recommendations and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.
- 10.2. My review of the affairs of the Companies and their books and account does not constitute an audit in accordance with Auditing Standards. I have relied on explanations and information provided by the management and representatives of the Companies and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided. Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.
- 10.3. The report is based on the details and information provided to me by the management and representatives of the Companies and thus the responsibility for the assumptions on which they are based is solely that of the management of the Companies and I do not provide any confirmation or assurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- 10.4. The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.
- 10.5. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
- 10.6. The Valuation Analysis contained herein represents the fair equity share entitlement and exchange ratio only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Companies has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.
- 10.7. The determination of this exchange ratio is not precise science and conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single share exchange ratio. While I have provided my opinion on the share entitlement ratio (Step 1) based on the share information available to me and my recommendation of Share Exchange Ratio (For Step 2) within the scope of my engagement, others may have a different opinion. The final responsibility for the



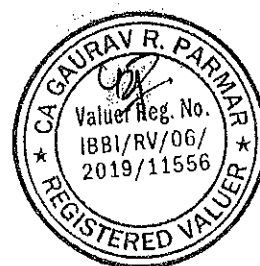
determination of the Share Exchange / Entitlement at which the proposed transaction shall take place will be the Board of Directors who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

10.8. I have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

10.9. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Companies.

11. Distribution of Report

11.1. This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing selected information and only in connection with purpose mentioned in para 3 above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued with my prior written consent. In the event, the Companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.



12. Valuation of Companies:**12.1. Valuation in respect of Demerger of Construction Chemical Undertaking of JCIPL into JIPL – Step 1 – Recommendation of Share Entitlement Ratio:**

- 12.1.1. As per the proposed scheme of arrangement, in consideration of the transfer and vesting of Construction Chemical Undertaking of JCIPL into JIPL, the JIPL shall issue and allot equity shares to the equity shareholders of JCIPL based on the ratio of allotment of shares.
- 12.1.2. As at the valuation date, the net assets value of the Construction Chemical Undertaking of JCIPL proposed to be transferred to JIPL on demerger is Rs. 64,76,21,646/- as certified by the management of the Company and verified by the Statutory Auditors of JCIPL vide their certificate dated 04th January 2022.
- 12.1.3. As per the Scheme of Arrangement, the Construction Chemical Undertaking of JCIPL is proposed to be demerge in to JIPL. Once the scheme is implemented, all the Shareholders of JCIPL as on the record date as defined in the draft scheme would also become shareholders of JIPL. The Shareholding pattern of JCIPL and JIPL as on the record date as per the draft scheme of arrangement is mirror to each other, whereby all the shareholders of the JCIPL holds in same proportion the equity shares of JIPL as they hold in proportion in JCIPL. Therefore, post demerger the shareholding pattern and proportion of holding of each shareholder in both the companies would remain same and will not be changed even after considering the share entitlement ratio.
- 12.1.4. I further understand that as an effect of demerger, each shareholder of JCIPL would become owner of shares of two companies instead of one. Post demerger, the percentage holding of a shareholder in JCIPL would remain unchanged from the proportion of capital held by such shareholder in JCIPL.
- 12.1.5. The Management of JCIPL has further indicated that the shareholding of JIPL pursuant to the proposed Demerger of Construction Chemical undertaking of JCIPL into JIPL would be, effectively, same as the shareholding of JCIPL (pre-demerger) as the new shares of JIPL would be issued to the Shareholders of JCIPL in proportion to their shareholding in JCIPL (pre-demerger). Thus, I understand that the interest of the Shareholders of JCIPL will effectively remain unchanged and therefore from that perspective, shareholders interest would not be prejudicially affected. The Scheme does not envisage any dilution of the holding of any one or more of shareholders as a result of operation of the Scheme.
- 12.1.6. Recommendation of Ratio of Entitlement of Equity Shares for the Proposed Demerger:**
- On the basis of foregoing, any share entitlement ratio can be considered for the above demerger as the proportionate shareholding of any shareholder would not vary. Considering the desired capital structure of JIPL, the Management has proposed a share entitlement ratio of 1 (One) fully paid equity share of JIPL of face value INR 10 each, in exchange of every 100 (Hundred) fully paid equity share of JCIPL of face value INR 10 each, in the event of Demerger of Construction Chemical Undertaking of JCIPL into JIPL is proposed as under:

"1 (One) fully paid equity share of face value INR 10 each of JIPL, in exchange of every 100 (Hundred) fully paid equity shares of face value INR 10 each held in JCIPL".

The Computation of Fair Entitlement Ratio is attached at Annexure – I.

12.2. Valuation in respect of Merger of JITPL into JCIPL – Step 2 – Recommendation of Share Exchange Ratio:

12.2.1. It should be understood that the valuation of any Company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict or are beyond our control. In performing my analysis, I made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the Control of Companies. Further, this valuation will fluctuate with lapse of change in time, changes in prevailing market conditions, the conditions and prospects financial otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.

12.2.2. The application of any particular method depends on the purpose for which the valuation is done. Although different values may exist for different purpose, it cannot be too strongly emphasized that a Valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for the transactions of similar nature and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

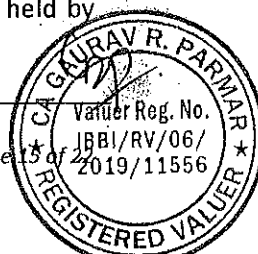
12.3. Valuation of Jay Infa Trade Private Limited (JITPL)

12.3.1. JITPL is currently holding immovable property in the form of Land and Building which is given on lease rental to JCIPL.

12.3.2. JITPL does not have any other operational activity and on considering the shareholding pattern of the Company, it can be noted that majority of equity shares of JITPL are being held by JCIPL i.e. 49.60%. On scheme of arrangement becoming effective, the shareholding of JCIPL will get cancelled and remaining shareholders of JITPL will be issued equity shares of JCIPL as per the share exchange ratio approved by the Board of Directors of the Company. The remaining shareholders of JITPL are also the shareholders of JCIPL who are in different proportion holding in aggregate of 99.30 % of the equity shares of JCIPL.

12.3.3. Cost Approach:

Based on the information and explanations received from management of the JITPL and based on my perusal of the Scheme, I understand that the Scheme is proceeded with, on the assumption that JITPL is amalgamating as a going concern. Therefore, I have used the Replacement cost method to value the shares of JITPL as it is having assets in the form of Commercial Complex situated Jay House, Sub Plot No. "B", FP No. 661, Panchavati Road, Ellisbridge, Panchavati Society, Gulbai Tekra, Ahmedabad – 380006. The property held by



JITPL has easily determinable market value and is being currently leased to JCIPL.

In working out, Replacement cost Method for valuation of JITPL, I have considered:

- Fair Value of Land based on Valuation Report dated 15th February 2021 of Shri Rajesh Ganatra, Registered Valuer – Land and Building Class (IBBI Registration No. IBBI/RV/02/2019/10826) for plot of land owned by JITPL.
- Value of cash & cash equivalents as at 31st March, 2021 as per audited Financial Statements.

The detailed workings for Replacement cost method are given in **Annexure – A**.

12.3.4. Market Approach:

As informed to me, there are no comparable listed peers for JITPL of same specifications, features and financial data etc. and hence I have not used CCM method under Market Approach for valuation of JITPL.

Since JITPL is not listed on any Indian Stock Exchange; hence Market price method under Market approach is not used for its valuation.

12.3.5. Income Approach:

JITPL has been set up primarily to engage in the business as an holding and investment company and to purchase or otherwise, underwrite, invest in, acquire, hold trade or deal in immovable and movable properties of all kinds in any part of the country and in particular lands, building, etc.. JITPL currently holds land and building constructed thereon situated at Jay House, Sub Plot No. "B", FP No. 661, Panchavati Road, Ellisbridge, Panchavati Society, Gulbai Tekra, Ahmedabad – 380006.

The said immovable property is given on lease to JCIPL and source of income and cash flows of JITPL is from the lease rental received from JCIPL. There are no assets that will generate any further cash flows and the Management of the Company has represented that there are no further plan of acquisition of any such assets.

I have therefore, not used DCF method for the valuation exercise.

12.4. Valuation of Jay Chemical Industries Private Limited (JCIPL):

For valuation analysis of JCIPL I would in normal case be required to adopt all methods i.e., Cost, Market and Income Approach. However, considering the proposed scheme of merger of JITPL into JCIPL I have considered carrying out valuation as per the Cost Approach only for the reasons stated hereunder:

- Out of total number of equity shares 49.60 % of equity shares of JITPL are being held by JCIPL. On scheme of arrangement becoming effective, the shareholding of JCIPL in JITPL will get cancelled and remaining shareholders of JITPL will be issued equity shares of JCIPL as per the share exchange ratio which will be approved by the Board of Directors of the

Company.

- Further, the remaining shareholders of JITPL are also the shareholders of JCIPL who are holding in aggregate of 99.30 % of the equity shares of JCIPL in different proportion as compared to their holding in JITPL. JCIPL and JITPL are said to be under the common control and ownership of same shareholders as those shareholders hold 100 % in JITPL and 99.30 % in JCIPL.
- Considering the above, the valuation of JITPL has been done considering the Cost Approach as other two methods are not relevant. Valuation analysis being comparative, based on the valuation approach adopted for different companies, it is important to give higher weight to Cost Approach in valuation of JCIPL.
- Market and Income Approach for JCIPL have been ignored as operational volume of JCIPL is too large and comparable valuation under the same method is not applicable for JITPL.
- Most importantly, post cancellation of cross holding of JCIPL in equity shares of JITPL, the shareholders of JITPL who are holding 100 % in JITPL are holding 99.30% shares in JCIPL. Thus, common shareholders hold 100 % in JITPL and 99.30 % in JCIPL.
- JCIPL has prepared its financial statements as per the Indian Accounting Standards. Accordingly, JCIPL has fair valued all its immovable property. Therefore, the Financial Statement represents the fair value of property and other assets. The valuation of equity shares of JCIPL based on book value of Financial Statement as at valuation date would be as per the replacement cost method.
- The detailed workings for Replacement cost method are given in **Annexure – B**.

13. Basis of Fair Equity Share Exchange Ratio:

- a. The basis of the fair equity shares exchange ratio pursuant to the Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair equity share exchange ratio.
- b. I have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus of the fair equity share exchange ratio, rounding off have been done in the values.
- c. The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained above and various qualitative factors relevant to each Company having regard to information base, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.

14. Recommendation of Share Exchange Ratio:

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio for amalgamation of JITPL into JCIPL as follows:

"35 (Thirty Five) fully paid equity shares of face value INR 10 each of JCIPL, in exchange of every 2 (Two) fully paid equity shares of face value INR 10 each held in JIPL"

The Computation of Fair Exchange Ratio is attached at **Annexure – II**.

15. Conclusion:

In light of the above, and on consideration of all relevant factors and circumstances as discussed and outlined hereinabove:

15.1. Share Entitlement Ratio for Demerger of Construction Chemical Undertaking of JCIPL into JIPL - Step 1

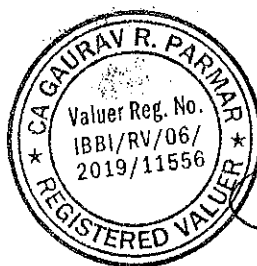
Based on the aforementioned and considering that all the shareholders of JCIPL are and shall, upon demerger, be the ultimate beneficial economic owners of JIPL in the proposed share entitlement ratio. The proposed share entitlement ratio of 1 (One) fully paid equity shares of face value INR 10 each of JIPL, in exchange of every 100 (Hundred) fully paid equity shares of face value INR 10 each held in JCIPL is fair.

The Computation of Fair Entitlement Ratio is attached at **Annexure – I**.

15.2. Share Exchange Ratio for Merger of JITPL into JCIPL - Step 2

In view of application of relevant approach and methodology and arriving fair value of both Companies viz. JITPL and JCIPL. I recommend the Share Exchange Ratio of 35 (Thirty-Five) fully paid equity shares of face value INR 10 each of JCIPL, in exchange of every 2 (Two) fully paid equity shares of face value INR 10 each held in JIPL.

The Computation of Fair Exchange Ratio is attached at **Annexure – II**.



Gaurav R Parmar

Registered Valuer

Asset Class: Securities or Financial Asset

Regn No. IBBI/RV/06/2019/11556

ICAIRVO/06/RV-P00045/2019-2020

UDIN: 22121462AAAAAQ2813

Place: Ahmedabad

Date: January 10, 2022

Annexure – I

Computation of Fair Share Entitlement Ratio

Demerger of Construction Chemical Undertaking of JCIPL into JIPL

As per the Scheme of Arrangement, the Construction Chemical Undertaking of JCIPL is proposed to be demerged into JIPL. Once the scheme is implemented, all the shareholders of JCIPL would also become shareholders of JIPL and the shareholding in JIPL would mirror their shareholding in JCIPL. Hence, no relative valuation of these two entities is required to be undertaken. Hence, I have not carried out valuation of these entities under generally accepted valuation approaches as below:

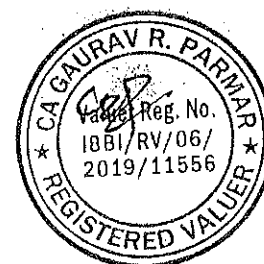
(All amounts in INR except equity share exchange ratio)

Valuation Approach	JIPL		JCIPL	
	Value per Share	Weight	Value per Share	Weight
Cost Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA

Ratio:

"1 (One) fully paid equity share of face value INR 10 each of JIPL, in exchange of every 100 (Hundred) fully paid equity shares of face value INR 10 each held in JCIPL".

I understand that the interest of the Shareholders of JCIPL will effectively remain unchanged and therefore from the perspective of shareholders, their interest would not be prejudicially affected. The demerger under this scheme does not envisage dilution of the holding of any one or more shareholders as a result of operation of scheme.



29

Annexure – II

Computation of Fair Share Exchange Ratio

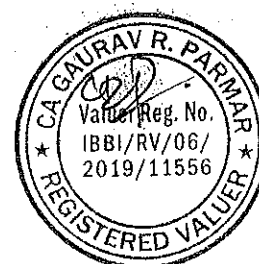
Merger of JITPL into JCIPL

(All amounts in INR except equity share exchange ratio)

Valuation Approach	JITPL		JCIPL	
	Value per Share	Weight	Value per Share	Weight
Cost Approach	2,371.10	100 %	136.55	100 %
Market Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Value per Equity Share	2,371.10		136.55	
Exchange Ratio :	17.36 (Rounded off to 17.5)			
Fair Equity Share Exchange Ratio i.e. 35 (thirty five) Equity Shares of JCIPL to be issued per 2 (Two) Equity Share of JITPL (Rounded off)				

Notes to the above table for computation of fair equity share exchange ratio.

- NA means Not Adopted / Not Applicable.
- JITPL and JCIPL are not listed on any Indian Stock Exchange; consequently, Market Price Method under Market Approach is not used.
- I have not used CCM Method for JITPL due to difference in size, nature, features, financial data, etc. of JITPL as compared to other Companies operating in similar sector and listed on Indian Stock Exchanges.
- I have used Replacement Cost method only for JCIPL and other methods have been ignored for the reasons stated as per the reasons provided para 12.4 of the report.



Annexure – A

Value of the Equity Shares of JITPL based on Audited Financial Statement

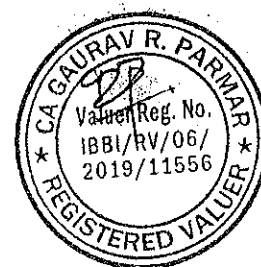
(Replacement cost method)

(All amounts in INR except No of equity shares)

Particulars	JITPL
Assets	
Land & Building (Refer Note below)	11,86,30,000
Other Tangible Assets	90,82,900
Investments	75,000
Long Term Loans and Advances	57,59,008
Trade Receivable	1,27,01,825
Cash and Cash Equivalents	82,19,345
Sub Total: Assets	15,44,68,078
Liabilities	
Trade Payable	90,562
Other Current Liabilities	13,93,926
Sub Total: Liabilities	18,84,488
Net Assets [Assets - Liabilities]	15,29,83,590
No. of Equity Shares	64,520
Value per Share	2,371.10

Note:

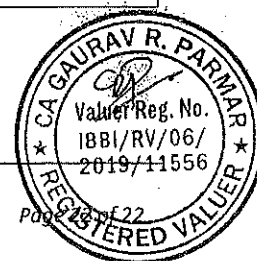
Based on the Report dated February 15, 2021 from Shri Rajesh Ganatra, Registered Valuer – Land and Building Class (IBBI Registration No. IBBI/RV/02/2019/10826) in respect of valuation of land and building located at Jay House, Sub Plot No. "B", FP No. 661, Panchavati Road, Ellisbridge, Panchavati Society, Gulbai Tekra, Ahmedabad – 380006, valuing at Rs. 11,86,30,000/-.



Annexure – B**Value of the Equity Shares of JCIPL based on Audited Financial Statement
(Replacement cost method)**

(All amounts in INR except No of equity shares)

Particulars	JCIPL
Non-Current Assets	
Property, plant and equipment	6,98,36,74,686
Capital work-in-progress	43,62,45,798
Investments	4,80,29,000
Long Term Loans & advances	12,45,79,121
Sub Total: Non-Current Assets	7,59,25,28,605
Current Assets	
Inventories	2,58,77,86,134
Trade receivables	3,80,27,44,327
Cash and cash equivalents	2,94,44,030
Bank balances other than (v) above	1,58,90,543
Short Term Loans & advances	12,52,73,669
Other financial assets	13,91,02,717
Other current assets	26,08,00,279
Sub Total: Current Assets	6,96,10,41,699
Total Assets	14,55,35,70,303
LIABILITIES	
Non-Current Liabilities	
Other financial liabilities	10,87,44,919
Long Term Provisions	6,62,84,689
Deferred tax liabilities (net)	67,51,75,511
Sub Total: Non-Current Liabilities	85,02,05,119
Current Liabilities	
Borrowings	2,03,35,58,954
Trade Payables	3,07,31,84,617
Other financial liabilities	66,22,77,423
Other current liabilities	2,92,54,067
Provisions	1,73,31,534
Current tax liabilities (Net)	5,84,83,6S9
Total Current Liabilities	5,87,40,90,254
Total Liabilities	6,72,42,95,372
Net Assets [Assets – Liabilities]	7,82,92,74,931
No. of Equity Shares	5,73,35,960
Value per Share	136.55





REPORT UNDER SECTION 232 (2) (C) OF THE COMPANIES ACT, 2013

1. The Board of Directors ("Board") of the Company at their meeting held on February 4, 2022 approved a draft of the proposed composite scheme of arrangement amongst Jay Chemical Industries Private Limited (Formerly known as Jay Chemical Industries Limited) ("JCIPL" or "Transferee Company"/ "Demerged Company"), Jay Infa Trade Private Limited ("JITPL" or "Transferor Company") and Jaykon Industries Private Limited ("JIPL" and/or "Resulting Company") and their respective shareholders, which provides for Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited and Demerger of the Construction Chemical Division of Jay Chemical Industries Private Limited into Jaykon Industries Private Limited respectively pursuant to provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013, as applicable.
2. As per Section 232(2)(c) of the Companies Act, 2013, a report is required to be adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties ("Report").
3. Having regard to the applicability of the aforesaid provision, the Scheme and the following documents are placed before the Board:
 - i. Valuation report dated 10th January, 2022 issued by CA Gaurav Parmar, Registered Valuer as per Companies Act, 2013 and Partner of Manubhai & Shah LLP, Chartered Accountants recommending the share issue ratio for the Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited and Demerger of the Construction Chemical Division of Jay Chemical Industries Private Limited into Jaykon Industries Private Limited respectively ("Valuation Report");
 - ii. Statutory Auditors Certificate dated 30th November, 2021 issued by Shah & Shah Associates, Statutory Auditors of the Company as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law;
4. Rationale of the Scheme
 - (i) The present arrangement would result in the following benefits for the abovementioned companies:
 - Elimination of cross holdings and intercompany transactions to simplify the shareholding and reduce administrative costs.
 - Reduction of overhead and other expenses, consolidation of business under one roof and facilitate administrative convenience on account of reduction in number of entities and reduced compliance thereof.
 - Greater efficiencies in operations with optimum utilization of resources, increased cost saving and expected to flow from focused operational efforts,



rationalization, standardization and simplification of business process and optimum utilization of resources.

- (ii) The Scheme is in the best interests of the shareholders, employees and the creditors of all the Companies;
- (iii) The Scheme does not have any adverse effect on either the shareholders, the employees or the creditors of any of the companies. The Boards of Directors of the companies believe that the Scheme would ensure benefit to all the stakeholders and will enhance the value for all shareholders / promoters.

5. Effect of Scheme on stakeholders

1) On each class of shareholders

The Company has only one class of shareholders i.e. equity. Upon scheme being effective, whole of the undertaking along with property and liabilities of the transferor Company from appointed date unless the Tribunal, decides otherwise, shall be transferred to the transferee company and the transferee company shall allot equity shares as referred under clause 10 of the Scheme to the shareholders of the Transferor Company on such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof and the Construction Chemical division of the Demerged Company shall vest into the Resulting Company and the Resulting Company shall allot equity shares as referred under clause 22 of the Scheme to the shareholders of the Demerged Company on such date as may be determined by the Board of Directors of the Resulting Company or a committee thereof.

The Scheme is expected to have several benefits for the Company, as indicated in the rationale to the Scheme, as set out above and is expected to be in the best interests of the shareholders of the Company.

2) On key managerial personnel

The KMPs of the Company, if any shall continue as key managerial personnel of the Company after effectiveness of the Scheme. Such KMPs who are shareholders of the Company, if any will be allotted shares, like the other shareholders of the Company. Please refer to point 1 above for details regarding effect on the shareholders. Other than such allotment of shares, the KMPs are not affected pursuant to the Scheme.

3) On Promoters and Non promoters



Like all the shareholders of the Company, the promoters and non-promoter shareholders of the Company shall be allotted shares in accordance with the Share Entitlement Ratio set out in the Scheme.

Please refer to point 1 above for details regarding effect on the shareholders.

6. Valuation of Shares

In the opinion of the Board, this Composite Scheme of Arrangement will be of advantage and beneficial to the shareholders of all the Companies and the terms of the Scheme are fair and reasonable and the valuer has not expressed any difficulty while carrying out the valuation.

The following recommendation of the share entitlement ratio has been approved by the Board:

- i. Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the business of Transferor Company with Transferee Company, Transferee Company shall, without any application or deed, issue and allot fully paid up shares to the members of Transferor Company whose names appear in the register of members of Transferor Company as on the Record Date 1, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Transferor Company, in the following ratio:

"35(thirty five) equity shares of JCIPL of Rs. 10/- each fully paid up for every 2 (two) equity shares of JITPL of Rs. 10/- each fully paid up."

- ii. Upon this Scheme becoming effective and upon vesting of the Demerged Undertaking of Demerged Company in Resulting Company in terms of this Scheme and in consideration for the Demerger of the Demerged Undertaking into Resulting Company, Resulting Company shall without any further application or deed, issue and allot shares, credited as fully paid up, to all the equity shareholders of Demerged Company whose names appear in the Register of Members of Demerged Company as on the Record Date 2, except where Resulting Company itself is a shareholder of Demerged Company, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Demerged Company, in the following ratio:



"1(One) equity shares of JIPL of Rs. 10/- each fully paid up for every 100 (One Hundred) equity shares of JCIPL of Rs. 10/- each fully paid up."

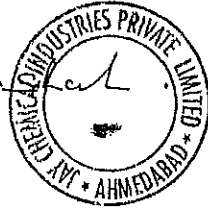
The equity shares to be issued pursuant to this Clause will be together referred to as
"New Shares."

7. Adoption of the Report by the Directors

The Directors of the Company have adopted this Report after noting and considering the Information set forth in this Report. The Board or any duly authorised committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For Jay Chemical Industries Private Limited
(Formerly Jay Chemical Industries Limited)

Alpesh P Shah



Alpesh P Shah
Whole Time Director
DIN: 06943944
Date: 04.02.2022

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH**

C A (CAA) NO.19 OF 2022

In the matter of the Companies Act, 2013

AND

In the matter of Scheme of Arrangement of Jay Chemical
Industries Private Limited (formerly Jay Chemical Industries
Limited)

AND

Jay Infa Trade Private Limited

AND

Jaykon Industries Private Limited

AND

In the matter of Sections 230 read with Section 232 and other
applicable provisions of the Companies Act, 2013

Jay Chemical Industries Private Limited

(formerly Jay Chemical Industries Limited)

(CIN U24119GJ2000PTC037683)

A company incorporated under the provisions of

Companies Act, 1956 and having its registered office

At Jay House, Nr. Saffron Building, Panchvati,

Ellisbridge, Ahmedabad - 380006

in the state of Gujarat.....**Applicant Transferee/ Demerged Company**

FORM OF PROXY

I, the undersigned, the secured Creditor of Jay Chemical Industries Private Limited (formerly Jay Chemical Industries Limited), do hereby appoint Mr./Ms. of and failing him/her of as my Proxy to act for me at the meeting of the secured Creditors of the Applicant Transferee/ Demerged Company to be held on Saturday, the 30th July, 2022 at 3.00 p.m. at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad - 380006, in the state of Gujarat; for the purpose of considering, and if thought fit, approving, with or without modification(s), the said Scheme of Arrangement for the Amalgamation of Jay Infa Trade Private Limited into Jay Chemical Industries Private Limited, and Demerger of the Construction Chemical Division of Jay Chemical Industries Private Limited into Jaykon Industries Private Limited respectively, as proposed between the Company and their respective shareholders and creditors; (the "**Scheme**"), and at such Meeting and any adjournment/adjournments thereof, to vote, for me and in my name (here, "if for" insert "**FOR**" if, "if against" "**AGAINST**" and in the latter case, strike out the words below after "**Scheme**") the said Scheme either with or without modification(s) as my proxy may approve.

Dated this day of 2022

Name :

Address:

Signature of the secured creditor.....

Signature of the Proxy.....

Affix Rs. 1 Revenue Stamp

Notes:

1. The proxy must be deposited at the registered office of Applicant Transferee/ Demerged Company at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad – 380006 in the state of Gujarat, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a secured creditor of Applicant Transferee/ Demerged Company.



ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT ENTRANCE OF THE MEETING HALL

Name of the secured Creditor _____

Name _____ of _____ the _____ Authorised
representative/Proxy _____

Address of the secured creditor _____

I/we hereby record my/our presence at the meeting of the secured creditor of Jay Chemical Industries Private Limited (formerly Jay Chemical Industries Limited), Applicant Transferee/ Demerged Company, convened pursuant to an order dated 21st June, 2022 of the Hon'ble National Company Law Tribunal, Ahmedabad Bench, at the Registered office of the Company at Jay House, Nr. Saffron Building, Panchvati, Ellisbridge, Ahmedabad - 380006 in the state of Gujarat on _Saturday, the 30th July, 2022 at 3.00 p.m.

Please (✓)

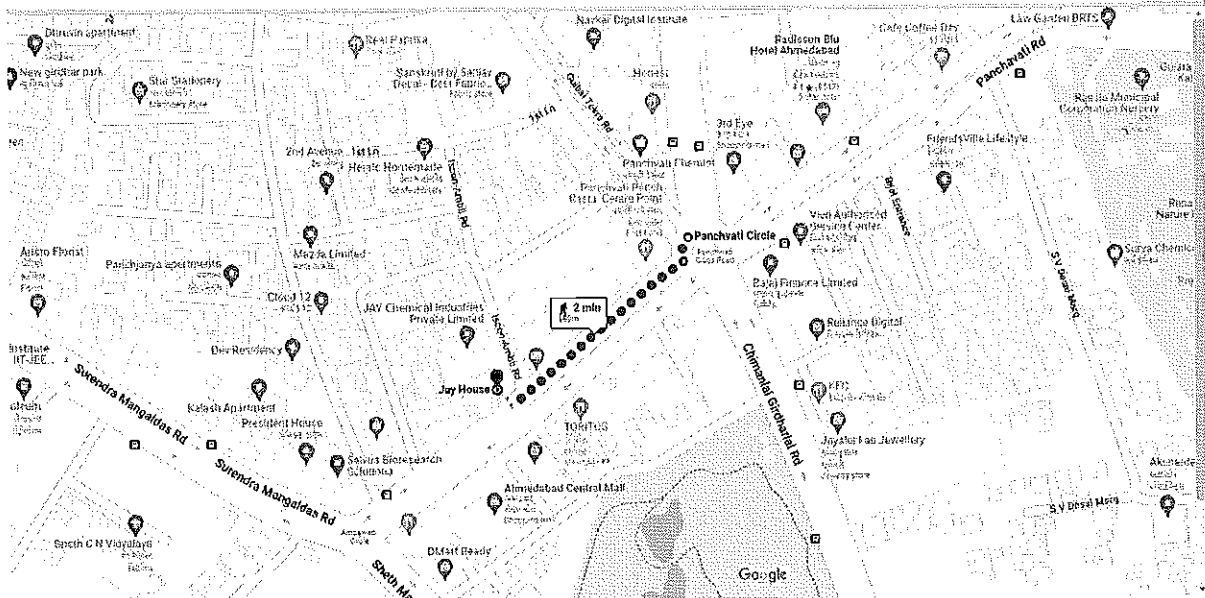
☐ secured Creditor

☐ Proxy

(Secured Creditor/Proxy Signature)

Site Map to Reach the Venue of Secured Creditors Meeting:- "JAY HOUSE", NEAR PANCHVATI CIRCLE, AMBAWADI, AHMEDABAD – 380006

❖ **From Panchvati Circle towards Jay Chemical Industries Private Limited**



❖ **From Ambawadi Circle towards Jay Chemical Industries Private Limited**

