Jasch Industries Limited
&
Jasch Gauging Technologies Limited

Report for Reasonableness of Share Entitlement Ratio

CorpValuers

IBBI Registered Valuers & Corporate Law Professionals

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Securities or Financial Assets

Regn No. IBBI/RV/06/2019/12564

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July 23, 2021

To,
The Board of Directors
Jasch Industries Limited
502, Block-C, NDM-2
Netaji Subhash Place, Pitampura
Delhi - 110 034

The Board of Directors
Jasch Gauging Technologies Limited
502, Block-C, NDM-2
Netaji Subhash Place, Pitampura
Delhi - 110 034

Sub.: Report on share entitlement ratio for the proposed Scheme of Arrangement between Jasch Industries Limited, Jasch Gauging Technologies Limited and their respective shareholders and creditors

Dear Sir / Madam,

I refer to the engagement letter dated July 07, 2021 with Jasch Industries Limited (the "Demerged Company") to report on reasonableness of share entitlement ratio for the proposed demerger of its 'Industrial Guages and Equipments' undertaking (hereinafter referred to as the 'Demerged Undertaking') into Jasch Gauging Technologies Limited (the "Resulting Company"), as a part of Scheme of Arrangement with effect from Appointed date, i.e. April 01, 2021, or such other date as may be approved by the Hon'ble National Company Law Tribunal ('NCLT').

Share entitlement ratio is the number of shares of Resulting Company, that a shareholder of the Demerged Company would be entitled to in proportion to the existing shareholding in the Demerged Company. The definition of the Demerged Undertaking as per the draft Scheme provided to us is placed in Annexure I.

SCOPE AND PURPOSE OF ENGAGEMENT

This transaction is proposed under a Scheme of Arrangement under Section 230-232 and other applicable provisions of the Companies Act, 2013, as may be applicable, read with Section 66 of the Companies Act, 2013 (the "Scheme"). As per the Scheme, the Resulting Company will issue its shares to the shareholders of the Demerged Company as a consideration for the demerger and the shares held by the Demerged Company and its nominees in the Resulting Company would stand cancelled. Further, the share capital of the Demerged Company shall also stand reduced and cancelled in accordance with the Companies Act, 2013 to the proportion of the Demerged Undertaking being transferred to the Resulting Company.

This report provides an opinion on the reasonableness of the share entitlement ratio for the proposed Demerger and is subject to the scope limitations, exclusions and disclaimers detailed hereinafter. As such

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the report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.

DISCLOSURE OF VALUER INTEREST OR CONFLICT

I hereby declare that I am independent of the subject Companies for valuation and have not been under any direct or indirect influence, which may affect the valuation exercise. I also state that have no financial interest in the subject companies for valuation. I also confirm that this engagement shall be in compliance with the model Code of Conduct issued by IBBI vide Valuation Rules.

IDENTITY OF THE VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION

There were no other valuers, apart from me, and experts involved in the carrying out process of valuation.

DATE OF APPOINTMENT, VALUATION DATE AND DATE OF REPORT

For the purpose of this assignment of valuation, following shall be the key dates:

a) **Valuation Date** - It refers to a point of time at which the asset is being valued in this report. The same is not relevant in this case.

b) **Date of Appointment** - It refers to a date on which the engagement is provided to a Valuer i.e. July 07, 2021.

c) **Date of Report** - It refers to a date on which the Report is signed by a Valuer. i.e. July 23, 2021.

BACKGROUND

Jasch Industries Limited ('Demerged Company') is a public company, limited by shares and listed on the BSE. The Demerged Company was incorporated under the Companies Act, 1956 on December 11, 1985 and is presently having its registered office situated at 502, Block-C, NDM-2, Netaji Subhash Place, Pitampura, Delhi - 110 034. The Corporate Identification Number ('CIN') of the Demerged Company is L24302DL1985PLC383771. The Demerged Company has the following business undertakings:

- To manufacture, sell, import, export, manipulate, treat process and deal in all types of polyitherenae, resin polyster and PU/PVC coated fabrics and technical textiles and deals in all kinds of equipments and machinery required to manufacture PU / PVC fabrics and other products; and
- To manufacture of industrial gauges and equipments for the development of online measurement system

Jasch Gauging Technologies Limited ("**Resulting Company**") was incorporated under the Companies Act, 2013 on May 25, 2021 as a public company, limited by shares, having its registered office situated at 502, Block-C, NDM-2, Netaji Subhash Place, Pitampura, Delhi - 110 034. The CIN of the Resulting Company is U33111DL2021PLC381513. The Resulting Company has been recently incorporated.

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As per the draft scheme and discussions with the management of the Demerged Company, I understand that in pursuance of the demerger, the Demerged Undertaking of the Demerged Company would be transferred and vested in the Resulting Company. In consideration thereof, shares of the Resulting Company will be issued to the shareholders of the Demerged Company and the existing shares of the Resulting Company held by the Demerged Company and its nominees would stand cancelled. Consequently, the Resulting Company and the Demerged Company will have mirror shareholding and the shares of the Resulting Company would be listed on BSE only.

Further, the share capital of the Demerged Company shall also stand reduced and cancelled in accordance with the Companies Act, 2013 to the proportion of the Demerged Undertaking being transferred to the Resulting Company.

SOURCES OF INFORMATION

For the purpose of this exercise, I have,

- Considered the unaudited carved out financials of Demerged Undertaking as on March 31, 2021;
- Considered the audited financials of Demerged Company as on March 31, 2021;
- Considered the Draft Scheme of Arrangement;
- Considered the existing shareholding pattern of the Demerged Company and the Resulting Company;
- Relied on the representations of Management; and
- Carried out such other analysis, reviews and inquires as I considered necessary.

SCOPE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS

I have relied upon the information, data and explanations given to us by the Management of the Demerged Company for the purposes of concluding on the reasonableness of Share Entitlement ratio in connection with the proposed demerger. I have not carried out a due diligence or audit of Demerged Undertaking or the Demerged Company nor have I independently investigated or otherwise verified the data provided. I do not express any form of assurance that the financial information or other information as provided by the Management is accurate.

Our conclusions assume that Demerged Undertaking, the Demerged Company and the Resulting Company comply fully with the relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that Demerged Undertaking are being managed in a competent and reasonable manner. Further, except as specifically stated to the contrary, this report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in audited carved out balance sheet of Demerged Undertaking. Our conclusion on reasonableness of share entitlement ratio assumes that the assets and liabilities of Demerged Undertaking remain intact as of date of forming such opinion on Share Entitlement Ratio.

This Share Entitlement Ratio is essentially based on the information provided by the Management for which the Demerged Company accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by the Demerged Company or the management should not be construed as

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expression of our opinion on it and I do not and will not accept any responsibility or liability for any inaccuracy in it.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single share entitlement ratio. While I have concluded on the reasonableness of the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as on the same.

SHARE ENTITLEMENT RATIO

As of the Report date the issued and subscribed paid up capital of the Demerged Company consists of 1,13,30,000 Equity Shares of face value Rs. 10/- each.

I understand from the Management of the Demerged Company that the Resulting Company is a wholly owned subsidiary of the Demerged Company and it purposes to engage in the business of 'Industrial Guages and Equipments' being carried on by the Demerged Company (currently, the Resulting Company has no commercial business activities). The networth of the Demerged Undertaking as a percentage to the total networth of the Demerged Company is 40.88% (Forty point Eighty Eight percent) rounded off to 40% (Forty percent) in accordance with the segregated audited financials, as provided to us, of the Demerged Company as on March 31, 2021.

As per the draft scheme provided to us and information provided by the Management of the Demerged Company, I understand that pursuant to the Scheme, 100% of the pre-scheme total issued and subscribed capital of the Resulting Company, held by the Demerged Company and its nominees, shall stand cancelled, without any further act or deed on part of the Resulting Company and the same shall be adjusted against the reserves of the Resulting Company in the manner provided for in the Scheme of Arrangement. (Refer to the Clause No. 18.4 relating to the cancellation of share capital of the Resulting Company as per the Draft Scheme provided to us and provided in Annexure II to this Report).

Further, upon the Scheme coming into effect on the Effective Date and immediately after issuance of the equity shares of the Resulting Company to the equity shareholders of the Demerged Company, the issued, subscribed and paid-up share capital of the Demerged Company shall stand reduced from Rs. 11,33,00,000/-(divided into 1,13,30,000 equity shares of Rs.10/- each) to Rs. 6,79,80,000 (divided into 67,98,000 equity shares of Rs. 10/- each) by cancelling 45,32,000 equity shares of face value Rs. 10 each aggregating to share capital of Rs. 4,53,20,000 held by the shareholders of the Demerged Company comprising 40% (forty percent) of the total issued and paid-up equity share capital of the Demerged Company as on the Effective Date shall stand cancelled without any further act or deed on the part of the Demerged Company. (Refer to the Clause No. 18.7 relating to the reduction and cancellation of equity shares of Demerged Company in proportion to the networth being demerged as per the Draft Scheme provided to us and provided in Annexure III to this Report).

I understand that in consideration of the demerger of Demerged Undertaking, the Resulting Company would issue its equity shares to the equity shareholders of the Demerged Company in the following manner:

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"For every 5 (Five) equity shares of face value Rs. 10 (Rupees ten only) each held in the Demerged Company as on the Record Date, the equity shareholders of the Demerged Company shall be issued 2 (Two) equity shares of face value Rs. 10 (Rupees Ten only) each as fully paid-up in the Resulting Company. Accordingly, a total of 45,32,000 (Forty Five Lakh Thirty Two Thousand) new equity shares of face value Rs. 10 (Rupees Ten only) each will be issued by the Resulting Company."

Also, the Demerged Company will reduce and cancel an equivalent number of shares to the proportion of the networth of Demerged Undertaking to the total networth of the Demerged Company. Accordingly, consequent to the demerger of the Demerged Undertaking, the issued, subscribed and paid-up equity share capital of the Demerged Company would be reorganised by way of reduction and cancellation of the paid up equity share capital of the Demerged Company to the extent of allotment of shares by the Resulting Company to the shareholders of the Demerged Company in the following manner:

"The existing issued, subscribed and paid up Equity share capital of the Demerged Company shall be reduced from Rs. 11,33,00,000 divided into 1,13,30,000 Equity Shares of Rs. 10 (Rupees Ten only) each fully paid up to Rs. 6,79,80,000 divided into 67,98,000 Equity Shares of Rs. 10 (Rupees Ten only) each and that such reduction be effected by cancellation of 45,32,000 Equity Shares of Rs. 10 each amounting to Rs. 4,53,20,000, which is equivalent to the extent of allotment of shares by the Resulting Company to the shareholders of the Demerged Company.

Accordingly, an Equity share holder holding 5 (Five) Equity shares of Rs. 10 each in the Demerged Company, then post reduction, will continue to hold 3 (Three) Equity Shares of face value Rs. 10 each and the remaining shares will be extinguished. The face value of Equity share will remain at Rs. 10 only."

Treatment of fractional entitlement as per the draft scheme provided to us is reproduced below:

(a) Resulting Company

It is hereby clarified that no equity shares shall be issued by the Resulting Company to any equity shareholder of the Demerged Company in respect of fractional entitlements, if any, as on the Record Date, of such equity shareholder, at the time of issue and allotment of such equity shares by the Resulting Company. The board of directors of the Resulting Company shall instead consolidate all such fractional entitlements, (ignoring any fraction remaining after such consolidation), and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of the Resulting Company or such other person as the board of directors of the Resulting Company shall appoint in this behalf ("**Trustee - Resulting Company**") who shall hold such equity shares in trust for all such equity shareholders of the Demerged Company who are entitled to such fractional balances, with the express understanding that such Trustee, be bound by the express understanding to cause the sale of such shares at such time(s), at such price(s) and to such person(s) as the Trustee may deem fit and the net sale proceeds thereof, deposited with the Resulting Company (i.e., after deduction there from of expenses incurred in connection with the sale), shall be distributed by the Resulting Company to the relevant equity shareholders in proportion to their respective fractional entitlements.

(b) Demerged Company

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Consequent to the reorganisation of the issued, subscribed and paid-up equity share capital of the Demerged Company by way of reduction and cancellation of the paid up equity share capital of the Demerged Company as per Clause 6.4 of the Scheme, the equity shareholders of the Demerged Company shall not be entitled to the fractional entitlements arising in the Demerged Company, if any, as on the Record Date. The board of directors of the Demerged Company shall instead consolidate all such fractional entitlements, (ignoring any fraction remaining after such consolidation), and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of the Demerged Company or such other person as the board of directors of the Demerged Company shall appoint in this behalf ("**Trustee - Demerged Company**") who shall hold such equity shares in trust for all such equity shareholders of the Demerged Company who are entitled to such fractional balances, with the express understanding that such Trustee shall cause the sale of such shares at such time(s), at such price(s) and to such person(s) as the Trustee may deem fit and the net sale proceeds thereof, shall be deposited with the Demerged Company (i.e., after deduction there from of expenses incurred in connection with the sale), shall be distributed by the Demerged Company to the relevant equity shareholders in proportion to their respective fractional entitlements.

Based on the aforementioned and that upon demerger, the set of shareholders and holding proportion being proposed for the Resulting Company is identical to that of the Demerged Company. Hence the beneficial economic interest of the shareholders of the Demerged Company in the Resulting Company and also the Demerged Company will remain identical after the demerger.

I believe that the abovementioned share entitlement ratio is fair and reasonable considering that all the shareholders of the Demerged Company are and will, upon demerger, be the ultimate beneficial owners of the Resulting Company and in the same ratio as they hold shares in the Demerged Company, as on record date to be decided by the management of the Demerged Company. Further, post reduction of capital by the Demerged Company, all the shareholders of the Demerged Company are and will, upon reduction, shall continue to be the ultimate beneficial owners of the Demerged Company in the same ratio as they hold shares in the Demerged Company, as on record date to be decided by the management of the Demerged Company.

Our report and share entitlement ratio is based on the current equity share capital structure of the Companies, proposed cancellation of existing share capital of the Resulting Company held by the Demerged Company and its nominees and reduction of paid up share capital of the Demerged Company in the manner as envisaged in the draft Scheme. Any other variation in the equity capital structure of the companies, apart from the above mentioned prior to the Scheme of Arrangement becomes effective, may have an impact on share entitlement ratio.

I also reproduce the table as prescribed by BSE for the purposes of issuance of this report in pursuance of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017, as amended from time to time:

Computation of Fair Share Exchange Ratio (To be read along with the note below)

	Jasch Industries Limited		Jasch Gauging Technologies Limited	
Valuation Approach	Value per Share	Weight	Value per Share	Weight

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Asset Approach	N.A	N.A	N.A	N.A
Income Approach	N.A	N.A	N.A	N.A
Market Approach	N.A	N.A	N.A	N.A
Relative Value per Share	**N.A**		**N.A.**	
Exchange Ratio (rounded off)		**N.A**		

Note: Consequent to this Scheme of Arrangement, the economic beneficial interest of the shareholders of the Demerged Company shall remain the same. Also, post the scheme, the shareholding pattern of the shareholders of the Demerged Company in the Resulting Company and also the Demerged Company would be identical / mirror shareholding as compared to their shareholding in the Demerged Company as on the record date. Hence, this is a value neutral demerger. Therefore, valuation as per the above methods is not required.

Thanking you,

Yours sincerely,

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CS Abhinav Agarwal
Registered Valuer & Corporate Law Advisor
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Date: July 23, 2021
Place: New Delhi

Annexure I

"Demerged Undertaking" (Clause 1.8 of the Draft Scheme)

"**Demerged Undertaking**" or **"Gauging Undertaking"** means and includes all activities, business operations of such undertaking, properties, Assets and Liabilities of whatsoever nature and kind and wheresoever situated, of and relating to the business of manufacturing of industrial gauges and equipments of the Demerged Company as detailed below:

(i) The business relating to "Demerged Undertaking" of the Demerged Company and other ancillary business connected therewith, on a going concern basis.

(ii) All Assets and property, wherever situated, including in possession of third parties, whether movable or immovable, leasehold or freehold, tangible or intangible including but not limited to any and all rights, title and interest in connection with any land (together with the buildings and structures standing thereon), capital work-in-progress, plant and machinery, leasehold improvements, vehicles, furniture, fixture, office equipment, computer installations, software and related data, electrical appliance, accessories, investments; including investments in mutual funds made out of the surplus generated from the operations of "Demerged Undertaking", stocks, stock in transit, wrapping supply and packaging items, debtors, intellectual properties, technical knowhow, patents, copy rights, licenses, approvals pertaining to or relatable to the operations of "Demerged Undertaking" of the Demerged Company.

(iii) All debts and Liabilities, secured and unsecured, exclusively relating to the operations of "Demerged Undertaking", as per the records of the Demerged Company, including borrowings, contractual liabilities, guarantees, provisions and security deposits.

(iv) For the purpose of this Scheme, it is clarified that liabilities pertaining to the operations of "Demerged Undertaking" include:

a) The liabilities which arise out of the activities of "Demerged Undertaking"; and

b) Specific loans and / or borrowing raised, incurred and / or utilised solely for the activities of the "Demerged Undertaking".

(v) All employees of the Demerged Company substantially engaged in the operations of the "Demerged Undertaking" and those employees that are determined by the Board of Directors of the Demerged Company to be substantially engaged in or in relation to the Demerged Undertaking on the date immediately preceding the Effective Date.

(vi) All rights and licenses, membership, all assignments and grants thereof, all permits, registrations, quota, rights (including rights under any agreement, contracts, applications, letter of intent, or any other contract), subsidies, grants, tax credits, incentives or scheme of central / state governments, quality certifications and approval, product registrations (both Indian or foreign), regulatory approvals, entitlements, industrial and other licenses, municipal permissions, goodwill, approvals, consents, tenancies, if any, in relation to the office and / or residential properties for the employees, investments and / or interest (whether vested, contingent or otherwise) in projects undertaken by the Demerged Undertaking either solely or jointly with other parties, cash balances, bank balances, bank account, deposits, advances, recoverable receivables, easements, advantages, financial assets, hire purchase and lease arrangements, the benefits of bank guarantees issued on behalf of Demerged Company in relation to the operations of the "Demerged Undertaking", funds belonging to or proposed to be utilised for the operations of the "Demerged Undertaking", privileges all other claims, rights and benefits (including under any powers of attorney issued by the Demerged Company in relation to the operations of the

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"Demerged Undertaking" or any power of attorney issued in favour of the Demerged Company or from or by virtue of any proceedings before a legal quasi-judicial authority or any other statutory authority to which the Demerged Company was a party, powers and facilities of every kind, nature and description whatsoever, rights to use and avail telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the operations of the "Demerged Undertaking";

(vii) All books, records, files, papers, computer programs along with their licenses, manuals and back-up, copies, drawing, other manuals, data catalogue, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customers pricing information, and other records whether in physical or electronic form, directly or indirectly in connection with or relating to the operations of the "Demerged Undertaking";

(viii) All advances, deposits and balance with Government, semi-Government, Local and other authorities and bodies, customers and other person, earnest money and / or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the operations of the "Demerged Undertaking";

In case of any question that may arise as to whether any particular asset (including common assets *viz.* cash / bank balances) or liability and / or employees or any other matter pertains or does not pertain to the operations of the "Demerged Undertaking" of the Demerged Company, the same shall be decided mutually by the Board of Directors of the Demerged Company and the Resulting Company and the said decision shall be final;

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Annexure II

Share Cancellation Clause for cancellation of capital of the Resulting Company (Clause 18.4 of the Draft Scheme)

REDUCTION AND CANCELLATION OF EQUITY SHARES OF RESULTING COMPANY HELD BY THE DEMERGED COMPANY AND ITS NOMINEES

18.4 Upon the Scheme coming into effect on the Effective Date and immediately after issuance of the equity shares of the Resulting Company to the equity shareholders of the Demerged Company, 50,000 (fifty thousand) equity shares of the Resulting Company having face value of Rs. 10 (Rupees Ten only) each held by the Demerged Company comprising 100% (One Hundred per cent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date shall stand cancelled without any further act or deed on the part of the Resulting Company. The reduction in the issued and paid-up equity share capital of the Resulting Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 66 of the Act and / or any other applicable provisions of the Act without any further act or deed on the part of the Resulting Company and without any approval or acknowledgement of any third party. The order of the Hon'ble NCLT sanctioning the Scheme shall be deemed to also be the order passed by the Hon'ble NCLT under Section 66 of the Act for the purpose of confirming such reduction. The aforesaid reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital and the provisions of Section 66(1)(a) of the Act shall not be applicable. Notwithstanding the reduction in the issued and paid-up equity share capital of the Resulting Company, the Resulting Company shall not be required to add And Reduced" as suffix to its name.

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Annexure III

Share Cancellation Clause for cancellation of capital of the Demerged Company (Clause 18.7 of the Draft Scheme)

REDUCTION AND CANCELLATION OF EQUITY SHARES OF DEMERGED COMPANY IN PROPORTION TO THE NETWORTH BEING DEMERGED

18.7 Upon the Scheme coming into effect on the Effective Date and immediately after issuance of the equity shares of the Resulting Company to the equity shareholders of the Demerged Company, the issued, subscribed and paid-up share capital of the Demerged Company shall stand reduced from Rs. 11,33,00,000/- (divided into 1,13,30,000 equity shares of Rs.10/- each) to Rs. 6,79,80,000 (divided into 67,98,000 equity shares of Rs. 10/- each) by cancelling 45,32,000 equity shares of face value Rs. 10 each aggregating to share capital of Rs. 4,53,20,000 held by the shareholders of the Demerged Company comprising 40% (forty percent) of the total issued and paid-up equity share capital of the Demerged Company as on the Effective Date shall stand cancelled without any further act or deed on the part of the Demerged Company. The reduction in the issued and paid-up equity share capital of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 66 of the Act and / or any other applicable provisions of the Act without any further act or deed on the part of the Demerged Company and without any approval or acknowledgement of any third party. The order of the Hon'ble NCLT sanctioning the Scheme shall be deemed to also be the order passed by the Hon'ble NCLT under Section 66 of the Act for the purpose of confirming such reduction. The aforesaid reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital and the provisions of Section 66(1)(a) of the Act shall not be applicable. Notwithstanding the reduction in the issued and paid-up equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as suffix to its name.

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