JAYANT AGRO-ORGANICS LIMITED

MANUFACTURERS & EXPORTERS OF CASTOR OIL & ITS PRODUCTS

CIN - L24100MH1992PLC066691

ISO 9001 BUREAU VERITAS Certification

REGD. OFFICE ◻ 701, TOWER 'A' PENINSULA BUSINESS PARK, SENAPATI BAPAT MARG, LOWER PAREL (W), MUMBAI - 400 013. INDIA.
TEL.: +91 22 4027 1300 • FAX : +91 22 4027 1399 • Email : info@jayantagro.com • Website : www.jayantagro.com

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FACTORY UNIT 2 ◻ PLOT NO. 624, 627, BEHIND G.A.C.L., P. O. PETROCHEMICALS, DIST. BARODA - 391 346. GUJARAT. INDIA.
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REPORT OF THE MEETING OF INDEPENDENT DIRECTORS OF JAYANT AGRO ORGANICS LIMITED HELD ON JULY 31, 2021 RECOMMENDING THE SCHEME OF AMALGAMATION BETWEEN JAYANT FINVEST LIMITED AND JAYANT AGRO-ORGANICS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

DIRECTORS PRESENT

Mrs. Sucheta N. Shah	-	Chairperson
Mr. Deepak V. Bhimani	-	Member
Mr. Mukesh C. Khagram	-	Member
Mr. Vijay Kumar Bhandari	-	Member
Mr. Sanjay J. Mariwala	-	Member

A meeting of the independent directors was held on Saturday, July 31, 2021 to consider and, if thought fit, recommend as required under the provisions of the SEBI Master Circular bearing the number SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ("**Master Circular**") the Scheme of Amalgamation between Jayant Finvest Limited ("**Transferor Company**") and Jayant Agro-Organics Limited ("**Company**") and read with Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, and Section 2(1B) and other relevant provisions of the Income Tax Act, 1961. The Appointed Date for the Amalgamation under the Scheme is April 1, 2021. The Scheme will come into force from the Effective Date (as defined in the Scheme).

Both the Transferor Company and Transferee Company fall under the jurisdiction of the Registrar of Companies, Mumbai, and, consequently, under the jurisdiction of the National Company Law Tribunal, Mumbai Bench ("**NCLT**"). The Scheme will be filed for approval with the NCLT under the provisions of Section 230 to 232 of the Act, in accordance with Section 2(1B) of the Income Tax Act, 1961 and the provisions of the Master Circular.

The Scheme is subject to the receipt of approvals from the concerned board of directors of the companies involved in the Scheme and approval of the regulatory authorities including the SEBI, Stock Exchanges and NCLT.

The following documents, were presented before the Directors:

a) Draft Scheme of Merger by Absorption;

b) Valuation Report dated July 30, 2021 issued by Mr. Sanka Hari Surya (bearing Registration No: IBBI/RV/07/2019/12576), Independent valuer registered with Insolvency and Bankruptcy Board of India, prescribing the Share Entitlement Ratio (*defined below*) with respect to the amalgamation of Transferor Company with the Company, stipulating inter alia the methodology adopted and the valuation arrived at ("**Valuation Report**");

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c) Fairness opinion dated July 30, 2021 issued by Saffron Capital Advisors Private Limited, merchant banker (Category I SEBI registered Merchant Banker bearing Registration No: INM000011211), providing its opinion on the fairness of the Share Entitlement Ratio recommended by Mr. Sanka Hari Surya (**"Fairness Opinion"**);

d) Certificate dated July 31, 2021 from M/s. Vatsaraj & Co., statutory auditors of the Company, confirming that the accounting treatment contained in the Scheme is in compliance with the accounting standards specified by the Central Government under section 133 of the Companies Act, 2013 read with the rules framed thereunder or the Accounting Standards issued by Institute of Chartered Accountants of India as applicable in terms of Para (5)(a) and (b) of the Master Circular and Section 232(3) of the Act (**"Auditor's Certificate"**);

e) Net worth certificate issued by M/s. Vatsaraj & Co, Chartered Accountants, certifying the pre and post Scheme net worth of the Company;

f) Report of the Audit Committee recommending the Scheme after taking into consideration, *inter alia*, the Valuation Report, the Fairness Opinion, the cost benefit analysis of the Scheme and impact of Scheme on the shareholders; and

g) Pre-amalgamation shareholding pattern of the Transferor Company and pre and post amalgamation shareholding pattern of the Company.

SALIENT FEATURES OF THE SCHEME

1. The amalgamation of Jayant Finvest Limited with Jayant Agro-Organics Limited and dissolution of Jayant Finvest Limited (without any further action required from the Company or its shareholders) with effect from the Appointed Date being April 1, 2021, which shall come into force on the Effective Date (as set out in the Scheme);

2. The cancellation of by way of capital reduction of 1,81,64,000 (one crore eighty-one lakh sixty-four thousand) fully paid- up equity shares bearing the face value of Rs. 5/- held by Jayant Finvest Limited in Jayant Agro-Organics Limited.

3. In consideration for the above, the issue of shares in aggregate 1,81,64,000 (one crore eighty-one lakh sixty-four thousand) fully paid- up equity shares bearing the face value of Rs. 5/- proportionately to the shareholders of Jayant Finvest Limited in accordance with a share entitlement report.

4. The Scheme's effectiveness is subject to various conditions precedent as set out in detail in the Scheme, including but not limited to approvals from the NCLT, National Stock Exchange of India Ltd, BSE Limited (inter alia). The non-receipt of these approvals shall result in the Scheme being null and void.

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RATIONALE OF THE SCHEME

i. Pursuant to Section 2(87) read with Companies (Restriction on number of Layers) Rules, 2017, no company (subject to certain exceptions) shall have more than two layers of subsidiaries. The Transferee Company is in the business of speciality chemicals and derivatives. The Transferee Company has also several Strategic tie ups, joint venture in the sector it is operating. The Transferee Company from time to time explores various business opportunities which may be undertaken in future and therefore reducing these layers will help the Transferee Company to quickly seize such business opportunities as and when they arise. Further, the Amalgamation shall have no adverse implications for the Transferor Company, the Transferee Company, or public shareholders of the Transferee Company. The public shareholding in the Transferee Company shall not be diluted and shall remain the same even after the Amalgamation coming into effect.

ii. It is proposed to amalgamate the Transferor Company with the Transferee Company by this Scheme, as a result of which the shareholders of the Transferor Company i.e. the Promoters shall directly hold shares in the Transferee Company.

iii. The Amalgamation will lead to simplification of the shareholding structure and reduction of shareholding tiers and demonstrate direct commitment to and engagement with the Transferee Company by the Promoters.

VALUATION METHODS EVALUATED FOR THE SHARE EXCHANGE RATIO

The Directors noted that the independent valuation report issued by Mr. Sanka Hari Surya recommended:

The Directors noted the share exchange ratio as under:

Methodology adopted: The value of shares of the transferor Company has been arrived under Adjusted Net Asset Method (Adjusted NAV - under the Cost Approach).

The Directors noted the share exchange ratio as under:

10,00,450 (Transferor Company):1,81,64,000 (Transferee Company) [1,81,64,000 fully paid-up equity share of Rs. 5/- each held by Transferor Company in Transferee Company shall be issued to the equity shareholders of the Transferor Company in proportion of their respective holding in 10,00,450 equity shares of Rs 10/- each held in the Transferor Company].

SCHEME NOT DETRIMENTAL TO THE SHAREHOLDERS OF JAYANT AGRO-ORGANICS LIMITED.

The Directors discussed and deliberated on the rationale and the terms of the Scheme. The Directors also considered the valuation report, the fairness opinion and other documents before the Directors and in particular the shareholding pattern post amalgamation of Jayant Agro-Organics Limited

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which shows no change in the percentage of promoter holding and the promoters which (other than Jayant Finvest Limited, which shall be dissolved by way of the Scheme) remain the same. The proposed amalgamation has no impact on the management and control of Jayant Agro-Organics Limited. The Directors also notes that the Scheme is subject to the majority approval of the public shareholders of Jayant Agro-Organics Limited.

In light of the above, the Directors are of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of Jayant Agro-Organics Limited including its minority shareholders.

RECOMMENDATION OF INDEPENDENT DIRECTORS

The Directors after due deliberation and consideration of all the terms of the draft Scheme, the Valuation Report, Fairness Opinion and impact on the interests of the shareholders of Jayant Agro-Organics Limited recommends the draft Scheme for favourable consideration and approval of the Board, Stock Exchanges, SEBI and other authorities. This report of the Independent Directors is made in order to comply with the requirement of the Master Circular after considering the necessary documents.

By Order of the Meeting of Independent Directors of Jayant Agro-Organics Limited

Sucheta N. Shah
Chairperson of Independent Directors Meeting
DIN: 00322403

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