JAIHIND SYNTHETICS LTD
CIN: L17120MH1986PLC040093
103, Shreenath Sai Ddarshan, Datapada Road, Borivali (W), Mumbai- 400092
Tel: +022-28676010 | E-mail: jaihindltd@yahoo.com

Report of the Meeting of Audit Committee of Jaihind Synthetics Ltd ("Company") recommending the draft scheme of reduction of Share Capital between the Company and its shareholders under section 66 and other applicable provisions of the companies act, 2013 at its meeting held on Thursday, February 22, 2024, at 4.00 p.m. at the Registered office of the Company

The following Directors were present during discussion on the Scheme:

Krishna Maheta	- Chairman and Independent Director
Rinal Doshi	- Member and Independent Director
Dinesh Jayantlal Doshi	- Member and Whole Time Director

In attendance:

Mr. Pramod Yadav	- Company Secretary

1. **Background**

A meeting of the Audit Committee of the Company was held on February 14, 2023, to consider and recommend the draft Scheme of Reduction of Share capital between the Company and its shareholders under Section 66 and other applicable provisions of the Companies Act, 2013 for the forfeiting inadvertently allotted 22,26,598 equity shares upon conversion of warrants

This report of the Audit Committee is made In compliance with the requirement of the SEBI Circular No. SEBI/HO/CFD/DIII/CIR/P/2020/249 dated December 22, 2020 ("SEBI Circular") read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities Exchange and Board of India ("SEBI") as amended from time to time.

The following documents were placed before the Audit Committee:

i. Draft Scheme for reduction of share capital;

ii. Unaudited Financials of the Company for the year quarter and nine months ended December 31, 2023.

iii. Draft Certificate from the statutory auditors of the Company, M/s. P S V JAIN & Associates pursuant to para I(A)(5) of the SEBI Circular confirming that the accounting treatment for the proposed reduction of share capital is not directly addressed by the applicable Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 and relevant rules issued thereunder however is in compliance with other generally accepted accounting principles in India, be and is hereby accepted and taken on record

iv. Other Reports, Documents and information furnished before the Audit Committee

2. **Proposed Scheme of Arrangement/ Need/ Rationale of the scheme**

The Company had issued 1,00,00,000 convertible warrants at a price of Rs. 28.25/- to be converted to Equity Shares on 5th July, 2011 at Rs. 28.25 (including Share Premium of Rs. 18.25) and Face Value of Rs. 10/- each . Out of the total only 95,03,000 warrants was

subscribed and 25% monies was paid which constitutes Rs. 6,71,14,937.5/- was received. One other person paid other paid 31.95% and did not paid the rest of the amount. The balance monies of 75% was paid only by 15,20,000/- warrant holders which was converted to the Equity Shareholders which Rs. 10/- face value and Rs. 18.25/- as the premium by the Board of Directors in its meeting held on January 16, 2013.

However, the Company inadvertently converted 22,26,598 warrants to Equity shares on January 16, 2013, instead of forfeiting the warrants out of the amount received at the issue and thereafter.

Through proposed reduction in share capital, the Company to utilize an amount of Rs. 6,29,01,394 (Rupees Six Crores Twenty Nine Lakhs One Thousand Three Hundred and Ninety Four Only) out of the amount of Rs. 2,26,55,980/- (Rupees Two Crore Twenty Six Lakhs Fifty Five Thousand Only) standing to the credit of the Share Capital Account and Rs. 4,06,35,414/- (Rupees Four Crores Six Lakhs Thirty Five Thousand Four Hundred and Fourteen Only) to the Securities Premium Account of the Company as on 31st December, 2023, and that such reduction be effected by crediting it to Capital Reduction Reserve amounting to Rs. 6,29,01,394 (Rupees Six Crores Twenty Nine Lakhs One Thousand Three Hundred and Ninety Four Only) as on 31st December, 2023; to give true and fair view of books of accounts of the Company.

3. **Impact of the Scheme on the equity shareholders of the Company**

The Scheme does not entail any discharge of consideration by the Company in form of cash, shares or otherwise to the shareholders as against the proposed reduction of share capital. Hence, the interest of the equity shareholders is not adversely affected.

The Company's equity capital structure and the shareholding pattern subsequent to the Scheme will be as under:

Particulars	Prior to the Scheme as on December 31, 2023	Proposed Reduction	After the Scheme as on the Effective Date
Paid Up Share Capital* Less: Calls in Arrears Balance:	Rs. 8,54,65,980/- (-) 3,25,000 Rs. 8,51,40,980	(Rs. 2,22,65,980/-)	Rs. 6,32,00,000/- (3,25,000) Rs. 6,28,84,000
Securities Premium Account	Rs. 6,83,75,414/-	(Rs. 4,06,35,414/-)	Rs. 2,77,40,000/-
Capital Reduction Reserve (Cr)	Nil	Rs. 6,29,01,394/-	Rs. 6,29,01,394/-

4. **No requirement of obtaining valuation report**

The Scheme provides for reduction of share capital of the Company. Pursuant to the Scheme no consideration in form of cash, shares or otherwise, is proposed to be paid by the Company to the shareholders as shares were allotted inadvertently. Accordingly, there is no requirement to obtain valuation report from a registered valuer, for undertaking the proposed reduction of share capital of the company.

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As mentioned above, the implementation of the Scheme would result in the following synergies:

5. **Synergies of business of the entities involved in the scheme**

   a) The financial statements of the Company would reflect its true and fair position which would help the Company to position itself better in the market and undertake business activities efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.
   b) The proposed restructuring under the Scheme, if approved, would enable the Company to explore opportunities for the benefit of its Shareholders, in the form of dividend payments, in terms of the applicable laws.
   c) The Scheme of reduction, after full implementation, will result in making the Company's balance sheet leaner and downsized.

6. **Cost benefit analysis of the scheme**

   All the costs, charges, taxes, including consultant's fees, lawyer's fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne by the Company and; however, the costs incurred towards the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme.

7. **Recommendation of the Audit Committee**

   The Audit Committee of the Company inter-alia having considered the proposed scheme, benefits, Accounting Treatment certificate and the impact of the Scheme on equity shareholders and in particular the fact that the Scheme is not detrimental to the interests of any of the shareholders and all other stake holders of the Company including the government authorities and in consideration of the documents placed before it, approves and recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

On Behalf of the Audit Committee
for **Jaihind Synthetics Ltd,**

Krishna Maheta
Chairman of Audit Committee