# SCHEME

# FOR

# REDUCTION OF CAPITAL

# BETWEEN

# JAIHIND SYNTHETICS LTD.

# AND

# ITS SHAREHOLDERS

**Part A :**

which deals with the introduction, definition and interpretation clause and sets out the share capital structure of the Company;

**Part B:**

which deals with cancellation of warrants which was erroneously allotted to the equity warrant holders

**Part C**:

which deals with general terms and conditions.

**SCHEME FOR REDUCTION OF CAPITAL OF JAIHIND SYNTHETICS LTD**

**PART-A**

## 1. DEFINITIONS

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned herein below:

a. **'Act'** means the Companies Act, 2013 or Companies Act, 1956, as the case may be, the rules and regulations made there under and will include any statutory modifications, re-enactments and/or amendments thereof from time to time;

b. '**Appointed Date'** means December 31, 2023 or such other date as may be approved by the NCLT or such other appropriate authority;

c. **'Board'** or '**Board of Directors**' means Board of Directors of the Company;

d. **'BSE'** shall mean BSE Limited;

e. **'Company'** means Jaihind Synthetics Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 103, Shreenath Sai Darshan, Datapada Road, Borivali (W), Mumbai, Maharashtra, 400066;

f. **'Listing Regulations'** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

g. **'Listing Agreement'** shall mean an agreement that is entered into between a recognized stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for

listing of designated securities as per the provisions of the Listing Regulations;

h. 'Rs.' shall mean the lawful currency of India, that is, Indian Rupees;

i. '**SEBI**' shall mean the Securities and Exchange Board of India;

j. **'Securities Premium Account'** shall mean the securities premium account maintained by the Company in accordance with the provisions of Section 52 of the Companies Act, 2013 and having such amount in it as on 31st December, 2023;

k. **'Stock Exchange'** shall mean BSE as the shares are listed BSE only

l. **'NCLT'** shall mean the National Company Law Tribunal or such tribunal or any other appropriate forum or authority having jurisdiction to approve the Scheme as per the law for the time being in force;

m. **'The Effective Date'** for the Scheme shall mean the date on which certified copies of the order of the NCLT under Sections 66 of the Companies Act, 2013 and other applicable provisions of the Act, if any, are filed with the Registrar of Companies, Maharashtra and if the certified copies are filed on different dates, the last of such dates;

n. '**This Scheme or The Scheme or Scheme'** means this scheme of reduction of capital between the Company & its shareholders in its present form or with such alterations/modifications as may be approved by the NCLT or any regulatory authority under the applicable law;

o. The words **"shareholder"** and **"member"** are used to denote the same meaning

and are used interchangeably.

All terms and words not defined in the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Securities Contract (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, Listing Regulations, Listing Agreement and other applicable laws, rules, regulations, byelaws, as the case may be or any statutory modification so re-enactment thereof from time to time.

## 2. DETAILS OF THE COMPANY

### A. Incorporation of the Company

The Company was originally incorporated as JAIHIND SYNTHETICS LTD on June 12, 1986 and listed on BSE platform on January 27, 1994.

### B. Main Objects of the Company

1. To carry on all or any of the business of manufacturers, dealers, exporters, brokers, agents, stockiest, distributors, dyers, printers, bleachers of all textile fiber fabrics, Yarn, cloth, textile cloth, cotton, wool, and, worsted stuff, silk, garments, handicrafts twisting, dobbling, texturising and crimping of polysteryam silk, cotton or blended yarn.

### C. Capital Structure of the Company as on 31st day of December, 2023

| **Share Capital** | **Amount.** |
|---|---|
| Authorised:<br>90,00,000 Equity Shares of Rs. 10/-each | 9,00,00,000 |
| **TOTAL** | **9,00,00,000** |
| | |
| Issued, subscribed and paid-up:<br>85,46,598 equity shares of Rs. 10/- each | 8,54,65,980 |
| Less: Calls in Arrears | -3,25,000 |
| **TOTAL** | **8,51,40,980/-** |

1. 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.

2. 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. Annexure 1 is the list with amount received by the warrant holders.

3. The Company vide Board Resolution dated ***February, 22, 2024*** has decided that they will forfeit the ***equity*** share***s allotted*** inadvertently ***by reducing 2,22,65,980 from share capital and*** 4,06,35,413.5 ***from Share premium – Reserve and Surplus Note &*** 6,29,01,394 ***will be credited to Capital Reduction Reserve*** of the Company.

4. The Board, vide resolution dated ***February, 22, 2024*** has considered and approved the proposal 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, subject to the consent of the shareholders and the approval from the NCLT and other statutory authorities as may be applicable.

| **Warrant Issued** | Equity Shares converted | **Amount** |
|---|---|---|
| Authorised:<br>1,00,00,000 at Rs. 28.25/- each | | 28,50,00,000/- |
| Subscribed<br>95,03,000 with 25% at Rs. 7.0625 | | 6,71,14,937.5/- |
| Fully Subscribed<br>15,20,000 at Rs. 28.25/- | 15,20,000 | 4,29,40,000/- |
| Converted inadvertently<br>22,26,598 at Rs. 28.25/- | 22,26,598 | 6,29,01,394/- |

**Please note that the capital structure provided here is subject to change pursuant to allotment of shares under and outstanding correction and master data updating by BSE and MCA.*

**** 22,26,598 Warrant issued and fully converted but received part payment and could not be converted :***

Pre Reduction of share Capital

| **Warrant Issued** | Equity Shares capital | **Share Premium** | **Amount** | **Capital Reduction Reserve** |
|---|---|---|---|---|
| Converted inadvertently 22,26,598 at Rs. 28.250/- | Rs. 2,22,65,980/- | Rs. 4,06,35,414/- | Rs. 6,29,01,394/- | Nil |

Post Reduction of share Capital

| **Warrant Issued** | Equity Shares capital | **Share Premium** | **Amount** | **Capital Reduction Reserve** |
|---|---|---|---|---|
| Converted inadvertently 22,26,598 at Rs. 28.250/- | NIL | NIL | NIL | Rs. 6,29,01,394/- |

The authorized, issued, subscribed and paid-up share capital of the Company after taking into reduction of aforesaid shares is as under:

| **Share Capital** | **Amount.** |
|---|---|
| Authorised:<br>90,00,000 Equity Shares of Rs. 10/- | 9,00,00,000 |
| **TOTAL** | **9,00,00,000** |
| Issued, subscribed and paid-up:<br>63,20,000 equity shares of Rs. 10/- each | 6,32,00,000 |
| Less: Calls in Arrears | -3,25,000 |
| **TOTAL** | **6,28,75,000/-** |

5. **Compliance with Tax Laws**

This Scheme has been drawn up to comply also with the 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 at a later date including resulting from a retrospective amendment of law or for any other reason what so ever, till the time the Scheme becomes effective, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of the Income-tax Act, 1961.

i. Further the Articles of Association of the Company authorizes the Company to reduce its share capital in any manner and in accordance with the provisions of the Act.

ii. under Section 52 of the Companies Act, 2013, the balance in the Securities Premium Account can only be utilized for purpose specified therein and any utilization of Securities Premium Account for other purpose would be construed as reduction in capital and provisions of Sections 66 of the Companies Act, 2013 will be applicable.

iii. Hence, the Board of Directors believe that in order to present fair financial position of the Company and after an analysis of the various options available to the Company, the Board of Directors felt that it would be prudent to utilize the balance lying in the Securities Premium Account of the Company to the extent of Capital Reduction Reserve of the Company which is the most practical and economically efficient option available to the Company at present.

b. OBJECTS/BENEFITS ARISING OUT OF THE SCHEME

i. Under this Scheme, if approved, the Company will represent true financial position which would benefit the Shareholders as their holding will yield better results and value and also enable the Company to explore opportunities for the benefit of the shareholders of the Company including in the form of dividend payments per the applicable provisions of the Act.

ii. The adjustment/set off of the Securities Premium Account would not have any impact on the shareholding pattern and the capital structure of the Company.

iii. The Scheme does not involve any financial outlay/outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company.

iv. The Scheme, if approved, may enable the Company to foresee business opportunities that it may be unable to take advantage because of it experiencing Accumulated Losses.

v. The proposed Scheme will enable the Company to use the amount which is lying unutilized in the Securities Premium Account of the Company in an effective manner for the benefit of the Company.

vi. The true financial statement of the Company is likely to assist the Company to expand & smoothen its business activities and to attract new source of revenue and in turn enhancement of its Shareholders' value.

c. Upon the Scheme becoming effective and after obtaining the necessary approvals, consents, permissions, etc., the Share Capital of the Company amounting from Rs. 8,51,40,980 (Indian Rupees Eight Crore Fifty One Lakh Forty Thousand Nine Hundred and Eighty only) divided into 85,46,598 (Eighty Five Lakh Forty Six Five

Hundred and Ninety Eight) equity shares of INR 10 (Indian Rupees Ten) each to INR 6,28,75,000 (Indian Rupees Six Crore Twenty Eight Lakh and Seventy Five Thousand only) divided into 63,20,000 (Sixty Three Lakh Twenty Thousand) equity shares of INR 10 (Indian Rupees Ten) each

AND

the Securities Premium Account of the Company amounting from Rs. 6,83,75,414/- to Rs. 2,77,56,426/- be reduced in part

AND

such reduction be effected by adjusting it to the Capital Reduction Reserve amounting to Rs 5,92,33,545/- as on 31st December, 2023.

d. The Scheme is merely a reduction in the Securities Premium Account of the Company prepared in terms of Section 66 read with Section 52 of the Companies Act, 2013, and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company and consequently the order of the NCLT approving the Scheme will not attract any stamp duty in this regard under the applicable provisions of the Maharashtra Stamp Act, 1958.

e. The consent of the Members of the Company to this Scheme of reduction of capital of the Company shall be taken through a resolution under the provisions of Section 66 of the Companies Act, 2013 and any other applicable provisions.

f. EFFECT OF THE SCHEME

The proposed reduction of capital by utilizing in part the Securities Premium Account against Accumulated Losses pursuant to the Scheme shall be reflected in the books of accounts of the Company, on the Effective Date, in the following manner:

| Particulars | Prior to the Scheme as on December 31, 2023 | Proposed Reduction | After the Scheme as on the Effective Date |
|---|---|---|---|
| Paid Up Share Capital*<br>Less: Calls in Arrears<br>Balance: | Rs. 8,54,65,980/-<br>(-) 3,25,000<br>Rs. 8,51,40,980 | (Rs. 2,22,65,980/-) | Rs. 6,32,00,000/-<br>(3,25,000)<br>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/- |

g. The Scheme is only for reduction of capital of the Company and it does not envisage transfer or vesting of any properties and/or liabilities to or in favor of the Company.

h. Since the reduction of the paid-up share capital of the Company by way of writing off the Accumulated Losses against the amount lying in the Share Capital and Securities Premium Account of the Company and, it does not result in extinguishment of any liability or diminution of any liability, therefore, there is no outflow of/payout of funds from the Company and hence the interests of the creditors is not adversely affected and therefore it is submitted that the provisions of Section 66(3) of the Companies Act, 2013 be dispensed with, given the fact that the Company is in a sound

financial position. The reasons for reduction of capital of the Company under Section 52 read with Section 66 of the Companies Act, 2013, are intended for the benefit of all the stakeholders including creditors. It is submitted that the requirement of consent of creditors otherwise under Section 66 of the Companies Act, 2013 is also not required on this ground as well.

i. The shareholding pattern of the Company and the number of shares shall remain unchanged as there is no reduction in the paid-up share capital of the Company contemplated in the Scheme.

j. The Company shall make all applications/petitions as may be required under the applicable laws including but not limited to Section 66 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT, for obtaining the sanction of the NCLT of this Scheme of Reduction of Capital, under Section 66 of the Companies Act, 2013 and other applicable provisions of the Act and for such orders for carrying this Scheme into effect.

## PART–IV

## GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

1. CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to:

(a) The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act and the requisite sanction and orders of the NCLT or of such other authority having jurisdiction under applicable law, being obtained;

(b) The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular CFD / DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI read with the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be required by law in respect of this Scheme being obtained;

(c) The Scheme being approved by the NCLT under Section 66 read with Section 52 of the Companies Act, 2013,and all other applicable provisions if any, of the Act; and

(d) The certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies, Mumbai.

2. COSTS, CHARGES AND EXPENSES

All past, present and future costs, charges, levies, duties, and expenses in relation to or in connection with or incidental to the Scheme or the implementation there of shall be borne by the Company and all of the above costs (including stamp duty, if any) shall be treated as costs relating to the Scheme.

3. IMPACT OF THE SCHEME ON EMPLOYEES/WORKERS

The Scheme shall not have any adverse impact on the employees and workers of the Company.

4. IMPACT OF THE SCHEME ON CREDITORS /BANKS/FINANCIAL INSTITUTIONS

The Scheme will not have any adverse impact on any of the Company's creditors/banks/financial institutions. They would infact be generally

benefitted as the Scheme would help improving the financial position of the Company.

5. LEGAL PROCEEDINGS

The Scheme would not affect any legal or other proceedings by or against the Company.

6. APPLICATION TO THE NCLT

This Scheme involves reduction of share capital as contemplated by Article 54 of the Company's Article of Association. The Company shall make all applications/petitions under Section 66 read with Section 52 of the Companies Act, 2013, to the extent applicable, and other applicable provisions of the Act to the NCLT for sanctioning of this Scheme and obtain all approvals as may be required under law.

7. MODIFICATIONS/AMENDMENTS OF THE SCHEME

The Company, by its Board or such other Committee / person or persons, as the Board may authorize, may make, or affect or assent to any modification or amendment of the Scheme which the NCLT and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme or otherwise how so ever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith, as may be considered by the Board to be in the best interest of the Company and its members including the withdrawal of the Scheme, and do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme.

8. EFFECT OF NON – RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the aforesaid sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the NCLT and/or the order or orders not being passed as aforesaid, the Scheme shall become null and void, save and except in respect of any actor deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant there to and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise a rise in law and the Company shall bear and pay the costs, charges and expenses for/or in connection with the Scheme.

9. SEVERABILITY

If, in the opinion of the Board, any part of the Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of other parts or provisions of the Scheme. If any part of this Scheme here of is invalid, ruled illegal by any appropriate authority of competent jurisdiction, or unenforceable under present or future laws, then such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected there by, unless the deletion of such part shall cause this Scheme to become materially adverse, in which case the Board shall attempt to bring a suitable modification to the Scheme. The Board shall been entitled to revoke, cancel and declare the Scheme to have no effect, if the Board is of the view that the coming in to effect of the Scheme would have adverse implications on the Company.

10. CROSSHOLDING

Since it is not a matter concerning merger or de-merger, the concept of cross holding does not apply.

11. DESIGNATED STOCK EXCHANGE:

The Designated Stock Exchange for interaction with SEBI shall be BSE Limited.

12. ACCOUNTING TREATMENT

The Board, vide resolution dated ***February, 22, 2024*** has considered and approved the proposal 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.

The Company shall pass appropriate entries as per the applicable accounting policies and accounting standards as regards accounting for the reduction of capital and writing off the Accumulated Losses.

13. LISTING OF SHARES

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the listing benefit of the Company on the Stock Exchanges where the existing Equity Shares of the Company are listed shall continue and the

Company will comply with the applicable provisions of the Listing Agreement with the Stock Exchanges.

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words "And Reduced" to its name as the last words thereof.

14. FORM OF MINUTE UNDER SECTION 66 (5) OF THE COMPANIES ACT, 2013

The form of minute proposed to be registered under Section 66(5) of the Companies Act, 2013, as on December 31, 2023 is as follows:

"The issued, subscribed and paid-up capital of the Company is henceforth INR 6,28,75,000 (Indian Rupees Six Crore Twenty Eight Lakh and Seventy Five Thousand only) divided into 63,20,000 (Sixty Three Lakh Twenty Thousand) equity shares of INR 10 (Indian Rupees Ten) each reduced from INR 8,51,40,980 (Indian Rupees Eight Crore Fifty One Lakh Forty Thousand Nine Hundred and Eighty only) divided into 85,46,598 (Eighty Five Lakh Forty Six Five Hundred and Ninety Eight) equity shares of INR 10 (Indian Rupees Ten) each"

15. LEGAL PROCEEDINGS

The Scheme will not affect any legal or other proceedings by or against the Company, pending or arising, but the proceedings may be continued, prosecuted and enforced by or against the Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Company prior to the Scheme.

16. CONDUCT OF BUSINESS BY COMPANY

The Scheme does not involve any financial outlay / outgo and therefore, will

not affect the ability or liquidity of the Company to meet its obligations / commitments in the normal course of business. Further, this Scheme will also not in any way adversely affect the ordinary operations of the Company during the course, or after the approval, of the Scheme.

**Annexure-1**

| Name | warrant allotted | 25% amount received | equity allotted upon conversion of warrants | total amount recived | Actual amount to be received at time converted | % of subscription |
|---|---|---|---|---|---|---|
| Jaysukh.J.Doshi | 18,50,000 | 1,30,65,625 | 4,62,500 | 1,30,65,625 | 52262500 | 25% |
| Mr. Ajit .V. Vasani | 7,24,672 | 51,17,996 | 4,12,766 | 1,16,60,640 | 20471984 | 56.95% |
| Meghal .A.Vasani | 7,27,664 | 51,39,127 | 1,81,916 | 51,39,127 | 20556508 | 25% |
| Jagruti .A.Vasani | 7,27,664 | 51,39,127 | 1,81,916 | 51,39,127 | 20556508 | 25% |
| Nirmala.M.Bhalani | 7,00,000 | 49,43,750 | 1,75,000 | 49,43,750 | 19775000 | 25% |
| Pirmal.B.Gandhi | 19,00,000 | 1,34,18,750 | 4,75,000 | 1,34,18,750 | 53675000 | 25% |
| Balkrishna.k.Mavi | 9,00,000 | 63,56,250 | 2,25,000 | 63,56,250 | 25425000 | 25% |
| Rakesk.j.Kothari | 4,50,000 | 31,78,125 | 1,12,500 | 31,78,125 | 12712500 | 25% |
| **Total** | **79,80,000** | **5,63,58,750** | **22,26,598** | **6,29,01,394** | **22,54,35,000** | |