



## JMC PROJECTS (INDIA) LTD.

(A Kalpataru Group Enterprise)

**REPORT OF THE MEETING OF COMMITTEE OF INDEPENDENT DIRECTORS OF JMC PROJECTS (INDIA) LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF JMC PROJECTS (INDIA) LIMITED WITH KALPATARU POWER TRANSMISSION LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON SATURDAY, FEBRUARY 19, 2022 AT HAZEL CONFERENCE ROOM, 6<sup>TH</sup> FLOOR, KALPATARU SYNERGY, OPP. GRAND HYATT, SANTACRUZ (EAST), MUMBAI 400055.**

The following Independent Directors were present:

1. Mr. D. R. Mehta
2. Ms. Anjali Seth
3. Mr. Shailendra Raj Mehta

By invitation:

1. Mr. Shailendra Kumar Tripathi, CEO & Managing Director
2. Mr. Amit Uplenchwar, Non-Executive Director
3. Mr. Azad Shaw, Chief Financial Officer
4. Mr. Vikas Kasat, Representative of M/s. B S R & Co. LLP, Statutory Auditor
5. Mr. Jamsheed Dadachanji, Representative of M/s. Khaitan & Co., Legal Advisors for the transaction
6. Ms. Drushti R. Desai, Registered Valuers
7. Mr. Prashant Rao, Representative of M/s. Anand Rathi Advisors Limited, Merchant Bankers for fairness opinion
8. Ms. Shruti Rajan, Representative of M/s. Trilegal, Legal Advisor to the Committee
9. Ms. Kavita Shah Representative of Inga Ventures Pvt. Ltd., Merchant Bankers as advisors on fairness opinion to the Committee

In attendance:

Mr. Samir Raval, Company Secretary

The Committee of Independent Directors unanimously elected Mr. D. R. Mehta as the Chairman of the meeting. Thereafter, Mr. D. R. Mehta took the chair and presided over the meeting.

### 1. Background

- 1.1. A meeting of the Independent Directors of JMC Projects (India) Limited ("**Company**" or "**Transferor Company**") was held on February 19, 2022 inter alia to consider and recommend the proposed draft Scheme of Amalgamation of the Company with Kalpataru Power Transmission Limited ("**Transferee Company**") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").

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- 1.2. The Company is a subsidiary of the Transferee Company.
- 1.3. The Company and the Transferee Company are public limited companies incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company and the Transferee Company are listed on BSE Limited and the National Stock Exchange of India Limited. The non-convertible debentures issued by the Company and the Transferee Company are listed on BSE Limited.
- 1.4. This report of the Independent Directors is made to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") and Clause 2 (i) of Para A of Part I of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("SEBI Master Circular") and as amended from time to time.
- 1.5. The following documents duly initialed by the Company Secretary of the Company for the purpose of identification were placed before the Committee of Independent Directors:
  - (a) Draft Scheme;
  - (b) Joint Share Entitlement Ratio Report dated February 19, 2022 issued by Ms. Drushti R. Desai (Registration No. IBBI/RV/06/2019/10666), Registered Valuer and M/s. Ernst & Young Merchant Banking Services LLP (Registration No. IBBI/RV-E/05/2021/155), Registered Valuer ("Share Entitlement Ratio Report"), describing the methodology adopted by them in arriving at the share entitlement ratio;
  - (c) Fairness Opinion Report dated February 19, 2022 issued by M/s. Anand Rathi Advisors Limited (Registration No. INM000010478), an Independent SEBI registered Merchant Banker ("Fairness Opinion"), providing its opinion on the share entitlement ratio specified in the Share Entitlement Ratio Report; and
  - (d) Certificate dated February 19, 2022, issued by M/s. B S R & Co. LLP, the Statutory Auditors of the Company, confirming the accounting treatment prescribed in the Scheme.
- 1.6. Mr. Shailendra Kumar Tripathi, CEO and Managing Director and Mr. Azad Shaw, CFO of the Company made a detailed presentation to the Committee covering *inter alia*, the Scheme, need for amalgamation and rationale of the Scheme, synergies of businesses of both the companies involved in the Scheme, impact of the Scheme on the Company and its shareholders and others concerned, cost benefit analysis and other relevant terms and matters.
- 1.7. During the meeting presentations were made by the representatives of the following agencies and experts:
  - a) Ms. Drushti R. Desai, Registered Valuers on Joint Share Entitlement Ratio;



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- b) M/s. Anand Rathi Advisors Limited, Merchant Bankers on Fairness Opinion on the Share Entitlement Ratio;
- c) M/s. Khaitan & Co., Legal Advisors on the legal aspects and process of amalgamation;
- d) M/s. B S R & Co. LLP, Statutory Auditors confirming the accounting treatment prescribed in the Scheme;
- e) M/s. Trilegal, Legal Advisors to the Committee on the legal aspects of the amalgamation; and
- f) M/s. Inga Ventures Pvt. Ltd., Merchant Bankers, Advisors to the Committee on Fairness Opinion.

## 2. Proposed Scheme of Amalgamation

### 2.1. NEED FOR THE AMALGAMATION AND RATIONALE OF THE SCHEME

The Transferor Company is a subsidiary of the Transferee Company and forms part of the same group. The Transferor Company and the Transferee Company are engaged, directly and through its subsidiaries, in EPC business relating to infrastructure sector including ownership and operation of infrastructure facilities. It is proposed to integrate their businesses to achieve synergies and following benefits:

- (i) enhancement of operational, organizational and financial efficiencies, and achieve economies of scale by pooling of resources;
- (ii) achieve synergies in costs, operations, stronger and wider capital and financial base for future growth;
- (iii) availability of expanded business pre-qualifications, increased net worth to enable it to bid for larger and complex infrastructure projects and providing impetus to better corporate performance, ultimately enhancing overall shareholders value;
- (iv) an integrated and coordinated approach to investment strategies will allow for a more efficient allocation of capital and cash management;
- (v) further expand and grow all business into the international markets;
- (vi) reduction in the multiplicity of legal and regulatory compliances currently required to be carried out by Transferor Company and the Transferee Company;
- (vii) consolidation of administrative and managerial functions and elimination of multiple record-keeping, *inter alia* other expenditure and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs thus resulting





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in reduced expenditure;

- (viii) consolidation of the businesses of the companies resulting in expansion of the consolidated business and creation of greater value for shareholders and all other stakeholders; and
- (ix) adaptation of best practices and in enhancing mechanisation/ automation of various processes through latest technologies.

The amalgamation is in the interest of both the companies, their respective shareholders, creditors and all other stakeholders and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

### 2.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The background and information of the Company and the Transferee Company is, *inter-alia*, as under:

- (a) The Company is an engineering, procurement and construction (EPC) company engaged in the business of infrastructure (highways, flyovers, elevated corridors, metros, railways, bridges, water supply & irrigation projects), construction of buildings (high-rise, integrated township, residential, commercial, information technology parks, institutional, hospital, sports complex, tourism projects), factories, industrial plants & power projects among others;
- (b) The Transferee Company is engaged in the business of power transmission and infrastructure EPC space executing projects that deliver complete solutions covering design, testing, manufacturing, fabrication, erection and construction of transmission lines, oil and gas infrastructure and railways projects on a turnkey basis. The Transferee Company is also engaged in high voltage substation business both in air insulated (AIS) and gas insulated (GIS) segment in domestic as well as international markets. The Transferee Company has also set up two biomass power generation plants in Rajasthan; and
- (c) Upon amalgamation, the benefits and synergies as mentioned in paragraph 2.1 above will be derived by the Company.

### 2.3. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

- (a) In consideration for the amalgamation of the Company with the Transferee Company, the shareholders of the Company, except for the Transferee Company, as on the



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Record Date (as defined in the Scheme) shall receive equity shares of the Transferee Company.

- (b) Taking into consideration the Share Entitlement Ratio Report determined by the Registered Valuer(s), the shareholding pattern of the Company pre and post Scheme will be as follows:

PRE			POST		
As on 11 <sup>th</sup> February 2022	No. of Shares	% Holding	Basis shareholding as on 11 <sup>th</sup> February 2022	No. of Shares	% Holding
Promoters	11,37,57,395	67.75%	Promoters	Not Applicable	
Non-Promoters	5,41,47,775	32.25%	Non-Promoters		
<b>Total</b>	<b>16,79,05,170</b>	<b>100%</b>	<b>Total</b>		

The Share Entitlement Ratio determined by the Registered Valuer(s) is fair upon the shareholders of the Company.

- (c) Further, there will be no change in the economic interest of the shareholders of the Company, before and after scheme;
- (d) Upon the Scheme becoming effective, the Company shall be dissolved without being wound up and the public shareholders of the Company shall become public shareholders of the Transferee Company; and
- (e) After the effectiveness of the Scheme and subject to receipt of regulatory and other approvals, the equity shares of the Transferee Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited and the National Stock Exchange of India Limited.

### 2.4. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

### 3. **Recommendation of the Committee of Independent Directors**

The Committee of Independent Directors, after due deliberations and detailed discussions,



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and *inter alia* taking into consideration the presentations made, draft Scheme, Joint Share Entitlement Ratio Report, Fairness Opinion and certificate(s) issued by Statutory Auditors of the Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and other concerned. Based on the foregoing, the Committee of Independent Directors is of the informed opinion that the Scheme is not detrimental to the shareholders of the Company, and hereby recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Committee of Independent Directors

For and on Behalf of JMC PROJECTS (INDIA) LIMITED

**D. R. Mehta**

**Chairman of the Committee of Independent Directors**

**DIN: 01067895**



Place: Mumbai

Date: February 19, 2022