

# SAPTAK CHEM AND BUSINESS LIMITED

Regd. Office: 201 Chiranjiv Complex Mahalaxmi Five Road, Paldi, Ahmedabad-380007

Contact No.: + 917778878401 Website: www.saptakchem.com

Email id: munakchem1980@gmail.com CIN: L24299GJ1980PLC101976

## REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF SAPTAK CHEM AND BUSINESS LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF REDUCTION OF SHARE CAPITAL OF THE COMPANY AT ITS MEETING HELD ON WEDNESDAY 19<sup>TH</sup> DAY OF JANUARY, 2024 AT 201 CHIRANJIV COMPLEX, MAHALAXMI FIVE ROAD, PALDI, AHMEDABAD, GUJARAT, 380007

Members Present:

Name	Category	Designation
Chirag Nanavati	: Independent Director	: Chairperson
Bhoomi Patel	: Independent Director	: Member
Sonal Gandhi	: Independent Director	: Member

### 1. BACKGROUND

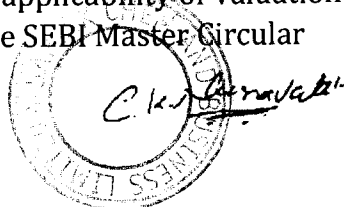
The meeting of the Independent Directors of the Company was held on Wednesday 19<sup>th</sup> Day of January, 2024 to consider and recommend the draft scheme of capital reduction of Saptak Chem And Business Limited in terms of the provisions of section 66 of Companies Act, 2013("Scheme"),(including any statutory modification(s) or re-enactment thereof for the time being in force and the rules made there under (the "Act"), Regulation 37 of SEBI (LODR) Regulation, 2015 and specifically the Hon'ble National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ("Reduction Rules"), which permits the Company to undertake a reduction of its share capital.

The company has historically incurred losses and has accumulated a debit balance in its Profit and Loss Account; representing legitimate business expenses and operational losses incurred by the company in the ordinary course of its business over a period of time; Since, this Scheme of capital reduction aims to streamline the company's capital structure, enhance financial efficiency, and improve its overall financial health, therefore, it is hereby justified that the debit balance existing in the Profit and Loss Account as of is a result of prudent business decisions, operational requirements.

This report of the Independent Directors of the Company is made to comply with the requirements as per SEBI Master Circular SEBI/HO/CFD/POD -2/P/CIR/2023/93 dated June 20, 2023 (Master Circular), issued under the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The following documents were placed before the Independent Directors of the Company;

- Draft Scheme of Reduction of Capital;
- Audited Financial Statement of the Company for the year ended March 31, 2023 and report of the Statutory Auditor thereon;
- Certificate obtained from Sejal Ronak Agrawal, Registered Valuer dated January 19, 2024 with respect to non-applicability of Valuation report, pursuant to exemption provided in para-4 of Part I of the SEBI Master Circular



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- d. Fairness opinion dated January 19, 2024 obtained from GYR Capital Advisors Private Limited, a SEBI registered merchant banker ("Fairness Opinion");
- e. Draft Certificate from M/s. Aniket Goyal & Associates, Chartered Accountants, the Statutory Auditor of the Company dated January 19, 2024 confirming that the compliance of the accounting treatment in the Scheme;
- f. Draft undertaking certificate from the Statutory Auditor regarding non applicability of obtaining approval from the public shareholders through e-voting, as required under Para (A)(10)(a) and Para (A)(10)(b) of Part I of the SEBI Circular.
- g. Other Annexure for the draft scheme of Reduction of Capital.

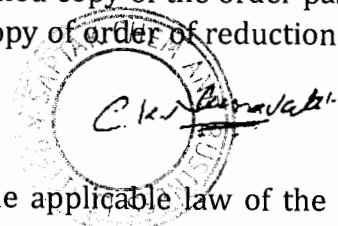
## 2. SALIENT FEATURES OF THE DRAFT SCHEME

- a) As per the provision of section 66 of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for reduction of share capital of Company) Rule, 2016 and other applicable provisions, if any, upon the Scheme coming into effect from the effective date after securing necessary approvals and permission to cancel the amount of accumulated losses incurred against the Share capital by Rs. 9,65,90,450 (Rupees Nine Crores Sixty-Five Lakh Ninety Thousand Four Hundred Fifty Only).
- b) The Scheme seeks to reduce or otherwise alter the issued, subscribed and paid-up share capital of the Company and the same will therefore remain reduced as a result of the Scheme, on the Effective Date and after securing necessary approvals and permissions the Company shall reduce its fully paid-up equity share capital from Rs. 10,73,22,720 (Rupees Ten Crores Seventy-Three Lakh Twenty-Two Thousand Seven Hundred Twenty Only) divided into 1,07,32,272 (One Crore Seven Lakhs Thirty-Two Thousand Two Hundred Seventy-Two Only) equity shares of Rs. 10.00 each, (Rupees Ten Only) each to Rs. 1,07,32,270 (Rupees One Crore Seven Lakh Thirty-Two Thousand Two Hundred Seventy Only) divided into 10,73,227 (Ten Lakh Seventy-Three Thousand Two Hundred Twenty-Seven) Equity Shares of Rs. 10/- (Rupees Ten Only) each.
- c) Further, the audit committee reviewed that the accounting treatment certificate and noted that the accounting treatment in the scheme is in line with generally accepted accounting principles. (IND AS)
- d) The scheme will help to achieve the rational structure which is commensurate with its remaining business and assets.

The Scheme shall be effective from the date on which the certified copy of the order passed by the NCLT, Ahmedabad, sanctioning the Scheme and certified copy of order of reduction is filed and registered with the Registrar of Companies, Gujarat

The Scheme is and shall be conditional upon and subject to:

- The requisite consents, sanctions and approvals under the applicable law of the Central Government or Stock Exchange or any other agency, department or authorities concerned



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including but not limited to approvals and sanctions required under the SEBI Master Circular Ref, SEBI/HO/CFD/POD- 2/P/CIR/2023/93 dated June 20, 2023 issued by SEBI under the Listing Regulations, as may be required by law in respect of this Scheme, being obtained;

- The requisite resolutions under the applicable provisions of the said Act being passed by shareholders of the Company for any of the matter provided for or relating to the Scheme as may be necessary or desirable.
- The sanctions of the Tribunal under sections 66 of the Act in favor of the Company and the necessary order being obtained.
- Certified or authenticated copies of the Order of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Gujarat, at Ahmedabad by the Company.

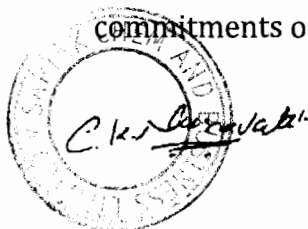
### 3. PROPOSED SCHEME

- The writing off the losses has become inevitable for growth of the company and its shareholders.
- The reduction of capital in the manner proposed would enable the company to have rational structure which is commensurate with this remaining business and assets

Hence, the proposed reduction will be for the benefit of the company and its respective members, creditors and employees.

#### 3.1 IMPACT OF THE SCHEME ON THE SHAREHOLDERS:

- a) The proposed reduction of the equity share capital of the Company is being undertaken in accordance with the provisions of Section 66 of the Companies Act, 2013 and the rules made thereunder and specifically the Rules, which permit a company to undertake a reduction of its share capital in any manner, read with the SEBI (Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR" / Listing Regulations), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR") and the SEBI Circular (as defined hereinafter).
- b) The Scheme is considered necessary to undertake a scheme of Capital Reduction so as to give a true and realistic view of the value of the shares and present liner balance sheet of the Company
- c) The proposed reduction of the equity share capital of the Company would not have any adverse effect on the creditors of the Company or the Company's ability to full fill its commitments or meet its obligations in the ordinary course of business.



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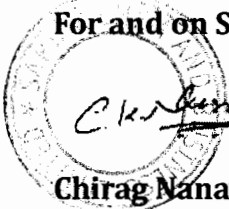
- d) The company has been incurring continuous losses and the chances of recovery are remote. Hence it is prudent to write off part of the debit balance in Profit & Loss account to the extent of Rs. 9,65,90,450 (Rupees Nine Crores Sixty-Five Lakh Ninety Thousand Four Hundred Fifty Only) by reduce its fully paid-up equity share capital from Rs. 10,73,22,720 (Rupees Ten Crores Seventy-Three Lakh Twenty-Two Thousand Seven Hundred Twenty Only) divided into 1,07,32,272 (One Crore Seven Lakhs Thirty-Two Thousand Two Hundred Seventy-Two Only) equity shares of Rs. 10.00 each, (Rupees Ten Only) each to Rs. 1,07,32,270 (Rupees One Crore Seven Lakh Thirty-Two Thousand Two Hundred Seventy Only) divided into 10,73,227 (Ten Lakh Seventy-Three Thousand Two Hundred Twenty-Seven) Equity Shares of Rs. 10/- (Rupees Ten Only) each, in accordance with the provisions of Sections 66 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "the act").
- e) The cancellation of the shares is proportionately among the members of the Company and the same shall be utilized for adjusting the debit in Profit & Loss account.
- f) There is no detrimental impact on the shareholders.
- g) Further, it is specified that the reduction in Share Capital does not involve either the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital nor is any call being waived.
- h) The Financial restructuring will help the company to reflect the true shareholder value which would place the company in a position to raise capital in future.

#### 4. RECOMMENDATION OF THE COMMITTEE OF INDEPENDENT DIRECTORS

Taking into consideration the proposed Scheme, Accounting Treatment Certificate, necessity, rationale and impact of the Scheme and cost benefits analysis, the Independent Directors confirms that the proposed scheme is not detrimental to the shareholders of the company and is in the best interest of the shareholders, creditors and all other stakeholders of the Company. The committee of Independent Directors do hereby recommend the proposed 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 Saptak Chem and Business Limited**

**Chirag Nanavati**

**Chairman of Independent Director Committee**

**DIN: 08196966**

**Date: 19/01/2024**

**Place: Ahmedabad**