

To,  
The Board of Directors  
JTL Infra Limited  
SCF 18-19 First Floor, Sector 28 C  
Chandigarh-160002

**Report on recommendations of Independent Directors Committee of JTL Infra Limited on the Scheme of Arrangement for Amalgamation between Chetan Industries Limited (“Transferor Company”) and JTL Infra Limited (“Transferee Company”).**

A meeting of Independent Director Committee of JTL Infra Limited was held on 30<sup>th</sup> December, 2021 to consider and recommend the proposed Scheme of Arrangement for Amalgamation between Chetan Industries Limited (“Transferor Company”) and JTL Infra Limited (“Transferee Company”) under Sections 230 to 232 of the Companies Act, 2013. In accordance with the SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021. This report of Independent Director Committee of the Company is being made in order to comply with the requirements of the aforesaid circular. The Independent Director committee has considered and reviewed the said Scheme of Arrangement and drawn out the following major points:

**Background of the Companies involved in the proposed scheme:**

- A. **Chetan Industries Limited (herein after also referred to as ‘CIL or ‘Transferor Company’)**, bearing CIN U26941CH1995PLC017464 was incorporated on 21<sup>st</sup> December, 1995 under the provisions of Companies Act, 1956. The Registered office of the Transferor Company is presently situated at SCF 18-19 First Floor, Sector 28 C Chandigarh-160002.

The Transferor Company is engaged in the Business of Steel Pipes & Tubes, hollow sections and structural steel that are extensively used in major engineering and construction projects.

- B. **J T L Infra Limited (herein after also referred to as ‘JTL’ or ‘Transferee Company’)** bearing CIN L27106CH1991PLC011536 was incorporated on 29<sup>th</sup> July,



1991 under the provisions of Companies Act, 1956. The Registered office of the Transferee Company is presently situated at SCF 18-19 First Floor, Sector 28 C Chandigarh-160002. The shares of the Transferee Company are listed on BSE Limited and Metropolitan Stock Exchange.

**Following documents were placed before the Independent Director Committee:**

1. Modified Scheme on proposed Scheme of Arrangement for Amalgamation of Chetan Industries Limited (“Transferor Company”) with JTL Infra Limited (Transferee Company);
2. Modified Share Exchange Report dated 30<sup>th</sup> December, 2021 issued by Mr. Ajay Kumar Siwach (Registered Valuer, IBBI).
3. Modified Fairness Opinion dated 30<sup>th</sup> December, 2021 issued by Corporate Professionals Capital Private Limited, SEBI Registered (Category I) Merchant Bankers.

**Salient features of Scheme of Arrangement:**

The committee noted the following salient features of the scheme:

- The scheme provides for Amalgamation of **Chetan Industries Limited (“Transferor Company”) with JTL Infra Limited (“Transferee Company”)** with effect from the Appointed Date i.e. 01.04.2021;
- The Transferor Company is engaged in the Business of Steel Pipes & Tubes, hollow sections and structural steel that are extensively used in major engineering and construction projects.
- The Transferee Company is engaged in the business of producing Black & Galvanized ERW Steel Pipes & Tubes, hollow sections and structural steel that are extensively used in major engineering and construction projects. The group caters to the domestic Indian markets as well as the overseas export markets. JTL has been recognised as Star Export House by the Government of India. JTL offers a wide range of integrated tube & steel pipe solutions embracing standard tubes & pipes.

**Need and Rationale of Scheme of Arrangement:**

The committee noted the following salient features of the scheme:

1. The Transferor Company and Transferee Company are engaged in similar nature of business hence, the amalgamation of Chetan Industries Limited (“Transferor Company”) with the J T L Infra Limited (Transferee Company) will strengthen the balance sheet of the Transferee Company and shall create a larger and stronger entity, which will have



better resources for business growth and expansion. The scheme of arrangement shall provide a running and profitable business to the Transferee Company which has growth potential and shall also provide the shareholders of Transferor Company liquidity through listing and hence there is significant synergy for consolidation of both the entities.

2. The independent operations of the Transferor Company and Transferee Company leads to incurrance of significant costs and the amalgamation would enable economies of scale by attaining critical mass and achieving cost saving. The amalgamation will thus eliminate a multi-layered structure and reduce managerial overlaps, which are necessarily involved in running multiple entities and also prevent cost duplication that can erode financial efficiencies of a holding structure and the resultant operations would be substantially cost-efficient. This Scheme would result in simplified corporate structure of the Transferee Company and its businesses, thereby leading to more efficient utilization of capital and creation of a consolidated base for future growth of the Transferee Company.
3. The Amalgamation of Transferor Company with Transferee Company shall result in multiple manufacturing facilities under single entity which enables Transferee Company to make production planning in more efficient manner, thereby reducing wastages, improves input-output ratio (yield factor) and shorter lead time.
4. The Amalgamation of Transferor Company with Transferee Company will add an advantage of Multi-location production facilities, reduce freight cost, easily availability of finished goods in the marketplaces which will give better and almost real time business intelligence, improve products competitiveness and acceptance amongst the targeted customers.
5. The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Companies and Transferee Company.
6. The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.



7. The proposed arrangement will provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.

**Scheme Not Detrimental to the Shareholders of the Transferor Companies:**

The Committee members discussed and deliberated upon the rationale and salient features of the scheme, the valuation report and fairness opinion presented before the Committee.

In terms of the scheme, the Transferee Company will issue equity shares to the shareholders of the Transferor Companies based on the Share Exchange Ratio i.e. Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of "Transferor Company" (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of 117 (One Hundred and Seventeen) Equity shares of face value of Rs.2/- (Rupees Two) each in Transferee Company for every 100 (One Hundred) Equity shares of face value of Re.1/- (Rupee One) each held by them in "Transferor Company" pursuant to this Scheme of Amalgamation. The Committee is of the informed opinion that the proposed Scheme is in the best interests of the Shareholders of the Company and not detrimental to the interest of the Shareholders, including the minority shareholders of the Company.

**Recommendation of the Independent Director Committee:**

Having considered the documents, Valuation Report, Fairness Opinion, the Independent Director Committee hereby unanimously recommends that the aforesaid Scheme of Arrangement for Amalgamation is not detrimental to the interest of the Shareholders.

**By and on behalf of the Independent Director Committee of**

**JTL Infra Limited**

  
**Preet Kamal Kaur Bhatia**

**DIN: 07070977**

**Place: Chandigarh**

**Date: 30.12.2021**

