

**SCHEME OF COMPROMISE / ARRANGEMENT
BETWEEN
JAYSYNTH DYESTUFF (INDIA) LIMITED
AND
CREDITORS AND SHAREHOLDERS**

PART I - INTRODUCTION:

- a) This composite Scheme of Compromise/Arrangement hereinafter referred to as 'the Scheme' provides for compromise by (i) the Secured Creditors, (ii) the Unsecured Creditors, (iii) the Preference Shareholders and (iv) the Equity Shareholders (as referred hereinafter) under provisions of Section 391 to 394 and other relevant provisions of the Companies Act, 1956 in the manner provided for herein and for raising of fresh funds by way of Equity Capital and Unsecured Loans to meet the requirement of funds for payments to be made to the Secured Creditors as envisaged in the Scheme.
- b) The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

PART II - PRELIMINARY:

1. DEFINITIONS

In the Scheme, unless repugnant to the meaning, subject or context thereof, the following expressions shall have the following meaning:

- a) **"The Company"** means "Jaysynth Dyestuff (India) Limited", a public limited company incorporated under provisions of the Companies Act, 1956 having its registered office at 301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai 400 018.
- b) **"The Act"** means the Companies Act, 1956 or any statutory modifications thereto or re-enactment thereof.
- c) **"The Court"** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal as applicable.
- d) **"The Cut off Date"** means March 31, 2004.
- e) **"The Effective Date"** or **"Coming into effect of this Scheme"** means the date on which a certified copy of the order of the Court, that may be passed sanctioning this Scheme, is filed with the Registrar of Companies, Maharashtra at Mumbai.
- f) **"The Scheme"** means this Scheme of Compromise / Arrangement in the present form or with any modifications or alterations approved or imposed or directed by the Court.

- g) **“Secured Creditors”** means Banks and Financial Institutions that have lent Secured Financial Assistance to the Company and Debenture holders holding the Secured Redeemable Non Convertible Debentures (Series I, II & III) secured by first pari-passu charge on the Fixed Assets of the Company.
- h) **“Unsecured Creditors”** means unsecured lenders who have lent or deposited monies in the nature of unsecured loans or deposits (not being a deposit within Section 58A of the Act) with the Company but it does not include Trade Creditors or other Current Liabilities incurred in the ordinary course of business.
- i) **“Equity Capital”** means 86,89,700 Equity Shares of Rs. 10/- each, fully paid up issued by the Company.
- j) **“Equity Shareholders”** means shareholder holding Equity Shares of Rs. 10/- each, fully paid up issued by the Company.
- k) **“Preference Capital”** means 7,00,000 9% Non Convertible Cumulative Preference Shares of Rs. 100/- each, fully paid up issued by the Company.
- l) **“Preference Shareholders”** means shareholder holding 9% Non Convertible Cumulative Preference Shares of Rs. 100/- each, fully paid up issued by the Company.

2. AUTHORISED AND PAID UP SHARE CAPITAL

The details of authorised and paid up Share Capital as on the Cut off Date are as under :-

Authorised Share Capital		Rs in Lacs
90,00,000	Equity Shares of Rs. 10/- each	900.00
7,00,000	9% Non Convertible Cumulative Preference Shares of Rs. 100/- each	700.00
		1600.00

Paid up Share Capital		Rs in Lacs
86,89,700	Equity Shares of Rs. 10/- each fully paid up	868.97
7,00,000	9% Non Convertible Cumulative Preference Shares of Rs. 100/- each fully paid up.	700.00
		1568.97

PART III - ARRANGEMENT/COMPROMISE WITH THE CREDITORS:

The Scheme provides for arrangement / compromise with the creditors, without any other or further act, application or deed, in the following manner:

1. SECURED CREDITORS

The dues of the Secured Creditors shall be paid @ 44% of the outstanding amount of the principal (hereinafter referred to as the Settlement Amount) as on the Cut Off Date in full and final settlement of their entire dues on coming into effect of this Scheme. The Settlement Amount shall be paid as under:

- a) 24% of the Settlement Amount payable within thirty days from the Effective Date (the up-front payment).
- b) Balance 76% in four equal semi annual (six monthly) installments commencing after six months after the up-front payment.
- c) The Secured Creditor/s intending to receive the balance Settlement Amount upfront within thirty days of the Effective Date will have the option to receive the balance Settlement Amount on Present Value basis by discounting the semi-annual installment amount @ 10% p.a.
- d) Any amount paid to the Secured Creditor/s after the Cut off Date and before the Effective Date shall stand adjusted against and/or reduced from the Settlement Amount payable as per the Scheme on coming into effect of this Scheme.

2. UNSECURED CREDITORS

The dues of Unsecured Creditors as on the Cut off Date shall be reduced by 90% on coming into effect of this Scheme. The reduced amount shall be 10% of the Unsecured Loan/Deposit amount.

PART IV - REORGANISATION OF CAPITAL:

The Scheme provides for reorganisation of the Equity Capital and Preference Capital in the following manner:

1. EQUITY SHARE CAPITAL

- a) The issued, subscribed and paid-up Equity Share Capital of the Company of Rs. 8,68,97,000/- comprising of 86,89,700 Equity Shares of Rs. 10/- each, fully paid up shall be reduced to Rs. 86,89,700/- comprising of 86,89,700 Equity Shares of Re. 1/- each, fully paid up. The paid up value per Equity Share shall reduce by 90% i.e. by canceling Rs. 9/- per Equity Share from the face value of Rs. 10/- each held by the Equity Shareholders as on the Record Date to be fixed by the Board of Directors of the Company in consultation with the Stock Exchange, Mumbai.
- b) Upon the Effective Date and inconsideration of cancellation of Equity Share Capital, the existing certificates representing Equity Shares of the face value of Rs. 10/- each held by the Equity Shareholders, whose names appears in the Register of Members as on Record date, shall without further act, application or deed be

deemed to have been cancelled and in lieu thereof, the Company shall issue new certificates representing Equity Shares of the face value of Re. 1/- each. In case of Equity Shares held in Dematerialised Form, as on the Record Date, the face value of Equity Shares shall be reduced automatically to Re. 1/- per share.

- c) The reduction of the Equity Share Capital as aforesaid shall be effected as an integral part of the Scheme itself and no separate act, application, petition or deed would be required in accordance with the Section 101 or any other provisions of the Act, as the same does not involve either the diminution of any liability in respect of unpaid share capital or payment to any shareholder of any paid-Up share capital, and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act-confirming the reduction. The Company will not be required to add the words "and reduced" after its name. Form of Minutes reflecting reduction of the Equity Share Capital is enclosed as "Annexure - A" hereto.

2. PREFERENCE SHARE CAPITAL

- a) The issued, subscribed and paid-up Preference Share Capital of the Company of Rs. 7,00,00,000/- comprising of 7,00,000 9% Non Convertible Cumulative Preference Shares of Rs. 100/- each, fully paid up shall be reduced to Rs. 70,00,000/- comprising of 7,00,000 9% Non Convertible Cumulative Preference Shares of Rs. 100/- each, fully paid up. The paid up value per Preference Share shall reduce by 90% i.e. by canceling Rs. 90/- per Preference Share from the face value of Rs. 100/- each held by the Preference Shareholders as on the Record Date to be fixed by the Board of Directors of the Company.
- b) The accumulated unpaid Preference Dividend for the period upto March 31, 2004 shall be waived on coming into effect of this Scheme.
- c) The rate of Preference Dividend shall reduce from 9% Cumulative to 5% Non-Cumulative with effect from April 1, 2004 on coming into effect of this Scheme.
- d) Upon the Effective Date and in consideration of cancellation of Preference Share Capital, the existing certificates representing Preference Shares of the face value of Rs.100/- each held by the Preference Shareholders, whose names appears in the Register of Members as on the Record Date, shall without further act, application or deed be deemed to have been cancelled and in lieu thereof, the Company shall issue new certificates representing Preference Shares of the face value of Rs. 100/- each.
- e) The reduction of the Preference Share Capital as aforesaid shall be effected as an integral part of the Scheme itself and no separate act, application, petition or deed would be required in accordance with the section 101 or any other provisions of the Act, as the same does not involve either the diminution of any liability in respect

of unpaid share capital or payment to any shareholder of any paid-up share capital, and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction. The Company will not be required to add the words “and reduced” after its name. Form of Minutes reflecting reduction of the Preference Share Capital is enclosed as “Annexure - A” hereto.

3. AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The capital clause of the Memorandum of Association of the Company and the first paragraph of Article 3 of the Article of Association of the Company shall upon the coming into effect of this Scheme and without any further act, application or deed, be replaced and Substituted by the following clauses respectively :

MEMORANDUM OF ASSOCIATION

V. The Authorised Share Capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Re. 1/- (Rupee One only) each, 7,00,000 (Seven Lac) Non-convertible Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each and 43,00,000 (Forty-three Lac) Unclassified Shares of Rs.10/- (Rupees Ten only) each, with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulation of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or provided by the regulations of the Company, for the time being.

ARTICLES OF ASSOCIATION

3. The Authorised Share Capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Re. 1/- (Rupee One only) each 7,00,000 (Seven Lac) Non-convertible Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each and 43,00,000 (Forty-three Lac) Unclassified Shares of Rs. 10/- (Rupees Ten only) each, with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulation of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or provided by the regulations of the Company, for the time being.

PART V - ISSUE OF FRESH EQUITY SHARES :

1. Upon the Scheme becoming effective and after reduction of the Equity Capital, as envisaged in this Scheme, the Company shall proceed to make a Rights Issue of new 11 Equity Shares of Rupee 1/- each for every 1 existing Equity Share of Rupee 1/- each held by the Equity Shareholders whose names appear on the Register of Members on the Record Date to be fixed by the Board of Directors of the Company in consultation with the Stock Exchange, Mumbai, to meet the requirement of funds for payment to the Secured Creditors as envisaged in the Scheme.
2. The new Equity Shares to be issued and allotted by the Company, as mentioned above, shall rank pari passu in all respect with the existing Equity Shares of the Company.
3. The Promoters shall make up for any shortfall in the raising of funds in the Rights Issue by way of additional subscription.
4. Any amount received by the Company as advance subscription to the Rights Issue or otherwise to meet its requirement of funds for payment to the Secured Creditors as envisaged in the Scheme, shall be adjusted / appropriated towards the monies payable for the Right Issues.
5. The New Equity Shares so issued by the Company shall, subject to applicable regulations, be listed and/or admitted to trading on the relevant stock exchanges where the Equity Shares of the Company are listed and/or admitted to trading.
6. The details of the Rights Issue shall be worked out by the Company in accordance with the rules, regulations and guidelines of the Stock Exchange, Mumbai and Securities and Exchange Board of India (SEBI), governing the Rights Issue of Equity Shares.
7. Approval of this Scheme by the Shareholders of the Company shall, without any further act or deed, be deemed to be the due compliance of the relevant provisions of the Act for consequential alterations of Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company and provisions of Section 81(1A) of the Act and such other regulations as are relevant and applicable for the issue and allotment of New Equity Shares by the Company.
8. The Company shall, if and to the extent required, apply for and obtain any permissions, sanctions or approvals from concerned authorities for the issue and allotment by the Company of New Equity Shares under the Scheme.

PART VI - GENERAL:

1. The Company, through its Board of Directors, may assent to any alterations/ modifications/ amendments to the Scheme or to any conditions or limitation that the Court and/or any other authority may deem fit to approve, direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board of Directors of the Company. The Company may withdraw the Scheme if any alteration/ modification/ amendment thereto is not acceptable to it. The Board of Directors of the Company shall have authority to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reason of any directive or order of the Court and/or any authority or otherwise, howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

2. This Scheme is conditional and subject to:-
 - a) Approval of the Scheme by the requisite majority of the Secured Creditors, Unsecured Creditors, Preference Shareholders and Equity Shareholders of the Company.
 - b) Sanction of the Scheme by the Court as provided in section 391 to 394 of the Act and subject to such alterations/ modifications/ amendments, as the Court may deem fit and direct.
 - c) Such other sanctions, permissions and approvals as may be required by law in respect of the Scheme being obtained.
 - d) Filing of the necessary certified copies of the said order or orders with the Registrar of Companies, Maharashtra State at Mumbai.

3. If any part of this Scheme is found to be unworkable or if implementation of this Scheme is delayed for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/or provisions of this Scheme or the Settlement Package already approved by the Secured Creditors. The Company shall have right to implement such part(s) as may be applicable or feasible as a complete scheme. The decision of the Board of Directors or the Committee constituted by the Board of Directors of the Company shall be final and binding in this respect.

4. Since this Scheme does not involve a “conveyance” of any property under Section 394 of the Act, the Order of the Court sanctioning this Scheme under Section 391 of the Act shall not attract any stamp duty under the Bombay Stamp Act 1958.



ANNEXURE-A
FORM OF MINUTES

1. EQUITY SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of Jaysynth Dyestuff (India) Limited of Rs. 8,68,97,000/- comprising of 86,89,700 Equity Shares of Rs. 10/- each, fully paid up shall be reduced to Rs. 86,89,700/- comprising of 86,89,700 Equity Shares of Re. 1/- each, fully paid up.

2. PREFERENCE SHARE CAPITAL

The issued, subscribed and paid-up Preference Share Capital of Jaysynth Dyestuff (India) Limited of Rs. 7,00,00,000/- comprising of 7,00,000 9% Non Convertible Cumulative Preference Shares of Rs. 100/- each, fully paid up shall be reduced to Rs. 70,00,000/- comprising of 7,00,000 9% Non Convertible Cumulative Preference Shares of Rs. 10/- each, fully paid up.



Sealer

Dated this 27th day of December 2004

In The High Court of Judicature at
Bombay
Ordinary Original Civil Jurisdiction
Company Petition No. 854 of 2004
Connected with
Company Application No. 400 of 2004

In the matter of Section 100, 391 &
392 of the Companies Act, 1956;

And

In the matter of Scheme of
Compromise / Arrangement between
Jaysynth Dyestuff (India) Limited and
its Secured Creditors, Unsecured
Creditors, Preference Shareholders
and Equity Shareholders

Jaysynth Dyestuff (India) Limited
..... Petitioner

ORDER SANCTIONING SCHEME
OF COMPROMISE / ARRANGEMENT

Dated this 17th day of December 2004
Filed this day of December 2004

HEMANT SETHI
Petitioner's Advocate
302 Satnam Building,
3A Sion West, Mumbai 400 022.