

**SCHEME OF ARRANGEMENT  
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

**AMONG**

**ENPRO OIL PRIVATE LIMITED**

**AND**

**JUBILANT INDUSTRIES LIMITED**

**AND**

**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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## SECTION I

### VESTING OF THE ACP UNDERTAKING (AS DEFINED HEREINAFTER) OF JUBILANT INDUSTRIES LIMITED WITH JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED BY WAY OF SLUMP SALE

#### PART A

#### WHEREAS:

- A. **Jubilant Industries Limited** (“**Transferor Company**”) is an existing public listed company incorporated under the Act (as defined hereinafter) on February 23, 2007 and has its registered office at Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar – 244 223, Uttar Pradesh . The shares of the Transferor Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Transferor Company is engaged in the manufacturing and sale of agri and consumer products business, industrial products business (“**IP Business**”) and other businesses such as the manufacturing of Indian-made foreign liquor.
- B. **Jubilant Agri and Consumer Products Limited** (“**Transferee Company**”) is an existing company incorporated under the Act (as defined hereinafter) on August 21, 2008 and has its registered office at Plot No 1A, Sector 16A, Institutional Area, Noida – 201 301, Uttar Pradesh and is a wholly owned subsidiary of the Transferor Company. The Transferee Company is authorised by its constitutional documents to engage in the manufacture and sale of agri and consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business.
- C. In terms of Section I of this Scheme of Arrangement (“**Scheme**”), it is now proposed, *inter alia*, to vest the ACP Undertaking (as defined hereinafter) of the Transferor Company with the Transferee Company, by way of a Slump Sale, for a lump sum consideration (as discussed in Part C of Section I this Scheme), pursuant to the relevant provisions of the Act (as defined hereinafter) and other applicable laws.

#### **Rationale:**

The Transferor Company is currently engaged in diverse businesses. The management of the Transferor Company believes that the IP Business is specialised in nature and requires dedicated management with specialised skills. The management of the Transferor Company intends to focus on the IP Business to enable it to tap into the huge growth potential in the relevant business to business market. The ACP Undertaking (as defined hereinafter) constitutes business pertaining to manufacturing and sale of agri

products, consisting of a) single super phosphate, and b) agro chemical for crop products, and manufacturing and sale of consumer products, which requires a different management focus and different synergies from that of the IP Business.

Hence, with a view to achieve greater management focus on both the IP Business and the business pertaining to manufacturing and sale of agri and consumer products, the management of the Transferor Company proposes to vest the ACP Undertaking (as defined hereinafter) by way of Slump Sale with the Transferee Company, its wholly owned subsidiary, for lump sum consideration. Vesting of the ACP Undertaking (as defined hereinafter) with the Transferee Company will enable the Transferor Company to have separate management focus on both businesses.

The management of the Transferee Company intends to focus on the manufacturing and sale of agri and consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business. In furtherance of this objective, the management of Transferee Company intends to acquire the ACP Undertaking (as defined hereinafter) of the Transferor Company by way of a Slump Sale for a lump sum consideration. Consolidation of the ACP Undertaking (as defined hereinafter) of the Transferor Company with the Transferee Company would provide greater management focus on tapping the growth potential in the manufacturing and sale of agri and consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business.

Such vesting of the ACP Undertaking (as defined hereinafter) of the Transferor Company for lump sum consideration with the Transferee Company, by way of Slump Sale, is in the interest of the shareholders, creditors and employees of each of the Transferor Company and the Transferee Company, as it would result in enhancement of shareholder value, operational efficiencies and greater focus and would enable the management of each of the Transferor Company and the Transferee Company to vigorously pursue revenue growth and expansion opportunities.

## **1. DEFINITIONS**

For the purposes of Section I of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as mentioned herein below:-

- 1.1 “**Act**” means the Companies Act, 1956 (Act No.1 of 1956), as amended.
- 1.2 “**Appointed Date**” means commencement of business on April 1, 2011, the date with effect from which this Scheme shall come into effect, in accordance with the provisions of this Scheme.

- 1.3 “**Court**” means the Hon’ble High Court of Judicature at Allahabad, Uttar Pradesh and shall include, if applicable, the National Company Law Tribunal or such other forum or authority as may be vested with the powers of a High Court under the Act.
- 1.4 “**Effective Date**” means the date on which the last of the approvals in Clause 1.5 of Section III of the Scheme are obtained, and this Scheme comes into effect with effect from the Appointed Date.
- 1.5 “**ACP Undertaking**” or “**ACP Business**” means the undertaking of the Transferor Company, pertaining to, (I) manufacturing and sale of agri products, consisting of a) single super phosphate, and b) agro chemicals for crop products; and II) manufacturing and sale of consumer products, which shall be inclusive of, but not limited to:
- (i) all assets, whether moveable or immoveable, including all rights, title, interest, cash and bank balances, bills of exchange, covenants and undertakings of the ACP Undertaking. The immoveable assets are more particularly listed in Schedule 1;
  - (ii) all investments, loans and advances, including accrued interest thereon, of the ACP Undertaking;
  - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, of the ACP Undertaking, including, without limitation:
    - a. the liabilities which arise out of the activities or operations of the ACP Undertaking;
    - b. the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of the ACP Undertaking; and
    - c. the general or multipurpose borrowings of the Transferor Company, in respect of the ACP Undertaking, as stand in the same proportion which the value of assets transferred bears to the total value of the assets of the Transferor Company immediately before the vesting of the ACP Undertaking;
  - (iv) all permits, rights, entitlements, licenses, approvals, clearances, tenancies, offices, taxes, tax credits (including but not limited to credits in respect of income-tax, sales tax, value added tax, turnover tax, excise duty, service tax), trademarks, service marks, privileges and benefits of all contracts, agreements and all other rights including licenses, powers and facilities of every kind and description whatsoever of the ACP Undertaking;

- (v) all employees of the Transferor Company relating to such ACP Undertaking;
  - (vi) all earnest monies and/or security deposits, payment against warrants or other entitlements of the ACP Undertaking; and
  - (vii) all books, records, files, papers, computer programs, engineering and process information, manuals, data, catalogues, quotations, websites, sales and advertising material, list of present and former customers, customer credit information, customer pricing information, and other records whether in physical form or electronic form in connection with or relating to the ACP Undertaking.
- 1.6 **“IT Act”** means Income-tax Act, 1961.
- 1.7 **“Scheme”** means this scheme of arrangement among Enpro Oil Private Limited, Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited and their respective shareholders and creditors, involving, (i) vesting of the ACP Undertaking of the Transferor Company with the Transferee Company by way of Slump Sale, pursuant to Section I of this Scheme, and (ii) demerger of the Demerged Undertaking (as defined in Section II of this Scheme) and vesting of the same with JACPL (as defined in Section II), pursuant to Section II of this Scheme.
- 1.8 **“Slump Sale”** means sale of an undertaking on a going concern basis as defined under Section 2(42C) of the IT Act, for a lump sum consideration without values being assigned to the individual assets and liabilities.
- 1.9 **“Transferor Company”** means Jubilant Industries Limited, a company incorporated under the Act which has its registered office at Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar – 244 223, Uttar Pradesh.
- 1.10 **“Transferee Company”** means Jubilant Agri and Consumer Products Limited, a company incorporated under the Act which has its registered office at Plot No. 1A, Sector 16A, Institutional Area, Noida – 201 301, Uttar Pradesh.

The expressions, which are used in this Section I of the Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

## 2. **SHARE CAPITAL**

2.1 The share capital of the Transferor Company, as on March 31, 2011, is as under:

	(Rs.)
<b>Authorized Capital</b>	
10,000,000 Equity Shares of Rs. 10 each	100,000,000
<b>Issued, Subscribed and Paid-up Capital</b>	
8,014,056 Equity Shares of Rs. 10 each	80,140,560

2.2 The share capital of the Transferee Company, as on March 31, 2011, is as under:

	(Rs.)
<b>Authorized Capital</b>	
50,000 Equity Shares of Rs. 10 each	500,000
<b>Issued, Subscribed and Paid-up Capital</b>	
50,000 Equity Shares of Rs. 10 each	500,000

#### **PART B**

### **3. VESTING OF THE ACP UNDERTAKING OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY BY WAY OF SLUMP SALE**

3.1 Subject to the provisions of Section I of the Scheme in relation to the modalities of Slump Sale and vesting, upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the ACP Undertaking shall vest with the Transferee Company by way of a Slump Sale, without any further act or deed, together with its properties, assets, investments, rights, benefits and interests therein, subject to existing charges thereon in favour of banks and financial institutions, as the case may be, and by virtue of the order passed by the Court, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including

land, buildings and any other immovable property) of the ACP Undertaking, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in the Transferee Company, without any act or deed done by the Transferor Company or the Transferee Company. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the Court and Section I of the Scheme becoming effective in accordance with the terms hereof. The Transferor Company shall take all steps as may be necessary to ensure that lawful and peaceful right, title, interest of the immovable property in relation to the ACP Undertaking is given to the Transferee Company.

- b. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Company relating to the ACP Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical delivery or by endorsement and delivery, as appropriate to the property being vested and the title to such property shall be deemed to have transferred and vested accordingly.
- c. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all sundry debts, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons and investments relating to the ACP Undertaking shall without any act, instrument or deed become the property of the Transferee Company.
- d. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties, obligations and guarantees, secured or unsecured (whether in Indian rupees or foreign currency), whether provided for or not in the books of accounts or disclosed in the balance sheet of the ACP Undertaking, shall become and be deemed to be the debts, liabilities, contingent liabilities, duties, obligations and guarantees of the Transferee Company. If any lender of the Transferor Company requires satisfaction of the charge over the Transferor Company's properties and recordal of a new charge with the



Transferee Company, the Transferor Company and the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the Registrar of Companies, Uttar Pradesh and Uttarakhand.

- e. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the ACP Undertaking, shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, without any act or deed done by the Transferor Company or the Transferee Company.
- f. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the ACP Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- g. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all licenses and registrations including relating to copyrights, trademarks, service marks, patents, domain names, application for copyrights, privileges, powers and facilities of every kind and description of whatsoever nature in relation to the ACP Undertaking of the Transferor Company to which the Transferor Company is party or to the benefit of which the Transferor Company may be entitled, shall be enforceable as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- h. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including sales tax, service tax, excise, value added tax), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, employee state insurance or rights required to carry on the operations of the ACP Undertaking of the Transferor Company or granted to the Transferor Company in relation to the ACP Undertaking shall stand vested in or transferred to the Transferee Company, without further act or deed, and shall be appropriately transferred or assigned by the concerned statutory authorities concerned herewith in favour of the Transferee Company upon vesting of the ACP Undertaking pursuant to Section I of this Scheme. The

benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions or approvals or consents required to carry on the operations of the ACP Undertaking of the Transferor Company shall vest in and become available to the Transferee Company pursuant to Section I of this Scheme.

- i. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company in respect of the ACP Undertaking.

If any suit, appeal or other proceeding of whatsoever nature by or against the Transferor Company in respect of the ACP Undertaking be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of vesting of the ACP Undertaking with the Transferee Company, by way of Slump Sale, or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. Upon Section I of the Scheme coming into effect on the Effective Date, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Company in respect of the ACP Undertaking, transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company. The Transferee Company also undertakes to handle all legal or other proceedings which may be initiated against the ACP Undertaking after the Effective Date relating to the Transferor Company in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Company may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company for the period up to the Effective Date, in respect of the ACP Undertaking.

- j. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the ACP Undertaking immediately before such date shall become employees of the Transferee Company with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to the vesting of the ACP Undertaking with the Transferee Company, by way of Slump Sale, and without any break or interruption in service. It is clarified that such employees of the Transferor Company that become employees of the Transferee Company by virtue of this Scheme,

shall continue to be governed by the terms of employment as were applicable to them immediately before such transfer and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Company in respect of such employees with the employees / employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company, upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Company (or an affiliate of the Transferor Company on behalf of the Transferor Company), for their employees being transferred to the Transferee Company pursuant to Section I of this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. In the event, the Transferee Company does not have its own funds, it may, subject to applicable laws, regulations, approvals and permissions, continue to contribute to the relevant funds of the Transferor Company (or an affiliate of the Transferor Company, as the case may be), until such time as the Transferee Company creates its own funds, at which time the relevant funds and investments and contributions pertaining to the employees of the ACP Undertaking shall be transferred to the relevant funds of the Transferee Company. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. Further, upon the Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Transferor Company shall be continued/continue to operate against the relevant employee and shall be enforced by the Transferee Company.

- k. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes of any nature, duties, cess or any other like payment or deductions made by the Transferor Company to

any statutory authorities such as income-tax, service tax, value added tax etc. or any tax deduction or collection at source, service tax input credit receivables, in relation to the ACP Undertaking and relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been on account of or on behalf of or paid by the Transferee Company.

1. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company in relation to the ACP Undertaking including all or any refunds of claims shall be treated as the tax liability or refunds/claims as the case may be, of the Transferee Company, and the Transferee Company shall be entitled to file/revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme.
- m. The Transferee Company shall, at any time after the coming into effect of Section I of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the ACP Undertaking of the Transferor Company to which the Transferor Company is a party, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Section I and other applicable provisions of this Scheme, be deemed to be authorized to execute any such writing on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company.
- n. With effect from the Appointed Date and upto and including the Effective Date:
  - (i) The Transferor Company shall carry on and be deemed to have been carrying on all the business and activities of the ACP Undertaking, for and on behalf of and in trust for the Transferee Company.
  - (ii) All profits / losses accruing or arising to the Transferor Company in relation to the ACP Undertaking and all taxes thereon arising or incurred by it, in relation to the ACP Undertaking shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
  - (iii) All accretions and depletions of the Transferor Company in relation to the ACP Undertaking shall be for and on account of the Transferee Company.

## **PART C**

### **4. CONSIDERATION AND ACCOUNTING TREATMENT**

- 4.1 Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, and upon vesting of the ACP Undertaking by way of Slump Sale with the Transferee Company, the Transferee Company shall discharge the lump sum consideration of Rs. 1,648,817,559, for the vesting of the ACP Undertaking with the Transferee Company, by way of Slump Sale, by issue of redeemable preference shares, on such terms and conditions, or any other instrument, or in any other manner, as may be mutually agreed between the boards of directors of the Transferor Company and the Transferee Company.
- 4.2 The lump sum consideration for the vesting of the ACP Undertaking with the Transferee Company, by way of Slump Sale, stated in Clause 4.1 above has been determined by the boards of directors of the Transferee Company and the Transferor Company based on their independent judgment, and has been agreed between them.
- 4.3 Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, pursuant to the vesting of the ACP Undertaking with the Transferee Company, the profit & loss account of the Transferor Company shall be debited / credited with the difference between the book values of the assets and liabilities transferred to the Transferee Company and the lump sum consideration received by the Transferor Company.

## SECTION II

### DEMERGER OF THE DEMERGED UNDERTAKING (AS DEFINED HEREINAFTER) OF ENPRO OIL PRIVATE LIMITED AND VESTING OF THE SAME WITH JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

#### PART A

#### WHEREAS:

- A. **Enpro Oil Private Limited** (hereinafter referred to as “**Demerged Company**”), is an existing company incorporated under the Act (as defined hereinafter) on August 5, 1991 and has its registered office at Plot No.1A, Sector 16A, Noida – 201 301, Uttar Pradesh. The Demerged Company is engaged in (i) the business of consultation services to companies engaged in the oil and gas sector, and (ii) the business of consumer products (including in a mall or hyper market format), whole sale cash and carry trade and leasing.
- B. **Jubilant Industries Limited** (hereinafter referred to as “**JIL**”), is an existing listed public company incorporated under the Act (as defined hereinafter) on February 23, 2007 and has its registered office at Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar – 244 223, Uttar Pradesh . The shares of JIL are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- C. **Jubilant Agri and Consumer Products Limited** (hereinafter referred to as “**JACPL**”), a wholly owned subsidiary of JIL, is an existing company incorporated under the Act (as defined hereinafter) on August 21, 2008 and has its registered office at Plot No 1A, Sector 16A, Institutional Area, Noida – 201 301, Uttar Pradesh. JACPL is authorised by its constitutional documents to engage in the manufacture and sale of agri and consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business.
- D. In terms of Section II of this Scheme, it is now proposed, *inter alia*, to demerge the Demerged Undertaking (as defined hereinafter) of the Demerged Company and vest the same with JACPL.
- E. The demerger and vesting of the Demerged Undertaking (as defined hereinafter) of the Demerged Company with JACPL, pursuant to and in accordance with this Scheme, shall be in accordance with Section 2(19AA) of the IT Act.

**Rationale:**

The management of JACPL intends to focus on the consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business. In furtherance to this objective, management of JACPL intends to acquire the Demerged Undertaking (as defined hereinafter) from the Demerged Company. Consolidation of the business of the Demerged Undertaking (as defined hereinafter) would enable JACPL to provide greater management focus on tapping the growth potential in the consumer products business (including in a mall or hyper market format), whole sale cash and carry trade business and the leasing business, together with providing synergies for the distribution and sale of consumer products, whole sale cash and carry trade and the leasing.

Further, demerger of the Demerged Undertaking (as defined hereinafter) and vesting of the same with JACPL would enable JACPL to attract a different set of investors, strategic partners and lenders who can bring relevant experience for high growth of the business.

Currently, the Demerged Company operates its various businesses as separate divisions, of which the core business is of providing consultation services, including the provision of business support services to companies in the oil and gas sector. With a view to achieving greater management focus on its core business of consulting and the provision of business support services to companies in the oil and gas sector, and in order to consolidate and expand the business of the Demerged Undertaking (as defined hereinafter), the management of the Demerged Company proposes to demerge the business of the Demerged Undertaking (as defined hereinafter) and vest the same with JACPL.

Demerger of the Demerged Undertaking (as defined hereinafter) and vesting of the same with JACPL would be in the best interests of the shareholders, creditors and employees of the Demerged Company and JACPL, as it would result in enhancement of shareholder value, operational efficiencies and greater focus and would enable better management of each of the Demerged Company and JACPL. In view of the above reasons, it is considered desirable and expedient to demerge the Demerged Undertaking (as defined hereinafter) and vest the same with JACPL.

**1. DEFINITIONS**

For the purposes of Section II of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- 1.1 “**Demerged Company**” means Enpro Oil Private Limited, incorporated under the Act, having its registered office at Plot No. 1A, Sector 16A, Noida – 201 301 Uttar Pradesh.
- 1.2 “**Demerged Undertaking**” means the undertaking of the Demerged Company, pertaining to, the sale of consumer products (including in a mall or hyper market format), whole sale cash and carry trade and the leasing which shall be inclusive of, but not limited to:
- (i) all assets, whether moveable or immovable, including all rights, title, interest, cash and bank balances, bills of exchange, covenants and undertakings of the Demerged Undertaking. The immovable assets are more particularly listed in **Schedule 2**;
  - (ii) all investments, loans and advances, including accrued interest thereon, of the Demerged Undertaking;
  - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, of the Demerged Undertaking, including without limitation:
    - a. the liabilities which arise out of the activities or operations of the Demerged Undertaking;
    - b. the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of the Demerged Undertaking; and
    - c. the general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of the assets of the Demerged Company immediately before the demerger of the Demerged Undertaking and vesting of the same with JACPL;
  - (iv) all permits, rights, entitlements, licenses, approvals, clearances, tenancies, offices, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax), trademarks, service marks, privileges and benefits of all contracts, agreements and all other rights including licenses, powers and facilities of every kind and description whatsoever of the Demerged Undertaking;
  - (v) all employees of the Demerged Company relating to the Demerged Undertaking;
  - (vi) all earnest monies and/or security deposits or other entitlements of the Demerged Undertaking; and



(vii) all books, records, files, papers, computer programs along with licences, engineering and process information, manuals, data, catalogues, quotations, websites, sales and advertising material, list of present and former customers, customer credit information, customer pricing information, and other records whether in physical form or electronic form in connection with or relating to the Demerged Undertaking.

1.3 **“Demerger Record Date”** shall have the meaning ascribed to it in Clause 4.1 in Section II of the Scheme.

1.4 **“Stock Exchange”** means the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The expressions, which are used in Section II of the Scheme and not defined in Section II of the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as are ascribed to them in Section I of this Scheme.

## 2. SHARE CAPITAL

2.1 The Share Capital of the Demerged Company, as on March 31, 2011 is as under:

	(Rs.)
<b>Authorized Capital</b>	
50,000,000 Equity Shares of Rs. 10 each	500,000,000
<b>Issued, Subscribed and Paid-up Capital</b>	
42,587,944 Equity Shares of Rs. 10 each	425,879,440

**Note:** The Demerged Company has filed a petition before the Court, for reduction of its issued, subscribed and paid up share capital. With effect from April 1, 2011, upon the Court sanctioning the said reduction in the issued, subscribed and paid up share capital of the Demerged Company, its issued, subscribed and paid up share capital shall be Rs.84,377,650.

2.2 The Share Capital of JACPL, as on March 31, 2011, is as under:

	(Rs.)
<b>Authorized Capital</b>	

50,000 Equity Shares of Rs. 10 each	500,000
<b>Issued, Subscribed and Paid-up Capital</b>	
50,000 Equity Shares of Rs. 10 each	500,000

2.3 The Share Capital of JIL, as on March 31, 2011, is as under:

	(Rs.)
<b>Authorized Capital</b>	
10,000,000 Equity Shares of Rs. 10 each	100,000,000
<b>Issued, Subscribed and Paid-up Capital</b>	
8,014,056 Equity Shares of Rs. 10 each	80,140,560

#### PART B

### 3. **DEMERGER OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY AND VESTING OF THE SAME WITH JACPL**

3.1 Subject to the provisions of Section II of the Scheme in relation to the modalities of demerger and vesting, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Demerged Undertaking shall be demerged from the Demerged Company and vest with JACPL, on a going concern basis, without any further act or deed, together with all its assets, investments, rights, benefits and interests therein, subject to existing charges thereon in favour of banks and financial institutions, as the case may be, and by virtue of the order passed by the Court, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Demerged Undertaking, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in JACPL, without any act or deed done by the Demerged Company or JACPL. With effect from the Appointed Date, JACPL shall be entitled to exercise all

rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to such immovable properties shall be made and duly recorded in the name of JACPL by the appropriate authorities pursuant to the sanction of the Scheme by the Court and Section II of the Scheme becoming effective in accordance with the terms hereof. The Demerged Company shall take all steps as may be necessary to ensure that lawful and peaceful right, title, interest of the immovable property in relation to the Demerged Undertaking is given to JACPL.

- b. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Demerged Company relating to the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand vested in JACPL, and shall become the property and an integral part of JACPL. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical delivery or by endorsement and delivery, as appropriate to the property being vested and the title to such property shall be deemed to have transferred accordingly.
- c. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all sundry debts, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons and investments relating to the Demerged Undertaking shall without any act, instrument or deed become the property of JACPL.
- d. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties, obligations and guarantees, secured or unsecured (whether in Indian rupees or foreign currency), whether provided for or not in the books of accounts or disclosed in the balance sheet of the Demerged Undertaking, including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act shall become and be deemed to be the debts, liabilities, contingent liabilities, duties, obligations and guarantees of JACPL. If any lender of the Demerged Company requires satisfaction of the charge over the Demerged Company's properties and recordal of a new charge with JACPL, the Demerged Company and JACPL shall for good order and for statistical purposes, file appropriate forms with the Registrar of Companies, Uttar Pradesh and Uttarakhand.
- e. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property

of the Demerged Undertaking shall stand vested in JACPL and shall become the property and an integral part of JACPL without any act or deed of the Demerged Company or JACPL.

- f. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company to which it is a party or to the benefit of which it may be entitled, shall be in full force and effect against or in favour of JACPL and may be enforced as fully and effectually as if, instead of the Demerged Company, JACPL had been a party or beneficiary or obligee thereto.
- g. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all licenses and registrations including relating to copyrights, trademarks, service marks, patents, domain names, application for copyrights, privileges, powers and facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company to which it is party or to the benefit of which the Demerged Company may be entitled, shall be enforceable as fully and effectually as if, instead of the Demerged Company, JACPL had been a party or beneficiary or obligee thereto.
- h. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including sales tax, service tax, excise, value added tax), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, Employee State Insurance or rights required to carry on the operations of the Demerged Undertaking of the Demerged Company or granted to the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred to JACPL, without further act or deed, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of JACPL upon demerger of the Demerged Undertaking and vesting of the same with JACPL pursuant to Section II of this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of the Demerged Company shall vest in and become available to JACPL pursuant to Section II of this Scheme.
- i. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, JACPL shall bear the burden and the

benefits of any legal or other proceedings initiated by or against the Demerged Company in respect of the Demerged Undertaking.

If any suit, appeal or other proceeding of whatsoever nature by or against the Demerged Company, in respect of the Demerged Undertaking, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the demerger of Demerged Undertaking or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against JACPL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made. Upon Section II of the Scheme coming into effect on the Effective Date, JACPL undertakes to have such legal or other proceedings initiated by or against the Demerged Company, in respect of the Demerged Undertaking, transferred in its name and to have the same continued, prosecuted and enforced by or against JACPL to the exclusion of the Demerged Company. JACPL also undertakes to handle all legal or other proceedings which may be initiated against the Demerged Undertaking of the Demerged Company after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Demerged Company may be called upon to pay or secure in respect of any liability or obligation relating to the Demerged Undertaking of the Demerged Company for the period up to the Effective Date.

- j. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Demerged Undertaking immediately before such date shall become employees of JACPL with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such demerger and without any break or interruption in service. It is clarified that such employees of the Demerged Company that become employees of JACPL by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such demerger and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of JACPL, unless and otherwise so stated by JACPL in writing in respect of all employees, class of employees or any particular employee. JACPL undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company in respect of such employees with their respective employees / employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the

Demerged Company, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, JACPL shall stand substituted for the Demerged Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Demerged Company (or an affiliate of the Demerged Company on behalf of the Demerged Company) for its employees being transferred to JACPL pursuant to this Scheme shall be continued by JACPL for the benefit of such employees on the same terms and conditions. In the event, JACPL does not have its own funds, it may, subject to applicable laws, regulations, approvals and permissions, continue to contribute to the relevant funds created or used by the Demerged Company (or of an affiliate of the Demerged Company, as the case may be, or the relevant funds created/used by JIL), until such time as JACPL creates its own funds, at which time the relevant funds and investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the relevant funds of JACPL. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Demerged Company in relation to such schemes or funds shall become those of JACPL. Further, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Demerged Company shall be continued/continue to operate against the relevant employee and shall be enforced by JACPL.

- k. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes of any nature, duties, cess or any other like payment or deductions made by the Demerged Company to any statutory authorities such as income tax, service tax, value added tax etc. or any tax deduction or collection at source, service tax input credit receivables, in relation to the Demerged Undertaking and relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been on account of or on behalf of or paid by JACPL. Further, all business losses and unabsorbed depreciation of the Demerged Company relating to the Demerged Undertaking shall be treated as business loss and unabsorbed depreciation of JACPL and be available to JACPL for carry forward and set off against tax on future taxable income in accordance with provisions of Sec 72A of the IT Act.
- l. Upon Section II of the Scheme coming into effect and with effect from the Appointed Date, all taxes payable by the Demerged Company in relation to

the Demerged Undertaking including all or any refunds of claims shall be treated as the tax liability or refunds/claims as the case may be, of JACPL, and JACPL shall be entitled to file/revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme.

- m. JACPL shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Company to which the Demerged Company is a party, in order to give formal effect to the above provisions. JACPL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writing on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on behalf of the Demerged Company.
- n. With effect from the Appointed Date and upto and including the Effective Date:
  - i. the Demerged Company shall carry on and be deemed to have been carrying on all the business and activities of the Demerged Undertaking, for and on behalf of and in trust for JACPL.
  - ii. All profits / losses accruing to the Demerged Company in relation to the Demerged Undertaking and all taxes thereon arising or incurred by it, in relation to the Demerged Undertaking shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of JACPL.
  - iii. All accretions and depletions in relation to the Demerged Undertaking shall be for and on account of JACPL.

## **PART C**

### **4. SHARE EXCHANGE RATIO AND THE ACCOUNTING TREATMENT**

- 4.1 Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, and upon the demerger of the Demerged Undertaking and vesting of the same with JACPL, the board of directors of the Demerged Company in consultation with the board of directors of JIL shall determine a record date, being a date subsequent to the filing of the order of the Court sanctioning the Scheme with the Registrar of Companies, Uttar Pradesh and Uttarakhand ("**Demerger Record Date**") for allotment of fully paid-up equity shares of face value Rs. 10 each of JIL to the shareholders of the Demerged Company as on the Demerger Record Date.

- 4.2 The exchange ratio stated in Clause 4.3 of Part C of Section II of this Scheme has been determined by the boards of directors of the Demerged Company and JIL or committees thereof based on their independent judgment after taking into consideration the recommendation of share exchange ratio provided by independent valuers, Price Waterhouse & Co, and assuming confirmation of reduction of issued, subscribed and paid up share capital of the Demerged Company, as referred to in Clause 2.1 of Section II of this Scheme.
- 4.3 The boards of directors of JIL, JACPL and the Demerged Company or committees thereof have determined the share exchange ratio as 10:22. For every 22 equity shares of face value Rs. 10 each held in the Demerged Company, as on the Demerger Record Date, the equity shareholders of the Demerged Company shall be issued 10 (ten) equity shares of face value Rs. 10 each of JIL, credited as fully paid-up in JIL. Accordingly, a total of 3,835,348 new equity shares of face value Rs. 10 each will be issued by JIL. JIL shall, without any further act or deed, issue and allot to every equity shareholder of the Demerged Company on the Demerger Record Date, the requisite number of equity shares in JIL. The said equity shares in JIL to be issued to the shareholders of the Demerged Company pursuant to this Clause shall rank *pari passu* in all respects with the existing equity shares of JIL.
- 4.4 It is hereby clarified that no equity shares shall be issued by JIL to any equity shareholder of the Demerged Company in respect of fractional entitlements, if any, as on the Demerger Record Date, of such equity shareholder, at the time of issue and allotment of equity shares by JIL. The board of directors of JIL shall instead consolidate all such fractional entitlements, (ignoring any fraction remaining after such consolidation), and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of JIL or such other person as the board of directors of JIL shall appoint in this behalf ("Trustee") who shall hold such equity shares in trust for all such equity shareholders of the Demerged Company who are entitled to such fractional balances, with the express understanding that such Trustee, be bound by the express understanding to cause the sale of such shares at such time(s), at such price(s) and to such person(s) as the Trustee may deem fit and the net sale proceeds thereof, deposited with JIL (i.e., after deduction therefrom of expenses incurred in connection with the sale), shall be distributed by JIL to the relevant equity shareholders in proportion to their respective fractional entitlements.
- 4.5 On the approval of the Scheme by the members of JIL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded their consent under Section 81(1A) or other provisions of the Act and the memorandum and articles of association of JIL, as may be applicable, for the aforesaid issuance of equity shares of JIL to the shareholders of the Demerged Company.



- 4.6 JIL shall increase the authorized equity share capital from 10,000,000 equity shares of Rs.10 each, aggregating to Rs.100,000,000 to 15,000,000 equity shares of Rs.10 each, aggregating to Rs.150,000,000, for the purpose of issue of equity shares in terms of clause 4.3 of Part C of Section II of this Scheme. On the approval of the Scheme by the members of JIL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded their consent under Sections 16 and 94 or other provisions of the Act and the memorandum and articles of association of JIL, as may be applicable, for the increase in the authorized equity share capital of JIL.
- 4.7 Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, pursuant to the demerger of the Demerged Undertaking and vesting of the same with JACPL, the difference arising between the net book value of assets over the liabilities of the Demerged Undertaking, shall be recorded as capital reserve in the books of JACPL. In case the net book value of liabilities exceeds the net assets acquired, the difference shall be recorded as goodwill in books of JACPL.
- 4.8 Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, pursuant to the demerger of the Demerged Undertaking and vesting of the same with JACPL, JIL shall credit its share capital account with the aggregate face value of equity shares issued pursuant to Clause 4.3 of Part C of Section II of this Scheme and correspondingly the reserves shall be debited in the following order:
- (i) Capital reserve;
  - (ii) Securities premium account;
  - (iii) General reserve; and
  - (iv) Surplus in profit and loss account.
- 4.9 Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, pursuant to the demerger of the Demerged Undertaking and vesting of the same with JACPL, the Demerged Company shall reduce from its accounts, the book value of the assets and liabilities pertaining to the Demerged Undertaking.
- 4.10 Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, pursuant to the demerger of the Demerged Undertaking and vesting of the same with JACPL, the difference in the book value of the assets and liabilities pertaining to the Demerged Undertaking transferred by the Demerged Company shall be transferred to a business restructuring reserve of the Demerged Company. The business restructuring

reserve shall be a free reserve, to be used for any purpose, other than for payment of dividend.

**5. LISTING OF THE SHARES ISSUED BY JIL**

- 5.1 Equity shares issued by JIL to the shareholders of the Demerged Company, as on the Demerger Record Date, in accordance with the provisions of this Scheme, shall be listed and admitted to trading on the Stock Exchanges, where the equity shares of JIL are listed and are admitted to trading.

## SECTION III

### GENERAL TERMS AND CONDITIONS APPLICABLE TO SECTION I & II

#### 1.1 DEFINITIONS

For the purpose of Section III of this Scheme, unless repugnant to the context hereof, the following expression shall have the meanings as mentioned herein below:

- (a) **“EOPL Reference Balance Sheet”** means the Demerged Company's reference balance sheet as of the Appointed Date, giving effect to this Scheme, which has been filed along with this Scheme as **Schedule 3**.
- (b) **“JACPL Reference Balance Sheet”** means JACPL's reference balance sheet as of the Appointed Date, giving effect to this Scheme, which has been filed along with this Scheme as **Schedule 4**.
- (c) **“JIL Reference Balance Sheet”** means JIL's reference balance sheet as of the Appointed Date, giving effect to this Scheme, which has been filed along with this Scheme as **Schedule 5**.

Such of the terms used in this Section III of the Scheme, but not defined in Section III of the Scheme shall have the meanings ascribed to them, respectively, in Section I and / or Section II of this Scheme, as the context may require.

#### 1.2 APPLICATION TO THE HIGH COURT

Each of JIL, JACPL and the Demerged Company shall make applications/petitions under Sections 391 through 394 and other applicable provisions of the Act to the Court, for sanction of this Scheme and all matters ancillary or incidental thereto.

#### 1.3 EFFECTIVENESS OF THE SCHEME

Upon the sanction of the Scheme and after the Scheme has become effective upon completion of the conditions listed in Clause 1.5 of this Section III, with effect from the Appointed Date-

- (i) the vesting of the ACP Undertaking of the Transferor Company with the Transferee Company by way of a Slump Sale, shall be deemed to have occurred, in accordance with applicable laws; and

- (ii) the demerger of the Demerged Undertaking of the Demerged Company and vesting of the same with JACPL, in accordance with Section 2 (19AA) of the IT Act shall be deemed to have occurred,

simultaneously, with each other.

#### **1.4 MODIFICATIONS/AMENDMENTS TO THE SCHEME**

##### **(a) Modification of Section I of the Scheme**

The Transferor Company and the Transferee Company, through their respective boards of directors (which shall include any committee constituted by the respective boards), may assent to any modifications/amendments to Section I of the Scheme and / or the relevant provisions of Section II and / or Section III of the Scheme and / or to any conditions or limitations that the Court and / or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Each of the Transferor Company and the Transferee Company, through their respective authorized representatives, be and are hereby authorized 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 orders of any authority or otherwise, howsoever arising out of or under or by virtue of Section I of the Scheme and/or any matter concerned or connected therewith.

##### **(b) Modification of Section II of the Scheme**

Each of JIL, the Demerged Company and JACPL, through their respective boards of directors (which shall include any committee constituted by the respective boards), may assent to any modifications/amendments to Section II of the Scheme and / or the relevant provisions of Section I and Section III of the Scheme and / or to any conditions or limitations that the Court and / or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Each of JIL, the Demerged Company and JACPL, through their respective authorized representatives, be and are hereby authorized 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 orders of any authority or otherwise, howsoever arising out of or under or by virtue of Section II of the Scheme and/or any matter concerned or connected therewith.

## **1.5 CONDITIONALITY OF THE SCHEME**

- 1.5.1 Section I of this Scheme is and shall be conditional upon and subject to being approved by the requisite majorities in number and value of such classes of persons including the respective members and creditors of each of the Transferor Company and the Transferee Company as may be directed by the Court or any other competent authority, as may be applicable.
- 1.5.2 Section II of this Scheme is and shall be conditional upon and subject to being approved by the requisite majorities in number and value of such classes of persons including the respective members and creditors of each of JIL, the Demerged Company and JACPL as may be directed by the Court or any other competent authority, as may be applicable.
- 1.5.3 The Scheme being sanctioned by the Court under Sections 391-394 of the Act.
- 1.5.4 The receipt of requisite governmental or regulatory approvals and consents if any, in respect of the implementation of the Scheme.
- 1.5.5 Certified copies of the orders of the Court sanctioning this Scheme being filed with the Registrar of Companies, Uttar Pradesh and Uttarakhand, by the Demerged Company, JIL and JACPL.

## **1.6 EFFECT OF NON-RECEIPT OF APPROVALS**

- 1.6.1 In the event, any of Section I or Section II of the Scheme not being sanctioned by the Court or such other competent authority, the Section not sanctioned shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided for in the Scheme or as may otherwise arise in law.
- 1.6.2 Section I of the Scheme and Section II of the Scheme are severable, and any revocation, cancellation or ineffectiveness of any one Section of the Scheme shall not affect the effectiveness of the other Section of the Scheme.

## **1.7 COSTS, CHARGES AND EXPENSES**

Each of JIL, Demerged Company and JACPL shall bear all its costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.

## **1.8 FILING / AMENDMENT OF RETURNS**

Each of the Demerged Company, JIL and JACPL are expressly permitted to file/revise their income tax, wealth tax, service tax, value added tax and other statutory returns, consequent to the Scheme becoming effective, notwithstanding that the period for filing/ revising such returns may have lapsed. Each of the Demerged Company, JIL and JACPL are expressly permitted to amend tax deduction at source and other statutory certificates and shall have the right to claim refunds, advance tax credits, set offs and adjustments relating to their respective incomes / transactions from the Appointed Date.

## **1.9 STAMP DUTY**

### **(A) Vesting of the ACP Undertaking of the Transferor Company with the Transferee Company, by way of Slump Sale**

No stamp duty shall be payable in respect of the vesting of the ACP Undertaking of the Transferor Company with the Transferee Company, by way of Slump Sale, for the following reasons:

- (a) the registered office of the Transferor Company and the Transferee Company is located in Uttar Pradesh, where, in terms of Indian Stamp Act, 1899 (as applicable to Uttar Pradesh), a Court's order sanctioning the Scheme under Sections 391 through 394 of the Act is not required to be stamped, and definition of "conveyance" has not been amended to include Court's order sanctioning the Scheme under Sections 391 through 394 of the Act.
- (b) in Uttar Pradesh, notification no. M.599/X – 501 dated March 25, 1942 issued by the Finance Department, Central Board of Revenue, provides for remittance of stamp duty chargeable on instruments evidencing transfer of property in cases:
  - (i) where at least 90% of the issued share capital of the transferee company is in the beneficial ownership of the transferor company, or
  - (ii) where transfer takes place between a parent company and a subsidiary company, one of which is the beneficial owner of not less than 90 per cent of the issued share capital of the other, or
  - (iii) where the transfer takes place between two subsidiary companies of each of which not less than 90% of the share capital is in the beneficial ownership of a common parent company;

Since the Transferor Company owns 100% of the issued share capital of the Transferee Company, the benefit of the above notification will be available.

**(B) Demerger of the Demerged Undertaking from the Demerged Company and vesting of the same with JACPL, pursuant to Section II of this Scheme**

No stamp duty shall be payable in respect of the demerger of the Demerged Undertaking of the Demerged Company and vesting of the same with JACPL as the registered office of the Demerged Company and JACPL is located in Uttar Pradesh, where, in terms of Indian Stamp Act, 1899 (as applicable to Uttar Pradesh), a Court's order sanctioning the Scheme under Sections 391 through 394 of the Act is not required to be stamped, and definition of "conveyance" has not been amended to include Court's order sanctioning the Scheme under Sections 391 through 394 of the Act.

**1.10 REFERENCE BALANCE SHEETS**

- (a) The EOPL Reference Balance Sheet is annexed hereto as **Schedule 3**.
- (b) The JACPL Reference Balance Sheet is annexed hereto as **Schedule 4**.
- (c) The JIL Reference Balance Sheet is annexed hereto as **Schedule 5**.

**A LAND****1 Free Hold Land**

SI No	Description	Location	Year of Purchase	Date of Commissioning
1	LAND SQ MTR - 798.234/VILLAGE - Tigaria bhoor/BHARTIAGRAM, GAJRAULA, JYOTIBA PHOOLAY NAGAR-UP	GAJRAUALA	1982-83	02-May-1982
2	LAND SQ MTR - 4753.81/VILLAGE - Tigaria bhoor/BHARTIAGRAM, GAJRAULA, JYOTIBA PHOOLAY NAGAR-UP	GAJRAUALA	1982-83	02-May-1982
3	UDAIPUR LANT AT CHITTORGARH-135800 SQ MTR VILLAGE SINGHPUR, TEHSIL-KAPASAN DISTT. CHITTORGARH RAJASTHAN	CHITORGARH	2006-07	01-Apr-2006

**2 Lease Hold Land**

SI No	Description	Location	Year of Purchase	Date of Commissioning
1	LAND LEASE HOLD-A4 UPSIDC 49160 SQ MTR BHARTIAGRAM, GAJRAULA, JYOTIBA PHOOLAY NAGAR-UP	GAJRAUALA	1992-93	01-Apr-1992
2	Leasehold Land (Plot No. C-3), At Site-IV, Industrial Area Sahibabad (Ghaziabad)	SAHIBABAD	1987	1987
3	Leasehold Land (Plot No. C-2), At Site-IV, Industrial Area Sahibabad (Ghaziabad)	SAHIBABAD	1994	1994

**B. Building****1 Factory Building**

SI No	Description	Location	Year of Purchase	Date of Commissioning
1	CENTRAL WORKSHOP	GAJRAUALA	1992-93	01-Apr-1992
2	CENTRAL STORE	GAJRAUALA	1992-93	01-Apr-1992
3	ELECTRICAL SUBSTATION	GAJRAUALA	1992-93	01-Apr-1992
4	D G SHED	GAJRAUALA	1992-93	01-Apr-1992
5	SAP CONTROL ROOM	GAJRAUALA	1992-93	01-Apr-1992
6	SAP BLOWER HOUSE	GAJRAUALA	1992-93	01-Apr-1992
7	WORKERS TOILET	GAJRAUALA	1992-93	01-Apr-1992
8	GREEN SSP GODOWN	GAJRAUALA	1992-93	01-Apr-1992
9	GRANULATION SSP SHED	GAJRAUALA	1992-93	01-Apr-1992
10	EXTENSION -GSSP (ROCK) GODOWN	GAJRAUALA	1992-93	01-Apr-1992
11	SHED FOR PACKED BAGS STORAGE	GAJRAUALA	1992-93	01-Apr-1992
12	EXTEN-TO SHED FOR PACKED	GAJRAUALA	1992-93	01-Apr-1992
13	SULPHUR STORAGE YARD	GAJRAUALA	1992-93	01-Apr-1992
14	F.O.TANK	GAJRAUALA	1992-93	01-Apr-1992
15	HDPE BAGS SHED	GAJRAUALA	1995-96	30-Sep-1995



16	FITTER OPERATOR ROOM-GSSP	GAJRAUALA	1996-97	20-Jan-1997
17	EXTENTION OF HDPE BAGS SHED	GAJRAUALA	1996-97	25-Jul-1996
18	MAINT. ROOM FOR D.G.SECTION	GAJRAUALA	1996-97	02-Nov-1996
19	NEW SSP SHED	GAJRAUALA	1996-97	31-Jul-1996
20	COMMERCIAL OFFICE BLOCK	GAJRAUALA	1992-93	01-Apr-1992
21	TEMP STORAGE-SAP CONTROL	GAJRAUALA	1992-93	01-Apr-1992
22	TEMPORARY OFFICE FOR P&A	GAJRAUALA	1992-93	01-Apr-1992
23	TEMPORARY TOILETS	GAJRAUALA	1992-93	01-Apr-1992
24	TEMPORARY SECURITY OFFICE	GAJRAUALA	1992-93	01-Apr-1992
25	TEMPOFFICE FOR PROCESS ENGNRS	GAJRAUALA	1992-93	01-Apr-1992
26	TEMP BLOCK - SECURITY GUARDS	GAJRAUALA	1992-93	01-Apr-1992
27	TEMPORARY OFFICE FOR MANAGERS	GAJRAUALA	1992-93	01-Apr-1992
28	TEMPORARY MAINTENANCE STORES	GAJRAUALA	1992-93	01-Apr-1992
29	CYCLE STAND	GAJRAUALA	1992-93	01-Apr-1992
30	ROAD	GAJRAUALA	1992-93	01-Apr-1992
31	SITE DEVELOPMENTS	GAJRAUALA	1992-93	01-Apr-1992
32	BARBED WIRE FENCING	GAJRAUALA	1992-93	01-Apr-1992
33	BUILDING RECORD ROOM	GAJRAUALA	1994-95	14-Nov-1994
34	TUBEWELL	GAJRAUALA	1996-97	21-Jun-1996
35	CYCLE STAND	GAJRAUALA	1996-97	01-Apr-1996
36	RECORD ROOM-COMMERCIAL DEPT	GAJRAUALA	1997-98	20-Apr-1997
37	EXTEN- SHED IN SAP CAPEX S-11	GAJRAUALA	1998-99	30-Apr-1998
38	HDPE BAGS YARD CAPEX G-3	GAJRAUALA	1998-99	30-Apr-1998
39	ROCK&SSP STORAGE SHED (S1& S2)	CHITORGARH	2007-08	17-Mar-2008
40	SSP PROCESS SHED	CHITORGARH	2007-08	17-Mar-2008
41	MCC&PLC ROOM-SSP PLANT (S4&S5)	CHITORGARH	2007-08	17-Mar-2008
42	SSP PACKING SHED&FOUNDATION	CHITORGARH	2007-08	17-Mar-2008
43	GSSP PROCESS SHED	CHITORGARH	2007-08	17-Mar-2008
44	MCC ROOM FOR GSSP PLANT	CHITORGARH	2007-08	17-Mar-2008
45	UNDER GROUND WATER TANK	CHITORGARH	2007-08	17-Mar-2008
46	STORES & WORK SHOP	CHITORGARH	2007-08	17-Mar-2008
47	PRODUCTION OFFICE & LABORATORY	CHITORGARH	2007-08	17-Mar-2008
48	PCC ROOM	CHITORGARH	2007-08	17-Mar-2008
49	DG SHED	CHITORGARH	2007-08	17-Mar-2008
50	POLLUTION EQUIPMENT AREA BLOCK	CHITORGARH	2007-08	17-Mar-2008
51	ACID STORAGE TANK BLOCK	CHITORGARH	2007-08	17-Mar-2008
52	FURNACE OIL STORAGE AREA	CHITORGARH	2007-08	17-Mar-2008
53	GASIFIRE SHED-CHITORGARH	CHITORGARH	2008-09	30-Apr-2008
54	Extension of Rock Yard	CHITORGARH	2010-11	31-Mar-2011
55	WBM	CHITORGARH	2010-11	31-Mar-2011

56	Security Office, ,	SAHIBABAD	1990-91	1990-91
57	Transformer Room	SAHIBABAD	1990-91	1990-91
58	Loading Shed	SAHIBABAD	1990-91	1990-91
59	Utility Shed at Plot No. C-3	SAHIBABAD	1990-91	1990-91
60	Main Factory Shed including PVA Prod. Shed, RBA Prod. Shed, BSR Shed	SAHIBABAD	1990-91	1990-91
61	Raw Material Stores, PM Stores & Putty Plant	SAHIBABAD	1996-97	1996-97
62	Engg. Workshop & Health Centre	SAHIBABAD	1993-94	1993-94
63	Car Shed, Hazardous Waste Shed & Scrap Shed	SAHIBABAD	2007-08	2007-08
64	Engineering Office	SAHIBABAD	1993-94	1993-94
65	Drum Shed without Walls	SAHIBABAD	1999-00	1999-00
66	Boundry Wall (with gates & Partition)78 running Meters	SAHIBABAD	1988-89	1988-89
67		SAHIBABAD	2010-11	2010-11

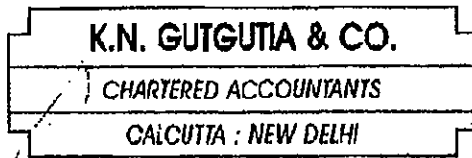
## 2 Other Building

SI No	Description	Location	Year of Purchase	Date of Comissioning
1	OPEN STORAGE -PACK SSP&GSSP	CHITORGARH	2007-08	17-Mar-2008
2	SECURITY ROOM	CHITORGARH	2007-08	17-Mar-2008
3	TIME OFFICE	CHITORGARH	2007-08	17-Mar-2008
4	WEIGH BRIDGE ROOM	CHITORGARH	2007-08	17-Mar-2008
5	COMPOUND WALL OF LAND	CHITORGARH	2007-08	17-Mar-2008
6	TRUCK PARKING	CHITORGARH	2007-08	17-Mar-2008
7	WORKER AMENITIES	CHITORGARH	2007-08	17-Mar-2008
8	ROADS & CALVERTS	CHITORGARH	2007-08	17-Mar-2008
9	DRAINERS	CHITORGARH	2007-08	17-Mar-2008
10	NOC RAIN WATER HARVESTING	CHITORGARH	2008-09	08-Dec-2008
11	CONSULTANCY FOR ADMN	CHITORGARH	2008-09	02-May-2008
12	CONSULTANCY ENGI FOR ADMN	CHITORGARH	2008-09	30-Jan-2009
13	RAIN WATER HARVESTING-CHITRGRH	CHITORGARH	2008-09	31-Dec-2008
14	DISPENSARY & CANTEEN-CHITORH	CHITORGARH	2008-09	30-Sep-2008
15	ERECTION ADMN OFFICE CHITORGRH	CHITORGARH	2008-09	30-Sep-2008
16	CAR PARKING-CHITORGARH	CHITORGARH	2008-09	30-Sep-2008
17	TOILETS-CHITORGARH	CHITORGARH	2008-09	30-Sep-2008
18	WOOD STORAGE AREA	CHITORGARH	2008-09	30-Apr-2008
19	Administrative Building at Plot No.C-3 having two floors (Ground Floor & 1st Floor)(Each 123 Sq Metre)	SAHIBABAD	1990-92	1990-92
20	Bitumin Roads at Plot No.C-3 798 Sq Mts. & C-2 821 Sq Mts	SAHIBABAD	1990-91	1990-91
21	Tubewell at plot No. C-3	SAHIBABAD	1989-90	1989-90
22	Water Tanks	SAHIBABAD	1992-93	1992-93

ENPRO OIL P LTD

**LIST OF IMMOVABLE PROPERTIES**

SI No	Description	Location	Address
1	Right to use lease hold properties	Mysore Road	M/s Gopalan Enterprises, No.148, Mysore Road, Bangalore-560 026.
2	Right to use lease hold properties	Madiwala	Total Mall, Madiwala Commercial Plaza, Hosur Main Road, Madiwala, Bangalore - 560 068
3	Right to use lease hold properties	Sarjapur	Total Mall, Survey No:12/5, Kaikondarahalli, Varthur Hobli, Sarjapur Main Road, Bangalore - 560 035.
4	Right to use lease hold properties	Old Airport Road	Total Mall, No:97, Old Airport Road, Murugeshpalya, Bangalore - 560 017.
5	Right to use lease hold properties	Mahadevapura	Survey no: 36/5, Doddanekundi Village, K R Puram Hobli, Bangalore - 560 037.
6	Right to use lease hold properties	White Field	Survey no: 10 & 12, Ramagondanahalli Village, Varthur Hobli, White Field Road, Opp. Brigade Harmony - Apartments , Bangalore East Taluk, Bangalore
7	Right to use lease hold properties	Kudluate,	Survey no. 48/3, KSSP Complex, Warehouse # 3, 5/1, 5/2, 6, 6/1, &7, 12th KM, Hosur Main Road, Bangalore 560 068.
8	Right to use lease hold properties	Kudluate,	Survey no: 48/4 (B & C), Hongasandra Village, Begur Taluk, 12th KM, Kudluate, Hosur Road, Bangalore - 560 068.



30<sup>th</sup> May, 2011

The Board of Directors,  
Enpro Oil Pvt. Limited ,  
1A , Sector 16 A  
Noida , 201301  
Uttar Pradesh.

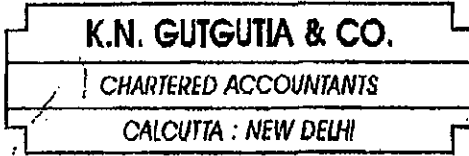
Dear Sirs,

**Subject: Effect Of, Capital Reduction and Scheme of Arrangements among Enpro Oil Pvt Limited, Jubilant Industries Limited, Jubilant Agri and Consumer Limited and their respective Shareholders & Creditors, in the Opening Reference Balance Sheet of Enpro Oil Private Limited on commencement of Business on 1<sup>st</sup> April, 2011**

We refer to our engagement letter dated 9<sup>th</sup> May 2011 regarding the above-mentioned subject and as requested we have reviewed the attached Opening Reference Balance Sheet of Enpro Oil Pvt Limited, Post Capital Reduction/pre demerger and Post Demerger of Consumer Products division on commencement of business on 1<sup>st</sup> April 2011, pursuant to the above mentioned scheme, stamped and initialed by us for identification, with the following:

1. Draft Scheme of Arrangements among Enpro Oil Pvt Limited, Jubilant Industries Limited, Jubilant Agri and Consumer Limited and their respective shareholders and creditors.
2. Audited balance sheet of Enpro Oil Pvt Ltd as at 31<sup>st</sup> March 2011 .
3. Divisional Balance Sheet of Oil Division and Consumer Products Division of Enpro Oil Pvt. Ltd. (EOPL) as at 31<sup>st</sup> March 2011 as per the agreed upon procedure report dated 11<sup>th</sup> May, 2011 of their auditors .
4. Board Resolution Dt. 9<sup>th</sup> May ,2011 of Enpro Oil Pvt. Ltd .and Capital Reduction petition of Enpro Oil Pvt. Ltd filed with Hon'ble Allahabad High Court on 24<sup>th</sup> May,2011 .
5. Adjustments to the Reference Balance Sheet as at 1<sup>st</sup> April 2011 arising on the accounting entries passed to give affect of Capital Reduction and to the Scheme of Arrangements.

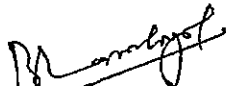




The attached Reference Balance Sheet has been prepared by the Company and is the responsibility of Company's management. Our responsibility is to issue a report on this balance sheet based on our review as aforesaid. Consequently, we have not performed an audit in accordance with Generally Accepted Auditing Standards and do not express an audit opinion.

Based on our review as aforesaid and according to the information and explanations given to us, we report that the Reference Balance Sheet read with the notes thereon has been prepared to give effect of Capital Reduction and aforesaid Scheme of Arrangements.

Yours faithfully,  
**K.N. Gutgutia And Company**  
**Firm Registration No. 304153E**  
**Chartered Accountants.**

  
**B.R. Goyal**  
Partner  
Mem. No 12172



**ENPRO OIL PRIVATE LIMITED**

**REFERENCE BALANCE SHEET AT THE COMMENCEMENT OF BUSINESS ON 1ST APRIL 2011 - POST CAPITAL  
REDUCTION / PRE DEMERGER AND POST DEMERGER PURSUANT TO PETITION OF REDUCTION OF CAPITAL AND  
SCHEME OF ARRANGEMENT FOR DEMERGER OF CONSUMER PRODUCT BUSINESS.**

(All amounts in Indian Rupees)

SOURCES OF FUNDS	Schedules	April 1, 2011	April 1, 2011
		<u>AFTER CAPITAL RED. POST DEMERGER</u>	<u>AFTER CAPITAL RED. &amp; PRE DEMERGER</u>
<b>Shareholders' Funds</b>			
Share capital	1	8,43,77,650	8,43,77,650
Reserves and surplus	2	<u>2,06,86,04,758</u>	<u>83,08,69,515</u>
		<u>2,15,29,82,408</u>	<u>91,52,47,165</u>
<b>Loan Funds</b>			
Secured loans	3	0	98,01,89,759
Unsecured loans	4	<u>0</u>	<u>80,13,28,999</u>
		<u>0</u>	<u>1,78,15,18,758</u>
<b>TOTAL</b>		<u><u>2,15,29,82,408</u></u>	<u><u>2,69,67,65,923</u></u>
 <b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross block		0	1,67,55,12,626
Less: Accumulated depreciation			<u>(37,64,25,034)</u>
Net block		<u>0</u>	<u>1,29,90,87,592</u>
Capital-work-in-progress (including capital advances of Rs Nil (Pre Demerger - Rs. 22,703,440))			<u>12,00,98,106</u>
		<u>0</u>	<u>1,41,91,85,698</u>
<b>Investments</b>	6	40,112	40,112
<b>Current Assets, Loans and Advances</b>			
Inventories	7	93,867	38,80,28,419
Sundry debtors	8	1,98,57,334	10,33,85,352
Cash and bank balances	9	1,48,02,457	2,99,48,169
Loans and advances	10	<u>24,48,93,277</u>	<u>43,62,83,431</u>
		<u>27,96,46,935</u>	<u>95,76,45,371</u>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	11	60,02,901	1,54,13,08,221
Provisions	12	0	1,80,95,299
		<u>60,02,901</u>	<u>1,55,94,03,520</u>
<b>Net Current Assets</b>		<u>27,36,44,034</u>	<u>(60,17,58,149)</u>
<b>Profit and loss account</b>		<u>1,87,92,98,262</u>	<u>1,87,92,98,262</u>
<b>TOTAL</b>		<u><u>2,15,29,82,408</u></u>	<u><u>2,69,67,65,923</u></u>

Notes to Accounts

13

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

In terms of our review report of even date attached.

For K.N Gutgutia & Co.  
Firm Registration Number: 304153E  
Chartered Accountants

**B.R. GOYAL**  
Partner  
Membership No : 12172

**Director**

Place : Noida  
Date : 30th May, 2011



**ENPRO OIL PRIVATE LIMITED**  
Schedules to the Reference Balance Sheet as at April 1, 2011  
( All amounts in Indian Rupees)

	April 1, 2011 <u>AFTER CAPITAL RED.</u> <u>POST DEMERGER</u>	April 1, 2011 <u>AFTER CAPITAL RED.</u> <u>&amp; PRE DEMERGER</u>
<b>Schedule -1 : Share capital</b>		
Authorised Share capital 50,000,000 (2010 - 50,000,000 ) equity shares of Rs 10 each	100,000,000	500,000,000
Issued and Paid up Share Capital		
Equity Share capital 8437765(Pre Reduction of share capital -42,587,944) equity shares of Rs 10 each fully paid up	84,377,650	84,377,650
	<u>84,377,650</u>	<u>84,377,650</u>

Notes:

- (i) 341501791 Equity Shares have been cancelled in accordance with the proposed petition of capital reduction to be filed with H.Nbl. Allahabad High Court ( Refer Note : 3 )  
Out of Pre Reduction of Capital  
(ii) 39,939,516 (Pre Demerger- 39,939,516) shares are held by Jubilant Enpro Private Limited, the Holding Company.  
(iii) 4,620,218 shares have been issued pursuant to scheme of amalgamation dated September 27, 2005.

**Schedule- 2 : Reserves and surplus**

Securities premium account (Refer Note: 3)	830,869,515	1,457,298,065
	<u>830,869,515</u>	<u>1,457,298,065</u>
Business Reconstruction Reserve (Refer Note 4)	1,237,735,243	-
	<u>1,237,735,243</u>	<u>-</u>
	<u>2,068,604,758</u>	<u>1,457,298,065</u>

**Schedule-3 : Secured Loans**

<b>From Banks:</b>		
Cash credit facilities		183,882,004
Term loans		796,307,755
[(repayable within 1 year - Rs NIL (Pre Demerger- Rs177,687,272 )]		
		<u>980,189,759</u>

Notes:

- (i) Cash Credit Loan availed by the Company is secured by hypothecation of entire current assets of the Company, escrow on rental receivables and card receivables along with the collateral security hypothecation of entire movable fixed assets, authority letter for assignment of rental deposit of and corporate guarantee of the Holding Company. This facility has been sanctioned for a period of twelve months.
- (ii) Term Loan payable to Axis Bank amounting Rs. NIL (Pre Demerger- Rs. 294,700,501) is secured by first pari passu charge on the fixed assets of the hypermarkets, negative lien on security deposits paid by the Company to the lessors, extension of existing charge on current assets of existing super markets as given for existing working capital limits. Further the Company has pledged five lakhs shares of Jubilant Life Sciences Limited (earlier Jubilant Organosys Limited ) and Twenty five thousand shares of Jubilant Industries Limited held by the Group Company, escrow of credit card receivables and corporate guarantee of the Holding Company
- (iii) Long term loan payable to IDBI Bank Ltd, amounting Rs. NIL (Pre Demerger - Rs. 349,855,542) is secured by first pari passu charge over movable fixed assets and current assets of all Hyper Markets (HMs) on sharing with Axis Bank and Central Bank. Escrow on all receivables of Hyper Market 4 and 5, charge on the lease rights of the assisted HMs. Further, the loan is secured by the collateral security by way of pledge of shares of Jubilant Life Sciences Limited (earlier Jubilant Organosys Ltd.) held by the Group Company (equivalent of the market value of 60% of sanctioned limits of Rs. 1,070,000,000).
- (iv) Long Term Loan payable to Central Bank of India amounting Rs. NIL (Pre Demerger - Rs. 151,751,712) is secured by first pari passu charge on present & future movable fixed assets of the company on sharing with the IDBI Bank and Axis Bank and Second charge on the current assets of the company . Negative Lien on Fixed Deposit placed with the Landlord of Hypermarkets and Corporate Guarantee of the Holding company.

**Schedule-4 : UnSecured Loans**

**Short Term Loans**

Inter Corporate Deposit/Loans	-	799,500,000
Interest Accrued and Due on Loans	-	1,828,999
	<u>-</u>	<u>801,328,999</u>



Enpro Oil Private Limited  
 Schedule - 5 : Fixed Assets  
 (All amounts in Indian Rupees)

	Gross Block		Depreciation / Amortisation		Net Block		
	As at April 1, 2011 After Capital Red. & Pre Demerger	Adjustment on account of scheme of Demerger	As at April 1, 2011 After Capital Red. & Post Demerger	As at April 1, 2011 After Capital Red. & Pre Demerger	Adjustment on account of scheme of Demerger	As at April 1, 2011 After Capital Red. & Post Demerger	As at April 1, 2011 After Capital Red. & Pre Demerger
Leasehold Improvements	1,172,618,994	1,172,618,994	-	233,080,132	233,080,132	-	939,538,862
Computers	57,349,216	57,349,216	-	31,405,838	31,405,838	-	25,943,378
Furniture & Fixtures	164,893,949	164,893,949	-	49,138,191	49,138,191	-	115,755,758
Office Equipments	16,825,801	16,825,801	-	3,375,764	3,375,764	-	13,450,037
Plant & Machinery	251,956,185	251,956,185	-	47,637,963	47,637,963	-	204,318,222
Vehicle	-	-	-	-	-	-	-
Software	11,778,281	11,778,281	-	11,696,946	11,696,946	-	81,335
Trade Mark & Patents	90,200	90,200	-	90,200	90,200	-	-
<b>Total</b>	<b>1,675,512,626</b>	<b>1,675,512,626</b>	<b>-</b>	<b>376,425,034</b>	<b>376,425,034</b>	<b>-</b>	<b>1,299,087,592</b>
Pre Demerger	1,675,512,626	1,675,512,626	-	376,425,034	376,425,034	-	1,299,087,592





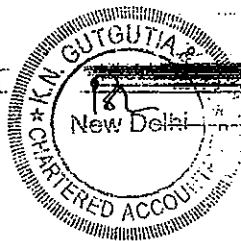
**ENPRO OIL PRIVATE LIMITED**  
 Schedules to the Reference Balance Sheet as at April 1, 2011  
 (All amounts in Indian Rupees)

	April 1, 2011 <u>AFTER CAPITAL RED.</u> <u>POST DEMERGER</u>	April 1, 2011 <u>AFTER CAPITAL RED.</u> <u>&amp; PRE DEMERGER</u>
<b>Schedule - 6 : Investments ( Long term at cost, fully paid- up)</b>		
<b>A : Unquoted</b>		
9,802 (2011- 9802) Equity shares of Indian Emulsion Pvt Ltd. of Rs. 10/- each fully paid up	98,510	98,510
Less : Provision For Diminution in value of Investments	<u>(98,510)</u>	<u>(98,510)</u>
<b>B : Quoted</b>		
50 (Pre Demerger -50) Equity shares of Ambuja Cement Eastern Ltd. of Rs.10/- each fully paid up	1,205	1,205
3,965 (Pre Demerger - 3965) Equity shares of Jubilant Life Sciences Limited (earlier Jubilant Organosys Ltd) of Rs.1/- each fully paid up	37,290	37,290
870 (Pre Demerger -870) Equity shares of Nicholas Piramal India Ltd.of Rs 2/- each fully paid up	<u>1,617</u>	<u>1,617</u>
	<u>40,112</u>	<u>40,112</u>
	<u>40,112</u>	<u>40,112</u>
Market Value of quoted investments	1,024,100	1,024,100
Aggregate value of quoted investments (excluding Share Application money)	40,112	40,112
Aggregate value of unquoted investments (excluding Share Application money)	98,510	98,510
<b>Schedule -7 : Inventories (at lower of cost and net realisable value)</b>		
Traded goods		391,934,552
Others	93,867	93,867
	<u>93,867</u>	<u>392,028,419</u>
Less: Provision for Inventory		(4,000,000)
Closing Inventory	<u>93,867</u>	<u>388,028,419</u>



**ENPRO OIL PRIVATE LIMITED**  
Schedules to the Reference Balance Sheet as at April 1, 2011  
( All amounts in Indian Rupees)

	April 1, 2011 <u>POST DEMERGER</u>	April 1, 2011 <u>PRE DEMERGER</u>
<b>Schedule -8 : Sundry debtors ( Unsecured)</b>		
Debits outstanding for a period exceeding six months		
Considered good		1,67,24,337
Considered doubtful		6,91,345
Other debts		
Considered good	1,98,57,334	8,66,61,015
Considered doubtful		-
Less: Provision for doubtful debts		(6,91,345)
	<u>1,98,57,334</u>	<u>10,33,85,352</u>
<b>Schedule -9 : Cash and Bank balances</b>		
Cash on hand	6,615	70,39,038
Balances with scheduled Banks:		
- Current accounts	1,47,95,842	2,29,02,631
- Fixed deposit account		6,500
	<u>1,48,02,457</u>	<u>2,89,48,169</u>
<b>Schedule -10 : Loans and Advances</b>		
Considered good		
Advances recoverable in cash or in kind or for value to be received	22,52,31,013	1,42,72,999
Advance for lease		3,63,56,000
Inter-corporate deposits (Refer Note 3)	10,00,000	10,00,000
Service Tax Input Credit Receivables	25,35,713	3,43,04,577
Deposits - others (refer Note 9, Schedule 20)	-	33,42,23,304
Advance Tax	1,60,25,364	1,60,25,364
Other Receivables	1,01,187	1,01,187
	<u>24,48,93,277</u>	<u>43,62,83,431</u>
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	94,50,000	94,50,000
Less: Provision for doubtful advances recoverable in cash or kind or for value to be received	(94,50,000)	(94,50,000)
	<u>-</u>	<u>-</u>
	<u>24,48,93,277</u>	<u>43,62,83,431</u>
(i) Dues from Companies under the same management: Jubilant Retail Pvt. Ltd [ Maximum amount due at anytime during the year Rs 1000 (Pre Demerger-Rs.1000)]	<u>1,000</u>	<u>1,000</u>
<b>Schedule 11 : Current Liabilities</b>		
Sundry creditors*		
For capital goods		3,60,29,627
For goods and expenses	33,79,375	1,38,61,02,482
Security Deposits from Sub - Lessee		10,17,74,625
Other liabilities	26,23,526	1,74,01,487
	<u>60,02,901</u>	<u>1,54,13,08,221</u>
* Sundry creditor for goods and services include lease rent equalisation of Rs NIL		
<b>Schedule- 12 : Provisions</b>		
Provision for gratuity		83,03,096
Provision for leave encashment		97,92,203
		<u>1,80,95,399</u>



**ENPRO OIL PRIVATE LIMITED**

**SCHEDULE 13: NOTES TO ACCOUNTS TO THE REFERENCE BALANCE SHEET ON APRIL 1, 2011**

**1. Nature of Operations**

Enpro Oil Private Limited ("the Company") is engaged in the running and maintaining of Hyper Markets cum Malls and is also engaged in providing business support services to companies in oil and gas sector.

**2. Statement of Significant Accounting Policies**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(d) Depreciation**

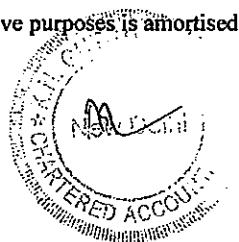
Depreciation is provided on Straight Line Method as per the useful life of the assets estimated by the management, or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets	SLM Rates (%)
Computers	16.21
Furniture & Fixtures	6.33
Office Equipments	4.75
Plant & Machinery	4.75
Vehicle	7.07

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis.

Assets individually costing less than Rs 5,000 are fully depreciated in the year of acquisition.

Computer software held for use in business/administrative purposes is amortised over an estimated useful life of 3 years.



**(e) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**(f) Leases**

**Operating Leases**

*Where the Company is the Lessee*

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

*Where the Company is the lessor*

Lease income by sub-lease of premises is recognised in the Profit and Loss account on a straight-line basis over the lease term. Costs including depreciation incurred towards such properties are recognised as expenses in the Profit and Loss account. Initial direct costs such as legal costs, brokerage costs are recognised immediately in the Profit and Loss account.

**(g) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(h) Inventories**

Inventories are valued at lower of cost or net realisable value. Cost of inventories includes cost of purchase and all other costs like freight, taxes and duties (not recoverable from the taxing authorities) and other sums incurred to bring the goods to the location and condition on the date of valuation. This is determined on first-in-first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**(i) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Goods*

Revenue from the sale of goods is recognised on delivery of goods to customers, net of sales tax and VAT, trade discounts and returns.

*Income from Services*

Revenues from consultancy services are recognised upon rendering of services.



*Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

*Dividends*

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**(j) Foreign currency transactions**

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(k) Retirement and other employee benefits**

i) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method at the end of each financial year.

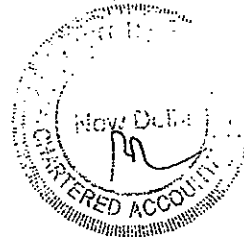
ii) Provident Fund

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Regional Provident Fund.

iii) Compensated Absences

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.



**(l) Income Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax are recognised only if there is virtual certainty that such deferred tax assets of earlier years can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

**(m) Segment reporting**

*Identification of Segments*

The Company's operating businesses are organised and managed separately according to the nature of products sold and services provided, with each segment representing a strategic business unit that offers different products and services. The analysis of geographical segments is based on geographical location of the Company's customer.

*Allocation of Common Costs*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated Items*

The other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**(n) Earnings/ (Loss) per Share**

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(o) Provisions and contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to



settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(p) Cash and Cash Equivalent**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. The Board of the company has approved to file a petition for Capital reduction of the company under section 100 of the Companies Act, 1956 with H'onable Allahabad High Court on 9th May, 2011. As per the intended petition it is proposed to cancel 3,41,50,179 issued, subscribed and paid up equity shares of Rs 10 / each of the company.

The opening reference Balance Sheet on commencement of business on 1st April, 2011, Post reduction of Capital / Pre Demerger has been prepared after taking into effect the financial entries resulting from the intended petition for reduction of issued, subscribed and paid up capital.

Accordingly the Issues, Subscribed and paid up Share Capital has been reduced by Rs 34, 15,01,790, relevant Share Premium has also been reduced by Rs 62.64,28,550 and consequently the Debit balance in the Profit and Loss account has been reduced by Rs 96,79,30,340.

4. The opening reference Balance Sheet on commencement of business at 1st April, 2011, Post reduction of Capital and post Demerger accounts have been prepared taking into account the effect of Part C of Sections II of the proposed Scheme of Arrangement between the following companies :

- Jubilant Industries Limited (JIL) engaged in the manufacturing and sale of agri and consumer products (ACP Undertaking), industrial products ("IP Business").
- Jubilant Agri and Consumer Products Limited (JACPL) to be engaged in the manufacture and sale of agri and consumer products (including in a Mall or hypermarket format), Wholesale Cash and carry trade business and leasing business and is wholly owned subsidiary of JIL.
- Enpro Oil Private Limited (EOPL) engaged in the business of sale of consumer products (including in a Mall or hypermarket format), Wholesale Cash and carry trade business and leasing business (The Demerged Undertaking) and the business of consultation services.

Pursuant to the Scheme of Arrangement, JACPL will acquire the Demerged undertaking of EOPL as at the Appointed Date commencement on 1st April 2011 and JIL will issue 38,35,348 Number of Equity Shares of Rs 10 Each to the share holders of EOPL in proportion to their share holding in EOPL towards consideration for Demerger.



The Effect of Demerger of Demerged Undertaking from EOPL is as under:

Description	Amount
Assets	(Rs.)
Fixed Assets	(1,419,185,698.00)
Inventories	(387,934,552.00)
Sundry Debtors	(83,528,018.00)
Cash & bank Balances	(15,145,712.00)
Loans & Advances	(416,620,168.00)
Liabilities	
Secured Loan	(980,189,759.00)
Unsecured loan	(801,328,999.00)
Current Liabilities	(1,760,535,334.00)
Provision	(18,095,299.00)
Business Reconstruction Reserve*	1,237,735,243.00

\* Difference between assets and Liabilities Demerged Undertaking.

#### 5. Capital Commitments

Particulars	2011 (After Capital Reduction and Post Demerger)	2011 (After Capital Reduction and Pre Demerger)
Estimated Amount of Contracts remaining to be executed on Capital Account (net of advances)	0	73,313,601

#### 6. Operating Leases

##### Where the Company is a lessee

The Company has operating lease for its office premises, warehouses and hyper markets for a period of 4 to 29 years. Lease agreements for hyper markets are locked-in for a period of 1 to 5 years and subsequently, the lease can be terminated only at the option of the lessee. There is escalation clause in the lease agreements. The Company has entered into sub-lease arrangement for certain portion of its premises.

Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term. Excess of lease rent expense over the lease rent payable to the lessor as per the terms of contract amounting to Rs Nil (Pre Demerger—Rs 1,000,169,249), is credited to lease equalisation reserve and is classified under Sundry Creditors.





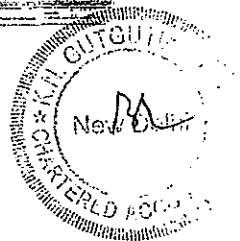
Particulars	2011 (After Capital Reduction and Post Demerger)	2011 (After Capital Reduction and Pre Demerger)
Lease payments for the year	-	406,000,285
<b>Minimum lease payments</b>		
Not later than one year	-	190,025,710
Later than one year but not later than 5 years	-	203,680,357
Later than 5 years	-	-

7. As at April 1, 2011, the Company has carry forward losses and unabsorbed depreciation accordingly, in accordance with its accounting policy, the Company has not recognized any deferred tax asset and liability.
8. Based on the information currently available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at April 1, 2011. Further, the Company is in the process of identifying suppliers registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at April 1, 2011.
9. Advance recoverable in cash or kind includes receivable towards debit balance in interdivisional account from erstwhile consumer product division Rs. 225,230,013 as per the unaudited trial balance of the division as represented by the management as per the agreed upon procedures report and relied upon by Reviewer firm. Deposits others under loans and advances includes interest free refundable security deposit of Rs NIL (Pre Demerger- Rs 332,269,918) given to the lessor for premises taken on lease for a period of 4-29 years.

#### 10. Related party disclosure

List of related parties (Pre and Past Demerger) along with nature and volume of transactions and balances as at April 1, 2011 are presented below:

	Particulars	Related Party
a)	Holding Company	Jubilant Enpro Private Limited.
b)	Key Management Personnel (KMP)	Mr.S.S.Bhartia Mr. H.S. Bhartia Mr. Shamit Bhartia Mrs. Kavita Bhartia
c)	Other Parties which significantly Influence / are influenced by the Company (either individually or with others)	Enpro Exports Private Limited. Indian Country Homes Private Limited. Jaytee Private Limited. Jubilant Capital Private Limited. Jubilant Securities Private Limited Tower Promoter Private Limited. Jubilant Life Sciences Limited (earlier Jubilant Organosys Ltd)



## 11. Gratuity and other employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

### Balance sheet

Details of provision for gratuity	1 <sup>st</sup> April 2011(After Capital Reduction and Post Demerger)	1 <sup>st</sup> April 2011(After Capital Reduction and Pre Demerger)
Defined benefit obligation		8,303,096
Fair value of plan assets	-	-
Plan (asset) / liability		8,303,096

The major categories of plan asset as a percentage of fair value of total plan assets are as follows:-

	2011(%)	2011(%)
Investments with insurer	-	-

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are given below:-

	2011	2011
Discount rate	8.00 %	8.00 %
Expected rate of return on assets	8.00 %	8.00 %
Salary escalation rate per annum	Staff - 6 %, Senior Management 5.5%	Staff - 6 %, Senior Management 5.5%
Employee turnover	5 %	5 %
Retirement Age	60 Years	60 Years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## 12. Segment Information

### Business Segments

The Company has organised its operations into following business segments:

- Hyper Market:** This segment is engaged in running and maintaining hypermarkets cum malls wherein it deals with purchase and sale of traded goods such as grocery items, processed foods, and home need products, consumer durables etc. Further, in its hypermarkets it subleases the space to various parties for their retail outlets.
- Consultancy & other services:** Consultancy and other services segment mainly provides management support services in relation to offshore drilling units and supply vessels.
- Post Demerger** the company will identify its reportable segments based on the guiding principles given in Accounting Standard on Segment Reporting ( AS-17 ), notified by the Central Government of India.



**(D) Secondary Segment Information (by Geographical Segments)**

Since the Company renders all its services in India and all its assets are located in India, secondary segment information has not been given.

**13. Contingent Liabilities not provided for**

	2011	2011
Claims against the Company not acknowledged as debts –Service tax demand for the period from February 2004 to August 2005	4,380,119*	4,380,119*

\* Net of deposit of Rs. 2,000,000.

**14. Additional information pursuant to the paragraphs 3, 4C and D of Part II of Schedule VI to the Companies Act, 1956.**

**A. Quantitative details for Traded Goods**

It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.


Item	Stock (Rs)
Traded Goods	
-2011 After Capital Reduction. Post Demerger	NIL
-2011 After Capital Reduction. Pre Demerger	387,934,552

**15. Previous year comparatives**

Previous year figures have been reclassified wherever necessary to conform to current year's classification.

In terms of Our Review Report of even date attached

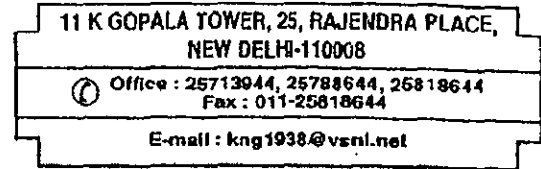
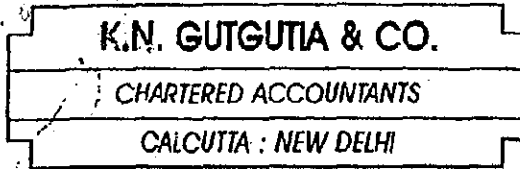
For K.N Gutgutia & Co.  
Firm registration number: 304153E  
Chartered Accountants

  
**B.R. GOYAL**  
Partner  
Membership No: 12172

  
Director

Place : Noida  
Date : 30<sup>th</sup> May, 2011





30<sup>th</sup> May, 2011

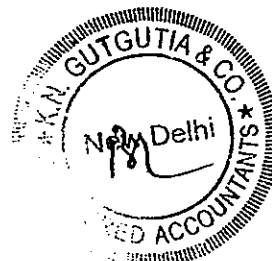
The Board of Directors,  
Jubilant Agri and Consumer Products Limited,  
1A, Sector 16 A  
Noida - 201301  
Uttar Pradesh.

Dear Sirs,

**Subject: Scheme of Arrangement among Enpro Oil (P) Limited, Jubilant Industries Limited and Jubilant Agri and Consumer Products Limited and their respective shareholders and creditors**

We refer to our engagement dated 6<sup>th</sup> May, 2011 regarding the above-mentioned subject and as requested we have reviewed the attached Opening Reference Balance Sheet of Jubilant Agri and Consumer Products Limited Post Scheme of Arrangement on commencement of business on 1<sup>st</sup> April, 2011, pursuant to the above mentioned scheme, stamped and initialed by us for identification, with the following:

1. Draft Scheme of Arrangement among Enpro Oil (P) Limited, Jubilant Industries Limited and Jubilant Agri and Consumer Products Limited and their respective shareholders and creditors.
2. Audited balance sheet of Jubilant Agri and Consumer Products Limited as at 31<sup>st</sup> March, 2011.
3. Audited balance sheet of Jubilant Industries Limited as at 31<sup>st</sup> March 2011.
4. Divisional Balance Sheet of Consumer Products division of Enpro Oil (P) Ltd.(EOPL) as at 31<sup>st</sup> March 2011 as per the Agreed-upon Procedure Report dated 11<sup>th</sup> May, 2011 of their auditors .
5. Share Exchange Ratio (Post reduction of capital of EOPL) as advised to us by the Company's management to be used to issue of equity shares of Jubilant Industries Limited to the shareholders of Enpro Oil (P) Limited.
6. Adjustments to the Reference Balance Sheet on commencement of business on 1<sup>st</sup> April, 2011 arising on the accounting entries passed to give affect to the Scheme of Arrangement.



**K.N. GUTGUTIA & CO.**  
CHARTERED ACCOUNTANTS  
CALCUTTA : NEW DELHI

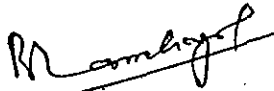
11 K GOPALA TOWER, 25, RAJENDRA PLACE,  
NEW DELHI-110008  
Office : 25713944, 25788644, 25818644  
Fax : 011-25818644  
E-mail : kng1938@vsnl.net

The attached Reference Balance Sheet has been prepared by the Company and is the responsibility of Company's management. Our responsibility is to issue a report on this balance sheet based on our review as aforesaid. Consequently, we have not performed an audit in accordance with Generally Accepted Auditing Standards and do not express an audit opinion.

Based on our review as aforesaid and according to the information and explanations given to us, we report that the Reference Balance Sheet read with the notes thereon has been prepared in accordance with the aforesaid Scheme of Arrangement.

Yours faithfully,

For K.N. Gutgutia & Co.  
Firm Registration Number : 304153E  
Chartered Accountants



B.R. Goyal  
Partner  
Membership No.12172



**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**  
**(formerly Jubilant Agri and Retail Private Limited)**

Reference Balance Sheet on commencement of business on 1st April, 2011 pursuant to the scheme of Arrangement between Jubilant Agri and Consumer Products Limited, Jubilant Industries Limited and Enpro Oil Private Limited.

Particulars	Schedules	As at 1st April, 2011	
		Post Scheme	Pre Scheme
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	0.50	0.50
Slump Sale consideration payable to Jubilant Industries Ltd (Holding Company) (Refer Note - 2 of schedule "H")		1,648.82	
<b>Loan Funds</b>			
Secured Loans	B	980.19	
Unsecured Loans		<u>801.33</u>	
		1,781.52	
		<u>3,430.84</u>	<u>0.50</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	1,948.03	
Less: Depreciation		<u>376.43</u>	
Net Block		1,571.60	
Capital Work-in-Progress		<u>172.58</u>	
		1,744.18	
Investments	D	1.72	
Goodwill (Refer Note-2 of schedule "H")		1,237.74	
Deferred Tax Assets (Net)	E	13.30	
<b>Current Assets, Loans and Advances</b>			
Inventories	F	1,006.00	
Sundry Debtors		518.73	
Cash & Bank Balances		323.08	0.48
Loans and Advances		<u>905.35</u>	
		2,753.16	0.48
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	G	2,260.20	0.01
Provisions		<u>59.09</u>	
		2,319.29	0.01
Current Assets		433.87	0.47
Profit & Loss A/c (Debit Balance)		0.03	0.03
		<u>3,430.84</u>	<u>0.50</u>

Notes to Accounts & Significant Accounting Policies  
 Schedule "A" to "G" and "H" referred above form an integral part of the Balance Sheet.

In terms of our review report of even date attached.

For and on behalf of the Board

for K. N. Gutgutia & Co.

Firm Registration Number : 304153E  
 Chartered Accountants



R. Goyal

Partner

Membership No. 12172

Place : Noida

Date : 28 May, 2011



  
 Ananda Mukherjee  
 Director

## Schedules forming part of the Balance Sheet

(₹ in million)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>A. SHARE CAPITAL</b>		
Authorised		
50,000 Equity Shares of ₹ 10 each	0.50	0.50
	0.50	0.50
Issued & Subscribed		
50,000 Equity Shares of ₹ 10 each	0.50	0.50
	0.50	0.50
Paid up		
50,000 Equity Shares of ₹ 10 each **	0.50	0.50
	0.50	0.50
** Held by its Holding Company -Jubilant Industries Ltd.		
	0.50	0.50

## Schedules forming part of the Balance Sheet

(₹ in million)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>B. LOANS</b>		
Secured		
Loans From Bank		
-Cash Credit Facility	183.88	
-Term Loan	796.31	
	980.19	
Unsecured		
-Inter Corporate Deposits/ Loans	709.50	
-Interest Accrued and Due on Loans	1.83	
-Others	90.00	
	801.33	
	1,781.52	

Notes:- All the Loans pertains to the Consumer products division demerged into the company as per the scheme of arrangement, and the security referred is in respect of assets of Enpro Oil (P) Limited (EOPL).

i) Cash Credit Loan is secured by hypothecation of entire current assets of EOPL, escrow on rental receivables and card receivables along with the collateral security of hypothecation of entire movable fixed assets, authority letter for assignment of rental deposit of and corporate guarantee of Jubilant Enpro (P) Ltd. This facility has been sanctioned for a period of twelve months.

ii) Term Loan payable to Axis Bank is secured by first pari passu charge on the fixed assets of the hypermarkets, negative lien on security deposits paid by EOPL to the lessors, extension of existing charge on current assets of existing super markets as given for existing working capital limits. Further five lakhs Shares of Jubilant Life Sciences Limited (earlier Jubilant Organosys Limited) and Twenty five thousand shares of Jubilant Industries Limited held by the Group Company of Jubilant Enpro (P) Ltd have been pledged, escrow of credit card receivables and corporate guarantee of Jubilant Enpro (P) Ltd.

iii) Long term loan payable to IDBI Bank Ltd, is secured by first pari passu charge over movable fixed assets and current assets of all Hyper Markets (HMs) on sharing with Axis Bank and Central Bank escrow on all receivables of Hyper Market 4 and 5, charge on the lease rights of the assisted HMs. Further, the loan is secured by the collateral security by way of pledge of shares of Jubilant Life Sciences Limited (earlier Jubilant Organosys Ltd.) held by the Group Company of Jubilant Enpro (P) Ltd (Equivalent to the market value of 60% of the sanctioned Limit)

iv) Long Term Loan payable to Central Bank of India is secured by first pari passu charge on present & future movable fixed assets of the Consumer Products division of EOPL on sharing with the IDBI Bank and Axis Bank and Second charge on the current assets of EOPL. Negative Lien on Fixed Deposit placed with the Landlord of Hypermarkets and Corporate Guarantee of Jubilant Enpro (P) Ltd.



**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**C. FIXED ASSETS**

(₹ In million)

Description	GROSS BLOCK-COST/BOOK VALUE			DEPRECIATION / AMORTIZATION			NET BLOCK		
	Total as at 1st April 2011	Addition consequent to Slump Sale	Addition consequent to Merger	Total as at 1st April 2011	Total as at 1st April 2011	Addition consequent to Merger	Total as at 1st April 2011	As at 1st April 2011	As at 1st April 2011
<b>Land</b>									
(a) Freehold	-	16.67	-	16.67	-	-	-	16.67	-
(b) Leasehold	-	3.78	-	3.78	-	-	-	3.78	-
<b>Buildings</b>									
(a) Factory	-	108.19	-	108.19	-	-	-	108.19	-
(b) Others	-	-	-	-	-	-	-	-	-
<b>Leasehold Instruments</b>	-	-	1,172.62	1,172.62	-	233.08	233.08	939.54	-
<b>Plant &amp; Machinery</b>	-	136.49	251.96	388.45	-	47.64	47.64	340.81	-
<b>Vehicles</b>	-	0.04	-	0.04	-	-	-	0.04	-
<b>Office Equipments</b>	-	2.32	74.17	76.49	-	34.78	34.78	41.71	-
<b>Furniture &amp; Fixtures</b>	-	5.03	164.89	169.92	-	49.14	49.14	120.78	-
<b>Intangibles</b>									
a) Trade Mark & Patents	-	-	0.09	0.09	-	0.09	0.09	-	-
b) Software	-	-	11.78	11.78	-	11.70	11.70	0.08	-
<b>TOTAL</b>	-	272.52	1,675.51	1,948.03	-	376.43	376.43	1,571.60	-
<b>Capital Work in Progress, Capital Advances &amp; Project Expenses Pending Capitalization</b>								172.58	-
								1,744.18	-





			As at 1st April, 2011	As at 1st April, 2010
			Post Scheme	Pre Scheme
<b>D. INVESTMENTS : (At Cost)</b>				
<b>Number</b>	<b>Face value per unit</b>	<b>All unquoted unless otherwise specified</b>		
<b>Non Trade Investments</b>				
448 (-)	₹ 10	Voith Paper Fabrics India Ltd.-Equity Shares fully paid up(Quoted)	0.08	-
530 (-)	₹ 10	Minerva Holding Ltd.-Equity Shares fully paid up(1)	-	-
132 (-)	₹ 100	Kashipur Holdings Ltd.-Equity Shares fully paid up(1)	-	-
<b>Current Investments</b>				
<b>Investment in Mutual Fund</b>				
91,332.83 (-)	₹ 10	LIC MF Income Plus-Fund Daily Dividend Plan	1.64	-
			<b>1.72</b>	<b>-</b>
<b>Aggregate NAV of Current Investments</b>			<b>1.64</b>	<b>-</b>
<b>Aggregate amount of quoted investments</b>				
-cost			0.08	
-market value			0.10	

**Notes**

(1) Figures in ( ) are in respect of pre scheme.



Schedules forming part of the Balance Sheet

	As at 1st April, 2011	(₹ in million) As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>E. DEFERRED TAX ASSETS</b>		
Deferred Tax Assets	13.30	-
Deferred Tax Liabilities	-	-
Deferred Tax Assets (Net)	<u>13.30</u>	<u>-</u>
(Refer Note 12 of Schedule "H")		

Schedules forming part of the Balance Sheet

	As at 1st April, 2011	(₹ in million) As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>F. CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets</b>		
<b>Inventories: (Including in Transit &amp; with Third Parties)</b>		
- Raw Materials (1)	202.23	-
- Stores, Spares, Process Chemicals, Fuels & Packing Material (2)	47.40	-
- Process Stocks	154.00	-
- Finished Goods (Including Trading Goods)	602.37	-
	<u>1,006.00</u>	<u>-</u>
<b>Sundry Debtors</b>		
<b>Unsecured</b>		
- Over Six Months - Good (3)	131.10	-
- Doubtful	0.69	-
- Other Debts - Good (3)	387.63	-
	<u>519.42</u>	<u>-</u>
Less: Provision for Doubtful Debts	0.69	-
	<u>518.73</u>	<u>-</u>
<b>Cash &amp; Bank Balances</b>		
- Cash in hand and as Imprest	7.48	-
- With Scheduled Banks	-	-
- On Current Accounts(2)	13.51	0.48
- On Deposit Accounts(4)	302.09	-
	<u>323.08</u>	<u>0.48</u>
<b>Loans And Advances</b>		
<b>(Unsecured, Considered good)</b>		
- Advances recoverable in cash or in kind or for value to be received (5)	70.14	-
- Loans to - Bharti Venture (including interest accrued)	411.45	-
- Deposits (6)	381.68	-
- Deposits/Balances with Excise / Sales Tax Authorities	42.08	-
	<u>905.35</u>	<u>-</u>
	<u>2,753.16</u>	<u>0.48</u>

1) Includes Raw Material in Transit of ₹ 28.78 million.

2) Includes Stores, Spares, Process Chemicals, Fuels & Packing Material in Transit of ₹ 0.17 million.

3) Includes, Subsidy receivable:

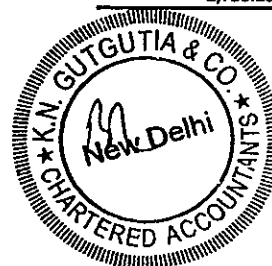
a) Due over six months - ₹ 87.15 million.

b) Others - ₹ 121.65 million

4) Includes, Margin Money - ₹ 2 million

5) Includes ₹ .45 million Export Benefits Receivables.

5) Includes ₹ 36.36 million Advance for Lease.



Schedules forming part of the Balance Sheet

	As at 1st April, 2011	(₹ in million) As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>G. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) Current Liabilities</b>		
Sundry Creditors and Expenses Payable	846.95	-
Due to Micro, Small & Medium Enterprises		-
Lease Rent Equalisation Reserve	1,000.17	-
Trade Deposits & Advances	163.68	-
Other Liabilities	<u>249.40</u>	<u>0.01</u>
	<u>2,260.20</u>	<u>0.01</u>
<b>B) Provisions</b>		
For Retirement/Post retirement Employee Benefits	<u>59.09</u>	-
	<u>59.09</u>	-
<b>Total (A+B)</b>	<u>2,319.29</u>	<u>0.01</u>



**NOTES TO THE ACCOUNTS**

**H NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES**

**Notes to the Balance Sheet (Post Scheme of Arrangement) as at 1<sup>st</sup> April, 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The accounts of the Company are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956. The Financial statements are presented in Indian rupees rounded off to the nearest million.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee retirement benefit plans, income taxes, useful life of fixed assets and provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized in the period in which such results are known/ materialized. Effect of such material changes is disclosed in the notes to the financial statements.

**B. a) Fixed Assets and Depreciation**

- i) Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and accumulated impairment. The cost of fixed assets includes effects of exchange differences on long term foreign currency borrowings, freight and other incidental expenses related to the acquisition, installation and commissioning of the respective assets. Borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognized at book value in case of amalgamation in the nature of merger and at book value/fair value in case of amalgamation in the nature of purchase in line with AS 14.

Insurance spares/ standby equipments are capitalized as part of the mother assets and are depreciated at the applicable rates, over the remaining useful life of the mother assets.

Interest on loans and other financial charges in respect of qualifying assets and expenditure incurred on start up and commissioning of the project and/ or substantial expansion, including the expenditure incurred on test runs and trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized.

- ii) Depreciation is provided on Straight Line Method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), on the original cost/ acquisition cost of assets and read with the statement as mentioned herein under. Certain plants were classified as continuous process plants based on technical assessment, (relied upon by the auditors being a technical matter) and depreciation on such assets has been provided accordingly.



JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

**NOTES TO THE ACCOUNTS**

Depreciation, in respect of assets added/installed up to December 15<sup>th</sup> 1993, is provided at the rates applicable at the time of addition/installation of the assets as per Companies Act, 1956 and depreciation in respect of other assets added/installed during the subsequent period is provided at the rates mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16<sup>th</sup> December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under:

- a. Computer & Information Technology related assets: Three to Five Years.
- b. Certain Employee perquisite-related Assets: Five Years, being the period of the Perquisite Scheme.
- c. Motor Vehicles: Five Years.
- d. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight- line basis.

The depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition/disposal.

**b) Intangible Assets**

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Product development costs are expensed when it is unlikely that such assets will generate future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

**C) Leased Assets**

- i) Leasehold Land value is not amortized in view of the long term tenure of the un-expired lease period/option of conversion to freehold at the expiry of lease tenure.
- ii) **Other Lease Assets:**
  - a) **Where the Company is the lessee:** Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight line basis over the lease term.
  - b) **Where the Company is the lessor:** Lease income by sub-lease of premises is recognized in the Profit and Loss account on a straight-line basis over the lease term. Costs including depreciation incurred towards such properties are recognized as expenses in the Profit and Loss account. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the Profit and Loss account.



**NOTES TO THE ACCOUNTS**

**C. Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value except scrap, which is at net estimated realizable value. Goods in Transit are valued at cost of purchases.

The methods of determining cost of various categories of inventories are as follows:

Raw Materials	Weighted Average Method
Stores & Spares	Weighted Average Method
Work-in-process and Finished Goods (Manufactured)	Variable Cost at weighted average including an appropriate share of variable and fixed production overheads.
Finished Goods (Trading)	First in first out

Cost includes all direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

**D. Investments**

Long term quoted investments (non trade) if any, are valued at cost unless there is a decline, other than temporary, in their value as at the date of Balance Sheet.

Unquoted investments including investments in subsidiary being of long term and of strategic in nature are valued at cost and no loss is recognized for the fall, if any, in their net worth, unless the diminution in value is other than temporary.

Current investments are valued at lower of cost and fair value.

**E. Income Tax**

**Current Tax**

Current tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Provision for current income taxes and advance taxes arising in the same jurisdiction are presented in the Balance Sheet after offsetting on an assessment year basis.

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized



## NOTES TO THE ACCOUNTS

using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing tax authorities.

### **F. Foreign Currency Conversions/ Translation**

- (i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.
- (ii) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (iii) **Exchange Difference:** Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### **G. Provisions, Contingent Liability and Contingent Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are not recognized/ disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.



NOTES TO THE ACCOUNTS

**H. Employee Benefits**

**(i) Short-term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, variable pay etc. and are recognized as expenses in the period in which the employee renders the related service.

**(ii) Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefits plans in line with the requirements of AS 15 on "Employee Benefits".

- **Gratuity and Leave encashment**

Gratuity and leave encashment which are defined benefits are recognized in the Profit and Loss Account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognized in the Profit and Loss account as income or expense. The gratuity liability for certain employees of one of the units of the Company is funded with Life Insurance Corporation of India.

- **Superannuation**

Certain employees of the Company are also participants in the superannuation plan ('the Plan') a defined contribution plan. Contribution made by the Company to the Plan during the year is charged to Profit and Loss Account.

- **Provident Fund**

- The Company makes contribution to the "VAM EMPLOYEES' PROVIDENT FUND TRUST" for most of its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.
- For other employees, Provident Fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the Provident Fund is charged to Profit & Loss Account.

**(iii) Other Long Term Employee Benefits:** All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date.





## JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

### NOTES TO THE ACCOUNTS

#### **I. Borrowing Cost**

- Borrowing costs including incidental/ ancillary costs are recognized in the Profit and Loss Account in the period in which it is incurred, except where the cost is incurred for acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalized up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortized over the period of such borrowings.

#### **J. Revenue Recognition**

- Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax and value added tax, if any. Revenue in respect of fertilizer is inclusive of subsidy being disbursed by the Central Government of India. The subsidy amount is recognized based upon the latest notified rates.

Revenue from contract manufacturing is recognized on completed service contract method.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportionate method.

Any sale for which Company has acted as an agent without assuming the risk and reward of the ownership have been reported on receipt-basis.

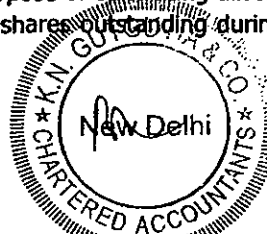
Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and are included in sales.

#### **K. Segment Reporting**

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking in account the nature of products and services and risks & rewards associated with them) and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Company. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "Common Revenue/Expenses/Assets/Liabilities", as the case may be.

#### **L. Earnings Per Share**

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the



## NOTES TO THE ACCOUNTS

effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored.

### **M. Impairment of Fixed Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any, such indications exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the profit and loss account.

### **2. Scheme of Arrangement:**

- (1) These accounts have been prepared taking into account the effect of Part C of Sections I & II of the proposed Scheme of Arrangement approved by the board on 11<sup>th</sup> May, 2011 between the following companies :
  - **Jubilant Industries Limited (JIL)** engaged in the manufacturing and sale of agri and consumer products (ACP Undertaking), industrial products ("IP Business").
  - **Jubilant Agri and Consumer Products Limited (JACPL)**, a wholly owned subsidiary of JIL to be engaged in the manufacture and sale of agri and consumer products (including in a mall or hyper market format), whole sale cash and carry trading and leasing business.
  - **Enpro Oil Private Limited** engaged in the business of sale of consumer products (including in a mall or hyper market format), whole sale cash and carry trading and leasing business (The Demerged Undertaking) and the business of consultation services, (Demerged Company).
- (2) Pursuant to Scheme of Arrangement, the consideration of ₹ 1648.82 million payable on account of slump sale to JIL (holding company) by way of redeemable preference shares on such terms and conditions or any other instruments or in any other manner as may be mutually agreed between the Boards of Directors of the respective company.

Pursuant to the Scheme of Arrangement, JACPL (The resulting Company) will acquire the Demerged undertaking of the Demerged Company as at the Appointed Date i.e. on the commencement of business on 1<sup>st</sup> April 2011 and JIL will allot 3835348 No of equity shares of ₹ 10/- each to the shareholders of demerged company in proportion to their shareholding in demerged company (Post proposed capital reduction of EOPL) as consideration for demerger and the same is to be adjusted against the Reserves of the JIL.



**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**

**NOTES TO THE ACCOUNTS**

(3) The Effect of Slump Sale in JIL and JACPL is as under:

Increase/ (Decrease) in:	(₹ in million)	
Particulars	JIL	JACPL
<b>Assets</b>		
Fixed Assets	(742.80)	325.00
Investment	(1.72)	1.72
Deferred Tax Assets	(13.30)	13.30
Investment in Subsidiary (Slump Sale Consideration)	1648.82	-
Inventories	(618.07)	618.07
Sundry Debtors	(435.20)	435.20
Cash & Bank Balances	(307.45)	307.45
Loans & Advances	(488.73)	488.73
<b>Liabilities</b>		
Current Liabilities	(499.66)	499.66
Provisions	(40.99)	40.99
<b>Shareholders' Fund</b>		
Slump Sale Consideration payable to JIL, the holding company	-	1648.82
Reserves & Surplus	(417.80)	-

(4) The Effect of Demerger of Demerged Undertaking into JACPL is as under:

Increase/ (Decrease) in:	(₹ in million)	
Particulars	JIL	JACPL
<b>Assets</b>		
Fixed Assets	-	1419.18
Goodwill	-	1237.74
Inventories	-	387.93
Sundry Debtors	-	83.53
Cash & Bank Balances	-	15.15
Loans & Advances	-	416.62
<b>Liabilities</b>		
Secured Loans	-	980.19
Unsecured Loans	-	801.33
Current Liabilities	-	1760.53
Provisions	-	18.10
<b>Shareholders' Fund</b>		
Equity Share Capital	38.35	-
Reserves & Surplus	(38.35)	-



JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) ₹ 97.40 million (Pre Scheme of Arrangement: ₹ Nil) [Advances: ₹ Nil (Pre Scheme of Arrangement: ₹ Nil)]

**4. Contingent Liabilities**

- a) Claims/ Demands in respect of which proceeding or appeals are pending and are not acknowledged as debts on account of :

(₹ in million)

	As at 1 <sup>st</sup> April, 2011* (Post Scheme of Arrangement)	As at 1 <sup>st</sup> April, 2011 (Pre Scheme of Arrangement)
Central Excise	11.41	--
Customs	0.44	--
Sales Tax	8.97	--
Service Tax	16.10	--
Others	53.60	--

\*Inclusive of Contingent Liabilities taken over in term of the Scheme of arrangement. Certain of the above demands are still in the name of Jubilant Life Sciences Ltd. (formerly Jubilant Organosys Ltd.) under a certain Scheme.

b) **Post Scheme of Arrangement:** In respect of Single Super Phosphate (SSP), the Trade Tax Assessing officer of Rajasthan State, has assessed the Gypsum Content of SSP and held that the same is liable to trade tax, though, there is no tax on fertilizer for the period 1<sup>st</sup> April, 2002 to 31<sup>st</sup> December, 2007 and raised a demand of ₹ 34.45 million (Pre Scheme of Arrangement ₹ Nil). The same is being contested before Hon'ble Allahabad High Court by Jubilant Life Sciences Limited but any possible liability will flow to the Company.

c) Outstanding guarantees furnished by Banks on behalf of the Company/ by the Company including in respect of Letters of Credit is ₹ 656.85 million (Pre Scheme of Arrangement: ₹ Nil)

**5. Micro and Small Business Entities**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2011. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development



**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**

**NOTES TO THE ACCOUNTS**

Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in million)

Principle Amount Payable to Suppliers –as at 1st April 2011(Post Scheme of Arrangement)	-
-as at 1st April,2011(Pre Scheme of Arrangement)	(-)
Amount of Interest Paid by the Company in terms of Section 16 of the MSMED, along with the amount of the Payment made to the Supplier beyond the appointed day during the Accounting Year	(-)
Amount of Interest Due and Payable for the period of delay in making Payment (which have been paid beyond appointed day during the year) but without adding the interest specified under the MSMED	(-)
Amount of interest accrued and remaining unpaid at the end of the accounting year	(-)

6. Other Liabilities included ₹ 225.23 million payable towards interdivisional account to Enpro Oil (P) Limited in respect of demerged Consumer Product Division as per the scheme .
7. Consumer Product Division demerged into the company in terms of scheme of arrangement has operating lease for its office premises , warehouses and hyper markets for a period of 4 to 29 years . Lease agreements for hyper markets are locked –in for a period of 1 to 5 years and subsequently , the lease can be terminated only at the option of the lessee. There is escalation clause in the lease agreements . The company has entered in to sub-lease arrangement for certain portion of its premises .

Operating lease expenses are recognised as an expense in the profit and loss account on a straight line basis over the lease term. Excess of lease rent expense over the lease rent payable to the lessor as per the term of contract amounting to ₹ 1000.17 million is credited to lease equalization reserve .

Minimum Lease Payments

On 1<sup>st</sup> April, 2011  
(₹ in million)

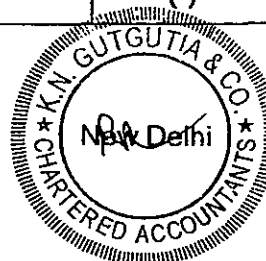
Not later than one year	190.03
Later than one year but not later than 5 years	203.68
Later than 5 years	-

8. Disclosure required by Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets"

**Movement in Provisions**

(₹ in million)

Sr. No.	Particulars of Disclosure	Excise Duty
1	Balance - as at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement) -as at 1 <sup>st</sup> April 2011(Pre scheme of Arrangement)	4.11 (-)



**NOTES TO THE ACCOUNTS**

Provision for Excise Duty represents the excise duty on closing stock of finished goods and also in respect of written off/provision of write down of Inventory

**9. Foreign Currency exposure not hedged by derivative instrument are as under:**

	Amount (Foreign Currency in million)	
	1st April,2011 (Post Scheme of Arrangement)	1st April ,2011 (Pre Scheme of Arrangement)
Amount Receivable on account of Sale of Goods & Services	USD 0.06	-
Amount Payable on account of Purchase of Goods	USD 2.72	-

**10. Employees Benefits:**

During the year the Company has recognized the following amounts in the Profit & Loss Account:

**(A) Defined Contribution Plans**

- a) Superannuation Fund

**(B) State Plans**

- a) Employee State Insurance
- b) Employee's Pension Scheme, 1995

**(C) Defined Benefit Plan**

**Compensated Absences Gratuity**

In accordance with Accounting Standard 15, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.30 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).



**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**

**NOTES TO THE ACCOUNTS**

The estimates of future salary increases, considered in actuarial valuation 6.35% take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Closing balances of the present value of the defined benefit obligations :**

(₹ in million)

	<b>Gratuity*</b>	<b>Leave Encashment</b>
Present Value of obligation as at 1 <sup>st</sup> April,2011 (Post Scheme of Arrangement )	37.07	22.25
(Pre Scheme of Arrangement)	-	-

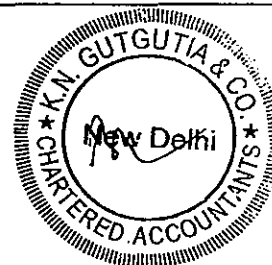
\*Excluding for certain employees of Sahibabad Unit.

**Closing balances of the present value of the defined benefit obligations and the fair value of plan assets\*\* :**

(₹ in million)

	<b>Gratuity</b>
Present Value of obligation as at 1 <sup>st</sup> April,2011 (Post Scheme of Arrangement)	3.96
(Pre Scheme of Arrangement)	(-)
Fair value of plan assets at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement)	4.19
(Pre Scheme of Arrangement)	(-)
Funded status excess of Actual over estimated as at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement)	(0.04)
(Pre Scheme of Arrangement)	(-)
Assets/(Liabilities) recognized in the Balance Sheet as at 1 <sup>st</sup> April 2011(Post Scheme of Arrangement)	0.23
(Pre Scheme of Arrangement)	(-)

\*\* In respect of certain employees of Sahibabad Unit



## JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

### NOTES TO THE ACCOUNTS

#### 11. Segment Reporting

Post Scheme of arrangement the company will identify its reportable segments based on the guiding principles given in the Accounting Standard on 'Segment Reporting' (AS-17), notified by the Central Government of India

12. As a matter of prudence no Deferred Tax Assets has been considered for the past losses (as per tax laws) of Demerged Undertaking of the Enpro Oil (P) Limited (the Demerged Company) as there is no virtual certainty as to future profitability against which such losses could be set off.

#### 13. Related Party Disclosures (Pre and Post Scheme of Arrangement, unless otherwise specified)

a) **Holding Company:**

Jubilant Industries Limited

b) **Key Management Personal:**

**Post Scheme of Arrangement:** Mr. Ananda Mukherjee and Mr. Dinesh Malpani

c) **Others:**

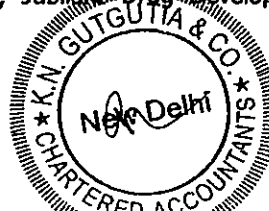
**Post Scheme of Arrangement:** Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Enpro Private Limited, VAM Employees Provident Fund Trust, VAM Officers Superannuation Trust., Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust).

#### 14. Promoter Group

##### Group companies

The Company is controlled by Mr. Shyam S.Bhartia/Mr. Hari S Bhartia group ("the promoter group"), being a group as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

The persons constituting the promoter group include individuals and corporate bodies who/which jointly exercise, and are in a position to exercise, control over the Company. The names of these individuals and bodies corporate are Ms. Kavita Bhartia, Mr. Priyavrat Bhartia, Mr. Shamit Bhartia, Jubilant Capital Private Limited, Jubilant Securities Private Limited, Jaytee Private Limited, Jubilant Retail Holding Private Limited, Vam Holdings Limited, Nikita Resources Private Limited, Torino Overseas Limited, Cumin Investments Limited, Rance Investments & Holdings Limited, Jubilant Infrastructure Limited, Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Foodworks Limited, Asia Healthcare Development Limited, Jubilant Clinsys Limited (formerly Clinsys Clinical Research Limited), Jubilant Biosys Limited, Jubilant Chemsys Limited, Jubilant First Trust Healthcare Limited, Jubilant DraxImage Limited (formerly Draximage India Limited), Jubilant Innovation (India) Limited, Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals inc. (formerly Cadista Pharmaceuticals inc.), Colvant Sciences, Inc., Jubilant Life Sciences Holdings, Inc. (formerly Clinsys Holdings inc.), Jubilant Clinsys Inc. (formerly Clinsys Clinical Research, Inc.), HSL Holdings Inc., Hollister-Stier Laboratories LLC, DAHI LLC, Jubilant Life Sciences (USA) Inc. (formerly Jubilant Organosys (USA) Inc.), Draximage LLC, Jubilant Draximage (USA) Inc. (formerly DSPI Inc., USA), Deprenyl Inc., USA, Draxis Pharma LLC, Draxis Pharma Inc., Jubilant Discovery Services Inc., DAHI Animal Health (UK) Limited, Draximage (UK) Limited, Jubilant Pharma Pte. Limited, Jubilant Life Sciences International Pte. Limited (formerly Jubilant Organosys International Pte. Limited), Jubilant Biosys (Singapore) Pte. Limited, Jubilant Drug Development Pte. Limited, Jubilant





**JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED**

**NOTES TO THE ACCOUNTS**

Innovation Pte. Limited, Jubilant Life Sciences (Shanghai) Limited (formerly Jubilant Organosys (Shanghai) Limited, Draximage Limited, Cyprus, Draximage Limited, Ireland, Jubilant Pharma N.V., Jubilant Pharmaceuticals N.V., PSI supply N.V., Jubilant Innovation (BVI) Limited, Jubilant Life Sciences (BVI) Limited (formerly Jubilant Organosys (BVI) Limited), Jubilant Biosys (BVI) Limited, Jubilant DraxImage Inc. (formerly Draxis Specialty Pharmaceuticals Inc.), 6963196 Canada Inc., 6981364 Canada Inc., Jubilant Innovation (USA) Inc., Jubilant Bhartia Foundation, Jubilant Enpro Private Limited, Enpro Exports Private Limited, Enpro Oil Private Limited, Tower Promoters Private Limited, U C Gas & Engineering Limited, Asia Infrastructure Development Company Private Limited, Western Drilling Contractors Private Limited, Jubilant Realty Private Limited, Jubilant Properties Private Limited, India Country Homes Private Limited, Jubilant E & P Ventures Private Limited, Jubilant Retail Private Limited, Jubilant Motorworks Private Limited, Jubilant Retail Consolidated Private Limited, B & M Hot Breads Private Limited, GPS Stock Brokers Private Limited, Dyno Enpro Oil Field Chemicals Private Limited, Jubilant Oil and Gas Private Limited, Jubilant Offshore Drilling Private Limited, Jubilant Energy (Kharsang) Private Limited, Jubilant Energy (NEPL-V) Private Limited, Focus Brands Trading India Private Limited, and Jubilant Life Sciences (Switzerland) AG, Schaffhausen.

**15. Capacities and Stocks-Post Scheme of Arrangement**

S. No	Class of Goods	Quantitative Denomination	Capacity* Installed	Closing Stock	
				Qty.##	₹ in million
1	Adhesive & Wood Finishes	MT	20,400	1,343	87.49
2	Single Superphosphate	MT	429,000	16,202	102.97
3	Sulphuric Acid	MT	68,835	1,109	1.97
4	Agri Chemicals	KL	-	38	0.36
5	Biocompost	MT	-	3,711	2.08
6	<b>Trading Goods:</b>				
	a) Agro Chemicals	KL	-	223	18.78
	b) Organic Manure	MT	-	137	0.26
	c) Epoxy Putty	MT	-	5	0.53
	d) Consumer Products**	-	-	-	387.93

\*Under the Industrial Policy Statement dated July 24, 1981 and the notifications issued there under, no licensing is required for the Company's products.

## After effect of adjustments of shortage/ excess/ old obsolete inventory written off/ provided for.

\*\*It is not practicable to furnish quantitative information in view of considerable number of items with diverse size and nature. This information is in respect of Demerged undertaking of the Demerged Company.



JUBILANT AGRI AND CONSUMER PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

**Notes:**

- a) Closing Stock has been arrived at after considering Captive Consumptions.
- b) Installed capacities are as certified by the Management, being a technical matter and relied upon by the Auditors accordingly.
- c) Agri chemicals production is on tolling basis.

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○ In terms of our report of even date attached.

For **K.N. Gutgutia & Co.**

Firm Registration Number : 304153E

Chartered Accountants

B.R. Goyal



Partner

Membership No.12172

Place: Noida

Date: 30<sup>th</sup> May , 2011



Ananda Mukherjee



Director

○

K.N. GUTGUTIA &amp; CO.

CHARTERED ACCOUNTANTS

CALCUTTA : NEW DELHI

11 K GOPALA TOWER, 25, RAJENDRA PLACE,  
NEW DELHI-110008Office : 25713944, 25788644, 26818644  
Fax : 011-25818644

E-mail : kng1938@vsnl.net

20<sup>th</sup> May, 2011

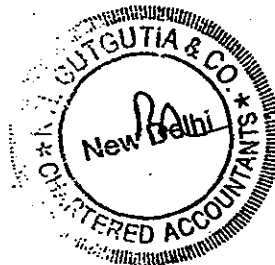
The Board of Directors,  
Jubilant Industries Limited,  
1A, Sector 16 A  
Noida - 201301  
Uttar Pradesh.

Dear Sirs,

**Subject: Scheme of Arrangement among Enpro Oil (P) Limited, Jubilant Industries Limited and Jubilant Agri and Consumer Products Limited and their respective shareholders and creditors**

We refer to our engagement dated 6<sup>th</sup> May, 2011 regarding the above-mentioned subject and as requested we have reviewed the attached Opening Reference Balance Sheet of Jubilant Industries Limited Post Scheme of Arrangement on commencement of business on 1<sup>st</sup> April, 2011, pursuant to the above mentioned scheme, stamped and initialed by us for identification, with the following:

1. Draft Scheme of Arrangement among Enpro Oil (P) Limited and Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited and their respective shareholders and creditors.
2. Audited balance sheet of Jubilant Industries Limited as at 31<sup>st</sup> March, 2011.
3. Audited balance sheet of Jubilant Agri and Consumer Products Limited as at 31<sup>st</sup> March 2011.
4. Share Exchange Ratio (Post reduction of capital of EOPL) as advised to us by the Company's management to be used to issue of equity shares of Jubilant Industries Limited to the shareholders of Enpro Oil (P) Limited.
5. Adjustments to the Reference Balance Sheet on commencement of business on 1<sup>st</sup> April, 2011 arising on the accounting entries passed to give affect to the Scheme of Arrangement.



**K.N. GUTGUTIA & CO.**  
**CHARTERED ACCOUNTANTS**  
**CALCUTTA : NEW DELHI**

**11 K GOPALA TOWER, 25, RAJENDRA PLACE,  
NEW DELHI-110008**  
Office : 25713944, 25788644, 25818644  
Fax : 011-25818644  
E-mail : kng1938@vsnl.net

The attached Reference Balance Sheet has been prepared by the Company and is the responsibility of Company's management. Our responsibility is to issue a report on this balance sheet based on our review as aforesaid. Consequently, we have not performed an audit in accordance with Generally Accepted Auditing Standards and do not express an audit opinion.

Based on our review as aforesaid and according to the information and explanations given to us, we report that the Reference Balance Sheet read with the notes thereon has been prepared in accordance with the aforesaid Scheme of Arrangement.

Yours faithfully,

For K.N. Gutgutia & Co.  
Firm Registration Number : 304153E  
Chartered Accountants



B.R. Goyal  
Partner  
Membership No.12172



**JUBILANT INDUSTRIES LTD**

Reference Balance Sheet on commencement of business on 1st April, 2011 pursuant to the scheme of Arrangement between Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited and Enpro Oil Private Limited.

(₹ in million)

Particulars	Schedules	As at 1st April, 2011	
		Post Scheme	Pre Scheme
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	118.49	80.14
Reserves & Surplus	B	<u>2,264.17</u>	<u>2,720.32</u>
		2,382.66	2,800.46
<b>Loan Funds</b>			
Secured Loans	C	42.33	42.33
<b>Deferred Tax Liabilities (Net)</b>			
	D	<u>97.29</u>	<u>83.99</u>
		<u>2,522.28</u>	<u>2,926.78</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	652.89	1,601.44
Less: Depreciation		<u>294.78</u>	<u>553.01</u>
Block		358.11	1,048.43
Capital Work-in-Progress		<u>44.11</u>	<u>96.59</u>
		402.22	1,145.02
Investments (Including Slump Sale Consideration Receivable)	F	1,649.32	2.22
<b>Current Assets, Loans and Advances</b>			
Inventories	G	343.10	961.17
Sundry Debtors		326.61	761.81
Cash & Bank Balances		56.57	364.02
Loans and Advances		<u>191.42</u>	<u>680.15</u>
		<u>917.70</u>	<u>2,767.15</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	H	320.34	820.00
Provisions		<u>126.62</u>	<u>167.61</u>
		<u>446.96</u>	<u>987.61</u>
Net Current Assets		470.74	1,779.54
		<u>2,522.28</u>	<u>2,926.78</u>

Notes to Accounts & Significant Accounting Policies  
Schedule "A" to "H" and "I" referred above form an integral part of the Balance Sheet.

Terms of our review report of even date attached.

For and on behalf of the Board

K. N. Gurgutia & Co.  
Registration Number : 304153E  
Chartered Accountants

*M. Goyal*  
Goyal  
Partner

Membership No. 12172

Office: Noida  
Date: 30 May, 2011



*Ananda Mukherjee*  
Ananda Mukherjee  
Whole Time Director

## Schedules forming part of the Balance Sheet

(₹ in milli)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>A. SHARE CAPITAL</b>		
<b>Authorised</b>		
15,000,000 Equity Shares of ₹ 10 each (Authorised Share Capital to be increased in accordance with the scheme (pre Scheme 10,000,000 Equity Shares))	150.00	100
	150.00	100
<b>Issued &amp; Subscribed</b>		
11,849,404 Equity Shares of ₹ 10 each (1)	118.49	80
	118.49	80
<b>Paid up</b>		
11,849,404 Equity Shares of ₹ 10 each (1)	118.49	80
	118.49	80

- (1) Includes:
- a) 7,964,056 equity shares of ₹ 10 each allotted and issued pursuant to the scheme of Amalgamation & Demerger with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) for consideration other than cash.
- b) 3,885,348 equity shares of ₹ 10 each to be allotted and issued pursuant to the Scheme of Arrangement with Jubilant Agri and Consumer Products Limited and Jubilant Enpro Oil (P) Limited (Refer Note - 2 of schedule "I").

## Schedules forming part of the Balance Sheet

(₹ in million)

	As at 1st April, 2011 Pre Scheme	Adjustment on Account of Slum Sale	Adjustment on account of Merger in IACPL	As at 1st April, 2011 Post Scheme
<b>B. RESERVES AND SURPLUS</b>				
Capital Reserve	24.62		(24.62)	-
Securities Premium Account	837.18		(13.73)	823.45
General Reserve	645.58			645.58
Surplus as per Profit & Loss Account	1,212.94	(417.80)		795.14
<b>Total</b>	<b>2,720.32</b>	<b>(417.80)</b>	<b>(38.35)</b>	<b>2,264.17</b>



Schedules forming part of the Balance Sheet

(₹ In million)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>C. LOANS</b>		
Secured		
A. Loans From Bank		
-Working Capital (1)	42.33	42.3
	<u>42.33</u>	<u>42.3</u>

(1) Working capital facility sanctioned by a scheduled bank, namely Corporation Bank, is secured by exclusive first charge on inventory cum book debts/ current assets of the company both present or future, wherever the same may be or be held.

Schedules forming part of the Balance Sheet

(₹ In million)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>D. DEFERRED TAX LIABILITY</b>		
Deferred Tax Liabilities	110.96	110.96
Deferred Tax Assets	<u>13.67</u>	<u>26.97</u>
Deferred Tax Liabilities (Net)	<u>97.29</u>	<u>83.99</u>



**JUBILANT INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**E. FIXED ASSETS**

(₹ in million)

Description	GROSS BLOCK-COST/BOOK VALUE			DEPRECIATION / AMORTIZATION			NET BLOCK	
	Total as at 1st April 2011 (Pre Scheme)	Deletion/ consequent to Slump Sale	Total as at 1st April 2011 (Post Scheme)	Total as at 1st April 2011 (Pre Scheme)	Deletion/ consequent to Slump Sale	Total as at 1st April 2011 (Post Scheme)	As at 1st April 2011 (1) (Post Scheme)	As at 1st April 2011 (Pre Scheme)
<b>Land</b>								
(a) Freehold	18.92	10.82	8.10	-	-	-	8.10	18.92
(b) Leasehold	204.26	204.26	-	0.23	0.23	-	-	204.03
<b>Buildings</b>								
(a) Factory	210.39	172.43	37.96	39.86	28.97	10.89	27.07	170.53
(b) Others	48.34	48.34	-	2.49	2.49	-	-	45.85
<b>Plant &amp; Machinery (2)</b>	1,085.19	492.33	592.86	492.94	217.48	275.46	317.40	592.25
<b>Vehicles</b>	1.42	1.42	-	1.35	1.35	-	-	0.07
<b>Office Equipments</b>	18.26	10.66	7.60	9.67	4.66	5.01	2.59	8.59
<b>Furniture &amp; Fixtures</b>	14.80	8.43	6.37	6.61	3.19	3.42	2.95	8.19
<b>TOTAL</b>	<b>1,601.58</b>	<b>948.69</b>	<b>652.89</b>	<b>553.15</b>	<b>258.37</b>	<b>294.78</b>	<b>358.11</b>	<b>1,048.43</b>
<b>Capital Work in Progress, Capital Advances &amp; Project Expenses Pending Capitalization</b>							44.11	96.59
							402.22	1,145.02

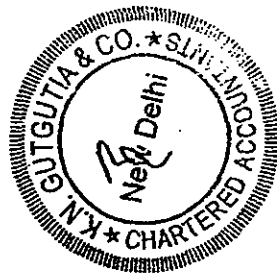




			As at 1st April, 2011	As at 1st April, 2011
			Post Scheme	Pre Scheme
<b>F. INVESTMENTS : (At Cost)</b>				
<b>Number</b>	<b>Face value per unit</b>	<b>All unquoted unless otherwise specified</b>		
		<b>Trade Investments(Long Term)</b>		
		<b>(A) In Subsidiary Companies</b>		
50,000 (50,000)	₹ 10	- Jubilant Agri and Consumer Products Limited (Fully paid Equity Shares)	0.50	0.50
		- Jubilant Agri and Consumer Products Limited (Slump sale Consideration Receivable) (Refer Note - 2 of schedule "I")	1,648.82	
		<b>(B) Other Investments</b>		
- (448)	₹ 10	Voith Paper Fabrics India Ltd.-Equity Shares fully paid up(Quoted)	-	0.08
- (530)	₹ 10	Minerva Holding Ltd.-Equity Shares fully paid up(1)	-	-
- (132)	₹ 100	Kashipur Holdings Ltd.-Equity Shares fully paid up(1)	-	-
		<b>Current Investments</b>		
		<b>Investment in Mutual Fund</b>		
- (91,332.83)	₹ 10	LIC MF Income Plus-Fund Daily Dividend Plan	-	1.64
			<b>1,649.32</b>	<b>2.22</b>
		<b>Aggregate NAV of Current Investments</b>	<b>-</b>	<b>1.64</b>

Notes:

(1) Figures in ( ) are in respect of pre scheme.



Schedules forming part of the Balance Sheet

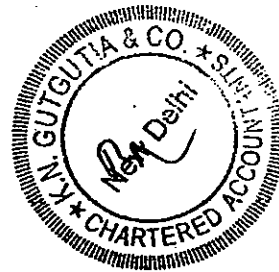
(₹ in million)

	As at 1st April, 2011	As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>G. CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets</b>		
<b>Inventories: (Including in Transit &amp; with Third Parties)</b>		
- Raw Materials (1)	190.60	392.84
- Stores, Spares, Process Chemicals, Fuels & Packing Material (2)	36.73	84.12
- Process Stocks	32.63	186.63
- Finished Goods (including Trading Goods)	83.14	297.58
	343.10	961.17
<b>Sundry Debtors</b>		
<b>Unsecured</b>		
- Over Six Months - Good	31.02	145.40
- Doubtful	-	-
- Other Debts - Good	295.59	616.41
	326.61	761.81
Less: Provision for Doubtful Debts	-	-
	326.61	761.81
<b>Cash &amp; Bank Balances</b>		
- Cash in hand and as Imprest	0.56	1.01
- With Scheduled Banks		
- On Current Accounts	56.01	60.93
- On Deposit Accounts		302.08
	56.57	364.02
<b>Loans And Advances</b>		
<b>Unsecured, Considered good)</b>		
- Advances recoverable in cash or in kind or for value to be received (3)	122.56	181.13
- Intercompany Loans (including interest accrued)	-	411.45
- Deposits	0.03	8.43
- Deposits/Balances with Excise / Sales Tax Authorities	64.33	74.64
- Deposits/Balances with Customs	4.50	4.50
	191.42	680.15
	917.70	2,767.15

) Includes Raw Material in Transit of ₹ 26.42 million (Pre scheme ₹ 55.20 million).

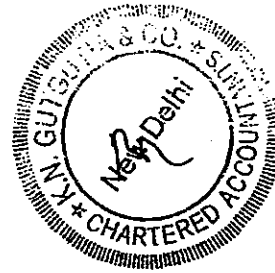
) Includes Stores, Spares, Process Chemicals, Fuels & Packing Material in Transit of ₹ 2.69 million (Pre scheme ₹ 2.86 million).

) Includes ₹ 32.05 million Export Benefits Receivables (Pre scheme ₹ 32.5 million).



Schedules forming part of the Balance Sheet

	As at 1st April, 2011	(₹ in million) As at 1st April, 2011
	Post Scheme	Pre Scheme
<b>H. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A) Current Liabilities</b>		
Sundry Creditors and Expenses Payable	301.84	730.11
- Due to Micro, Small & Medium Enterprises (Refer Note-5 of Schedule "I")	-	-
Trade Deposits & Advances	7.26	69.11
Other Liabilities	11.24	20.63
	<u>320.34</u>	<u>820.05</u>
<b>B) Provisions</b>		
For Dividends on Equity Shares (Including Dividend Distribution Tax)	27.94	27.94
For Income Tax, Wealth Tax & FBT	65.43	65.43
For Retirement/Post retirement Employee Benefits	32.32	73.31
For Others	0.93	0.93
	<u>126.62</u>	<u>167.61</u>
<b>Total (A+B)</b>	<u>446.96</u>	<u>987.61</u>



NOTES TO THE ACCOUNTS

**I NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES**

**Notes to the Balance Sheet (Post Scheme of Arrangement) as at 1<sup>st</sup> April, 2011**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The accounts of the Company are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956. The Financial statements are presented in Indian rupees rounded off to the nearest million.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee retirement benefit plans, income taxes, useful life of fixed assets and provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized in the period in which such results are known/ materialized. Effect of such material changes is disclosed in the notes to the financial statements.

**B. a) Fixed Assets and Depreciation**

- i) Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and accumulated impairment. The cost of fixed assets includes effects of exchange differences on long term foreign currency borrowings, freight and other incidental expenses related to the acquisition, installation and commissioning of the respective assets. Borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognized at book value in case of amalgamation in the nature of merger and at book value/fair value in case of amalgamation in the nature of purchase in line with AS 14.

Insurance spares/ standby equipments are capitalized as part of the mother assets and are depreciated at the applicable rates, over the remaining useful life of the mother assets.

Interest on loans and other financial charges in respect of qualifying assets and expenditure incurred on start up and commissioning of the project and/ or substantial expansion, including the expenditure incurred on test runs and trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized.

- ii) Depreciation is provided on Straight Line Method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), on the original cost/ acquisition cost of assets and read with the



## JUBILANT INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS

statement as mentioned herein under. Certain plants have been classified as continuous process plants based on technical assessment, (relied upon by the auditors being a technical matter) and depreciation on such assets has been provided accordingly.

Depreciation, in respect of assets added/installed up to December 15<sup>th</sup> 1993, is provided at the rates applicable at the time of addition/installation of the assets as per Companies Act, 1956 and depreciation in respect of other assets added/installed during the subsequent period is provided at the rates mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16<sup>th</sup> December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under:

- a. Computer & Information Technology related assets: Three to Five Years.
- b. Certain Employee perquisite-related Assets: Five Years, being the period of the Perquisite Scheme.
- c. Motor Vehicles: Five Years

The depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition/disposal.

Depreciation on assets of discontinuing business is provided only up to the date when the decision to discontinue the business is approved by the Board of Directors of the Company.

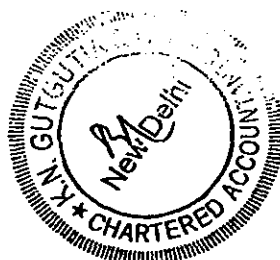
#### **b) Intangible Assets**

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Product development costs are expensed when it is unlikely that such assets will generate future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

#### **c) Leased Assets**

- i) Leasehold Land value is not amortized in view of the long term tenure of the un-expired lease period/option of conversion to freehold at the expiry of lease tenure.
- ii) **Other Lease Assets:** In respect of operating leases, lease rentals are charged to Profit & Loss Account.



JUBILANT INDUSTRIES LIMITED

**NOTES TO THE ACCOUNTS**

**C. Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value except scrap, which is at net estimated realizable value.

The methods of determining cost of various categories of inventories are as follows:

Raw Materials	Weighted Average Method
Stores & Spares	Weighted Average Method
Work-in-process and Finished Goods (Manufactured)	Variable Cost at weighted average including an appropriate share of variable and fixed production overheads.
Finished Goods (Traded)	Actual Cost of Purchase
Goods-in-transit	Actual Cost of Purchase

Cost includes all direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

**D. Investments**

Long term quoted investments (non trade) if any, are valued at cost unless there is a decline, other than temporary, in their value as at the date of Balance Sheet.

Unquoted investments including investments in subsidiary being of long term and of strategic in nature are valued at cost and no loss is recognized for the fall, if any, in their net worth, unless the diminution in value is other than temporary.

Current investments are valued at lower of cost and fair value.

**E. Income Tax**

**Current tax**

Current tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Provision for current income taxes and advance taxes arising in the same jurisdiction are presented in the Balance Sheet after offsetting on an assessment year basis.

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there



## JUBILANT INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS

- is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing tax authorities.

#### F. Foreign Currency Conversions/ Translation

(i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.

(ii) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange Difference:** Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### G. Provisions, Contingent Liability and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are not recognized/ disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

#### H. Employee Benefits

(i) **Short-term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, variable pay etc. and are recognized as expenses in the period in which the employee renders the related service.



**NOTES TO THE ACCOUNTS**

**(ii) Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefits plans in line with the requirements of AS 15 on "Employee Benefits".

• **Gratuity and Leave encashment**

Gratuity and leave encashment which are defined benefits are recognized in the Profit and Loss Account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognized in the Profit and Loss account as income or expense. The gratuity liability for certain employees of one of the units of the Company is funded with Life Insurance Corporation of India.

• **Superannuation**

Certain employees of the Company are also participants in the superannuation plan (the Plan) a defined contribution plan. Contribution made by the Company to the Plan during the year is charged to Profit and Loss Account.

• **Provident Fund**

- i) The Company makes contribution to the "VAM EMPLOYEES' PROVIDENT FUND TRUST" for most of its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.
- ii) For other employees, Provident Fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the Provident Fund is charged to Profit & Loss Account.

**(iii) Other Long Term Employee Benefits:** All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date.

**I. Borrowing Cost**

Borrowing costs including incidental/ ancillary costs are recognized in the Profit and Loss Account in the period in which it is incurred, except where the cost is incurred for acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalized up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortized over the period of such borrowings.





**NOTES TO THE ACCOUNTS**

**J. Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax and value added tax, if any. Revenue in respect of fertilizer is inclusive of subsidy being disbursed by the Central Government of India. The subsidy amount is recognized based upon the latest notified rates.

Revenue from contract manufacturing is recognized on completed service contract method.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportionate method.

Any sale for which Company has acted as an agent without assuming the risk and reward of the ownership have been reported on receipt-basis.

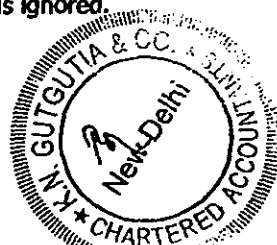
Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and are included in sales.

**K. Segment Reporting**

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking in account the nature of products and services and risks & rewards associated with them) and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Company. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "Common Revenue/Expenses/Assets/Liabilities", as the case may be.

**L. Earnings Per Share**

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored.



**NOTES TO THE ACCOUNTS**

**M. Impairment of Fixed Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any, such indications exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the profit and loss account.

**2. Scheme of Arrangement:**

- (1) These accounts have been prepared taking into account the effect of Part C of Sections I & II of the proposed Scheme of Arrangement approved by the board on 11<sup>th</sup> May, 2011 between the following companies :
  - **Jubilant Industries Limited (JIL)** engaged in the manufacturing and sale of agri and consumer products (ACP Undertaking), industrial products ("IP Business").
  - **Jubilant Agri and Consumer Products Limited (JACPL)**, a wholly owned subsidiary of JIL to be engaged in the manufacture and sale of agri and consumer products (including in a mall or hyper market format), whole sale cash and carry trading and leasing business.
  - **Enpro Oil Private Limited** engaged in the business of sale of consumer products (including in a mall or hyper market format), whole sale cash and carry trading and leasing business (The Demerged Undertaking) and the business of consultation services, (Demerged Company).
  
- (2) Pursuant to Scheme of Arrangement, the consideration of ₹ 1648.82 million receivable on account of slump sale from JACPL (subsidiary company) by way of redeemable preference shares on such terms and conditions or any other instruments or in any other manner as may be mutually agreed between the Boards of Directors of the respective company.

Pursuant to the Scheme of Arrangement, JACPL (The resulting Company) will acquire the Demerged undertaking of the Demerged Company as at the Appointed Date i.e. on the commencement of business on 1<sup>st</sup> April 2011 and JIL will allot 3835348 No of equity shares of ₹ 10/- each to the shareholders of demerged company in proportion to their shareholding



**JUBILANT INDUSTRIES LIMITED**

**NOTES TO THE ACCOUNTS**

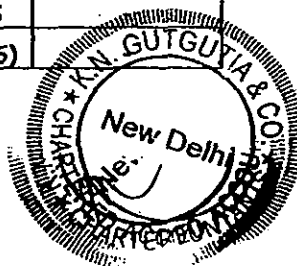
in demerged company (Post proposed capital reduction of EOPL) as consideration for demerger and the same is to be adjusted against the Reserves of the JIL.

(3) The Effect of Slump Sale in JIL and JACPL is as under:

Increase/ (Decrease) in:	₹ in million)	
Particulars	JIL	JACPL
<b>Assets</b>		
Fixed Assets	(742.80)	325.00
Investment	(1.72)	1.72
Deferred Tax Assets	(13.30)	13.30
Investment in Subsidiary (Slump Sale Consideration)	1648.82	-
Inventories	(618.07)	618.07
Sundry Debtors	(435.20)	435.20
Cash & Bank Balances	(307.45)	307.45
Loans & Advances	(488.73)	488.73
<b>Liabilities</b>		
Current Liabilities	(499.66)	499.66
Provisions	(40.99)	40.99
<b>Shareholders' Fund</b>		
Slump Sale Consideration payable to JIL, the Holding company	-	1648.82
Reserves & Surplus	(417.80)	-

(4) The Effect of Demerger of Demerged Undertaking into JACPL is as under:

Increase/ (Decrease) in:	₹ in million)	
Particulars	JIL	JACPL
<b>Assets</b>		
Fixed Assets	-	1419.18
Goodwill	-	1237.74
Inventories	-	387.93
Sundry Debtors	-	83.53
Cash & Bank Balances	-	15.15
Loans & Advances	-	416.62
<b>Liabilities</b>		
Secured Loans	-	980.19
Unsecured Loans	-	801.33
Current Liabilities	-	1760.53
Provisions	-	18.10
<b>Shareholders' Fund</b>		
Equity Share Capital	38.35	
Reserves & Surplus	(38.35)	



**JUBILANT INDUSTRIES LIMITED**

**NOTES TO THE ACCOUNTS**

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) ₹ 21.94 million (Pre Scheme of Arrangement ₹ Nil)[Advances ₹ Nil (Pre Scheme of Arrangement ₹ Nil)]

**4. Contingent Liabilities**

- a) Claims/ Demands in respect of which proceeding or appeals are pending and are not acknowledged as debts on account of :

(₹ in million)		
	As at 1 <sup>st</sup> April,2011* (Post Scheme of Arrangement)	As at 1 <sup>st</sup> April,2011 (Pre Scheme of Arrangement)
Central Excise	—	11.41
Customs	114.43	114.87
Sales Tax	12.77	21.74
Service Tax	—	16.10
Others	50.00	103.60

\*Inclusive of Contingent Liabilities taken over in term of the Amalgamation & Demerger Scheme. Certain of the above demands are still in the name of Jubilant Life Sciences Ltd. (formerly Jubilant Organosys Ltd.)

- b) Outstanding guarantees furnished by Banks on behalf of the Company/ by the Company including in respect of Letters of Credit is ₹ 35.31 million (Pre Scheme of Arrangement: ₹ 692.16 million)
- c) Export Obligations under Advance License Scheme/ Duty Free Import Authorization Scheme on duty free import of specific raw materials, remaining outstanding is ₹ 10.74 Millions (Pre Scheme of Arrangement: ₹ Nil).

**5. Micro and Small Business Entities**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2011. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company.



**JUBILANT INDUSTRIES LIMITED**

**NOTES TO THE ACCOUNTS**

(₹ in million)

Principle Amount Payable to Suppliers –as at 1 <sup>st</sup> April 2011(Post Scheme of Arrangement) -as at 1 <sup>st</sup> April,2011(Pre Scheme of Arrangement)	- (-)
Amount of Interest Paid by the Company in terms of Section 16 of the MSMED, along with the amount of the Payment made to the Supplier beyond the appointed day during the Accounting Year	- (-)
Amount of Interest Due and Payable for the period of delay in making Payment (which have been paid beyond appointed day during the year) but without adding the interest specified under the MSMED	- (-)
Amount of interest accrued and remaining unpaid at the end of the accounting year	- (-)

6. Certain Employees of the Company, who were previously employed with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) and whose service were transferred to this Company in term of the Scheme of Amalgamation & Demerger (2010) and were entitled to Employee Stock Option Scheme (ESOP) 2005 of Jubilant Life Sciences Limited, are entitled to certain number of shares of Jubilant Industries Limited which shall be transferred by the "Jubilant Employee Welfare Trust" (the Trust) as per the said scheme. Such transfer of shares by the Trust has no financial implication in the financial books of the Company.

7. Disclosure required by Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets"

**Movement in Provisions**

(₹ in million)

Sr. No.	Particulars of Disclosure	Excise Duty
1	Balance –as at 1 <sup>st</sup> April 2011(Post Scheme of Arrangement) -as at 1 <sup>st</sup> April 2011(Pre Scheme of Arrangement)	8.90 (13.01)

Provision for Excise Duty represents the excise duty on closing stock of finished goods and also in respect of written off/provision of write down of Inventory

8. Foreign Currency exposure not hedged by derivative instrument are as under:

	Amount (Foreign Currency in million)			
	1st April,2011 (Post Scheme of Arrangement)		1st April ,2011 (Pre Scheme of Arrangement)	
Amount Receivable on account of Sale of Goods & Services	USD	1.61	USD	1.67
	EURO	0.56	EURO	0.56
Amount Payable on account of Purchase of Goods	USD	1.03	USD	3.75



**NOTES TO THE ACCOUNTS**

**9. Employees Benefits:**

During the year the Company has recognized the following amounts in the Profit & Loss Account:

**(A) Defined Contribution Plans**

- a) Superannuation Fund

**(B) State Plans**

- a) Employee State Insurance
- b) Employee's Pension Scheme, 1995

**(C) Defined Benefit Plan**

**Compensated Absences Gratuity**

In accordance with Accounting Standard 15, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.30 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).

The estimates of future salary increases, considered in actuarial valuation 6.35% take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Closing balances of the present value of the defined benefit obligations :**

	(₹ in million)	
	Gratuity*	Leave Encashment
Present Value of obligation as at 1 <sup>st</sup> April, 2011 (Post Scheme of Arrangement )	20.96	11.36
( Pre-Scheme of Arrangement.)	49.73	23.81



**JUBILANT INDUSTRIES LIMITED**

**NOTES TO THE ACCOUNTS**

\*Excluding for certain employees of Sahibabad Unit.

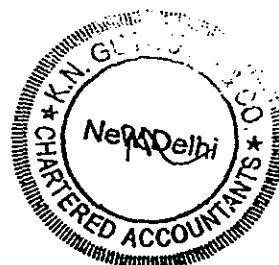
**Closing balances of the present value of the defined benefit obligations and the fair value of plan assets\*\* :**

	(₹ in million)
	Gratuity**
Present Value of obligation as at 1 <sup>st</sup> April, 2011 (Post Scheme of Arrangement)	--
(Pre Scheme of Arrangement)	(3.96)
Fair value of plan assets at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement)	--
(Pre-Scheme of Arrangement)	(4.19)
Funded status excess of Actual over estimated as at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement)	--
(Pre Scheme of Arrangement)	(-0.04)
Assets/(Liabilities) recognized in the Balance Sheet as at 1 <sup>st</sup> April 2011 (Post Scheme of Arrangement)	--
(Pre Scheme of Arrangement)	(0.23)

**\*\* In respect of certain employees of Sahibabad Unit**

**10. Segment Reporting**

- i) Based on the guiding principles given in Accounting Standard 17 (AS-17) on "Segment Reporting", the Company's Primary Business Segments are organized around customers on industry and product lines as under:
- a. Agri Products: (i) Single Super Phosphate and (ii) Agro Chemicals for Crop Products.
  - b. Performance Polymers: (i) Food Polymer (Solid PVA), (ii) VP Latex and SBR Latex, (iii) Consumer Products (Application Polymer Products which was earlier part of this segment, Board of Directors of the Company had decided to discontinue its operation in February 2011 since the operation was not viable and the same was disclosed as per Accounting Standard 24 (AS-24) on "Discontinuing Operations").
  - c. Others



## JUBILANT INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS

Post Scheme of Arrangement the Company will identify its reportable segments based on the guiding principles given in the Accounting Standard on "Segment Reporting" (AS-17), notified by the Central Government of India.

11. Adjustment for reversal of Deferred Tax Liability, in respect of assets comprising in slump sale shall be considered at the next quarter/year ended financial reporting.

### 12. Related Party Disclosures (Pre and Post Scheme of Arrangement)

#### 1) Related parties where control exists:

##### Subsidiaries:

Jubilant Agri And consumer Products Limited (formerly Jubilant Agri And Retail Private Limited )

#### 2) Other Related parties with whom transactions have taken place during the year:

##### a) Key Management Personal:

Mr. Ananda Mukherjee

b) Enterprise in which Directors & Major Shareholders of the Company are interested: Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Life Sciences (Shanghai) Ltd. China (formerly Jubilant Organosys (Shanghai) Ltd. China), Jubilant Life Sciences (USA) Inc. USA (formerly Jubilant Organosys (USA) Inc. USA), Jubilant Enpro Private Limited, VAM Employees Provident Fund Trust, VAM Officers Superannuation Trust.

c) Others: Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust).

#### 3) Balances with related parties as on commencement of business on 1<sup>st</sup> April, 2011(Pre Scheme):

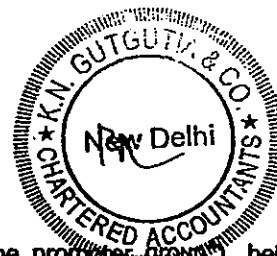
Current account Dr balance with Jubilant Life Sciences Ltd. ( formerly Jubilant Organosys Ltd.) of ₹ 37.69 million(Previous year ₹ Nil )

### 13. Promoter Group

#### Group companies

The Company is controlled by Mr. Shyam S Bhartia/Mr. Hari S Bhartia group (the promoter group), being a group as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

The persons constituting the promoter group include individuals and corporate bodies who/which jointly exercise, and are in a position to exercise, control over the Company. The names of these individuals and bodies corporate are Ms. Kavita Bhartia,





## JUBILANT INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS

Mr. Priyavrat Bhartia, Mr. Shamit Bhartia, Jubilant Capital Private Limited, Jubilant Securities Private Limited, Jaytee Private Limited, Jubilant Retail Holding Private Limited, Vam Holdings Limited, Nikita Resources Private Limited, Torino Overseas Limited, Cummin Investments Limited, Rance Investments & Holdings Limited, Jubilant Infrastructure Limited, Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Foodworks Limited, Asia Healthcare Development Limited, Jubilant Clinsys Limited (formerly Clinsys Clinical Research Limited), Jubilant Biosys Limited, Jubilant Chemsys Limited, Jubilant First Trust Healthcare Limited, Jubilant DraxImage Limited (formerly Draximage India Limited), Jubilant Innovation (India) Limited, Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals inc. (formerly Cadista Pharmaceuticals inc.), Colvant Sciences, Inc., Jubilant Life Sciences Holdings, Inc. (formerly Clinsys Holdings inc.), Jubilant Clinsys Inc. (formerly Clinsys Clinical Research, Inc.), HSL Holdings Inc., Hollister-Stier Laboratories LLC, DAHI LLC, Jubilant Life Sciences (USA) Inc. (formerly Jubilant Organosys (USA) Inc.), Draximage LLC, Jubilant Draximage (USA) Inc. (formerly DSPI Inc., USA), Deprenyl Inc., USA, Draxis Pharma LLC, Draxis Pharma Inc., Jubilant Discovery Services Inc., DAHI Animal Health (UK) Limited, Draximage (UK) Limited, Jubilant Pharma Pte. Limited, Jubilant Life Sciences International Pte. Limited (formerly Jubilant Organosys International Pte. Limited), Jubilant Biosys (Singapore) Pte. Limited, Jubilant Drug Development Pte. Limited, Jubilant Innovation Pte. Limited, Jubilant Life Sciences (Shanghai) Limited (formerly Jubilant Organosys (Shanghai) Limited, Draximage Limited, Cyprus, Draximage Limited, Ireland, Jubilant Pharma N.V., Jubilant Pharmaceuticals N.V., PSI supply N.V., Jubilant Innovation (BVI) Limited, Jubilant Life Sciences (BVI) Limited (formerly Jubilant Organosys (BVI) Limited), Jubilant Biosys (BVI) Limited, Jubilant DraxImage Inc. (formerly Draxis Specialty Pharmaceuticals Inc.), 6963196 Canada Inc., 6981364 Canada Inc., Jubilant Innovation (USA) Inc., Jubilant Bhartia Foundation, Jubilant Enpro Private Limited, Enpro Exports Private Limited, Enpro Oil Private Limited, Tower Promoters Private Limited, U C Gas & Engineering Limited, Asia Infrastructure Development Company Private Limited, Western Drilling Contractors Private Limited, Jubilant Realty Private Limited, Jubilant Properties Private Limited, India Country Homes Private Limited, Jubilant E & P Ventures Private Limited, Jubilant Retail Private Limited, Jubilant Motorworks Private Limited, Jubilant Retail Consolidated Private Limited, B & M Hot Breads Private Limited, GPS Stock Brokers Private Limited, Dyno Enpro Oil Field Chemicals Private Limited, Jubilant Oil and Gas Private Limited, Jubilant Offshore Drilling Private Limited, Jubilant Energy (Kharsang) Private Limited, Jubilant Energy (NEPL-V) Private Limited, Focus Brands Trading India Private Limited, and Jubilant Life Sciences (Switzerland) AG, Schaffhausen.

#### 14. (A) Capacities and Stocks-Post Scheme of Arrangement

S. No.	Class of Goods	Quantitative Denomination	Capacity* Installed	Closing Stock	
				Qty.##	₹ in million
1	Food Polymer & VP Latex/ SBR Latex	MT	44,800	1,074	77.73
2	IMFL	KBL	10800	97	5.41#

Under the Industrial Policy Statement dated July 24, 1991 and the notifications issued there under, no licensing is required for the company's products.

Not belongs to the Company as the Company operates as toller.

# After effect of adjustments of shortage/ excess/ old obsolete inventory written off/ provided for.



**JUBILANT INDUSTRIES LIMITED**

**NOTES TO THE ACCOUNTS**

**Notes:**

- a) Closing Stock has been arrived at after considering Captive Consumptions.
- b) Installed capacities are as certified by the Management, being a technical matter and relied upon by the Auditors accordingly.

**(B). Capacities and Stocks- Pre scheme of Arrangement :**

S. No.	Class of Goods	Quantitative Denomination	Capacity* Installed	Closing Stock	
				Qty.##	₹ in million
1	Polymers Including Co-polymers & VP Latex/ SBR latex	MT	65,200 (-)	2,417 (-)	165.22 (-)
2	Single Superphosphate	MT	429,000 (-)	16,202 (-)	102.97 (-)
3	Sulphuric Acid	MT	68,835 (-)	1,109 (-)	1.97 (-)
4	Agri Chemicals	KL	- (-)	38 (-)	0.36 (-)
5	IMFL	KBL	10,800 (-)	97 (-)	5.41 (-)
6	Biocompost	MT	- (-)	3,711 (-)	2.08 (-)

\*Under the Industrial Policy Statement dated July 24, 1991 and the notifications issued there under, no licensing is required for the Company's products.

\*\* Not our own production but for others on tolling basis.

## After effect of adjustments of shortage/ excess/ old obsolete inventory written off/ provided for (Totaling to ₹ 8.49 million (Previous (car: ₹ Nil)).

@ Includes products manufactured by Contract Manufacturers on conversion basis wherever applicable.

**Notes:**

- a) Closing Stock has been arrived at after considering Captive Consumptions.
- b) Installed capacities are as certified by the Management, being a technical matter and relied upon by the Auditors accordingly.
- c) V.P. Latex / SBR Latex installed Capacity is on Wet basis.
- d) Agri chemicals production is on tolling basis.
- e) Difference in quantitative tally represent materials damaged/ obsolete/ issue for sample etc.
- f) Turnover includes subsidy/ export incentives.
- g) Includes quantities of discontinued business also.



JUBILANT INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS

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In terms of our report of even date attached.

For K.N. Gutgutia & Co.

Firm Registration Number : 304153E

Chartered Accountants



A handwritten signature in black ink, appearing to read "B.R. Goyal".

B.R. Goyal

Partner

Membership No. 12172

Place: Noida

Date: 27<sup>th</sup> May, 2011

A handwritten signature in black ink, appearing to read "Ananda Mukherjee".

Ananda Mukherjee  
Whole Time Director

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