

**Report of the meeting of Independent Directors of Ion Exchange (India) Limited for recommending the draft Scheme of Amalgamation between Ion Exchange Projects and Engineering Limited with Ion Exchange (India) Limited and their respective shareholders at its meeting held on Thursday, 23<sup>rd</sup> March, 2023 at the registered office of the company situated at Ion House, Dr. E. Moses road, Mahalaxmi, Mumbai-400011, at 9.45 a.m.**

**MEMBERS PRESENT:**

- |    |                     |                                     |
|----|---------------------|-------------------------------------|
| 1. | Ms. K.J. Udeshi     | - DIN 01344073 (Present Through VC) |
| 2. | Dr. V.N.Gupchup     | - DIN 00042936                      |
| 3. | Mr. T.M.M.Nambiar   | - DIN 00046857                      |
| 4. | Mr. Abhiram Seth    | - DIN 00176144                      |
| 5. | Mr. Shishir Tamotia | - DIN 00428930                      |
| 6. | Mr. P.Samathkumar   | - DIN 01087396                      |
| 7. | Mr. David Rasquinha | - DIN 01172654                      |

**1. Background**

- 1.1. The Proposal to consider and recommend draft Scheme of Amalgamation in the nature of merger / amalgamation between Ion Exchange Projects and Engineering Limited ("Transferor Company" / "IEPEL") and Ion Exchange (India) Limited ("Transferee Company" / "IEIL") and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 read with applicable rules made thereunder ("Scheme") was placed before and considered by members of the Independent directors committee at its meeting held on Thursday, 23<sup>rd</sup> March, 2023.
- 1.2. The Equity Shares of IEIL are listed on BSE Limited ("BSE") and NSE Limited ("NSE"). The Company will be filing the Scheme along with the necessary documents / information with the BSE for their No Objection or No Observation Letter pursuant to Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and applicable statutory provisions.
- 1.3. The Report of the Independent directors Committee is made to comply with the requirements of SEBI LODR Regulations and master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/DIL/CIR/P/2021/0000000665 dated November 23, 2021 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of SEBI LODR Regulations ("SEBI Master Circular") considering following:





- a. Valuation Report dated 23<sup>rd</sup> March, 2023 issued by GT Valuation Advisors Private Limited, an Independent Registered Valuer (CIN - U74999DL2021PTC381143) ("Registered Valuer") appointed for recommending the fair share exchange ratio for the purpose of this Scheme;
- b. Fairness Opinion Report dated 23<sup>rd</sup> March, 2023 issued by Choice Capital Advisors Private Limited, Category I SEBI Registered Merchant Banker (CIN - U65990MH2010PTC198262) providing fairness opinion ("Fairness Opinion") on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer and
- c. Draft certificate to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in pursuance to Section 133 of the Companies Act, 2013, read with applicable rules and/ or the accounting standards and principles, received from Statutory Auditors of the Transferee Company i.e., BSR & Co. LLP, Chartered Accountants (Firm's Registration No. 101248W/W-100022).

## **2. Proposed Scheme:**

2.1. The Scheme, inter-alia, provides the following:

- a. Merger of Ion Exchange Projects and Engineering Limited with Ion Exchange (India) Limited and
- b. Various other matters consequential or otherwise integrally connected herewith.

2.2. Appointed Date of the Scheme is 1<sup>st</sup> April 2023.

2.3. The Effective Date for the Scheme means the day on which last of the conditions specified in Clause 20 of the Scheme are complied with.

2.4. The Scheme would be subject to the sanction or approval of the National Company Law Tribunal, SEBI, Stock Exchanges, Shareholders, Creditors and other Appropriate Authorities (as defined in the Scheme).

## **3. Need for the Merger, Rationale of the Scheme and Synergies of business of the entities involved**

3.1. The Transferor Company is engaged in the business of execution of large EPC projects related to water treatments and provide design, supply, erection and commissioning of projects in industries related to power, steel, petrochemical and other sectors.

3.2. The Transferee Company is engaged in the business of offering a wide range of solutions across the water cycle from pre-treatment to process water treatment, waste





water treatment, recycle, zero liquid discharge, sewage treatment, packaged drinking water, sea water desalination etc. The Company is also engaged in manufacturing resins, specialty chemicals for water and waste-water treatment as well as non-water applications. The Company's water and environment management solutions extend beyond the industrial sector to homes, hotels, spas, educational institutions, hospitals, laboratories, realty sector, defence establishments and rural communities, providing safe drinking water and a clean environment

3.3. The Independent directors noted the need for proposed merger of Ion Exchange Projects and Engineering Limited with Ion Exchange (India) Limited in light of the various synergies and value creation on account of multiple factors as outlined in the Scheme. Further, it was noted that merger by way of a Scheme approved by NCLT under provisions of the Companies Act, 2013 would be the most efficient mechanism for consolidation of the businesses.

3.4. The Transferor Company and the Transferee Company are part of the same group. The rationale for the Scheme is as under:

- (a) Economies of scale, greater integration, greater flexibility, most effective network and greater market reach for the amalgamated entity and will improve the competitive position of the combined entity;
- (b) Operational synergies to the amalgamated entity which can be put to the best advantage of the stakeholders. The amalgamation will be value accretive through a realization of business synergies;
- (c) Reduce managerial overlaps which are necessarily involved in running multiple entities;
- (d) Achieve simplified corporate structure, by way of reducing the number of entities in the group;
- (e) Elimination of duplication of administrative expenses and enabling cost savings;
- (f) Carrying on and conducting the business more efficiently and advantageously, ensuring more productive and optimum utilization of various resources.

3.5. Thus, with the intent to achieve aforesaid objectives and further in order to consolidate, streamline and effectively merge the Transferor Company and Transferee Company in a single entity it is intended that the Transferor Company be merged with the Transferee Company.

#### **4. Impact of the Scheme on the shareholders of the Company**

4.1 Pursuant to the Scheme, shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Companies and their respective shareholders.



- 4.2 The proposed merger will create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, product diversification and expanded reach with increased ability to growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies amongst others;
- 4.3 Greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- 4.4 The Scheme has been drafted keeping in mind the provisions of section 2(1B) of the Income Tax Act, 1961 and therefore it may not have any adverse tax implications.
- 4.5 The Scheme is expected to be beneficial to the Companies and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Company.

## **5. Cost benefit analysis of the Scheme**

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company. Further, keeping in view of synergies and the cost benefits expected, the Independent Directors Committee is of the view that the proposed Scheme of Amalgamation will provide reduction of cost in the long term.

## **6. Recommendations of the Independent Director Committee**

6.1 Pursuant to the above, the Independent Directors Committee has perused the following documents:

- (a) Draft Scheme of Amalgamation between Ion Exchange Projects and Engineering Limited ("Transferor Company" / "IEPEL") and Ion Exchange (India) Limited ("Transferee Company" / "IEIL") and their respective shareholders and creditors
- (b) Valuation Report dated 23<sup>rd</sup> March, 2023 issued by GT Valuation Advisors Private Limited.
- (c) Fairness Opinion recommended to the Board that the Share Exchange Ratio is fair to the shareholders (including the minority shareholders) of IEIL, dated 23<sup>rd</sup> March, 2023 issued by Choice Capital Advisors Private Limited.
- (d) A certificate issued by BSR & Co. LLP, the Statutory Auditors of Transferee Company to the effect that the accounting treatment contained in the scheme is in compliance with all Accounting Standards.





- 6.2 The Independent Directors Committee having considered and noted the above, recommends the draft Scheme to the Board, in its present form for favourable consideration by the Board, Stock Exchanges, National Company Law Tribunal, SEBI and such other regulatory authorities, as may be applicable;
- 6.3 In the opinion of the members of the Independent Directors Committee present at the Meeting, draft Scheme is in the best interest of all the stakeholders of IEIL including shareholders, customers, lenders and employees and the Share Exchange Ratio as mentioned in the Valuation Report is fair and reasonable.

**For Ion Exchange (India) Limited**



**Dr. V.N.Gupchup**  
Independent Director  
DIN: 00042936



Place: Mumbai  
Date: 23<sup>rd</sup> March, 2023