

Atul Ltd to merge its associate company Amal Ltd with itself

Atul Ltd, at its board meeting held on December 05, 2014 has decided to merge its associate company Amal Ltd with itself. Promoted by Atul Ltd and its wholly-owned subsidiary, Atul Trading Corporation Ltd (formerly Ameer Trading Corporation Ltd), Amal Ltd is listed on the Ahmedabad Stock Exchange as well as the Bombay Stock Exchange. The two entities put together hold 36.74% of the paid-up capital of Amal Ltd. Further, the promoters of Atul Ltd hold 15.34% of the paid-up equity capital of Amal Ltd.

Amal Ltd being a sick company had been referred to the Board for Industrial and Financial Reconstruction (BIFR) for revival. The company mainly manufactures Sulphuric Acid and downstream products and does not have any secured creditors other than Atul Ltd.

The Board of Directors of the company in accordance with the directions from the BIFR and the recommendations of the Audit Committee have approved the Draft scheme of merger of Amal Ltd with Atul Ltd. This scheme will now be submitted to the BIFR for its approval.

The salient features of the merger are as under:

- 1) The entire undertaking of Amal Ltd together with all its assets and liabilities will be transferred to Atul Ltd as a going concern.
- 2) The unabsorbed depreciation of ₹28.21 crore and carried forward loss of ₹15.93 crore of Amal Ltd will be deemed to be the allowance for unabsorbed depreciation and loss respectively of Atul Ltd for tax purposes for the financial year 2014-15.
- 3) The valuation was carried out by Deloitte Haskins & Sells, Chartered Accountants. It has recommended an exchange ratio of 1 fully paid-up equity share of Atul Ltd (Face Value ₹10 each) for every 50 fully paid-up shares (Face Value ₹10 each) held in Amal Ltd.
- 4) With this exchange ratio, the paid-up equity share capital of Atul Ltd will increase from ₹29.68 crore to ₹29.81 crore and the holding of promoters of Atul Ltd in the merged entity (Atul Ltd) will go down from 50.66% to 50.63%.
- 5) The fairness opinion for the merger has been given by SBI Capital Markets Ltd.

Subject to all requisite approvals, the merger will be effective from April 01, 2014. Currently, 80% of the products of Amal Ltd are being purchased by Atul Ltd and the merger is expected to create benefits of

synergy between both the companies. Upon the scheme coming into effect, Amal Ltd will be dissolved without being wound up.