

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF TECHINDIA NIRMAN LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN TECHINDIA NIRMAN LIMITED AND FERRY FAX FARMS PRIVATE LIMITED AND AGRI-TECH (INDIA) LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON JUNE 25, 2022

Members Present:

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| 1. Vadla Nagabhushanam | Chairman and Independent Director |
| 2. Hitesh Purohit | Independent Director (Member) |
| 3. Satish Kagliwal | Executive Director (Member) |

1. Background:

- 1.1 A meeting of the Audit Committee of the Board of Directors was held on 27th September, 2021 to consider and recommend the Draft Scheme of Amalgamation between Techindia Nirman Limited (“Transferor Company I or TNL”) And Ferry Fax Farms Private Limited (“Transferor Company II or FFFPL”) And Agri-Tech (India) Limited (“Transferee Company or ATIL”) and their respective Shareholders and Creditors (“the Scheme”) pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulations 11, 37 and 94 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by Securities and Exchange Board of India (“SEBI Circular”), as amended from time to time.
- 1.2 The Board of Directors of the Company had approved the draft Scheme for Amalgamation of the Transferor Company I and II with the Transferee Company on 27th September, 2021 based on the recommendation provided inter alia by the Audit Committee Report dated 27th September, 2021. The swap ratio for the amalgamation considered in the Audit Committee meeting dated 27th September, 2021 was determined by valuer based on the financials as on 31st March, 2021.
- 1.3 As per the query raised by BSE Limited and National Stock Exchange of India Limited (“Stock Exchanges”), valuation report is required to be prepared based on the financial statements not being older than 3 months from current date.
- 1.4 In order to comply with the above requirement of the Stock Exchanges, the revised valuation report has been obtained by the Company to determine the revised swap ratio based on the Financials



Statements as on 31st March, 2022 (being not more than 3 months old). Accordingly, the swap ratio in the draft Scheme for Amalgamation has been amended based on the said valuation report. Further, the scheme is also amended to provide reference to the new Master Circular dated 23rd November 2021 in place of the old Master Circular dated 22nd December 2020.

- 1.5 In this connection, the report of Audit Committee is made in order to comply with the requirements of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November, 2021 (“SEBI Circular”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 after considering the following:
- 1.5.1 Revised Draft scheme of amalgamation;
- 1.5.2 Valuation Report dated June 25, 2022 issued by Independent Chartered Accountant, Mr. Vardhman Doogar , being registered valuer appointed for the purposes of this scheme (Registration No. IBBI/RV/06/2019/10802);
- 1.5.3 Fairness Opinion dated June 25, 2022 issued by M/s. Chartered Capital and Investment Ltd., Category-I SEBI Registered Merchant Banker (Reg No. INM000004018) providing fairness opinion on the share entitlement recommended in the valuation report issued by Mr. Vardhman Doogar; and
- 1.5.4 That a certificate to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013, would be obtained from the Statutory Auditors of Transferor Company I i.e Techindia Nirman Limited in pursuance of SEBI Circular.

2. Proposed Scheme

- 2.1 The Scheme, inter-alia, provides the following:
- Amalgamation of Techindia Nirman Limited and Ferry Fax Farms Private Limited with Agri-Tech (India) Limited.
 - Various other matters consequential or otherwise integrally connected herewith.

2.2 Consideration/ Share Exchange Ratio

In terms of the Scheme and based on Valuation Report issued by issued by Mr. Vardhman Doogar, Registered Valuer dated June 25, 2022 and Fairness Opinion issued by Chartered Capital and Investment Limited, Category-I SEBI Registered Merchant Banker, following would be the share entitlement ratio for Equity Shareholders of Transferor Company I and Transferor Company II:

"08 fully paid up equity share of face value of INR 10/- (Indian Rupees Ten) of Transferee Company to be issued and allotted to the Eligible Members of Transferor Company I against 100 fully paid up equity share of face value of INR 10/- (Indian Rupees Ten) each held in Transferor Company I."



"510 fully paid up equity share of face value of INR 10/- (Indian Rupees Ten) of Transferee Company to be issued and allotted to the Eligible Members of Transferor Company II against 01 fully paid up equity share of face value of INR 10/- (Indian Rupees Ten) each held in Transferor Company II."

- 2.3 Appointed date for the Scheme is April 01, 2022.
- 2.4 The 'Effective Date' for the Scheme means the date on which the conditions specified in clause 26 of this scheme are complied with (as defined in the scheme).
- 2.5 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. Purpose and Rationale of Scheme

It is proposed to Amalgamate Techindia Nirman Limited and Ferry Fax Farms Private Limited with Agri-Tech (India) Limited.

The amalgamation between the Transferor Companies and the Transferee Company would *inter alia* have the following benefits:

- a) The amalgamation will create a synergy of business and pool bank of land reserve to be developed under a common platform for economic of operation.
- b) Transferor Companies have surplus land and also some part of it is adjoining to the Transferee Company land which are used for Infrastructure/agricultural business. The amalgamation of Transferor Companies with Transferee Company will provide full integration of Infrastructure and Agriculture business.
- c) Consolidation will provide several benefits including synergy, economies of scale and cost competitiveness, it is intended that the Transferor Companies be amalgamated with the Transferee Company.
- d) The amalgamation will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical, financial and administrative resources of the TNL and FFFPL which will push the business growth of consolidated business of ATIL post transaction and help effectively address the ever-growing competition.
- e) The amalgamation will result in a reduction in the multiplicity of legal and regulatory compliances and will also avoid duplication of compliances.



- f) The amalgamation will result in economy of scales, reduction in overheads including administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs.
- g) Pursuant to the Scheme, all the shareholders of TNL and FFFPL will get Shares in ATIL and there would be no adverse change in the economic interest for any of the shareholder of TNL and FFFPL pre and post Scheme.

4. Synergies

- 4.1 The Companies are holding lands in their respective names and want to develop most of their lands. In case the land development is carried out by individual company, it will be costlier. The proposed amalgamation would be in the best interest of the companies and their respective stakeholders as it will yield advantages as set out, inter alia, below:
 - i. The cost saving due to economic of scale will be tremendous.
 - ii. Best consultants/ contractors in the industry can be higher with lower cost.
 - iii. Since some land of transferor companies is adjoining to the land of transferee company this will help in providing better integration of infrastructure facilities.
 - iv. The overall statutory & legal compliance cost will reduce drastically.
 - v. The amalgamation will provide more productive and optimum utilization of various resources of the companies like managerial, technical, financial, and administrative which will help in rapid business growth and can face the competition in the market.
- 4.2 The proposed amalgamation would help in creating a synergy of business and bring the land bank and other resources under one umbrella which will ultimately benefit all the stakeholders in higher value creation by economies of scale.

5. Impact of the Scheme on the shareholders of the Company on Amalgamation with Transferee Company

- 5.1 It is proposed to amalgamate Transferor Company I and Transferor Company II into the Transferee Company which shall result in issuance of equity shares to the shareholders as per the swap proposed.
- 5.2 The scheme has been drafted keeping in mind the provisions of section 2(1B) of Income-tax Act, 1961 and therefore there it may not have any tax implications.
- 5.3 The financial capability shall be strengthened on amalgamation of Transferor Company I and Transferor Company II with Transferee Company. All 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 the said amalgamation and matters incidental thereto shall be borne by Transferee Company and the same would be eligible to be claimed as a tax deduction as per the provisions of section 35DD of the Income-tax Act, 1961.

5.4 Further, the Fairness Opinion confirmed that the share entitlement in the valuation report is fair to the TNL and FFFPL and their respective shareholders.

5.5 Therefore, the said Scheme is not detrimental to the shareholders of the Company.

6. Cost benefit analysis of the Scheme

Keeping in view of synergies and the cost benefits expected (refer clause 3 above) the Audit Committee is of the view that post amalgamation, the Company would be able to achieve synergies of business, cost reduction, increase efficiencies and productivity gains, thereby continuing to future growth and enhancement of shareholder value.

7. Recommendation of the Audit Committee

The Audit Committee after due deliberations and consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion Report and the specific points mentioned above, recommends the draft Scheme for favorable consideration by the Board of Directors of the Company, the stock exchanges and The Securities and Exchange Board of India and other statutory or regulatory authorities.

**For and on behalf of the Audit Committee of
Techindia Nirman Limited**



Vadla Nagabhushanam
Chairman Of Audit Committee



Place: Aurangabad

Date: June 25, 2022