



Annex - A

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CIN : L99999MH1992PLC070022

**INDO
AMINES
LIMITED**



**REPORT OF THE AUDIT COMMITTEE OF INDO AMINES LIMITED
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION ("SCHEME") OF
PIOUS ENGINEERING PRIVATE LIMITED ("TRANSFEROR COMPANY") WITH
INDO AMINES LIMITED ("TRANSFEREE COMPANY") AND THEIR RESPECTIVE
SHAREHOLDERS AND CREDITORS DATED 08TH AUGUST, 2022**

MEMBERS PRESENT:

| | | |
|---------------------|---|---|
| Mr. Ajay Marathe | - | Chairman (Independent Non-Executive Director) |
| Mr. Pradeep Thakur | - | Member (Independent Non-Executive Director) |
| Mr. Vijay Palkar | - | Member (Managing Director & CEO) |
| Mr. Satish Chitale | - | Member (Independent Non-Executive Director) |
| Mr. Rohan Deshpande | - | Member (Independent Non-Executive Director) |
| Mr. Nandan Khambete | - | Member (Non-executive Director) |

In attendance:

| | | |
|-------------------|---|-------------------|
| Ms. Tripti Sharma | - | Company Secretary |
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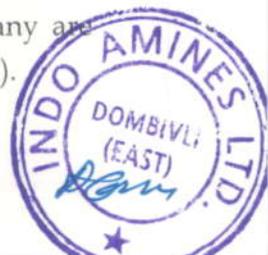
Invitees:

| | | |
|--------------------|---|-------------------------|
| Mr. Mukesh Agrawal | - | Chief Financial Officer |
|--------------------|---|-------------------------|

1. Background:

1.1 A meeting of Audit Committee of the Indo Amines Limited ("**the Company**" or "**IAL**") was held on 8th August, 2022 to consider and recommend to the Board of Directors, the proposed Scheme of Amalgamation of Pious Engineering Private Limited ("**Transferor Company**") with the Company ("**Transferee Company**") and their respective Shareholders and Creditors pursuant to Section 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/ or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("**Act**") and other applicable laws including the master circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000655 issued by the Securities and Exchange Board of India ("**SEBI**") on November 23, 2021 (as amended from time to time) or any other circular issued by SEBI applicable to Schemes of Amalgamation from time to time ("**SEBI Scheme Circular**" and such Scheme, the "**Scheme**").

1.2 The Company is a public limited company and was incorporated on December 17, 1992 under the Companies Act, 1956. The Transferee Company's Corporate Identification Number is L99999MH1992PLC070022. The equity shares of the Transferee Company are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').



1.3 This report of Audit Committee is made in order to comply with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has been recorded after taking into consideration the following documents, as placed before the Audit Committee:

- a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
- b) Valuation Report dated 8th August, 2022 ("**Valuation report**") prepared by Mr. Arun Rajendra Lahoti, Registered Valuer (Registration No. IBBI/RV/06/2018/10115), describing the methodology adopted by them in arriving at the Share Exchange Ratio;
- c) Fairness Opinion dated 8th August, 2022 ("**Fairness Opinion**") prepared by Corporate Capital Venture Private Limited, SEBI Registered Category I, Merchant Banker (Registration No. INM000012276) providing the Fairness Opinion on the Share Exchange Ratio as recommended by the Valuation Report; and
- d) Certificate prepared and issued by the Statutory Auditor of the Company M/s. Sanjay M. Kangutkar & Associates, Chartered Accountants confirming that the proposed accounting treatment specified in the draft Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and the circulars issued there under and all the applicable accounting standards prescribed under the Companies Act, 2013 and other accounting principles generally accepted in India.

2. Proposed draft Scheme of Amalgamation:

2.1 The Salient features of the draft Scheme are, inter alia, as under:

- a) The draft Scheme provides for amalgamation of Transferor Company with the Transferee Company.
- b) The proposed Appointed Date for the Scheme will be 01st April, 2022 or such other date as may be fixed or approved by the NCLT (as defined in the Scheme) or any other appropriate authority.
- c) In consideration of the transfer of and vesting of the assets and said liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot equity shares, to each shareholder of the Transferor Company, whose names appear in the register of members of the Transferor Company as on the Record Date (as defined in the Scheme), in the following manner:





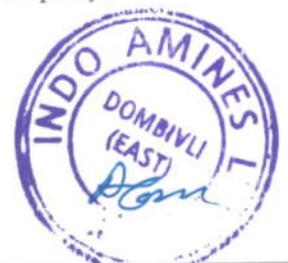
"537 (Five Hundred Thirty-Seven) equity shares of Rs. 5/- each (Rupees Five Only) of the Transferee Company each credited as fully paid up for every 10 (Ten) equity shares of Rs. 100/- (Rupees One Hundred Only) held in the Transferor Company and whose names are recorded in the register of members on the Record Date"

- d) The Company shall account for the Amalgamation as per the prescribed accounting standards.
- e) The Scheme will become effective on obtaining all approvals as mentioned in the Scheme.
- f) The equity shares proposed to be issued and allotted by the Company will be listed on BSE and NSE.

2.2 Need for the Amalgamation and Rationale of the Scheme:

The proposed amalgamation would be in the best interest of the Parties (as defined in the Scheme) and their respective shareholders, employees, creditors and other stakeholders as the proposed amalgamation will yield advantages as set out *inter alia* below:

- a) The Companies believe that the combined business will augment industry-leading revenue growth and profitability. Further, the Companies expect that their combined balance sheet will provide diverse strategic options and flexibility arising from cost efficiencies and synergies such as optimization of sales, general and administration costs.
- b) Amalgamation of the Transferor Company with the Transferee Company will provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the amalgamation will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required at lower cost than what Transferor Company borrowed for meeting its long term capital & working capital.
- c) Strengthened strong position in the industry, in terms of the assets base, revenues, product range, production volumes, integrated supply chain and market share of the combine entity.
- d) Greater efficiency in cash management by cost saving for all the Companies as they are capitalizing on each other's core competency and a resource which is expected to result in stability of operations, cost savings and higher profitability levels for the Amalgamated Company.
- e) Greater integration, financial strength and flexibility for the amalgamated company, which would result in improved overall shareholder value.





- f) Simplified management structure, leading to better administration and reduction in costs from more focused operational efforts, rationalization, standardization and simplification of business processes, elimination of duplication, reduction in multiplicity of legal and regulatory compliances and rationalization of administration expenses.

There is no likelihood that interests of any shareholder or creditor of either Transferor Company or the Transferee Company would be prejudiced as a result of the Scheme. The Scheme of Amalgamation will not impose any additional burden on the members of the Transferor Company or the Transferee Company.

3. Synergies of the scheme:

This Scheme will result in consolidation of businesses of the Transferor Companies after amalgamation with and into in the Transferee Company. Consolidation will be in the interest of stakeholders of the Transferee & Transferor Company to have an increased capability for running these businesses and pursue growth opportunities. The Scheme will result in consolidation of financial resources and optimization of working capital utilization thereby resulting in stronger financial leverage required not only to sustain such businesses in the long run but also to facilitate their organic and inorganic expansion.

The Scheme would also result in simplified group structure by amalgamation of multiple entities. This in turn is expected to result in achieving synergies benefits under a single flagship listed entity in the following manner:

- a) pooling of resources in terms of manpower, administration, and other common resources, thereby resulting in savings in operational & administrative costs;
- b) achievement of operational synergies due to consolidation of complementary resources and strengths;
- c) an optimum & efficient utilization of available capital and other resources;
- d) economies of scale will play a pivotal role as the consolidated entity's operational efficiency will increase, which in turn will allow the merged entity to compete on a larger scale in the industry and thereby benefiting the merged entity and the shareholders;
- e) duplication of administrative functions together with the multiple recordkeeping will be eliminated, resulting in overall reduction in expenditure including multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferor Company and Transferee Company.





4. Impact of the Scheme on the Company and its Shareholders:

The amalgamation pursuant to the Scheme is in the interest of both the Transferor Company and the Transferee Company, their respective Shareholders, Creditors and all other Stakeholders and is not prejudicial to the interests of the concerned shareholders, creditors and public at large.

5. Cost benefit analysis of the scheme:

The Scheme is expected to increase the value of the Company primarily on account of benefits and synergies detailed above. The benefits of the Scheme outweigh such costs for the Company and its Stakeholders.

6. Recommendation of the Audit Committee:

Taking into consideration draft Scheme, Valuation Report, Fairness opinion Report and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit committee
For and on Behalf of Indo Amines Limited

Ajay Marathe
Chairman & Independent Director
Audit Committee

Dated: 8th August, 2022

Place: Dombivali

