



# Amrit Corp. Ltd.

CIN: U15141UP1940PLC000946

**REPORT ADOPTED BY THE AUDIT COMMITTEE OF AMRIT CORP. LTD. AT ITS MEETING HELD ON SEPTEMBER 15, 2023 IN RELATION TO THE PROPOSED SCHEME OF AMALGAMATION OF AMRIT AGRO INDUSTRIES LTD. WITH AMRIT CORP. LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

1. The Audit Committee of Amrit Corp. Ltd. ("Transferee Company" or "Company") at its meeting held on September 15, 2023, in which all the members of the Audit Committee, namely, Shri K.R.Ramamoorthy, Chairman, Shri N.K.Bajaj, Member, Shri Mohit Satyanand, Member and Shri Sujal Anil Shah, Member, were present, was requested to consider, and if thought fit, recommend to the Board of Directors of Amrit Corp. Ltd. a draft of the proposed Scheme of Amalgamation involving the Company and Amrit Agro Industries Ltd. ("Transferor Company") and their respective shareholders ("Scheme"), wherein the Transferor Company shall amalgamate into and with the Transferee Company in terms of Section 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment or other amendment(s) thereof for the time being in force.
2. The Scheme is subject to the receipt of approvals from the Board of Directors and requisite majority of the shareholders and creditors of the respective Transferor Company and Transferee Company (collectively "**Companies**"), Hon'ble National Company Law Tribunal ("Hon'ble Tribunal" or "NCLT"), and such other approvals, permissions and sanctions of regulatory and other statutory authorities, as may be necessary as per applicable laws.
3. Accordingly, this Report of the Audit Committee is made to the Board of Directors of Amrit Corp. Ltd. to take this Report on record while considering the Scheme for approval.
4. The following documents were placed before the Audit Committee and while deliberating on the Scheme, the Audit Committee, inter-alia, considered and took on record these documents:
  - a) A draft of the proposed Scheme;
  - b) Valuation Report issued by CA Tejas Jatin Parikh, Partner, Gokhale & Sathe, Chartered Accountants, Mumbai registered with Insolvency and Bankruptcy Board of India (Registration No. IBBI/RV/06/2018/10201) ("**Valuation Report**") who in his report has recommended the share exchange ratio;
  - c) Auditor's Certificates dated September 18, 2023 issued by the Statutory Auditors of the Company i.e. M/s Mukesh Aggarwal & Co., Chartered Accountants, New Delhi in terms of proviso to sub-clause (h) of Section 232(3) of the Act, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Act;

**Amrit Corporate Centre**

A - 95, Sector-65, NOIDA - 201 309 (U.P.) Ph.: 0120-4506900, Fax: 0120-4506910  
Website: [www.amritcorp.com](http://www.amritcorp.com), Email: [info@amritcorp.com](mailto:info@amritcorp.com)

Regd. Office: CM/28 (First Floor), Gagan Enclave, Amrit Nagar, G. T. Road, Ghaziabad-201 009 (U.P.)  
Ph.: 0120-2866880

5. The Scheme, amongst others, contemplates the following arrangements:

- (a) Amalgamation of the Transferor Company with the Transferee Company in accordance with the provisions of Sections 230 to 232 of the Act, Section 2(1B) and other provisions of the Income Tax Act and other applicable laws;
- (b) The Scheme shall take effect from the Appointed Date i.e. 1<sup>st</sup> April, 2023 or such other date as the National Company Law Tribunal, Allahabad Bench, U.P. ("NCLT") may direct;
- (c) With effect from the Appointed Date and upon the Scheme becoming effective, the entire business of the Transferor Company including inter alia all movable/ immovable properties, tangible/intangible properties, if any, and all secured and unsecured debts, liabilities, including contingent liabilities and taxation obligations of the Transferor Company in the Transferee Company shall stand transferred to and vested in the Company, in the manner provided in the Scheme;
- (d) Issue and allotment of One (1) Optionally Convertible Redeemable Preference Shares ("OCRPS") of INR 10 each fully paid-up by the Transferee Company for every one (1) equity share of INR 10 each of the Transferor Company in consideration of the transfer and vesting of the assets and liabilities of the Transferor Company with the Transferee Company with an option to convert the OCRPS into two (2) equity shares of INR 10/- each fully paid-up of the Transferee Company for every twenty three (23) OCRPS of INR 10 each fully paid-up held by the shareholders of the Transferor Company, in one tranche, within a period not exceeding six (6) months from the date of allotment of OCRPS, as may be decided by the Transferee Company;

In the event the allottees of OCRPS choose not to convert the OCRPS, they will be compulsorily redeemed by the Transferee Company at the price of INR 73.60 per OCRPS of INR 10/- each including premium of INR 63.60 per OCRPS together with the cumulative dividend within a period of 6 (six) months from the date of allotment of such OCRPS, as may be decided by the Transferee Company.

- (e) Cancellation of the investment held by the Transferor Company in the form of equity shares of the Transferee Company;
- (f) Transfer of the Authorized Share Capital of the Transferor Company to the Transferee Company and consequential increase in the Authorized Share Capital of the Transferee Company as provided in Part C of the Scheme;
- (g) Dissolution of the Transferor Company without winding-up.

6. Effectiveness of the Scheme

The effectiveness of the Scheme is conditional upon fulfilment of the actions specified in the Scheme, which *inter alia* include:

- (a) the Scheme being agreed to (in the manner prescribed herein) by the respective requisite majorities of the shareholders and creditors of the Companies as required under the Act;



- (b) the Scheme being sanctioned by the Hon'ble NCLT under Sections 230 to 232 of the Companies Act.

Upon the fulfilment of the aforementioned conditions, the Scheme shall become effective:

- i) On the date or last of the dates on which the certified copies of the order of the Hon'ble NCLT sanctioning the Scheme are filed by the Transferor Company and the Transferee Company with the Registrar of Companies ("Effective Date");
- ii) On the date on which last of the consents, approvals, sanctions and/or orders as are provided in the Scheme have been obtained.

#### **7. Need, Rationale and Benefits of the Scheme:**

Both the Transferor Company and the Transferee Company have been promoted by the same promoters and belong to the same group. Both the companies were listed public companies and have now been delisted under and in accordance with SEBI regulations. The Scheme proposes to consolidate the Transferor Company with the Transferee Company and scale down the number of companies so as to create a large unified entity to achieve optimal and efficient utilization of resources, avoid overlap of compliance related costs and enhance operational and management efficiencies. The merger of the Transferor Company with the Transferee Company pursuant to this Scheme would have, inter-alia, the following benefits:

- (i) The consolidation of the Group companies as a single entity will lead to efficient utilization of the capital and financial resources and will provide several benefits including streamlined group structure by reducing number of entities, reducing the multiplicity of legal and regulatory compliances and rationalization of cost;
- (ii) Lead to the creation of a larger unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively;
- (iii) Result in reduction in fixed expenses, overheads, administrative and other expenditure of the group companies and eliminate multi-layer structure, managerial overlaps and cost duplication;
- (iv) Consolidation of managerial expertise of the companies will facilitate greater focus and utilization of resources;
- (v) Provide exit opportunity to the shareholders of the Transferor Company at a Fair Value of their equity shares.

#### **8. Valuation Report:**

As per Valuation Report dated September 11, 2023 issued by Valuer, CA Tejas Jatin Parikh, Partner, Gokhale & Sathe, Chartered Accountants, Mumbai, registered with Insolvency and Bankruptcy Board of India (Registration No. IBBI/RV/06/2018/10201):

- (i) Fair exchange ratio for the proposed amalgamation of AAIL with ACL is as under:

**"One (1) 7% Optionally Convertible Redeemable Preference Share (OCRPS) of ACL of INR 10 each fully paid up for every 1 (One) equity shares of AAIL of INR 10 each fully paid up";**



- (ii) Conversion ratio of OCRPS into equity shares of ACL for those shareholders who exercise the option to convert OCRPS into equity shares of ACL would be as under:

**"2 (two) equity shares of ACL of INR 10 each fully paid up for every twenty three (23) 7% OCRPS of ACL of INR 10 each fully paid-up";**

- (iii) Redemption value for those shareholders who do not exercise the option to convert OCRPS into equity shares of ACL would be:

**"INR 73.60 per OCRPS".**

Valuation Report dated September 11, 2023 issued by Valuer, CA Tejas J.Parikh, Partner, Gokhale & Sathe, Chartered Accountants, Mumbai, registered with Insolvency and Bankruptcy Board of India (Registration No. IBBI/RV/06/2018/10201) was placed on the table.

The Audit Committee of the Company took into account the recommendations of the Valuer on the Share Exchange Ratio, Conversion Ratio of OCRPS into Equity Shares and Redemption Value of OCRPS provided in the Valuation Report dated September 11, 2023 issued by him.

Based on the review of the Valuation Report and other documents placed at the meeting, the Audit Committee is of the view that the Share Exchange Ratio, Conversion Ratio of OCRPS into Equity Shares and Redemption Value of OCRPS is fair to the shareholders of the Company.

#### **9. Impact of the Scheme on the Shareholders**

Based on the review of the documents placed at the meeting, Committee's deliberations and consideration of various factors including but not limited to the need, rationale and benefits for the Scheme, salient features of the Scheme, Valuation Report of the Independent Registered Valuer determining the Share Exchange Ratio, Conversion Ratio of OCRPS into Equity Shares and Redemption Value of OCRPS, the Committee concluded that the proposed Scheme is fair and in the best interest of the shareholders, as the proposed amalgamation will create a large unified entity to achieve optimal and efficient utilization of resources, avoid overlap of compliance related costs and enhance operational and management efficiencies.

Further, the Audit Committee noted that, upon the Scheme coming into effect, the Transferee Company shall without any further application, act, instrument or deed, issue and allot One (1) Optionally Convertible Redeemable Preference Shares ("OCRPS") of INR 10 each fully paid-up by the Transferee Company for every one (1) equity share of INR 10 each of the Transferor Company in consideration of the transfer and vesting of the assets and liabilities of the Transferor Company with the Transferee Company with an option to convert the OCRPS into two (2) equity shares of INR 10/- each fully paid-up of the Transferee Company for every twenty three (23) OCRPS of INR 10 each fully paid-up held by the shareholders of the Transferor Company, in one tranche, within a period not exceeding six (6) months from the date of allotment of OCRPS, as may be decided by the Transferee Company.

In the event the allottees of OCRPS choose not to convert the OCRPS, they will be compulsorily redeemed by the Transferee Company at the price of INR 73.60 per OCRPS of INR 10/- each including premium of INR 63.60 per OCRPS together with the cumulative dividend within a period of 6 (six) months from the date of allotment of such OCRPS, as may be decided by the Transferee Company.





In the light of the above, Audit Committee considered the impact of issuance of New Shares on the shareholders of the Transferee Company and after due deliberations, unanimously concluded that the issuance of New Shares in terms of the Scheme will have no significant impact on the shareholders of the Transferee Company.

Further, the redemption of OCPRS to the shareholders of the Transferor Company will provide liquidity/marketability since its existing equity shares are not traded at the stock exchanges and it is difficult for the public shareholders to find any buyers for their equity shares and neither buyers nor sellers have reference to fair value/price of the equity shares at which they may buy or sell the shares. This will also reduce the cost of the Transferee Company involved in handling and servicing the large number of shareholders.

#### **10. Recommendation of the Audit Committee**

The Audit Committee, after taking into consideration the Valuation Report and after reviewing the documents placed at the meeting, recommended the draft Scheme in its present form for favourable consideration by the Board of Directors of the Company.

**For and on behalf of the Audit Committee of Amrit Corp. Limited**

  
**N.K. Bajaj**  
**Chairman of the Board &**  
**Member of the Audit Committee**

Date: September 15, 2023

Place: Ghaziabad

