

Legal & Secretarial Department

Regd. & Corporate Office :

Bharat House, 5th Floor,
104, Bombay Samachar Marg,
Fort, Mumbai - 400 001, India

Phone : +91 (22) 6637 8200

Fax : +91 (22) 2267 5601

E-mail : legal@batliboi.com

Web : www.batliboi.com

CIN : L52320MH1941PLC003494



Report of Audit Committee of Batliboi Limited ("the Company") recommending the Draft Scheme of Amalgamation ("the Scheme") between Batliboi Environmental Engineering Limited ("BEEL" or Transferor Company) and the Company and their respective shareholders and under section 230 to 232 and other applicable provisions of the Companies Act, 2013

Members Present:

Mr. Binoj Parikh – (Chairman) (Independent Director)

Mr. Subodh Bhargava – (Member) (Independent Director)

Mr. Ameet Hariani – (Member) (Independent Director)

In Attendance:

Mrs. Pooja Sawant, Company Secretary & Compliance Officer

By Invitation:

Mr. Ghanshyam Chechani, Chief Financial Officer

Mrs. Nisha Yadav, Partner, Mukund M. Chitale & Co., (Statutory Auditor)

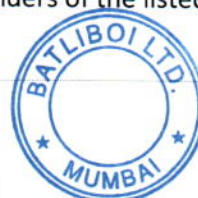
1. The Audit Committee of Batliboi Limited ('the Company') at its meeting held on 11th March 2024 considered a Draft of the Scheme of Amalgamation ("Scheme") under Section 230-232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder between **Batliboi Environmental Engineering Limited ("BEEL" or "Transferor Company")** with **Batliboi Limited ("the Company" or "Transferee Company")** has been placed before the Audit Committee by the management for it to consider and recommend the said draft of the Scheme to the Board of Directors of the Company.


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2. The equity shares of the Company are listed on BSE Limited ("BSE"). The Company will be filing the Scheme along with the necessary information / documents with the BSE under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
3. The report of the Audit Committee is made in order to comply with the requirements of the circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") issued by the Securities and Exchange Board of India ("SEBI") (including any amendment(s) or modifications(s) thereto) after considering the following documents:
 - a. Draft Scheme of Amalgamation;
 - b. Valuation Report dated 11th March 2024 of CA Harsh Chandrakant Ruparelia IBBI Regn No. IBBI/RV/05/2019/11106, an independent Registered valuer and its recommendation of the share exchange ratio ("Share Exchange Ratio Report")
 - c. Fairness Opinion dated 11th March 2024 issued by Kunvarji Finstock Private Limited, a SEBI registered Merchant Banker (SEBI Regn No. INM000012564), providing the Fairness Opinion on the valuation report of CA Harsh Chandrakant Ruparelia, Registered valuer on valuation of assets/ shares of the Transferor Company and the Company and the Fair Share Swap ratio recommended.
 - d. Shareholding Pattern of Transferor Company and the Company
 - e. Draft Certificate by the Statutory Auditor, Mukund M. Chitale & Co , Chartered Accountants, of the Company confirming that the Scheme is in compliance with the applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act,2013; and
 - f. Audited financial statements of the Transferor Company and the Company, for the last 3 years.
 - g. Report of the Audit Committee of the Company recommending the Draft Scheme to the Board of Directors for approval after due consideration to the effect that the scheme inter alia not detrimental to the shareholders of the listed entity.


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4. **The Scheme inter-alia provides for the following:**

Part C of the Scheme: Amalgamation by absorption of Transferor Company with and into the Company and certain consequential aspects thereto

5. The Audit Committee has perused the provisions in the Scheme which, inter alia, contains

a. **Rationale for the proposed Scheme of Amalgamation**

- i. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders;
- ii. Rationalization of operations with a greater degree of operational efficiency and optimum utilization of resources;
- iii. The combined net worth of both entities will enable the merged entity to tap into new business opportunities thereby unlocking growth opportunities for the merged entity;
- iv. It would result in the consolidation of business activities and will facilitate effective management of investment and synergies in operations ;
- v. Being a part of the same management, this amalgamation would facilitate the simplification of group structures and reducing administrative redundancies ;
- vi. Reduction in multiplicity of legal and regulatory compliances, reduction in overheads, including administrative, managerial and other costs amongst all; and
- vii. Consolidation and simplification of the group structure and reduction of administrative costs at the group level.


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- b. **Synergies of the Business of the entities:** As mentioned above, the implementation of the Scheme would result in the following synergies:
- i. The Transferor Company and the Company are already engaged in the same line of business activities. The proposed merger will enable the integration of the business activities of the Transferor Company and the Company;
 - ii. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders;
 - iii. Rationalization of operations with a greater degree of operational efficiency and optimum utilization of resources;
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 - vii. Reduction in multiplicity of legal and regulatory compliances, reduction in overheads, including administrative, managerial and other costs amongst all; and
 - viii. Consolidation and simplification of the group structure and reduction of administrative costs at the group level.


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c. Impact of the Scheme on the shareholders:

- i. The Scheme will result in consolidation of business of Transferor Company and get housed in the Company. The said consolidation will be in the interest of stakeholders of the Company and Transferor Company to have an increased capability for running this business and pursue growth opportunities
- ii. The Audit Committee also noted that the Scheme is subject to the majority of approval of public shareholders of the Company. The Audit Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company

d. Cost benefit analysis of the Scheme

All the costs, charges, taxes, including consultant's fees, lawyer's fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne by the Transferor Company and the Company, as may be mutually decided by the Boards of the Transferor Company and the Company; however, the costs incurred toward the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme. Further, there will be business benefits arising to the Company, as explained in the above paragraphs, which cannot be quantified.

e. Need for the merger

The Audit Committee has carefully reviewed and considered the need for the merger as outlined in the rationale of the Scheme as mentioned above in 'a'. After a thorough examination of the relevant information and discussions with the management, the committee concurs that the reasons for the merger remain consistent with those stated in the Scheme's rationale as mentioned above in 'a'.


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6. Consideration / Share Exchange Ratio

In respect of share exchange ratio, the Audit Committee noted, deliberated and confirmed that the report on recommendation of fair share entitlement ratio as recommended for Part C of the Scheme, in the report on recommendation of fair share entitlement ratio is fair to the shareholders. Upon scheme becoming effective, shares would be issued as under:

- a. 9 (Nine) Equity Shares having face value of INR 5/- each of Transferee Company to be issued to the equity shareholders of Transferor Company (other than Batliboi) for every 10 (Ten) Equity Shares having face value of INR 10/- each held in Transferor Company.
 - b. 1 (One) fully paid-up 8% Non-Cumulative, Non-Convertible Redeemable Preference Shares of INR 100 (Hundred) each of the Transferee Company shall be issued and allotted for every 1 (One) fully paid-up 8% Non-Cumulative, Non-Convertible Redeemable Preference Shares of INR 100 held in the Transferor Company.
7. The proposed Appointed Date for the Scheme is 1st April, 2023.
8. "Effective Date" means the date on which last of the conditionalities specified in Clause 20 of the Scheme is fulfilled. Any reference in this Scheme to the date "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" shall mean the Effective Date, as defined in clause 20 of the Scheme.
9. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, the SEBI, the BSE, Shareholders and other appropriate authorities;
10. The Scheme is conditional upon approval by the public shareholders of the Company and the Transferor Company 1 through e-voting in terms of Part - I (A)(10) of SEBI Master circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 30, 2023 ("SEBI Master Circular"), and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.


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11. In terms of the Cost Benefit Analysis of the Scheme, the Audit Committee had the following observations:

- There would be no adverse change in the financial position of the Company. All the costs, charges, taxes, including consultant's fees, lawyer's fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne between the Transferor Company and the Company, as may be mutually decided by the Boards of the Transferor Company and the Company;
- There will be business benefits arising to the Company, as explained in the above paragraphs and which cannot be quantified.

12. **Recommendation of the Committee**

In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Draft Scheme, Report on recommendation of fair equity share entitlement ratio, Fairness Opinion and the specific points mentioned above, recommends the Draft Scheme for favourable consideration by the Board of Directors of the Company.

By Order of the Audit Committee

For Batliboi Limited

(Full sign)

Binoy Parikh

Chairman of the Audit Committee



Date: 11th March 2024

Place: Mumbai

**Batliboi Environmental
Engineering Limited**

Regd. & Corporate Office :
Spartan House, 1st Floor, Plot No. B/29,
Road No. 18/S, MIDC Industrial Area,
Wagle Estate, Thane (W) - 400 604.

Phones : +91 (22) 2583 6678 / 79 / 96
E-mail : beel.bom@batliboi.com
Web : www.batliboi.com

CIN : U74210MH1959PLC011435
MSME Udyog Aadhaar : MH33E0006182



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Members Present:

Kaushik Kantilal Shah (Chairman)(Independent Director)
Edwyn William Rodrigues-(Member) (Independent Director)
Kabir Nirmal Bhogilal -(Member)(Independent Director)

In Attendance:

Ms. Nidhi Shah, Company Secretary

By Invitation:

Mr. Sudhakar Rao, Chief Financial Officer
Mr. Premal Gandhi, Khandwala & Shah., (Statutory Auditor)

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 - e. Draft Certificate by the Statutory Auditor, Mukund M. Chitale & Co , Chartered Accountants, of the Transferee Company confirming that the Scheme is in compliance with the applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act,2013; and



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c. Impact of the Scheme on the shareholders:

- i. The Scheme will result in consolidation of business of the Company and get housed in the Transferee Company. The said consolidation will be in the interest of stakeholders of the Company and Transferee Company to have an increased capability for running this business and pursue growth opportunities
- ii. The Audit Committee also noted that the Scheme is subject to the approval of shareholders of the Company. The Audit Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company

d. Cost benefit analysis of the Scheme

All the costs, charges, taxes, including consultant's fees, lawyer's fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne by the Transferor Company and the Company, as may be mutually decided by the Boards of the Transferor Company and the Company; however, the costs incurred toward the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme. Further, there will be business benefits arising to the Company, as explained in the above paragraphs, which cannot be quantified.



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6. Consideration / Share Exchange Ratio

In respect of share exchange ratio, the Audit Committee noted, deliberated and confirmed that the report on recommendation of fair share entitlement ratio as recommended for Part C of the Scheme, in the report on recommendation of fair share entitlement ratio is fair to the shareholders. Upon scheme becoming effective, shares would be issued as under:

- a. 9 (Nine) Equity Shares having face value of INR 5/- each of Transferee Company to be issued to the equity shareholders of Transferor Company (other than Batliboi) for every 10 (Ten) Equity Shares having face value of INR 10/- each held in Transferor Company.
 - b. 1 (One) fully paid-up 8% Non-Cumulative, Non-Convertible Redeemable Preference Shares of INR 100 (Hundred) each of the Transferee Company shall be issued and allotted for every 1 (One) fully paid-up 8% Non-Cumulative, Non-Convertible Redeemable Preference Shares of INR 100 held in the Transferor Company.
7. The proposed Appointed Date for the Scheme is 1st April, 2023.
8. "Effective Date" means the date on which last of the conditionalities specified in Clause 20 of the Scheme is fulfilled. Any reference in this Scheme to the date "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "upon coming into effect of this Scheme" or



“upon the Scheme coming into effect” shall mean the Effective Date, as defined in clause 20 of the Scheme.

9. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, the SEBI, the BSE, Shareholders and other appropriate authorities;
10. The Scheme is contingent upon the conditions outlined in Clause 20 of the Scheme.
11. In terms of the Cost Benefit Analysis of the Scheme, the Audit Committee had the following observations:
 - There would be no adverse change in the financial position of the Company. All the costs, charges, taxes, including consultant’s fees, lawyer’s fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne between the Transferee Company and the Company, as may be mutually decided by the Boards of the Transferee Company and the Company;
 - There will be business benefits arising to the Company, as explained in the above paragraphs and which cannot be quantified.

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12. **Recommendation of the Committee**

In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Draft Scheme, Report on recommendation of fair equity share entitlement ratio, Fairness Opinion and the specific points mentioned above, recommends the Draft Scheme for favourable consideration by the Board of Directors of the Company.

By Order of the Audit Committee

For Batliboi Environmental Engineering Limited


Kaushik Kantilal Shah
Chairman of the Audit Committee



Date: 11th March 2024

Place: Mumbai