

SHALIMAR AGENCIES LIMITED

(CIN NO: L151226TG1981PLC114084)

REPORT OF THE AUDIT COMMITTEE OF SHALIMAR AGENCIES LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF MERGER OF ADV HEALTH TECHNOLOGIES LTD WITH THE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

Members Present:

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| 1. SIVA PRASAD GORTHY | (Chairman) |
| 2. MAYANK PURAN CHANDRA JOSHI | (Member) |
| 3. ARUNA GAMINI YANAMANDRA | (Member) |

1. Background:

- a. A meeting of Audit Committee of the Company was held on 05th March, 2022 to inter-alia, consider and recommend the draft Scheme of Merger of ADV HEALTH TECHNOLOGIES LTD ("Transferor Company") with SHALIMAR AGENCIES LIMITED ("SAL", "the Company" or "Transferee Company") and their respective shareholders & Creditors ('the Scheme') under Section 230 to 232 and 234 and other applicable provisions of the Companies Act, 2013 ('the Act') and other statutes of India & United States of America.
- b. The Scheme provides for swap exchange ratio of 1: 1 (i.e 1 equity share of SAL for every 1 equity share of ADV HEALTH TECHNOLOGIES as per the Valuation Report issued by the Registered Valuer. SAL will issue 3,30,00,000 equity shares to the shareholders of ADV HEALTH TECHNOLOGIES LTD.
- c. The Scheme which shall be presented before the jurisdictional bench of NCLT under Section 230 to 232 and 234 other applicable provisions of the Act, has been drawn up to be in compliance with Section 2(IB) and other applicable provisions of Income-tax Act, 1961 and other applicable laws including SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with the SEBI Master Circular No. SEBI/HO/CFD/DILI/CIR/P/2020/249 dated 22nd December 2020 ('SEBI Circular') and statutes of New Jersey, United States of America.
- d. In terms of SEBI Circular, a report from the Audit Committee is required recommending the draft Scheme, taking into consideration inter alia that, the Scheme is not detrimental to the shareholders of the listed entity. This report of Audit Committee is made in order to comply with the requirements of the SEBI Circular.

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2. Documents perused by the Audit Committee

The following documents were placed before the Audit Committee –

- a) The Draft Scheme;
- b) Valuation Report dated 05-03-2022 issued by an Independent Registered Valuer, Mr. Anandkumar Gawade having registration number IBBI/RV/05/2019/10746 (“Valuation Report”)
- c) Fairness opinion dated 05-03-2022 issued by M/s. Finshore Management Services Limited, an Independent SEBI Registered (Category I) Merchant Banker (Firm Registration No. INM000012185), providing its opinion on the fairness of the share exchange ratio in the Valuation Report by Registered Valuer (“Fairness Opinion”);
- d) Certificate of M/s. PCN & Associates, Chartered Accountants, Statutory Auditors of the Company, confirming the minimum price at which shares should be allotted to the shareholders of Transferor Company in terms of pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, read with the SEBI Circular;
- e) Certificate of M/s. M/s. PCN & Associates, Chartered Accountants, statutory auditors of the Company, confirming that the accounting treatment outlined in the Scheme is in compliance with the applicable Indian Accounting Standards prescribed under section 133 of the Act read with the rules framed thereunder and other generally accepted accounting principles;

3. Rationale of the Proposed Scheme:

The Audit Committee noted the rationale of the Scheme, which inter-alia is as follows:

- (i) The proposed scheme whereby ADV Health Technologies Ltd will be merged with SAL will result in Computing Concepts Inc becoming the wholly owned subsidiary of the Transferee company. This will result in financial synergies since CCI is an operating Company with substantial revenue generating capability and will consolidate the holding structure for the overseas direct and/or indirect wholly-owned subsidiaries of the Transferor Company resulting in strengthening of the investment portfolio, synergistic benefits, faster decision making, strengthening the focus, enhancing the ability to deal with regulatory challenges, risks and policies and consolidating the financial, management and operational resources at overseas jurisdictions.

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- (ii) Merger will result in synergies in operational process and creation of efficiencies by reducing time to market and benefitting customers as well as optimization of operation and capital expenditure. This will further result in considerable jump in Revenue
- (iii) Consolidation of the strengths of both the Companies (in terms of Projects and Personnel) and access to strategic partners and fund raising in India.
- (iv) The Scheme shall enable the Transferor Company and the Transferee Company to better focus, strategize and will also help retain and increase the competitive strength of group thereby directly and indirectly strengthening the reputation, goodwill, etc. for the respective businesses of the companies at a global level.
- (v) In order to effectively and efficiently cater to the independent growth plans, both through organic and inorganic means, for each of the undertakings of respective companies, such internal arrangement supporting each functional area, is a requirement. Scheme proposes to re-organise the existing businesses of the Transferor Company and Transferee Companies to facilitate greater efficiency in cash management and better utilisation of the cash flows generated ultimately maximising shareholders' value. This shall also enable better and more efficient management, control and running of the businesses of the Transferor Company and Transferee Companies, giving the benefit of consolidation at the group level.
- (vi) The proposed scheme will be beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors and other stakeholders of Transferee Company since the said merger will result in CCI becoming the wholly owned subsidiary of SAL and diversification of portfolio will further result in risk mitigation, economies of scale and synergic benefit both in terms of operations and financial.
- (vii) There is no adverse effect of Scheme on the directors, key managerial personnel, promoters, non-promoter shareholders, vendors and employees of Transferor Company & Transferee Company

4. Salient Features of the Proposed Scheme:

- 4.1 The Audit Committee noted the salient features of the Scheme, which inter-alia are as under:
 - a) Appointed Date: 01-04-2022 or such other date as may be directed or approved by the NCLT or any other appropriate authority.
 - b) The Scheme duly approved by the Stock Exchanges, SEBI, NCLT, statutory bodies of USA with or without modifications, shall be effective from the Appointed Date

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but shall be operative from the Effective Date (date on which the NCLT order is filed with the Registrar of Companies, Hyderabad).

- c) Upon the coming into effect of the Scheme and with effect from the Appointed Date, entire business of Transferor Company in India or abroad shall stand vested in or be deemed to have been vested in the Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Company by virtue of and in the manner provided in the Scheme.
- d) The Scheme shall be effective, subject to approvals from Stock Exchanges, SEBI, Regional Director, Registrar of Companies, Official Liquidator and NCLT and other statutory bodies in New Jersey, United States of America.
- e) The Scheme may be subject to requisite approvals from the shareholders and creditors of the Company and Transferor Company as may be directed by NCLT, unless the same is dispensed by NCLT.
- f) In the event, any of the sanctions and approvals referred to in the Scheme is not being obtained, the Scheme shall stand cancelled and be of no effect.
- g) The Scheme is in compliance with the conditions relating to “Amalgamation” as specified under Section 2(IB) of the Income-tax Act, 1961.
- h) The costs, charges, expenses, taxes including duties, levies in connection with the Scheme would be borne by the Company.
- i) Equity Shares issued by the Company to the shareholders of Transferor Company pursuant to the Scheme would be listed in BSE Limited, Metropolitan Stock Exchange of India Limited (MSEI) and The Calcutta Stock Exchange Limited (CSE) where the equity shares of Transferee Company are already listed.

5. Scheme is not detrimental to the shareholders of the Company

The Audit Committee discussed the rationale and expected benefits of the Scheme. In view of various documents presented before the Audit Committee including Valuation Report, Fairness Opinion etc., it is noted that this merger will result in Consolidation of the Synergic effect due to Computing Concepts Inc becoming the wholly owned subsidiary of the Transferee company which will result in financial synergies since CCI is an operating Company with substantial revenue generating capability and will consolidate the holding structure for the overseas direct and/or indirect wholly-owned subsidiaries of the Transferor Company resulting in strengthening of the investment portfolio, synergistic benefits, faster decision making, strengthening the focus, enhancing

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the ability to deal with regulatory challenges, risks and policies and consolidating the financial, management and operational resources at overseas jurisdictions.

Consideration shall be discharged by the Company by issuing its 3,30,00,000 New equity shares and to the shareholders of Transferor Company based on Valuation Report dated 05-03-2022 issued by Registered Valuer, Mr. Anandkumar Gawade.

Based on the above, Audit Committee is of the view that the Scheme is in the best interests of all the shareholders of the Company and not detrimental to the shareholders of the Company.

6. Cost benefit analysis of the Scheme:

The consideration proposed to be discharged by the Transferee Company represents fair value of the business of Transferor Company as substantiated by Valuation Report and Fairness Opinion obtained by the Company in relation to the valuation of the Transferor Company.

7. Recommendation of the Audit Committee

Taking into consideration the recommendation of the Committee of Independent Directors, the Scheme and its rationale and benefits, Valuation Report, Fairness Opinion, impact of the Scheme on the Company and its shareholders, cost benefit analysis of the Scheme, synergies of business and other documents, as placed, the Audit Committee recommends the Scheme for approval of the Board of Directors of the Company, the Stock Exchanges, SEBI and other appropriate authorities

This report of Audit Committee is made in order to comply with the requirement of the SEBI Circular after considering all the necessary documents.

**By order of Audit Committee
For and on behalf of
SHALIMAR AGENCIES LIMITED**

Name: **SIVA PRASAD GORTHY**
Designation: Chairman