

HALDER VENTURE LIMITED

CIN No. : L74210WB1982PLC035117

HALDER

DIAMOND HERITAGE
16, Strand Road, 10th Floor
Unit 1012, Kolkata - 700 001
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REPORT OF THE AUDIT COMMITTEE OF HALDER VENTURE LIMITED ("TRANSFEEE COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF JDM COMMERCIAL PRIVATE LIMITED, P. K. AGRI LINK PRIVATE LIMITED, P. K. CEREALS PRIVATE LIMITED, RELIABLE ADVERTISING PRIVATE LIMITED AND SHRI JATADHARI RICE MILL PRIVATE LIMITED WITH HALDER VENTURE LIMITED AT ITS MEETING HELD ON MONDAY, 30TH DAY OF MAY, 2022 AT DIAMOND HERITAGE, 16 STRAND ROAD, 10TH FLOOR, ROOM NO- 1012, KOLKATA- 700001.

Members of the Audit Committee of the Board of Directors of HALDER VENTURE LIMITED ("Company or "HVL") present in the meeting of the said Committee held on May 30, 2022:

Members:

- i. Mr. Debasis Saha - Chairman
- ii. Mr. Keshab Kumar Halder - Member
- iii. Mrs. Arpita Das- Member

A. BACKGROUND:

1. A meeting of the Audit Committee of Halder Venture Limited ("Company or "HVL") was held on May 30, 2022 to consider and recommend the proposed Scheme of Amalgamation of JDM Commercial Private Limited (Transferor Company No. 1), P. K. Agri Link Private Limited (Transferor Company No. 2), P. K. Cereals Private Limited (Transferor Company No. 3), Reliable Advertising Private Limited (Transferor Company No. 4) and Shri Jatadhari Rice Mill Private Limited (Transferor Company No. 5) (together referred to as the "Transferor Companies") with Halder Venture Limited ("Transferee Company") and their respective shareholders and Creditors ("Scheme") under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.



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2. In terms of circular no. CFD/DIL3/CIR/2017 /21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI Circular"), a report from the Audit Committee is required to be furnished to the Company's Board of Directors, recommending the draft Scheme under the Companies Act, 2013, taking into consideration, inter alia, the Valuation Report. This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circular.

3. This report is being furnished by the Audit Committee to the Board after perusing inter alia the following necessary documents:

(i) Valuation Report dated May 24, 2022 issued by the Independent Valuer namely Mr. Vikash Goel, Chartered Accountants;

(ii) Fairness Opinion dated May 24, 2022 prepared by Finshore Management Services Limited, SEBI Regd. Category-I Merchant Banker (Regn No.- INM000012185), providing the fairness opinion on the share exchange ratio recommended in the Valuation Report;

(iii) The draft Scheme of Amalgamation of the Company.

4. 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 ("Stock Exchange").

THE SALIENT FEATURES OF THE PROPOSED SCHEME ARE AS UNDER:

1. "Appointed Date of Merger" means 1st January 2022;

2. Inter-Company Shareholding and its Cancellation

- i. The Transferor Company No.1 is engaged in trading of Paddy. The Transferor Company No 1 is a Wholly Owned Subsidiary of the



- Transferee Company as the entire shares are held by the Holding Company and its nominees.
- ii. The Transferor Company No 2 is an Associate Company of the Transferor Company No 4 as the latter holds 32.91% shares in Transferor Company No 2. The Transferor Company NO 5 holds 10.74% shares in Transferor Company No 2 . The Transferor Company NO 3 holds 9.49 % shares in Transferor Company No 2.
 - iii. The Transferor Company No 3 is an Associate Company of the Transferor Company No 4 as the latter holds 24.04 % shares in Transferor Company No 2. The Transferee Company holds 9.09% shares in the Transferor Company No 3.
 - iv. The Transferor Company No 4 is an Associate Company of the Transferee Company as the latter holds 44.77 % shares in Transferor Company No 4.
 - v. The Transferor Company No 5 is an Associate Company of the Transferor Company No 4 as the latter holds 37.70% shares in Transferor Company No 5. The Transferor Company No 3 holds 9.15 % shares in the Transferor Company No 5.

Upon the Scheme becoming effective and upon the amalgamation of Transferor Companies with the Transferee Company, the Inter-corporate cross shareholding shall stand cancelled under this Scheme.

3. Issue of Shares by the Transferee Company

Pursuant to the terms of the Scheme, the Transferee Company shall, without further application, issue and allot as given below equity shares in the Transferee Company to the equity shareholders of the Transferor Companies whose names appear in the Register of Members of the Transferor Companies on the Record Date:

- "No equity shares shall be allotted pursuant to the Scheme of Amalgamation to the Shareholders of the Transferor Company No 1 as the entire shares of



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the Transferor Company No 1 are held by the Transferee Company and its nominees."

- 49 (Forty Nine) equity shares of Rs. 10/- fully paid up in the Transferee Company for every 100 (One Hundred) equity shares of Rs. 10/- each fully paid up held by such Equity Shareholder in the Transferor Company No. 2.
- 37 (Thirty Seven) equity shares of Rs. 10/- fully paid up in the Transferee Company for every 100 (One Hundred) equity shares of Rs. 10/- each fully paid up held by such Equity Shareholder in the Transferor Company No. 3.
- 20 (Twenty) equity shares of Rs. 10/- fully paid up in the Transferee Company for every 100 (One Hundred) equity share of Rs. 10/- each fully paid up held by such member in the Transferor Company No. 4.
- 17 (Seventeen) equity shares of Rs. 10/- fully paid up in the Transferee Company for every 100 (One Hundred) equity shares of Rs. 10/- each fully paid up held by such Equity Shareholder in the Transferor Company No. 5.

6. Transfer and vesting of the undertakings and business

Upon the Scheme becoming effective, all assets, liabilities, contracts, rights, obligations of the Transferor Companies shall stand transferred to the Transferee Company, as a going concern, with effect from the appointed date.

The transfer and vesting of the undertakings and business of the Transferor Companies in the Transferor Company will be effective from Appointed Date but shall become operative from the Effective Date.

7. Rationale of the Scheme

The Audit Committee discussed and noted the rationale of the proposed Scheme as set out below:



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- a) The amalgamation would bring into existence a single entity with a larger size Capital by consolidating the Companies in the group on account of
 - a. Promoters of the Transferee Company are the Promoters of the Transferor Company NO.2, Transferor Company NO 3 and Transferor Company No 5.
 - b. The Transferor Company NO 4 is an associate of Transferee Company.
 - c. The Transferor Company No 1 is a wholly Owned Subsidiary of Transferee Company .
 - d. The Transferee Company NO 5 is a Associate Company of the Transferor Company No 4.
- b) The business carried on by the Transferee Company and Transferor Companies are almost similar. The Transferee Company is engaged in the manufacturing, processing and selling of Rice and by products produced from Rice under its own brand. The Transferor Companies are also into manufacturing, processing and trading of Rice and by products produced from Rice including trading in paddy. Thus the business carried on by the Transferee Company and Transferor Companies are common and can be easily combined for better utilization and enhancement of capacity.
- c) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- d) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity.
- e) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational



- rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- f) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity.
- g) The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of all companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013 and other relevant provisions of the Act and rules made there under.



The proposed Scheme will be beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Company.

7. Approval of the Scheme and Listing of Shares

The Scheme will become effective on obtaining all approvals and upon filing of the certified copy of the Order of the NCLT with the Registrar of Companies, as mentioned in the draft Scheme.

The equity shares to be issued by the Transferee Company to the shareholders of the Transferor Companies pursuant to the Scheme are proposed to be listed on the Stock Exchange in terms of the Scheme and the SEBI Circular.

8. Cost Benefit Analysis of the Scheme

Although the Scheme would lead to incurring of some costs towards its implementation, it is expected to provide an opportunity to improve the economic scenario for the Companies and their stakeholders on account of benefits and synergies as mentioned earlier. Therefore, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

RECOMMENDATION OF THE AUDIT COMMITTEE

- (i) The Audit Committee having considered the aforesaid documents, its observations and discussion, is of the opinion that the share exchange ratio contained in the Valuation Report is fair and reasonable.



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(ii) Accordingly, the Audit Committee do hereby unanimously recommend the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, BSE, SEBI, NCLT and other appropriate authorities.

By Order of the Audit Committee
For HALDER VENTURE LIMITED

Date: 30.05.2022

Place: Kolkata



CHAIRMAN OF THE AUDIT COMMITTEE