

**REPORT OF THE AUDIT COMMITTEE OF MAX VENTURES AND INDUSTRIES LIMITED
RECOMMENDING THE COMPOSITE SCHEME OF AMALGAMATION AND
ARRANGEMENT AMONGST MAX VENTURES AND INDUSTRIES LIMITED AND MAX
ESTATES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Members Present

- Mr. Dinesh Kumar Mittal – Chairman
- Mr. K. Narasimha Murthy – Member
- Mr. Niten Malhan – Member
- Mr. Sahil Vachani – Member

1. Background

- 1.1 A meeting of the Audit Committee of Max Ventures and Industries Limited (“Company”) was held on April 18, 2022 to consider the draft Composite Scheme of Amalgamation and Arrangement proposed amongst Max Ventures and Industries Limited (“Company” or “MVIL” or “Transferor Company”) and Max Estates Limited (“MEL” or “Transferee Company”) and their respective shareholders and creditors under the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments or amendments thereof) and rules made thereunder (“Act”) and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) issued by Securities and Exchange Board of India (“SEBI”) read with Circular No. CFD/ DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI (as amended from time to time via Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017, circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018, circular no. SEBI/HO/CFD/DIL1/ CIR/P/2020/215 dated November 3, 2020, circular SEBI/HO/CFD/DIL2/CIR/P/2021/0000000657 dated November 16, 2021, circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/0000000659 dated November 18, 2021, the Master circular SEBI/HO/CFD/DIL1/CIR/P/ 2020/249 issued by SEBI on December 22, 2020 and Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, as amended from time to time, (“SEBI Circulars”) and any other law for the time being in force and such other applicable rules, regulations, guidelines and circulars issued by any regulatory authorities from time to time.
- 1.2 The Company is incorporated under the provisions of the Companies Act, 2013 and engaged in the business of real estate through its investments in subsidiaries and also provides management consultancy services to the group companies. The equity shares of the company are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (“BSE & NSE collectively referred as the “Stock Exchanges”).
- 1.3 The Scheme involves (a) Amalgamation of the Company with MEL; and (b) Various other matters incidental, consequential or otherwise integrally connected herewith. Upon the Scheme becoming effective, the Company shall stand dissolved without winding up.

1.4 The Scheme will be submitted with the National Company Law Tribunal, Chandigarh Bench ("NCLT") under Sections 230 to 232 and Section 66 and other applicable provisions of the Act.

1.5 This Report of the Audit Committee is being made to comply with the requirements laid under SEBI Circular.

2. Documents reviewed

The following documents were placed before the meeting of the Audit Committee of the Company held on April 18, 2022, which were considered and taken on record by the members of Audit Committee while deliberating on the Scheme:

(a) Proposed Scheme;

(b) Share Entitlement Report issued by Mr. Abhinav Agarwal, Registered Valuer having IBBI Registration No. IBBI/RV/06/2019/12564, on April 18, 2022 recommending the share exchange ratio under proposed Scheme ("**Valuation Report**");

(c) Report issued by Sundae Capital Advisors Private Limited, having SEBI Registration No.: INM000012494, on April 18, 2022, providing opinion on the fairness of share exchange ratio commended under Valuation Report ("**Fairness Opinion Report**");

(d) Auditor's Certificate issued by S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), Statutory Auditors of the Company, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Act ("**Auditor's Certificate on Accounting Treatment**"); and

(e) Auditor's Certificate issued by S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), Statutory Auditors of the Company, to the effect stating non applicability of requirements prescribed under paragraph 10(a) read with paragraph 10(b) of Part I(A) of SEBI Master Circular dated November 23, 2021 ("**Auditor's Certificate on Non-Applicability of Para 10(a)**").

3. Proposed Scheme

3.1 The Audit Committee noted the need of the proposed Scheme as stated thereunder as the amalgamation of the Transferor Company with Transferee Company which are engaged in the real estate businesses:

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

(a) The Amalgamation would lead to simplification of the existing holding structure and reduction of shareholding tiers to remove impediments, if any, in facilitating future expansion plans and create enhanced shareholder value;

- (b) Consolidation of businesses presently being carried on by the Transferor Company and the Transferee Company, which shall create greater operational synergies and efficiencies at multiple levels of business operations and shall provide significant impetus to their growth;
- (c) The Amalgamation would result in financial resources being efficiently pooled, leading to centralized and more efficient management of funds, greater economies of scale and a bigger and stronger resource base for future growth, which are presently divided amongst two separate corporate entities within the group;
- (d) Pooling of proprietary information, personnel, financial, managerial and other resources, thereby contributing to the future growth of the merged entity;
- (e) The Transferor Company and the Transferee Company operate businesses that complement each other and therefore, can be conveniently combined for mutual benefit of the shareholders;
- (f) Simplicity in working, reducing various statutory and regulatory compliances and related costs, which presently have to be duplicated, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it would also result in coordinated optimum utilization of resources; and
- (g) This Scheme shall be in the beneficial interest of all the stakeholders including the shareholders of the Transferor company.

3.3 The Audit Committee noted the salient features of the Scheme, which inter alia, are as under:

- (a) The transfer and vesting of all the assets, liabilities, properties, rights, entitlement, etc. relating to MVIL into the MEL by way of amalgamation with effect from Appointed Date being April 1, 2022.
- (b) The consideration for amalgamation will be discharged by the Transferee Company through issuance and allotment of fresh equity shares having face value of INR 10/- (Rupees Ten only) each to the shareholders of the Transferor Company in the following manner:
 - 1 (One) equity share having face value of INR 10/- (Rupees Ten only) each fully paid up of the Transferee Company for every 1 (One) equity share having face value of INR 10/- (Rupees Ten only) held in the Transferor Company.*
- (c) The Effective Date will be conditional upon receipt of No Objection of Stock Exchanges / SEBI, approvals of the stakeholders, sanctioning of the Scheme by jurisdictional National Company Law Tribunal and filing of the order passed by jurisdictional National Company Law Tribunal with concerned Registrar of Companies.

- (d) Upon the Scheme becoming effective, the Transferor Company will be dissolved without winding up.
- (e) The fresh equity shares to be issued by the Transferee Company will be listed in compliance with the applicable laws.

3.4 The Audit Committee noted the synergies of business of the entities involved in the Scheme, which inter alia, are as under:

As stated in the rationale of the Scheme, the proposed consolidation of businesses presently being carried on by the Transferor Company and the Transferee Company shall create greater operational synergies and efficiencies at multiple levels of business operations and shall provide significant impetus to their growth.

The Transferor Company and the Transferee Company operate businesses that complement each other and therefore, can be conveniently combined for mutual benefit of the shareholders.

3.5 The Audit Committee noted the impact of the Scheme on the shareholders of the Company, which inter alia, is as under:

The amalgamation of Transferor Company with the Transferee Company will not result in any dilution / increase in shareholding of any shareholders of the Transferor Company.

For every one (1) equity share held in the Transferor Company, one (1) equity share of the Transferee Company would be issued to the shareholders of the Transferor Company and all the equity shares held by the Transferor Company or its nominees, if any, in the share capital of the Transferee Company, shall, without any further application, act, instrument or deed, be automatically cancelled, extinguished and annulled on and from the Effective Date and the paid up equity capital of the Transferee Company to that effect shall stand cancelled and reduced, which shall be regarded as reduction of share capital of the Transferee Company pursuant to the provisions of Section 66 of the Act.

Upon the Scheme becoming effective, all the shares of the Transferee Company will be held by the shareholders of Transferor Company in the same proportion.

3.6 The Audit Committee noted the cost benefit analysis of the Scheme, which inter-alia, is as under:


As per the rationale stated under the Scheme, the benefits of the Scheme would far outweigh the cost of implementation of the Scheme.

3.7 The Audit Committee noted that the fairness of share exchange ratio has been arrived at on the basis of Fairness Opinion Report issued by Sundae Capital Advisors Private Limited (SEBI Registration No. INM000012494).

4. Recommendation of the Audit Committee

The Audit Committee, after taking into consideration the Scheme together with Valuation Report, Fairness Opinion Report other documents referred under Paragraph 2 above, found the proposed share exchange ratio to be fair & reasonable and recommends the Scheme for favorable consideration by the Board of Directors of the Company, the Stock Exchanges and SEBI. The Scheme placed before the meeting is not detrimental to the shareholders of the Company.

**For and on behalf of the Audit Committee of
Max Ventures and Industries Limited**



Mr. Dinesh Kumar Mittal
(Chairman of the Audit Committee)
DIN: 00040000

Date: April 18, 2022

Place: New Delhi