

REPORT OF THE AUDIT COMMITTEE OF ROSELABS FINANCE LIMITED RECOMMENDING THE SCHEME OF MERGER BY ABSORPTION OF ROSELABS FINANCE LIMITED ('FIRST TRANSFEROR COMPANY' OR 'COMPANY'), NATIONAL STANDARD (INDIA) LIMITED ('SECOND TRANSFEROR COMPANY'), SANATHNAGAR ENTERPRISES LIMITED ('THIRD TRANSFEROR COMPANY') WITH MACROTECH DEVELOPERS LIMITED ('TRANSFEE COMPANY') AND THEIR RESPECTIVE SHAREHOLDERS

Members Present:

1. Mr. Mayank Padiya - Chairman
2. Mr. Prakash Vaghela - Member

1. Background:

- 1.1. A meeting of the Audit Committee of the Company was held on July 30, 2024 to inter alia, consider and recommend the Proposed Scheme of Merger by Absorption of Roselabs Finance Limited ('First Transferor Company' or 'the Company'), National Standard (India) Limited ('Second Transferor Company'), Sanathnagar Enterprises Limited ('Third Transferor Company') (hereinafter collectively referred as 'Transferor Companies') with Macrotech Developers Limited ('Transferee Company') and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act') ('Scheme' or 'Proposed Scheme').
- 1.2. The Company is a subsidiary of the Transferee Company. The equity shares of the Company as well as the Transferee Company are listed on recognized stock exchange(s) in India.
- 1.3. The Proposed Scheme provides for merger of the Company with the Transferee Company in consideration of issue of fully paid-up equity shares of the Transferee Company to the shareholders of the Company (other than to the Transferee Company and / or its direct/ indirect subsidiaries holding shares directly and jointly with its nominee shareholders); the consequent dissolution of the Company without winding up and various other matters consequential or integrally connected therewith with an Appointed Date of July 1, 2024.
- 1.4. The Proposed Scheme which shall be presented before the NCLT (Mumbai Bench) under section 230 to 232 and other applicable provisions of the Act, has been drawn up to be in compliance with the Section 2(1B) and other applicable provisions of the Income-tax Act, 1961 and other applicable laws including the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') read with the SEBI Master Circular bearing reference no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ('Master Circular'), as amended from time to time thereto (together 'SEBI Circulars')
- 1.5. In terms of SEBI Master Circular read with SEBI Listing Regulations, a report from Audit Committee is required recommending the Proposed Scheme after taking into consideration inter alia the Valuation Report, Fairness Opinion and commenting on the need for the Scheme, rationale of the Scheme, impact of the Scheme on the Company and its shareholders, cost benefit analysis of the Scheme and synergies of business of the entities involved in the Scheme is to be submitted alongwith the application to Exchanges.
- 1.6. The Company will be filing the Proposed Scheme along with necessary information/documents including this Report with the Stock Exchanges for their no objection or observation letter pursuant to Regulation 37 of the SEBI Listing Regulations and applicable statutory provisions.

2. Documents perused by the Audit Committee

2.1 The following documents were placed before the Audit Committee –

- a. The Proposed Scheme of Merger by Absorption;

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- b. Valuation Report dated July 30, 2024 issued by an independent Registered Valuer, Ms Drushti R. Desai, Partner of M/s Bansi S. Mehta Valuers, LLP having IBBI Registration No. IBBI/RV/06/2019/10666 ('Valuation Report'), providing the share exchange ratio
- c. Fairness opinion dated July 30, 2024 issued by M/s Fedex Securities Private Limited, an independent SEBI Registered (Category I) Merchant Banker (Firm Registration No. INM 000010163), 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. MSKA & 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. Need and Rationale of the Proposed Scheme:

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

- a. Streamlining, rationalization and simplification of the group holding structure by way of reduction in the number of entities, resulting in ease of management for the Transferee Company
- b. Reduction in overheads including administrative, managerial and other expenditure, and optimal utilization of resources by elimination of duplication of activities and related costs
- c. Reduction in the multiplicity of legal and regulatory compliances at present carried out separately by the Transferor Companies and the Transferee Company and promote organisational efficiencies with the achievement of greater economies of scale
- d. Free up management bandwidth especially of senior management towards more productive and value generating activities
- e. As the Company neither has any ongoing projects nor is any further business opportunity envisaged, the proposed scheme of merger with the Transferee company would be in the best interest of the Company and its shareholders
- f. Public shareholders of the Company will receive shares in the Transferee Company which is one of the biggest real estate developer in India

4. Salient features of the Proposed Scheme

- 4.1 Appointed Date of the Proposed Scheme is 1st July, 2024.
- 4.2 The Scheme duly approved by the Stock Exchanges, SEBI, NCLT, with or without modifications, shall be effective from the Appointed Date but shall be operative from the Effective Date (as defined in the Scheme).
- 4.3 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the entire business of the Company (including all the estate, assets, liabilities, contingent liabilities, duties, obligations of every kind, rights, claims, title, interest and authorities including accretions and appurtenances, licenses, permissions, incentives, registrations, exemptions, grants, subsidies, concessions, tax entitlements (including but not limited to incentives and/ or credits under applicable indirect tax laws), debtors, receivables, branches, contracts, encumbrances, employees, proceedings, etc.) whether in India or abroad shall

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stand vested in or be deemed to have been vested in the Transferee 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 Transferee Company by virtue of and in the manner provided in the Scheme.

- 4.4 The Scheme provides for combining the Authorized Share Capital of the Company with the Transferee Company.
- 4.5 Upon this Scheme becoming effective and in consideration of transfer and vesting of all the assets and liabilities of the Company into the Transferee Company in accordance with this Scheme, the Transferee Company shall issue and allot to every member of the Company (other than to the Transferee Company and / or its nominees and / or its subsidiaries as applicable), holding fully paid up equity shares in the Company and whose names appear in the register of members of the Company on the Record Date or to such of their heirs, executors, administrators or the successors-in-title in the following manner :

7 fully paid up equity shares of Rs. 10/- each of Transferee Company for every 1,000 fully paid up equity shares of Rs.10/- each held in the Company

The Company shall provide to the Transferee Company, a list of its shareholders (including his / her / its legal heirs, executors or successors as the case may be) as on the Record Date ("Eligible Shareholders").

- 4.6 The equity shares to be issued to the shareholders of the Company as above shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank pari passu with the existing equity shares of Transferee Company in all respects including dividends, bonus and rights entitlements.
- 4.7 If any Eligible Shareholder becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme, the Board of Directors of the Transferee Company shall consolidate all such fractional entitlement and shall, without any further application, act, instrument or deed, issue and allot such consolidate shares directly to a trustee (who may be an individual, corporate body, merchant banker or any other person) nominated by the Transferee Company ('The Trustee'), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the shareholders of the Company, to whom they belong and their respective heirs, executors, administrators, successors for the specific purpose of selling such shares in the open market at such price or prices and on such time or times within 90 days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Transferee Company, the net sale proceeds (after deducting the applicable taxes and cost incurred, if any) thereof and any additions and accretions, whereupon the Transferee Company shall subject to the withholding tax, if any, distribute such sale proceeds to the concerned Eligible Shareholders in proportion to their respective fractional entitlement.
- 4.8 The Scheme shall be effective, subject to receipt of approvals of shareholders of the Company and Transferee Company and approvals of other regulatory authorities as may be required including those of Lenders, Stock Exchanges, SEBI, Regional Director, Registrar of Companies (Mumbai), Official Liquidator and NCLT (Mumbai Bench).
- 4.9 The Scheme may be subject to requisite approvals of creditors of the Transferee Company and the Company as may be directed by NCLT, unless the same is dispensed by NCLT.
- 4.10 In the event, any of the sanctions and approvals referred to in the Scheme are not obtained, the Scheme shall stand cancelled and be of no effect.
- 4.11 The Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961.
- 4.12 The Scheme provides for dissolution of the Company without winding up.

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4.13 The costs, charges, expenses, taxes including duties, levies in connection with the Scheme would be borne by the Transferee Company.

4.14 The equity shares to be issued by the Transferee Company to the shareholders of the Company pursuant to the Scheme would be listed on BSE Limited and National Stock Exchange of India Limited.

5. Cost benefit analysis of the Proposed Scheme

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

5.2 Although the proposed Scheme would lead to incurring of some costs by each of the companies involved in the Scheme towards implementation, the benefits of the Scheme over a period of time would outweigh such costs given the long term benefits for stakeholders of all the Companies.

6. Synergies of business of the entities involved in the Scheme

6.1 The consolidation of the Company with the Transferee Company will inter-alia result in the following synergies:

- Rationalization and streamlining of the management structure and pooling of financial resources, managerial and technical expertise of the Company.
- Greater efficiency in management of capital of the Company and access to cash flows generated by the businesses of the Company which will be deployed more efficiently to fund growth opportunities
- Ease in management of the group and greater financial strength and flexibility for the Transferee Company resulting in maximizing overall shareholders value

7. Impact of the scheme on the shareholders:

7.1 The Audit Committee discussed the rationale and expected benefits of the Scheme. In view of the various documents presented before the Audit Committee including Valuation Report, Fairness Opinion etc., it is observed that this merger will result in achieving greater efficiency in management of capital, access to cash flows generated by the businesses which can be deployed more efficiently to fund growth opportunities, post the completion of the Scheme.

7.2 The Audit Committee notes that the Registered Valuer has considered the Liquidation Approach to be the sole approach for determining the value of the Transferor Companies for calculation of the Share Exchange Ratio. The Market Price Method and the Income Approach have been disregarded by the Registered Valuer as the equity shares of the Transferor Companies are thinly traded/not regularly traded and the Transferor Companies do not have any operations or business plan respectively as stated in paras 4.7.4.1, 4.7.4.2 and 4.7.4.3 of the Valuation Report.

7.3 Consideration shall be discharged by the Transferee Company by issuing its equity shares to the shareholders of the Company (except the Transferee Company holding shares directly/indirectly and jointly with its nominee shareholders) based on Valuation Report dated July 30, 2024 issued by Registered Valuer.

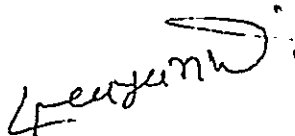

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Based on the above, the Audit Committee is of the view that the Scheme is in the best interests of all the shareholders of the Company.

8. Recommendation of the Audit Committee

The Audit Committee after taking into consideration the Proposed Scheme & its rationale and benefits, the Valuation Report, the Fairness Opinion and other documents, recommends the same to the Board of Directors of the Company, Stock Exchanges and SEBI and other appropriate authorities for favorable consideration.

By and order of the Audit Committee,
For and behalf of Roselabs Finance Limited

Mr. Mayank Padiya
Chairman, Audit Committee
DIN: 07145403

Place: Mumbai
Date: July 30, 2024