

# ROSSELL INDIA LIMITED



## Annexure M

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS ('ID') OF ROSSELL INDIA LIMITED DATED 12<sup>th</sup> JULY 2022 CONSIDERING DRAFT SCHEME OF AMALGAMATION BETWEEN BMG ENTERPRISES LIMITED ("THE TRANSFEROR COMPANY") AND ROSSELL INDIA LIMITED ("THE TRANSFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS ("SCHEME"), DISCUSSED AT ITS MEETING HELD AT THE REGISTERED OFFICE OF THE COMPANY ON 12<sup>TH</sup> JULY, 2022 UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

### PRESENT – DIRECTORS

Mrs. N. Palchoudhuri	: Chairperson/ Independent Director
Mr. K. Katyal	: Independent Director
Mr. R. Bhatnagar	: Independent Director

### 1. Background:

A Meeting of ID Committee of the Company was held *inter-alia* to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation between BMG Enterprises Limited ("the Transferor Company") and Rossell India Limited ("the Transferee Company") and their respective shareholders under the provisions of Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ("Scheme").

The Scheme *inter-alia* provides for amalgamation of BMG Enterprises Limited into Rossell India Limited.

The Equity Shares of the Company are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The Company will be filing the Scheme along with necessary information / documents with both the mentioned Stock Exchanges for their approval under regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This report of the ID Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ('SEBI') Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021 (hereinafter referred to as 'the SEBI Circular'), after considering the following:

- a) Draft Scheme, duly initialed by the Chairman of the Company for the purpose of identification;





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- b) Pre-arrangement shareholding pattern of the Transferor Company and pre and post arrangement shareholding pattern of the Company; and
- c) Valuation Report dated 12th July, 2022 of CA Harsh Chandrakant Ruparelia, Registered Valuers;
- d) Fairness Opinion Report on the share entitlement ratio dated 12th July, 2022 of M/s. Fedex Securities Private Limited, Category-I, Merchant Banker;
- e) a certificate, dated 12th July, 2022 issued by the Statutory Auditors of the Company i.e., M/s. Khandelwal Ray & Co., Chartered Accountants, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013, as placed before the Board be and is hereby accepted and taken on record;
- f) Last 3 years audited financials of the Transferor Company and Transferee Company; and
- g) Audit Committee Report

**2. Rationale of the Scheme/ Need for the Amalgamation:**

- It is proposed to amalgamate the Transferor Company into the Transferee Company by this Scheme, as a result of which the shareholders of the Transferor Company viz. the promoters of the Transferor Company (who are also the promoters of the Transferee Company) shall directly hold shares in the Transferee Company and the following benefits shall, inter alia, accrue to the Companies:
  - a) The merger will result in the promoter group of the Transferor Company directly holding shares in the Transferee Company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with the Transferee Company;
  - b) The promoter group of the Transferee Company is desirous of streamlining its holding in the Transferee Company. As a step towards such rationalization, it is proposed to merge the Transferor Company into the Transferee Company;
  - c) The promoters would continue to hold the same percentage of shares in the Transferee Company, pre and post the merger. There would also be no change in the financial position of the Transferee Company. All cost, charges and expenses relating to the Scheme would be borne out of the assets (other than shares of the Transferee Company) of the Transferor Company. Any expense, exceeding the assets of the Transferor Company would be borne by the promoters directly;



**CONTINUATION**



d) Further, the Scheme also provides that the shareholders of the Transferor Company shall indemnify the Transferee Company and keep the Transferee Company indemnified for liability, claim, demand, if any, and which may devolve on the Transferee Company on account of this amalgamation.

➤ In consideration of the amalgamation of BMG Enterprises Limited with Rosell India Limited, based on the valuation report of M/s CA Harsh Chandrakant Ruparelia, Chartered Accountants dated 12th July, 2022, being Registered Valuer appointed for the purpose of the scheme, the following share entitlement ratio is approved:

"2,37,63,795 fully paid up equity share of Rs 2 each of the Transferee Company shall be issued and allotted as fully paid up to the Equity Shareholders of the Transferor Company in proportion of their holding in the Transferor Company"

(Equity shares to be issued by the Transferee Company as above are hereinafter referred to as "New Equity Shares").

"10,00,000 0.01% Compulsorily Convertible Preference Shares of Rs. 10 each of the Transferee Company shall be issued and allotted as fully paid up to the Equity Shareholders of the Transferor Company in proportion of their holding in the Transferor Company"

(Preference shares to be issued by the Transferee Company as above are hereinafter referred to as "New Preference Shares")

The Transferor Company holds 2,37,63,795 equity shares and 10,00,000 preference shares of the Transferee Company and pursuant to the amalgamation, the Transferee Company shall issue the same number of New Equity Shares i.e. 2,37,63,795 to the equity shareholders of the Transferor Company and 10,00,000 New preference Shares to the equity shareholders of the Transferor Company.

In the event that the New Equity shares to be issued result in fractional entitlement, the Board of Director of the Transferee Company shall be empowered to consolidate and/or round off such fractional entitlements into whole number of New Equity Shares to nearest integer. However, in no event, the number of New Equity Shares to be allotted by the Transferee Company to the Equity Shareholders of the Transferor Company shall exceed the total number of Equity Shares held by the Transferor Company in the Transferee Company. Also, in no event, the number of New Preference Shares to be allotted by the Transferee Company to the Equity Shareholders of the Transferor Company shall exceed the total number of Preference Shares held by the Transferor Company in the Transferee Company.







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- Upon the coming into effect of the Scheme and with effect from the Appointed Date, RLL shall account for the transfer in its books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) 103 or such other accounting principles as may be applicable or prescribed under the Act.
- The Appointed Date stated in the Scheme is 1<sup>st</sup> July, 2022.
- Effective Date for the scheme has been specified in clause 1.4 of the scheme.

**3. Scheme not detrimental to the Shareholders of the Company:**

The ID committee discussed and deliberated upon the rationale and expected benefits of the Scheme. From the perusal of the draft scheme and other documents presented before the ID Committee, it is noted that it may be expected that the Scheme will not have any material impact on the Shareholders of the Company. The ID Committee was of the opinion that the Scheme is not detrimental to the interests of the Shareholders of the Company in any manner.

**4. Recommendation of the ID Committee:**

The ID Committee after due deliberations and due consideration of all the terms of the draft Scheme, rationale of the Scheme, and impact of the Scheme on the Shareholders of the Company recommends the Scheme for favorable consideration by the Board of Directors of the Company.

**By Order of the Committee of Independent Directors of Rossell India Limited**

Name: Ms. N. Palchoudhuri  
Chairperson of the Committee of Independent Directors  
DIN: 00581440



Date: 12th July, 2022  
Place: Kolkata