

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF FORTUNE INDUSTRIAL RESOURCES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF MOULDCRAFT (INDIA) PVT LTD, MAKSAD INFRACON PVT LTD, SAPTRISHI FINANCE PVT LTD AND TRIMURTI PETROCHEMICALS AND ALLIED SERVICES PVT LTD WITH FORTUNE INDUSTRIAL RESOURCES LTD AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Present:

Sl. No.	Name	Designation
1.	Mr Sachin	Independent Director In the Chair
2.	Ms Vickky Kumari	Independent Director

Ms. Bharti, Company Secretary and Mr. Pankaj Kumar Gupta, Chief Financial Officer of Fortune Industrial Resources Limited was also present at the meeting along with.

1. Background of the proposed Scheme of Arrangement:

A meeting of the Committee of Independent Directors ("ID Committee") of Fortune Industrial Resources Limited (the "Company") was held on 25th June, 2024 inter-alia, to consider and, if thought fit, recommend to the Board of Directors, the proposed Scheme of Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd and their respective Shareholders and Creditors.

The Scheme of Amalgamation is framed in terms of the provisions of sections 230 & 232 of the Companies Act, 2013, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, together with sections 2(1B) and 2(19AA) of the Income Tax Act, 1961, the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, issued by the SEBI ("the SEBI Scheme Circular"), issued by the SEBI ("the SEBI Scheme Circular"), as amended, and other applicable provisions, if any.

The Scheme of Arrangement provides for:

The Scheme of Arrangement provides for:

- Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd on going-concern basis;
- Various other matters incidental, consequential or otherwise integrally connected with the aforesaid Amalgamation.

In terms of Para (A)(2)(i) of Part I of SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("the SEBI Circular"), a report from the ID 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 the ID Committee is made in order to comply with the requirements of the SEBI Scheme Circular.

- The following documents were placed before the ID Committee:

For Fortune Industrial Resources Limited
Sachin
Director/Authorised Signatory

- i. Draft Scheme of Amalgamation, duly initialed by the Company Secretary of the Company for the purpose of identification.
- ii. The Report on Valuation of Shares & Share Exchange Ratio dated 25th June, 2024 issued by Ms Mallika Goel, the Registered Valuer in respect of Securities or Financial Assets, registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV/11/2022/14784, to the Company, stipulating, inter alia, the methodology adopted, the valuation arrived at and Share Exchange Ratio recommended for the proposed amalgamation ("Valuation Report").
- iii. Fairness Opinion Report dated 25th June, 2024 on the Report on Valuation of Shares & Share Exchange Ratio issued by Jawa Capital Services Private Limited, a SEBI Registered Category I Merchant Banker to the Company, providing its opinion on the fairness of the Share Exchange Ratio recommended in the Valuation Report ("Fairness Opinion").
- iv. Draft Certificate, in the prescribed format, by the respective Statutory Auditors of the Companies under the Scheme pursuant to Para 'A' '5' of Part-I of the SEBI Scheme Circular to the effect that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government under section 133 of the Companies Act, 2013, read with the rules framed thereunder and other Generally Accepted Accounting Principles.
- v. Pre-Scheme Shareholding Pattern of the Transferor Company; pre and post Scheme Shareholding Pattern of the Transferee Company.
- vi. Audited Financial Statements of the Transferor Companies and the Transferee Company for the financial years ended 31st March, 2024, 31st March 2023 and 31st March 2022.

3. The Salient features of the Scheme:

The Scheme of Amalgamation, inter-alia, provides the following:

- i. Upon the Scheme becoming effective, the Transferee Company will inform approval of this Scheme of Amalgamation by the Hon'ble NCLT to the customers of the Transferor Companies, concerned Statutory Authorities, and other relevant third parties which will promptly give effect to the amalgamation in their records and will do the needful to give effect to this Scheme of Amalgamation.
- ii. All the customers of the Transferor Companies, all concerned Statutory Authorities and relevant third parties will take note of the same and will take all necessary steps to give effect to the Scheme of Amalgamation including but not limited to changing the name of the Transferor Companies with the Transferee Company, details of the bank account(s) of the Transferor Companies will be replaced with that of the Transferee Company.
- iii. It is clarified that no adverse action will be taken against the Transferee Company for any delay in action taken by the customers, concerned Statutory Authorities and relevant third parties in giving effect of the sanction of this Scheme.
- iv. The Share Exchange Ratio for Amalgamation will be as follows:
 - a. The Transferee Company will issue 112 (one hundred and twelve) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 1 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 1-Mouldcraft (India) Pvt Ltd.
 - b. The Transferee Company will issue 138 (one hundred and thirty-eight) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the

For Fortune Industrial Resources Limited

 Director/Authorised Signatory

Transferor Company No. 2 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 2-Maksad Infracon Pvt Ltd.

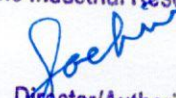
- c. The Transferee Company will issue 15 (fifteen) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 3 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 3-Saptrishi Finance Pvt Ltd.
- d. The Transferee Company will issue 75 (seventy-five) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 4 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 4-Trimurti Petrochemicals and Allied Services Pvt Ltd.
- v. Appointed Date for the Scheme will be 1st April, 2024, 1st April, 2024, or such other date as may be mutually decided by the Board of Directors of the Transferor Companies and the Transferee Company with the approval of the Hon'ble National Company Law Tribunal, or such other date as the Hon'ble National Company Law Tribunal, or any other competent authority may approve.
- vi. MSEI Limited will act as the Designated Stock Exchange for the purpose of the Scheme of Amalgamation.
- vii. The Scheme shall be effective subject to the following:
 - a. Approval of the Scheme by the MSEI Limited ("Stock Exchange") and the Securities and Exchange Board of India ("SEBI"), pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and the SEBI Scheme Circular.
 - b. Approval of the Scheme by the requisite majorities of Shareholders and/or Creditors of each of the Scheme entities as may be directed by the Hon'ble NCLT.
 - c. Approval of the Scheme by the public shareholders through e-voting in terms of Para 'A' '10(b)' of Part-I of the SEBI Scheme Circular.
 - d. Sanction of the Scheme by the NCLT having jurisdiction over the Scheme entities.
 - e. Filing of the certified copies of the NCLT Order(s) sanctioning the Scheme to the respective jurisdictional Registrar of Companies by the Scheme entities.
 - f. The Equity Shares of the Company are listed on MSEI Limited. The Company will be filing the Scheme along with necessary information/documents with the Stock Exchange for its approval under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Detailed Rationale of the Scheme:

The circumstances which justify and/or necessitate the proposed Scheme of Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd; and benefits of the proposed amalgamation as perceived by the Board of Directors of these Companies, to the Shareholders and other stakeholders are, inter alia, as follows:

- i. The proposed amalgamation of the Transferor Companies with the Transferee Company would result in consolidation and pooling of their resources into a single entity.
- ii. The Transferor Company No. 1 was incorporated to carry on business relating to plastics, rubber and resins, etc. The Company has deployed its funds in Bank Fixed Deposits and

For Fortune Industrial Resources Limited


Director/Authorised Signatory

providing advances, etc. The Transferor Company No. 2 was incorporated to carry on real estate business. The Company has deployed its funds in Bank Fixed Deposits, securities investments and providing advances, etc. The Transferor Company No. 3 was incorporated to carry on securities investment and lending business. The Company has made investments in various Group Companies' shares. It is a Core Investment Company (CIC) in terms of the RBI Regulations. The Transferor Company No. 4 was incorporated to carry on business relating to petroleum and chemicals. The Company has deployed its funds in Bank Fixed Deposits, securities investments, and providing advances.

The Transferee Company, on the other hand, is engaged in securities investments and lending business. The Transferee Company is registered with the Reserve Bank of India as a non-deposit taking Non-Banking Financial Company (NBFC). It is decided that after the sanction of the Scheme of Amalgamation, various activities being carried on in the Transferor Companies will be stopped. Combined funds of all the Transferor Companies will be utilised by the Transferee Company in the NBFC Business only. The Transferee Company will continue to focus on its NBFC Business.

- iii. The proposed amalgamation will substantially enhance the capital and net worth base of the Transferee Company which will enable the Transferee Company to further expand its NBFC Business.
- iv. The proposed amalgamation will enable the Shareholders of the un-listed Transferor Companies to hold shares in the listed Transferee Company and enjoy the resultant benefits.
- v. A larger capital base of the Listed Transferee Company will result in better liquidity and will benefit its Public Shareholders.
- vi. The proposed Scheme of Amalgamation would result in pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity. Post Scheme, the Transferee Company will enjoy large net worth and financial resources which are critical for any NBFC.
- vii. The proposed Scheme of Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.
- viii. 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 Transferor Companies and the Transferee Company.
- ix. The proposed amalgamation would enhance the shareholders' value of the Transferor and the Transferee Companies.
- x. The proposed Scheme of Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their shareholders, employees and other stakeholders and all concerned.
- i. The merger of Transferor Companies into Transferee Company will have beneficial impact on the Transferor Company and the Transferee Company, their shareholders, employees and other stakeholders and all concerned.

For Fortune Industrial Resources Limited


Director/Authorised Signatory

5. The Scheme of Amalgamation is proposed for the aforesaid reasons. The Audit Committee the Transferee Company has already recommended and are of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

The ID Committee reviewed and noted the following Share Exchange Ratio recommended in the Valuation Report:

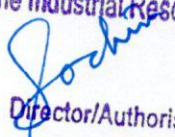
Share Exchange Ratio for Amalgamation:

- i. The Transferee Company will issue 112 (one hundred and twelve) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 1 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 1-Mouldcraft (India) Pvt Ltd.
 - ii. The Transferee Company will issue 138 (one hundred and thirty-eight) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 2 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 2-Maksad Infracon Pvt Ltd.
 - iii. The Transferee Company will issue 15 (fifteen) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 3 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 3-Saptrishi Finance Pvt Ltd.
 - iv. The Transferee Company will issue 75 (seventy-five) Equity Shares of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company No. 4 for every 1000 (one thousand) Equity Shares of ₹10 each held in the Transferor Company No. 4-Trimurti Petrochemicals and Allied Services Pvt Ltd.
6. The Audit Committee reviewed and confirmed the accounting treatment in the Scheme which has been certified by the respective Statutory Auditors of the Companies in the Scheme.
7. The Fairness Opinion confirmed that the Share Swap Ratio as recommended by the Registered Valuer, is fair and reasonable.

8. Scheme not detrimental to the Shareholders of the Company:

The ID Committee discussed and deliberated upon the rationale and expected benefits of the Scheme. In light of the same and due consideration of all the terms of the draft Scheme of Amalgamation, Valuation Report/Share Exchange Ratio, Fairness Opinion, detailed Rationale of the Scheme, impact of the Scheme on the Shareholders and other stakeholders and other documents presented before the ID Committee, it noted that the proposed Scheme is expected to enable the Fortune Industrial Resources Ltd (Transferee Company) to have valuable addition to its shareholders, employees and other stakeholders.

The ID Committee also noted that the Scheme is subject to the majority approval of the public shareholders of the Company. The ID Committee was of the opinion that the Scheme is expected to be in the best interests of the Shareholders of the Company.

For Fortune Industrial Resources Limited

Director/Authorised Signatory

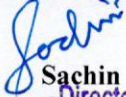
9. Recommendation of the ID Committee:

In light of the aforesaid, the ID Committee recommends, inter alia taking into consideration, impact of the Scheme on the Shareholders and other stakeholders, to the Board of Directors, the Stock Exchanges, SEBI and other applicable regulatory authorities for its approval.

This report of the ID Committee is made in order to comply with the requirements of the SEBI Scheme Circular after considering the necessary documents.

**By Order of the ID Committee of
Fortune Industrial Resources Ltd**

For Fortune Industrial Resources Limited



**Sachin
Director/Authorised Signatory
Chairman of the ID Committee**

Date: 25.06.2024

Place: New Delhi