

Megraj Holdings Private Limited

Corporate Identity Number: U74140TG2022PTC167061

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF MEGRAJ HOLDINGS PRIVATE LIMITED AT ITS MEETING HELD ON, THE 8TH DAY OF JANUARY, 2024 IN ACCORDANCE WITH THE SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA – MASTER CIRCULAR: SEBI/HO/DDHS/POD1/P/CIR/2023/108 DATED 29TH JULY, 2022 UPDATED AS ON 30TH JUNE, 2023

1. The Board of Directors ("Board") of Megraj Holdings Private Limited ("Transferor Company" or "Company") considered the proposal involving amalgamation of the Transferor Company into and with Green Gold Animation Private Limited ("Transferee Company") pursuant to the Scheme of Amalgamation between them and their respective shareholders and creditors ("Scheme") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act"), resulting in the transfer and vesting of the assets, liabilities and the entire undertaking of the Transferor Company into and with the Transferee Company and various other matters consequential to or otherwise integrally connected with the above.

Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.

2. The Non-Convertible Debentures ("NCDs") issued and allotted by the Transferor Company and Listed on the wholesale debt market segment of BSE Limited.
3. The Scheme is to be filed with the National Company Law Tribunal having jurisdiction over the Transferor Company and the Transferee Company.
4. The draft of the Scheme was approved by the Board of the Company at its meetings held on 8th January, 2024.
5. In terms of Section 232(2)(c) of the Act, a report is required to be adopted by the Board explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties, if any.

Further, pursuant to the requirements of the of Para A(2)(d) of Part I of Annex XII-A of the Securities and Exchange Board of India's Master Circular: SEBI/HO/DDHS/POD1/P/CIR/2023/108 dated 29th July, 2022 updated as on 30th June, 2023 ("**SEBI Circular**"), the Board is required to recommend the draft scheme, taking into consideration, *inter-alia*, the Valuation Report and ensuring that the Scheme is not detrimental to the holders of the NCDs/ NCRPS, and also comment on impact of the Scheme on the holders of Non-Convertible Debentures ("NCDs"), safeguards for the protection of the holders of NCDs and exit offer to the dissenting shareholders of NCDs, if any.

Accordingly, this Report is being prepared to comply with the requirements of the Act and the SEBI Circular ("Report") and for approval and adoption by the Board.



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6. The following documents were placed before the Board at its Meeting held on 8th January, 2024:
- The Valuation cum Security Exchange Ratio Report dated 30th December, 2023 ("Valuation Report") from Mr. Venkata Subbarao Kalva, an Independent Registered Valuer (IBBI Regd No. IBBI/RV/04/2019/11140), recommending the fair Security Exchange Ratio;
 - The Fairness Opinion dated 30th December, 2023 issued by Akasam Consulting Private Limited, an Independent Merchant Banker (SEBI Regd No. MB / INM000011658) on the Valuation Report;
 - The draft certificate provided by M/s. APT and Co LLP, Chartered Accountants (ICAI Firm Regd No. 014621C/N500088), the statutory auditors of the Company, certifying the payment/repayment capability of the Transferee Company and that the Accounting Treatment under the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act; and
 - other presentations, documents, reports and information pertaining to the Scheme.

7. Rationale of the Scheme:

- 7.1. The Board noted that, the proposed amalgamation is beneficial, advantageous and not prejudicial to the interest of the shareholders, creditors and other stakeholders. The proposed Amalgamation of the Transferor Company into the Transferee Company intends and seeks to achieve flexibility and integration of size, scale and financial strength. Therefore, the management of the Transferor Company and the Transferee Company believe that this Scheme shall benefit the respective companies and other stakeholders of respective companies, inter-alia, on account of the following reasons:
- The amalgamation will enable pooling of resources of the companies involved in amalgamation to their common advantage, resulting in more productive utilization of the said resources and achieving economies of scale resulting into cost and operational efficiencies, which would be beneficial for all the stakeholders.
 - The amalgamation is expected to provide greater efficiency in cash management of the amalgamated entity, and efficient deployment of cash flow generated by the business for growth opportunities;
 - The amalgamation would result into simplification of the group structure by eliminating multiple entities and would bring greater management focus and would help in achieving uniform corporate policies and faster/ effective decision making and its implementation.
 - The amalgamation would help avoid duplication of regulatory and procedural compliances and consequently result into saving of time, resources and cost involved in such compliances.
 - The amalgamation would strengthen net worth of the combined business to capitalize on future growth potential. The amalgamation will enable efficient service and redemption of the NCDs issued by the Companies.



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- (f) Cost savings are expected to flow from more focused operational efforts, standardization and simplification of business processes and the elimination of duplication, and rationalization of administrative expenses.
- (g) By amalgamation, the Transferor Company and the Transferee Company seek to diversify their market presence and product/service offerings. This broader portfolio will enhance the ability to navigate changing market dynamics, reduce dependency on specific sectors, and mitigate risks associated with market fluctuations.

7.2. There is no adverse effect of Scheme on the directors, key managerial personnel, shareholders, creditors, other security holders and employees of Transferor Company and Transferee Company. However, the Transferor Company upon amalgamation shall stand dissolved. The Scheme would be in the best interest of all stakeholders.

8. Security Exchange Ratio

8.1. For the Scheme, the Valuation cum Security Exchange Ratio Report dated 30th December, 2023 ("Valuation Report") was obtained from Mr. Venkata Subbarao Kalva, an Independent Registered Valuer (IBBI Regd No. IBBI/RV/04/2019/11140), who recommend:

Fair Share Exchange Ratio:

"1 (One) fully paid-up equity shares of face value of Rs. 10 each of the Transferee Company for every 58.262 equity shares of face value of Rs. 10 each held in the Transferor Company." ("fair share exchange ratio")

Non-convertible debenture (NCD) exchange ratio

"1 (One) fully paid-up NCD of the Transferee Company of face value of Rs. 1,00,000/- each to be issued for every 1 (One) fully paid-up NCD of face value of Rs. 1,00,000/- each held in the Transferor Company."

8.2. No special valuation difficulties have been reported by the valuer.

8.3. The Fairness Opinion dated 30th December, 2023 ("Fairness Opinion") was obtained from Akasam Consulting Private Limited, an Independent Merchant Banker (SEBI Regd No. MB / INM000011658) on the Valuation Report, who have provided that the fair share exchange ratio and Non-convertible debenture (NCD) exchange ratio, for the purpose of the Scheme as per the Valuation Report is fair.

9. Effect of the Scheme on the Promoter/Non-Promoter Shareholders of the Transferor Company

9.1. There is only one class of shareholders that is the equity shareholders. Further the Transferor Company, have only Promoter Shareholders.



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9.2. Upon coming into effect of the Scheme and in consideration of the aforementioned amalgamation, the Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Company whose names are recorded in the register of members, as a member of the Transferor Company on the Record Date, in terms of the above fair share exchange ratio.

9.3. The equity shares in the Transferee Company to be issued to the Members of the Transferor Company shall be subject to the Scheme, and the Memorandum of Association and the Articles of Association of the Transferee Company and shall rank *pari pasu* with the existing equity shares of the Transferee Company.

9.4. Upon the Scheme becoming effective, the Transferor Company shall be dissolved without the process of winding up, and the shares held by the shareholders in the Transferor Company shall be deemed to have been cancelled and extinguished.

10. Effect of the Scheme on the Key Managerial Personnel (KMP) of the Transferor Company

10.1. Upon the Scheme becoming effective, all the employees including the Key Managerial Personnel, shall become employees of the Transferee Company, on the same terms and conditions.

11. Impact of the Scheme on the holders of NCDs and safeguards for the protection of the holders of NCDs

11.1. The Scheme will not have any impact on the holders of NCDs, considering the positive net worth of the Transferee Company post the Amalgamation, therefore, they will be able to pay interest and repay the principal amount represented by such NCDs as per terms of Issue. Further, the Scheme does not provide for any alteration in the existing terms and conditions of the NCDs, which could have any impact on the holders of NCDs, except in relation to consequential matters towards dissolution of the Transferor Company under the Scheme.

11.2. The Transferor Company and the Transferee Company shall comply with all the SEBI Regulations in relation to protection of NCD holders. Further, the new NCDs to be issued by the Transferee Company in lieu of the NCDs held in the Transferor Company, will be secured. Security cover will be sufficient to discharge the principal amount and the interest thereon at all times.

12. Exit offer to the dissenting holders of NCDs, if any:

12.1. In terms of the Scheme, the holder(s) of NCDs in the Transferor Company will become the holder(s) of NCDs in the Transferee Company, on the same terms, except in relation to consequential matters towards dissolution of the Transferor Company under the Scheme. Further, the Company has obtained In-principle approval from the NCD Holder for the Scheme. Therefore, Exit offer for the dissenting NCD holders, does not arise.

13. Recommendation of the Board:



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13.1. The Board discussed and deliberated upon the rationale and expected benefits of the Scheme. In light of the aforementioned and the Scheme, Valuation Report, and other documents presented before the Board, they noted that the proposed amalgamation is beneficial, advantageous and not prejudicial to the interest of the shareholders, creditors and other stakeholders and is not detrimental to the interest of the holders of NCDs.

13.2. The Board recommends the proposed Scheme to be effective from the Appointed Date, after taking into consideration the Valuation Report and abovementioned safeguards for the holder(s) of NCDs and other parameters, to the shareholders and the creditors of the Company (as may be applicable) for its approval and for favourable consideration by the BSE, the SEBI and other appropriate authorities, as may be required.

**For and on behalf of the Board of
Megraj Holdings Private Limited**



Sitarama Rajiv Chilakalapudi
Director
DIN: 01111825

