

REPORT OF THE AUDIT COMMITTEE OF SALASAR TECHNO ENGINEERING LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF HILL VIEW INFRABUILD LIMITED WITH SALASAR TECHNO ENGINEERING LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Presence at the Audit Committee Meeting held on December 30, 2024:

| SN | Name | Designation |
|----|-----------------------|------------------------------------|
| 1. | Mr. Sanjay Chandak | Chairperson of the Audit Committee |
| 2. | Mr. Mukesh Kumar Garg | Member of the Audit Committee |
| 3. | Mr. Vijay Kumar Jain | Member of the Audit Committee |
| 4. | Mr. Shashank Agarwal | Member of the Audit Committee |

Mr. Mohit Kumar Goel, Company Secretary and Mr. Pramod Kumar Kala, Chief Financial Officer of Salasar Techno Engineering Limited was also present at the meeting.

1. Background of the proposed Scheme of Amalgamation:

- 1.1** A meeting of the Audit Committee ("Audit Committee") of Salasar Techno Engineering Limited (the "Company") was held on December 30, 2024, inter-alia, to consider and, if thought fit, recommend to the Board of Directors, the proposed Scheme of Amalgamation of Hill View Infrabuild Limited with Salasar Techno Engineering Limited 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 Section 2(1B) 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"), as amended, and other applicable provisions.

The Scheme of Amalgamation provides the following:

- i. Amalgamation of Hill View Infrabuild Limited with and into Salasar Techno Engineering Limited on going-concern basis.
- ii. Various other matters incidental, consequential or otherwise integrally connected with the aforesaid Amalgamation.

In terms of the SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("the SEBI Circular"), a report from the Audit Committee is required recommending the draft Scheme, taking into consideration, inter alia, the Valuation Report (as defined hereinafter), and commenting on need for the amalgamation, the rationale of the Scheme, impact of the Scheme on the Shareholders, cost benefit analysis of the Scheme and synergies of business of the entities involved in the Scheme. This Report of the Audit Committee is made in order to comply with the requirements of the SEBI Scheme Circular.

CIN No. - L23201UP2001PLC209751



Regd. off. & Unit-1:- khasra 265, 281-288, Parsaun-Dasna, Jindal Nagar, Distt Hapur, U.P. - 201015

Unit 2- Khasra 1184,1185, Khera, Pilkhuwa, Tehsil Dhaulana, Distt. Hapur, U.P. -245304

Unit 3- Khasra 686/6, Khera, Pilkhuwa, Tehsil Dhaulana, Distt. Hapur, U.P. -245304



+91 7017538987, 8750725142

+91 9368883592

+91 7417971568



towers@salasartechno.com

marketing@salasartechno.com



www.salasartechno.com

1.3 The Salient features of the Scheme: The salient features/terms and conditions of the proposed Scheme of Amalgamation which, inter-alia, include the following:

- a. All assets and liabilities including Income Tax and all other statutory liabilities, if any, of the Transferor Company will be transferred to and vest in the Transferee Company as a going concern.
- b. All the employees of the Transferor Company in service on the Effective Date, shall become employees of the Transferee Company on such date without any break or interruption in their service and upon terms and conditions not less favorable than those applicable to them in the Transferor Company on the Effective Date.
- c. Consideration for Amalgamation will be as follows:
 - i. The Transferee Company-Salasar Techno Engineering Limited will issue 2,87,430 (two lakh eighty-seven thousand four hundred and thirty) New Equity Shares of ₹1 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company for every 100 (one hundred) Equity Shares of ₹10 each held in the Transferor Company-Hill View Infrabuild Limited.
 - ii. Further, the Transferee Company will issue 8,358 (eight thousand three hundred and fifty-eight) (5%) Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company for every 100 (one hundred) Equity Shares of ₹10 each held in the Transferor Company.

Fractional entitlements arising out of the aforesaid exchange process for Equity Shares, if any, shall be aggregated and held by a trust, nominated by the Board of Directors of the Transferee Company, in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares, as per the Scheme. The Transferee Company shall submit to the Designated Stock Exchange a report from its Audit Committee and the Independent Directors certifying that the Transferee Company has compensated the eligible shareholders against their respective fractional entitlement, within a period of seven days of compensating the shareholders.

Any fraction of Share arising out of the aforesaid exchange process for CRPS, if any, will be rounded off to the nearest whole number.

- d. Compulsorily Redeemable Preference Shares, to be issued pursuant to the Scheme, will have a face value of ₹10 per share and will carry a coupon rate of 5% per annum on non-cumulative basis. 5% Non-cumulative Compulsorily Redeemable Preference Shares will be redeemed in terms of the provisions of the Companies Act, 2013, at par, i.e., @ ₹10 per share, within a maximum period of 20 years from the date of issue. The Issuer Company will have a call option for early redemption of CRPS, in one or more tranches, at any time after the expiry of 3 years from the date of issue of CRPS. CRPS will not be listed on any stock exchange.



- e. Appointed Date for the Scheme will be 1st April, 2025, or such other date as may be mutually decided by the Board of Directors of the Transferor Company 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 Appropriate Authority may approve.
- f. BSE Limited will act as the Designated Stock Exchange for the purposes of the Scheme of Amalgamation.
- g. The Scheme shall be effective subject to the following:
- i. Approval of the Scheme by the BSE Limited, the National Stock Exchange of India Limited (NSE) ("Stock Exchanges") 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.
 - ii. 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.
 - iii. 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.
 - iv. Sanction of the Scheme by the NCLT having jurisdiction over the Scheme entities.
 - v. Filing of the certified copies of the NCLT Order(s) sanctioning the Scheme to the respective jurisdictional Registrar of Companies by the Scheme entities.
- 1.4** The Equity Shares of the Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company will be filing the Scheme along with necessary information/documents with the Stock Exchange for their approval under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.5** The Report of Audit Committee is made in order to comply with the requirements of the SEBI Scheme Circular, after considering the following:
- 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 December 30, 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 December 30, 2024 on the Report on Valuation of Shares & Share Exchange Ratio, issued by D & A Financial 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 Company for the financial years ended 31st March 2024, 31st March 2023 and 31st March, 2022 and for the half year ended September 30, 2024.
- vii. Audited Financial Statements of the Transferee Company for the financial years ended 31st March 2024, 31st March 2023 and 31st March, 2022 and the un-audited (subjected to limited review by the statutory auditors) financials for the half year ended September 30, 2024.

2. Detailed Rationale of the Scheme:

The circumstances which justify and/or necessitate the proposed Scheme of Amalgamation of Hill View Infrabuild Limited with Salasar Techno Engineering Limited; and benefits of the proposed amalgamation, to the Shareholders and other stakeholders are, inter alia, as follows:

- i. The Transferor and Transferee Companies are Group Companies under common management and control. The proposed amalgamation of the Transferor Company with the Transferee Company would result in consolidation of Group Companies and pooling of their resources into a single entity.
- ii. The Transferee Company is the Flagship Company of the Group, primarily engaged in manufacturing of telecom towers, railway towers, transmission and distribution towers and other related activities. With passage of time, Salasar Techno has diversified its business into other fields like manufacturing of steel bridges and other structures for infrastructure projects, undertaking electrification projects for railways, etc., either directly or through SPVs. The Transferor Company has made investments in the Transferee Company-Salasar Techno Engineering Limited. The Transferor Company is also acting as an incubator for various projects which the Transferee Company is undertaking through SPVs by providing critical financial support to these SPVs.
- iii. The proposed Amalgamation will streamline and simplify the shareholding structure.



- iv. The proposed 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.
 - v. 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.
 - vi. 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 Transferee Company as well as by the Transferor Company.
 - vii. The proposed amalgamation would enhance the shareholders' value of the Transferor and the Transferee Companies.
 - viii. 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.
- 3. Share Exchange Ratio:** The Audit Committee reviewed and noted the Share Exchange Ratio recommended in the Valuation Report & as per the Draft Scheme and accordingly confirmed the following Exchange Ratio:

- i. The Transferee Company-Salasar Techno Engineering Limited will issue 2,87,430 (two lakh eighty-seven thousand four hundred and thirty) New Equity Shares of ₹1 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company for every 100 (one hundred) Equity Shares of ₹10 each held in the Transferor Company-Hill View Infrabuild Limited.
- ii. Further, the Transferee Company will issue 8,358 (eight thousand three hundred and fifty-eight) (5%) Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹10 each, credited as fully paid-up, to the Equity Shareholders of the Transferor Company for every 100 (one hundred) Equity Shares of ₹10 each held in the Transferor Company.

Fractional entitlements arising out of the aforesaid exchange process for Equity Shares, if any, shall be aggregated and held by a trust, nominated by the Board of Directors of the Transferee Company, in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares, as per the Scheme. The Transferee Company shall submit to the Designated Stock Exchange a report from its Audit Committee and the Independent Directors certifying that the Transferee Company has compensated the eligible shareholders against their respective fractional entitlement, within a period of seven days of compensating the shareholders.



Any fraction of Share arising out of the aforesaid exchange process for CRPS, if any, will be rounded off to the nearest whole number.

4. 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.
5. The Fairness Opinion from the Merchant Banker confirmed that the Share Swap Ratio as recommended by the Registered Valuer, is fair and reasonable.
6. **Impact of the Scheme on the Shareholders:**

The Transferor Company is one of the Promoter Group Company of the Transferee Company. The Transferor Company is holding 16.65% of the present issued, subscribed and the paid-up share capital of the Transferee Company. One of the objectives of the proposed Amalgamation is to simplify and streamline the shareholding structure of the Transferee Company by removing multiple layers of the holding companies.

There shall not be any change in the present shareholding of the Transferor Company in the Transferee Company and it shall remain the same as 28,74,30,000 equity shares of ₹1/- each, till the record date fixed for allotment of shares pursuant to the Scheme of Amalgamation. Since, the total number of Equity Shares to be issued by the Transferee Company to the Equity Shareholders of the Transferor Company will be equal to the aggregate number of Equity Shares of the Transferee Company as held by the Transferor Company and accordingly, there will not be any change in the shareholding structure and respective proportion of equity shares held by the pre-scheme shareholders of the Transferee Company.

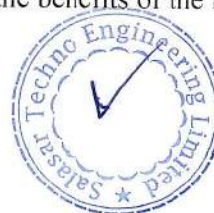
Management of the Companies have proposed that they do not want to dilute the public Shareholding percentage in the Transferee Company. Accordingly, to compensate the shareholders of the Transferor Company with respect to the remaining businesses of the Transferor Company it is proposed to issue Compulsorily Redeemable Preference Shares.

As per the rationale for the Scheme as explained above, the Scheme shall otherwise be in the overall benefit of the shareholders.

The Audit Committee also noted that the Scheme is subject to the majority approval of the public shareholders of the Company. The Audit Committee was of the opinion that the Scheme is not detrimental to the interests of the shareholders of the Company.

7. **Need for the Amalgamation:** As per the detailed rationale for the Scheme set out in Point 2 above.
8. **Cost benefit analysis of the Scheme:**

The Consideration (as defined in the Scheme) represents a fair value of the business as substantiated by the fair equity shares swap ratio recommended in the Valuation Report and Fairness Opinion obtained by the Company in relation to the amalgamation. The Scheme would entail some costs towards implementation. However, the benefits of the Scheme over



a longer period are expected to far outweigh such costs for the stakeholders of the Scheme entities.

9. Synergies of business of the entities involved in the Scheme:

The proposed Amalgamation will streamline and simplify the shareholding structure, as detailed in the Scheme. The Transferor and Transferee Companies are Group Companies under common management and control. The proposed amalgamation of the Transferor Company with the Transferee Company would result in consolidation of Group Companies and pooling of their resources into a single entity.


The proposed 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. 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. The amalgamation will result in reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferee Company as well as by the Transferor Company.


10. Recommendations of the Audit Committee:

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme of Amalgamation, Equity Share Exchange Ratio/Valuation Report, Fairness Opinion, Detailed Rationale of the Scheme, Accounting Treatment for the Scheme, impact of the Scheme on the Shareholders and other stakeholders and cost benefit analysis of the Scheme and the specific matters mentioned above, recommends the draft Scheme of Amalgamation for favourable consideration by the Board of Directors of the Company, the Stock Exchange(s), SEBI and other applicable regulatory authorities.

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

**By Order of the Audit Committee of
Salasar Techno Engineering Limited**


Sanjay Chandak
DIN: 07663328
Chairman of the Audit Committee



Date: 30-12-2024
Place: Delhi