



## AGRIBIO SPIRITS

REPORT OF THE AUDIT COMMITTEE OF AGRIBIO SPIRITS LIMITED (FORMERLY KNOWN AS BEEKAY NIRYAT LIMITED) RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF AGRIBIOTECH INDUSTRIES LIMITED (ABIL OR TRANSFEROR COMPANY) WITH AGRIBIO SPIRITS LIMITED (ASL OR TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER AT ITS MEETING HELD ON TUESDAY, 31<sup>ST</sup> DECEMBER, 2024 AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 111, SIGNATURE TOWER, DC-2 LAL KOTHI SCHEME, TONK ROAD, JAIPUR - 302015, RAJASTHAN AT 1.30 P.M.

### MEMBERS PRESENT IN THE MEETING:

1. Mr. Nitin Ghanshyam Hotchandani - Chairman
2. Mr. Kamal Kishor Sharma
3. Mr. Pankaj Sharma

### IN ATTENDANCE:

1. Ms. Versha Goyal                      Company Secretary
2. Mr. Gaurav Somani                Chief Financial Officer

### 1. BACKGROUND:

- 1.1 A meeting of the Audit Committee of Agribio Spirits Limited ("ASL" or "Transferee Company" or "the Company") was held on 31<sup>st</sup> December, 2024, to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed Scheme of Amalgamation between Agribiotech Industries Limited (ABIL or Transferor Company) with Agribio Spirits Limited (ASL or Transferee Company or the Company) and their respective shareholders pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and Rules framed thereunder ("**Scheme**"), and thereby dissolution of Agribiotech Industries Limited.
- 1.2 Agribiotech Industries Limited having CIN: U15511RJ2004PLC019885, is a unlisted public limited company, incorporated on 11<sup>th</sup> November, 2004 under the Act, and having its registered office at 111, Signature Tower, DC-2, Lal Kothi Scheme, Tonk Road Jaipur, Rajasthan-302015. It is engaged in the business of manufacturing and selling of Extra Neutral Alcohol (Spirit for Liquor and Bottling of liquor under various brands), Rectified Spirit, Country Liquor, Rajasthan Made liquor and Indian Made Liquor.





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1.3 Agribio Spirits Limited having CIN: L11010RJ1975PLC045573, is a public limited company having its equity shares listed on BSE Limited, incorporated on 6<sup>th</sup> June, 1975 under the Act, and having its registered office at 111, Signature Tower, DC-2, Lal Kothi Scheme, Tonk Road Jaipur, Rajasthan-302015. The Company has recently changed its object clause to engage in the business of alcohols / liquor. The Transferee Company holds 29.76% in the share capital of Transferor Company.

1.4 The following documents were placed before the Audit Committee for its consideration:

- i) Draft Scheme of Amalgamation duly initialed by the Company Secretary of the Company for the purpose of identification;
- ii) Valuation Report dated 30<sup>th</sup> December, 2024 M/s. Payal Gada & Co., Chartered Accountants, Registered Valuer, describing inter alia the methodology adopted by them in arriving at the share valuation including the share entitlement ratio and setting out the details of computation of fair entitlement ratios for the proposed amalgamation ("Valuation Report")
- iii) Fairness Opinion dated 31<sup>st</sup> December, 2024 issued by Swaraj Shares and Securities Private Limited, a SEBI Registered Merchant Banker, providing its opinion on the fairness of the Valuation Report and the Share Entitlement Ratio.
- iv) Certificate dated 31<sup>st</sup> December, 2024, of R P Khandelwal & Associates, Chartered Accountants, the Statutory Auditors of the Company confirming that the accounting treatment in the draft Scheme is in accordance with the applicable accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally in India.

1.5 In terms of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Scheme Circular") issued by SEBI, a report from the Audit Committee ("Committee") recommending the draft Scheme is required, taking into consideration inter alia the Valuation Report for determining the share entitlement ratio ("SER"), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Committee has been made in compliance with the requirements of the SEBI Scheme Circular.





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## **2. SALIENT FEATURES OF THE PROPOSED SCHEME:**

The Committee discussed and noted the salient features of the proposed Scheme, the need for the amalgamation, the rationale of proposed scheme, synergies of business of entities involved, impact of the proposed Scheme on the shareholders and cost benefit analysis of the proposed scheme as below:

2.1 In terms of the Scheme, upon the Scheme becoming effective, the Transferee Company will issue shares to the shareholders of the Transferor Company in the ratio:

*"Eighty-Five (85) fully paid-up Equity Shares of Rs. 10/- each of the Transferee Company shall be issued and allotted for every one Hundred (100) fully paid-up Equity Shares of Rs. 10/- each held in the Transferor Company." ("Share Entitlement Ratio")*

AND

*"Ninety-Seven (97) 0.01% fully paid-up Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 10/- each at a redemption price of Rupees One Hundred Twenty-Six and paise Twenty only (Rs 126.20) per share of the Transferee Company shall be issued and allotted for every one Hundred (100) fully paid-up Equity Shares of Rs. 10/- each held in the Transferor Company." ("Share Entitlement Ratio")*

2.2 The equity shares issued by the Transferee Company will be listed and admitted to trading on the Stock Exchange in compliance with SEBI Scheme circular and other relevant provisions as applicable. The NCRPS shall not be listed on any Stock Exchanges.

2.3 The terms of the Non-Convertible Redeemable Preference Shares as set out in scheme.

2.4 The Appointed Date in respect of the Scheme shall be 1<sup>st</sup> October, 2024 or such other date as the National Company Law Tribunal, Jaipur Bench ("NCLT") may direct or fix.

2.5 The Scheme is and shall be subject to certain conditions precedent therein, including:

- Obtaining no-objection/ observation letter from the Stock Exchange in relation to the Scheme under Regulation 37 of the LODR.
- The approval of the Scheme by the requisite majority of the respective members and/ or creditors and such class of persons of the Transferor Company and the Transferee Company, as required in terms of the applicable provisions of the relevant Act as well as any requirements that may be stipulated by the relevant Adjudicating Body in this respect.





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- The approval of the shareholders of Transferor Company and Transferee Company through e-voting and/or other mode as may be required under any applicable law and the SEBI circular, after disclosure of all material facts in the explanatory statement (including the applicable information pertaining to the Transferor Company in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations) or notice or proposal accompanying resolution to be passed sent to the shareholders. The Scheme is conditional upon being approved by the public shareholders of the Transferee Company through e-voting in terms of Part - I(A) - (10)(a) and (10)(b) of SEBI Master Circular No. SEBI/HO/CFD/POD -2 /P/ CIR / 2023/93 dated June 20, 2023 and the Scheme shall be acted upon only if votes cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferee Company against it.
- Sanction of the relevant Adjudicating Body, being obtained under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act, if so required on behalf of the Transferor Company and the Transferee Company.
- The necessary certified copies order under Sections 230 to 232 of the Act, and other applicable provisions of Act are duly filed with the Registrar of Companies, Rajasthan Jaipur.
- All other sanctions and approvals as may be required by law in respect of the Scheme being obtained.

### 3. NEED FOR THE MERGER/AMALGAMATION:

In our capacity as the Audit Committee, we have diligently reviewed the proposed amalgamation of Transferor Company with and into the Transferee Company, and we present the following need for the merger/amalgamation:

- The proposed merger of ABIL and ASL is necessitated by the strategic alignment of their business activities and the potential for significant operational synergies. ABIL is engaged in manufacturing, selling, and trading in alcohol/liquor, while ASL has recently altered its business objectives to enter the same industry. The merger will consolidate their assets, enhance resource utilization, and streamline management efforts, providing a unified and efficient operational framework.
- Furthermore, the integration will enable the combined entity to bring together ABIL's well-established liquor operations with ASL's newly aligned business. This will provide access to the well-established manufacturing enabling the combined entity to expand its market reach, improve financial stability, and pursue growth opportunities, including organic and inorganic





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ventures. Additionally, the merger will simplify the group structure, reduce redundancies, lower operational costs, and ensure focused management, all of which are essential for sustained growth.

- By merging, the companies will create value for all stakeholders, including shareholders, creditors, and employees, by leveraging shared resources, enhancing productivity, and achieving cost and revenue synergies. The combined entity's strengthened financial position will also provide a better platform for future expansions and funding opportunities, ensuring the long-term growth and profitability of the business.

Therefore, the committee believes that the amalgamation of ABIL with ASL would be in the best interests of the Transferor Company and the Transferee Company, as well as their respective shareholders, creditors, customers, and employees.

#### **4. RATIONALE OF THE PROPOSED SCHEME:**

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

- i. ASL holds 29.76% in ABIL and both ABIL and ASL are under the same management with common promoters, it is proposed to integrate the respective business activities of both entities in a single entity. This will enable following:
  - a) ABIL is primarily engaged in the business inter alia manufacturing, selling and trading in alcohol / liquor. ASL has recently changed its object clause to engage in the business of alcohols / liquor. Thus, the Transferor Company and the Transferee Company are engaged in similar business. Hence, the amalgamation of Transferor Company into Transferee Company shall provide an opportunity to the Scheme entities to better consolidate their assets and utilize the same more efficiently which will be in the interest of all stakeholders.
  - b) The integration of ABIL's liquor business into ASL will result into the inorganic acquisition of business of liquor under a single entity thus the Transferee company will have off the rack manufacturing set up as well as foray into a marketing through Government agency M/s Rajasthan State Ganganagar Sugar mills Ltd. Thus, the combined entity can deal into Neutral Alcohol (Spirit for Liquor and Bottling of liquor under various brands), Rectified Spirit and Country Liquor of various brands.
  - c) The Shareholders of the Transferee Company will directly participate in the assets / business / profits of the Transferor Company and are expected to benefit from business expansion, reduced finance cost, improved profitability and additional resources to fund business growth.





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- d) Simplify group and business structure and achieve operational synergies;
- e) Focused and holistic approach of the management towards combined business operations and integration of business operations would enable the Transferee Company to provide significant impetus to its growth;
- f) The combined entity on the back of its financial stability is likely to attract more opportunities for organic and inorganic growth viz. partnerships, acquisitions and market expansion thereby enhancing financial prospects. It will also strengthen the transferee company's market presence in the liquor production industry.
- g) The amalgamation will result *inter alia* in focused management attention, operational efficiencies, revenue and cost synergies including from commonality of customers, sales and supply chain opportunities through enhanced geographical reach with a wider variety of product offerings which will help in gaining market share, optimization of capital, operational (including promotion) expenditure, leveraging sales and distribution network and simplification of overlapping infrastructure.
- h) Create value for stakeholders, including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, innovations in technology and expanded market reach with increased growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies, amongst others;
- i) Upon merger, the combined entity would have improved financial health and better ability to also raise finances with the larger asset base and customer network to boost its future growth
- j) Reduced operational costs due to combined efforts, eliminating duplication of administrative work, communications / coordination efforts across the group entities, multiplicity of legal and regulatory compliances thereby ensuring optimum utilization of available resources and integrated management focus which will enable a structured, sharper and better management focusing on holistic growth of the businesses;
- ii. There is no likelihood that any shareholder or creditor or employee of ABIL and ASL would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.





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**5. SYNERGIES OF THE BUSINESS OF ENTITIES INVOLVED:**

The merger of ABIL and ASL will generate significant synergies:

The merger of ABIL and ASL will bring significant synergies by combining their strengths and aligning their operations under a single entity. Both companies are engaged in the liquor business, and their integration will enhance operational efficiency by consolidating resources, streamlining production processes, and optimizing supply chains. This will reduce duplication of efforts and costs while improving productivity.

The combined entity will also benefit from a stronger market presence, leveraging ABIL's established operations and ASL's newly aligned objectives. It will provide access to ready manufacturing facilities and marketing channels, enabling a wider geographical reach and better customer service. By pooling their assets, the companies can achieve cost savings, better resource utilization, and improved financial stability, making it easier to fund future growth and expansion.

Additionally, the merger will simplify the group structure, eliminate overlapping administrative efforts, and allow for a focused and integrated management approach. This will lead to higher profitability, operational synergies, and long-term growth opportunities, ultimately benefiting all stakeholders, including shareholders, creditors, employees, and customers.

**6. IMPACT OF THE PROPOSED SCHEME ON SHAREHOLDERS:**

The merger of ABIL and ASL will have following impacts on shareholders:

- i) The Transferee Company, upon the scheme coming into effect shall issue and allot Equity Shares and Non-Convertible Redeemable Preference Shares to shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company as on the Record Date.
- ii) The Transferee Company shall make an application for listing and/ or admission for trading the Equity Shares on BSE in which the shares of the Transferee Company are listed in pursuance to the relevant regulations including, LODR read with the SEBI Circulars. The NCRPS shall not be listed on any Stock Exchanges.
- iii) The authorized share capital of the Transferor Company consolidates with the authorized share capital of the Transferee Company as outlined in clause 16 of Part III of the Scheme.







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- iv) The Authorized Share Capital of ASL shall be further increased and reclassified to cover the fresh issue of Equity Shares and Non-Convertible Redeemable Preference Shares and by ASL to the equity shareholders of the Transferor Company as outlined in clause 16 of Part III of the Scheme.
- v) Upon the Scheme coming into effect, the Transferor Company shall without any further act or deed, stand dissolved without winding up.

The Committee is of the informed opinion that the Scheme will be advantageous and beneficial to the Company and its stakeholders/ shareholders.

**7. COST BENEFIT ANALYSIS OF THE PROPOSED SCHEME:**

The Audit Committee is of the view that although the Scheme involves certain costs including transaction costs, taxes, fees and duties etc., however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

**8. RECOMMENDATION OF THE AUDIT COMMITTEE:**

The Committee reviewed the aforesaid documents and after consideration of the same and due deliberations thereon by the members of the Audit Committee, the Committee relying upon the opinions contained in the said document and also the fairness opinion issued by the Merchant Banker, the committee unanimously decided to accept the Valuation and the proposed Share Entitlement Ratio as stated hereunder;

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The Audit Committee unanimously agreed to recommend the Scheme of Amalgamation between Agribiotech Industries Limited (ABIL or Transferor Company) with Agribio Spirits Limited (ASL or Transferee Company or the Company), to the Board of Directors of the Company for further





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consideration, inter alia, in pursuant to the requirements of Stock Exchange, SEBI and other Regulatory Authorities including National Company Law Tribunal.

The Committee authorized the Chairman of the Committee to forward this report and recommendation to the Board of Directors of the Company.

**By order of the Audit Committee  
For Agribio Spirits Limited  
(Formerly known as Beekay Niryat Limited)**

Nitin Ghanshyam Hotchandani  
Chairman of the Committee



Place: Jaipur

Date: 31.12.2024