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**REPORT OF THE MEETING OF INDEPENDENT DIRECTORS' COMMITTEE OF ASSOCIATED ALCOHOLS & BREWERIES LIMITED RECOMMENDING DRAFT SCHEME OF AMALGAMATION OF ASSOCIATED ALCOHOLS & BREWERIES LIMITED ('TRANSFEROR COMPANY' OR 'AABL' OR 'THE COMPANY') WITH AND INTO MOUNT EVEREST BREWERIES LIMITED ('TRANSFeree COMPANY' OR 'MEBL') AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS HELD AT ITS REGISTERED OFFICE AT 4<sup>th</sup> FLOOR, BPK STAR TOWER, A.B. ROAD, INDORE - 452 008, (M.P.) INDIA ON TUESDAY, 9<sup>th</sup> AUGUST 2022 AT 11:50 AM.**

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**PRESENT:**

1. Mr. Nitin Tibrewal - Chairman
2. Ms. Homai A Daruwalla - Member
3. Ms. Apurva P Joshi - Member

**IN ATTENDANCE:**

1. Mr. Sumit Jaitely - Company Secretary

**1. Background**

- 1.1 After the due consideration and recommendation by the Audit Committee to the Board, the proposal was also placed before the Independent Directors at their meeting held on Tuesday, 09<sup>th</sup> August 2022, which was considered, and the recommendation had been made to the Board for approval of the draft Scheme of Amalgamation of **AABL** with and into **MEBL** and their respective shareholders and creditors ('Scheme' or 'Scheme of Amalgamation') subject to approval of statutory authorities including Hon'ble National Company Law Tribunal ('NCLT'), Indore bench.
- 1.2 The Scheme is subject to receipt of approvals from Board of Directors, Shareholders, Creditors of respective entities and of regulatory bodies (including BSE Limited, National Stock Exchange of India, Securities and Exchange Board of India, NCLT).
- 1.3 This Report of the Independent Directors' Committee is made in order to comply with the provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.



1.4 The draft Scheme was placed before the Independent Directors' Committee to consider and recommend the same to the Board of Directors of the Company after taking into account that the Scheme is not detrimental to the shareholders of the Company along with the following draft documents:

- a) Draft Scheme, duly initialled by Whole Time Director of the Company for the purpose of identification;
- b) Valuation Report dated 09<sup>th</sup> August 2022 issued by Mr. Niranjana Kumar, Registered Valuer – Securities or Financial Assets, providing the share exchange ratio for the proposed Scheme;
- c) Fairness Opinion dated 09<sup>th</sup> August 2022 prepared by Kunvarji Finstock Private Limited, an Independent SEBI Registered Merchant Banker providing the Fairness Opinion on the share exchange ratio ("Fairness Opinion") as recommended by Mr. Niranjana Kumar, Registered Valuer – Securities or Financial Assets; and
- d) Certificate dated 09<sup>th</sup> August 2022 issued by the Statutory Auditors of the Company i.e., M/s. Singhi & Co., Chartered Accountants, to the effect that the accounting treatment contained in the Scheme is in compliance with the applicable Accounting Standards as specified by the Central Government under Section 133 of the Companies Act, 2013;

**2. Rationale of the Scheme:**

2.1 The Independent Directors' note that the rationale of the draft Scheme is as follows (as provided in the draft Scheme):

*The management of the Transferor Company and the Transferee Company believe that the business existing in the Transferor Company should be consolidated with the Transferee Company for the following primary reasons:*

- (i) *The amalgamation of the Transferor Company with and into the Transferee Company will enable consolidation of the business and operations of the Transferor Company into the Transferee Company, which complement the business of the Transferee Company and which will provide substantial impetus to growth, enable synergies, reduce operational costs, increase operational efficiencies, manage working capital and enable optimal utilization of various resources as a result of pooling of financial, managerial and technical resources, and technologies of both the Transferor Company and the Transferee Company, thereby significantly contributing to business efficiency, future growth and maximizing shareholder value;*



## **Associated Alcohols & Breweries Ltd.**

**Registered / Corporate Office :**  
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**CIN : L15520MP1989PLC049380**

- (ii) *The amalgamated company will be well positioned to compete effectively with its peers in the markets;*
- (iii) *The combined entity would be able to effectively optimize the overall administration and statutory compliances by eliminating duplication of functions (viz. secretarial, finance);*
- (iv) *The transactions contemplated in the scheme provides opportunities that benefits all the stakeholders of the Parties. This will result in enhanced shareholder value pursuant to economies of scale and business efficiencies.*

### **3. The salient features of the Scheme are as follows:**

- 3.1. The Scheme provides for amalgamation of AABL with and into MEBL in accordance with Section 2(1B) and other applicable provisions of the Income-tax Act, 1961.
- 3.2. The "**Appointed Date**" means the opening of business hours on April 1, 2022, or such other date as the NCLT may direct, with effect from which this Scheme will be deemed to be effective.
- 3.3. The "**Effective Date**" means the date or the last of the dates on which the certified copy of the Order of the Hon'ble NCLT of Indore Bench is filed with the jurisdictional Registrar of Companies, by the Transferor Company and Transferee Company.
- 3.4. Based on the Valuation report dated 09<sup>th</sup> August 2022 issued by Mr. Niranjan Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137), appointed for the purpose of the amalgamation as prescribed in Para (A)(4) of Part I of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, the following share exchange ratio is proposed:

*"773 (Seven Hundred and Seventy-Three) equity shares of MEBL having a face value of INR 10/- (Rupees Ten only) each fully paid-up shall be issued for every 1,000 (One thousand) equity shares held in AABL having a face value of INR 10/- (Rupees Ten only) each fully paid-up"*



- 3.5. The Fairness Opinion confirmed that the share exchange ratio in the Valuation Report is fair to the Transferor Company and the Transferee Company and their respective shareholders.
- 3.6. Further, M/s. Singhi & Co., Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.
- 3.7. Upon the Scheme becoming effective, the share capital of the Transferee Company, as held by AABL, shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.
- 3.8. The equity shares of MEBL pursuant to the Scheme shall be listed on BSE and NSE.

#### **4. Impact of the Scheme on the Shareholders**

- 4.1 Both the promoter and non-promoter shareholders of the Transferor Company will receive equity shares in the Transferee Company in accordance with Clause 4.6 of the Scheme.
- 4.2 Further, the existing equity share capital of the Transferee Company, held by the Transferor Company, shall stand cancelled in terms of the Clause 4.6.14 of the Scheme. The cancellation of equity share capital will be effected as part of the Scheme in accordance with provision of Section 66 of the Companies Act, 2013 and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Companies Act, 2013 for confirming the cancellation of share capital.
- 4.3 The Committee is of the informed opinion that the proposed Scheme is in the best interests of the shareholders of the Company and not detrimental to the interest of the shareholders.

#### **5. Recommendations of the Committee of Independent Directors**

- 5.1 The Independent Directors (after due deliberations and due consideration of all the terms of the draft Scheme, share exchange ratio, valuation report, fairness opinion), recommends the draft Scheme of Amalgamation for favourable consideration by the Board of Directors of the Company, the Stock Exchanges, the Securities and Exchange Board of India and other statutory / regulatory authorities (including NCLT) and is of the opinion that the Scheme is not detrimental to the shareholders of AABL.



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**For and on behalf of Committee of Independent  
Directors of Associated Alcohols & Breweries Limited**

Nitin Tibrewal

**Independent Director**

**Chairman**

**Place:** Indore

**Dated:** 9<sup>th</sup> August 2022

