Mangalore Chemicals
& Fertilizers Limited

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF MANGALORE CHEMICALS & FERTILIZERS LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST PARADEEP PHOSPHATES LIMTIED, MANGALORE CHEMICALS & FERTILIZERS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This Report is prepared, considered and approved by the Committee of Independent Directors ("**Committee**") of Mangalore Chemicals & Fertilizers Limited (the "**Company**") pursuant to its meeting held on February 7, 2024 at 5:15 PM, where the following independent directors were present:

Present:

1. Mr. Marco Wadia
2. Mr. D A Prasanna
3. Mrs. Kiran Dhingra

Chairman: The Committee unanimously elected Mr. Marco Wadia, as the chairman of this meeting.

1. Background

1.1 This meeting of the Committee was held on February 7, 2024 to consider the proposed scheme of arrangement which *inter alia* provides for the amalgamation of the Company with and into Paradeep Phosphates Limited ("**Transferee Company**") pursuant to a composite scheme of arrangement amongst the Company, the Transferee Company and their respective shareholders and creditors ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Companies Act**").

1.2 The Company is a listed public limited company whose equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited (collectively referred to as the "**Stock Exchanges**").

1.3 The Transferee Company is a listed public limited company, whose equity shares are listed on the Stock Exchanges.

1.4 In terms of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India ("**SEBI**") on June 20, 2023 (as amended from time to time) ("**SEBI Scheme Circular**"), a report from the Committee recommending the draft Scheme is required to be provided, taking into consideration, *inter alia*, that the Scheme is not detrimental to the shareholders of the Company. This Report of the Committee has been made in compliance with the requirements of the SEBI Scheme Circular.

2. Documents perused by the Committee

While deliberating on the Scheme, the Committee, *inter alia*, considered and took on record the following documents:

(a) the Scheme;

(b) the valuation report dated February 7, 2024 jointly issued by SSPA & Co Chartered Accountants (IBBI Registration No. IBBI/R V-E/06/2020/126) and Pawan Shivkumar

Registered Office: UB Tower, Level 11, UB City, 24, Vittal Mallya Road, Bengaluru - 560 001, India.
Tel: +91 80 4585 5575/68 Fax: +91 80 4585 5588 E-mail: shares.mcfl@adventz.com
Website: www.mangalorechemicals.com
Corporate Identity Number: L24123KA1966PLC002036

Poddar (IBBI Registration No. IBBI/RV/06/2019/12475), registered valuers appointed by the audit committee of the Board (collectively, the "Valuation Report");

(c) the fairness opinion dated February 7, 2024 issued by Fedex Securities Private Limited, the SEBI registered merchant banker with registration number INM 000010163, providing its opinion on the fairness of the share exchange ratio proposed in the Valuation Report ("Fairness Opinion"); and

(d) the certificate dated February 7, 2024 issued by M/s. PKF Sridhar & Santhanam LLP, the statutory auditors of the Company, certifying that the accounting treatment contained in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act read with the rules framed thereunder or the accounting standards issued by the Institute of Chartered Accountants of India, as applicable and other generally accepted accounting principles.

3. Salient features of the Scheme

3.1 The Scheme, amongst others, contemplates the following:

(a) the amalgamation by way of merger of the Company with and into the Transferee Company in accordance with Sections 230 to 232 of the Companies Act and other applicable laws;

(b) the transfer of the Identified Shares (*as defined in the Scheme*) from the Transferor Shareholder (*as defined in the Scheme*) to the Transferee Shareholder (*as defined in the Scheme*);

(c) issuance and allotment of equity shares of the Transferee Company (*as defined in the Scheme*) by the Transferee Company (*as defined in the Scheme*) to the equity shareholders of the Company, as on the Record Date (*as defined in the Scheme*), based on the share exchange ratio as provided for in the Valuation Report;

(d) transfer of the authorized share capital of the Company to the Transferee Company and the consequential increase in the authorized share capital of the Transferee Company as provided in the Scheme; and

(e) dissolution without winding up of the Company.

3.2 The effectiveness of the Scheme is conditional upon fulfilment of certain conditions precedent as provided in Clause 45 of the Scheme.

4. Rationale of the Scheme

The Company and the Transferee Company are of the view that (a) the proposed amalgamation of the Company with and into the Transferee Company; and (b) the other arrangements contemplated in the Scheme, would be to the benefit of the shareholders and creditors of the Company and the Transferee Company and would *inter alia* have the following benefits:

4.1 The proposed amalgamation will enable the Company and the Transferee Company to combine their businesses and create a strong amalgamated company, and to become one of the leading private-sector fertiliser companies in India.

4.2 The Company and the Transferee Company are engaged in similar and/or complementary businesses and the proposed amalgamation pursuant to the Scheme will create synergies between their businesses, including revenue synergies through sharing of consumer understanding, market insights and channel models to ensure faster reach to the market and to achieve faster growth.

4.3 The proposed amalgamation is expected to inter alia result in reduction of costs, better alignment, coordination and streamlining the day-to-day operation of all the units of the Company and the Transferee Company, strengthening of organizational capabilities around financial areas, driving scale benefits through pooling of resources, simplification of the corporate structure and elimination of administrative duplications by streamlining the legal, compliance and other statutory functions to allow a more coordinated approach towards governance of the businesses of the Transferee Company.

4.4 The proposed amalgamation is expected to create enhanced value for the stakeholders of both the Company and the Transferee Company.

5. Scheme is not detrimental to the shareholders of the Company

5.1 The Committee discussed the background, salient features and rationale of the Scheme. In view of the various documents presented to the Committee, including the Valuation Report and the Fairness Opinion, it is observed that the Scheme will result in synergies between the businesses of the Company and the Transferee Company, including revenue synergies through sharing of consumer understanding and market insights and channel models to ensure faster reach to the market and to achieve faster growth.

5.2 The Committee discussed and formed the view that there will be strong synergies in the proposed amalgamation contemplated in the Scheme, the employees in general will be benefited and the merged company will be better positioned to carry on the combined businesses of the Company and the Transferee Company, financially and otherwise.

5.3 Therefore, considering the above and other documents presented to the Committee, the Committee is of the view that the Scheme is not detrimental to the shareholders of the Company.

6. Recommendations of the Committee

In view of the above, and taking into considerations the documents presented to the Committee, after due deliberations and due consideration of all the terms of the Scheme, in particular fact that the Scheme is not detrimental to the shareholders of the Company, the Committee unanimously recommends the Scheme for approval.

For and on behalf of the **Committee of Independent Directors of Mangalore Chemicals & Fertilizers Limited**

Marco Wadia
Independent Director
DIN: 00244357
Date: February 07, 2024
Place: Mumbai