Share India
You generate, we multiply

Share India Securities Limited
(CIN : L67120GJ1994PLC115132)
Member : NSE, BSE, MCX & NCDEX
Depository Participant with 'CDSL'
SEBI Registered Research Analyst & Portfolio Manager

REPORT OF THE AUDIT COMMITTEE OF SHARE INDIA SECURITIES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF SILVERLEAF CAPITAL SERVICES PRIVATE LIMITED WITH SHARE INDIA SECURITIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Present:

Sl. No.	Name	Designation
1.	Mr. Yogesh Lohiya	Chairperson of the Audit Committee
2.	Mr. Sachin Gupta	Member of the Audit Committee
3.	Mr. Sanjib Singh	Member of the Audit Committee
4.	Mr. Shanti Kumar Jain	Member of the Audit Committee

Mr. Vikas Aggarwal, Company Secretary and Mr. Vijay Kumar Rana, Chief Financial Officer of Share India Securities Limited were also present at the meeting.

1. Background of the proposed Scheme of Arrangement:

1.1 A meeting of the Audit Committee ("Audit Committee") of Share India Securities Limited (the "Company") was held on 18th March, 2024, inter-alia, to consider and, if thought fit, recommend to the Board of Directors, the proposed Scheme of Amalgamation of Silverleaf Capital Services Private Limited with Share India Securities 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, if any.

The Scheme of Arrangement provides for:

i. Amalgamation of Silverleaf Capital Services Private Limited with Share India Securities 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.

Share India Securities Ltd. NOIDA

1.2 The Salient features of the Scheme:

The Scheme of Amalgamation, inter-alia, provides the following:

i. 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.

ii. 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.

iii. The Share Exchange Ratio for Amalgamation will be as follows:

The Transferee Company-Share India Securities Limited will issue 100 (Hundred) Equity Share of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Transferor Company for every 1 (one) Equity Shares of ₹10 each held in the Transferor Company-Silverleaf Capital Services Private Limited.

iv. Appointed Date for the Scheme will be 1st October, 2023, 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 competent authority may approve.

v. BSE Limited will act as the Designated Stock Exchange for the purposes of the Scheme of Amalgamation.

vi. The Scheme shall be effective subject to the following:

a. Approval of the Scheme by the BSE Limited and National Stock Exchange of India Limited ("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.

b. 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.

c. 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.

d. Sanction of the Scheme by the NCLT having jurisdiction over the Scheme entities.

e. Filing of the certified copies of the NCLT Order(s) sanctioning the Scheme to the respective jurisdictional Registrar of Companies by the Scheme entities.

1.3 The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Company will be filing the Scheme along with necessary information/documents with both these Stock Exchanges for their approval

Share India Securities Ltd. NOIDA

under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1.4 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 18th March, 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 18th March, 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 and the Transferee Company for the financial years ended 31st March 2023, 31st March 2022 and 31st March, 2021.

vii. Un-Audited Financial Statements (subjected to the limited review by the Statutory Auditors) of the Transferee Company for the Nine Month ended 31st December, 2023.

viii. Audited Financial Statements of the Transferor Company for the Nine Month ended 31st December, 2023.

2. Detailed Rationale of the Scheme:

The circumstances which justify and/or necessitate the proposed Scheme of Amalgamation of Silverleaf Capital Services Private Limited with Share India Securities Limited; and benefits of the proposed amalgamation as perceived by the Board of Directors of these Companies, to the Shareholders and other stakeholders are, inter alia, as follows:

i. The proposed amalgamation of the Transferor Company with the Transferee Company would result in business synergy, consolidation of these Companies and pooling of their resources into a single entity.

Share India Securities Ltd. NOIDA

ii. The Transferor Company-Silverleaf Capital Services Pvt Ltd, is a technology company that operates in the financial services space and high frequency trading. The Transferor Company combines Machine Learning, AI techniques and mathematical modelling with in-house low latency software and hardware trading capability to discover and profit from market inefficiencies to offer Low Latency Statistical Arbitrage, Market Making and support for Research Projects.

Whereas the Transferee Company-Share India Securities Ltd is engaged in Share and Stock Broking, Commodity Derivatives Broking, Equity Derivatives Broking, Currency Derivatives Broking, Portfolio Management, Research Analysis, Mutual Funds Distribution, and to invest, buy, sell, or otherwise deal in all kind of securities and other related activities. The Transferee Company is a Trading Member of BSE Ltd (Bombay Stock Exchange/BSE) and National Stock Exchange of India Ltd (NSE); and Commodity Derivatives Exchanges, viz., Multi Commodity Exchange of India Ltd (MCX), National Commodity & Derivatives Exchange Ltd (NCDEX) and Indian Commodity Exchange Ltd (ICEX). The Transferee Company is also providing de-mat services as a Depository Participant of Central Depository Services (India) Ltd (CDSL). The Transferee Company is providing issue management and merchant banking services through its wholly owned subsidiary-Share India Capital Services Pvt Ltd; NBFC activities through WOS-Share India Fincap Pvt Ltd. The Transferee Company also have 2 wholly owned subsidiary-Share India Securities (IFSC) Pvt Ltd and Total Securities (IFSC) Pvt Ltd, in the Country's first International Financial Services Centre-Gujarat International Finance Tec-City (GIFT City), Gandhi Nagar. The Transferee Company is also providing insurance broking services through its subsidiary-Share India Insurance Brokers Pvt Ltd. The Transferee Company also provides technology based automated algo trading solutions for clients and proprietary trading through its wholly owned subsidiary-Share India Algoplus Pvt Ltd (formerly Total Commodities India Pvt Ltd) which is a registered broker member of NSE and BSE. The Transferee Company has formed a wholly owned subsidiary namely, Share India Global Pte Ltd in Singapore which is also into the business of trading of Shares and derivatives and employs a variety of international trading strategies. The Transferee Company has also formed a wholly owned subsidiary under the name, Share India Smile Foundation, which is a company registered under Section 8 of the Companies Act, 2013. The Transferee Company has 2 subsidiaries engaged in software development business namely, Utrade Solutions Pvt Ltd and Algowire Trading Technologies Pvt Ltd.

iii. The merger of Transferor Company into Transferee Company would enable the Transferee Company to have valuable addition to its technology stack, provide additional product portfolio, aid in diversifying revenue and expedite global expansion, thereby adding value to its shareholders.

iv. The merger of Transferor Company into Transferee Company 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. Post merger of Transferor Company into Transferee Company, the Transferee Company will enjoy large financial and physical resources.

v. The Transferor Company's focus on technology and innovation will bring new ideas and approaches to the Transferee Company, fostering a culture of continuous improvement and innovation.

vi. The proposed Scheme of Amalgamation would result in pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these

Share India Securities Ltd. NOIDA

factors in the combined entity. Post Scheme, the Transferee Company will enjoy large financial and physical resources.

vii. The merger of Transferor Company into Transferee Company 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 merger of Transferor Company into Transferee Company 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.

viii. Shareholders of the listed Transferee Company will enjoy a stronger technology backbone, improved operating efficiency, better profit margins and higher growth potential for the Company.

ix. The proposed amalgamation would enhance the shareholders' value of the Transferor Company and the Transferee Company.

x. The merger of Transferor Company into Transferee Company will have beneficial impact on the Transferor Company and the Transferee Company, their shareholders, employees and other stakeholders and all concerned.

The Scheme of Amalgamation is proposed for the aforesaid reasons. The Board of Directors of the Transferor Company and the Transferee Company are of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

3. The Audit Committee reviewed and noted the Share Exchange Ratio recommended in the Valuation Report and confirmed the following Exchange Ratio:

Share Exchange Ratio for Amalgamation: The Transferee Company-Share India Securities Ltd will issue 100 (Hundred) Equity Share of ₹10 each, credited as fully paid up, to the Equity Shareholders of the Transferor Company for every 1 (one) Equity Shares of ₹10 each held in the Transferor Company-Silverleaf Capital Services Pvt Ltd.

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 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 proposed Scheme is expected to enable the Share India Securities Ltd (Transferee Company) to have valuable addition to its technology stack, provide additional product portfolio, aid in diversifying revenue and expedite global expansion, and expand its market presence by leveraging the technology and expertise of Silverleaf Capital Services Pvt Ltd (Transferor Company) by consolidating the business of Silverleaf Capital Services Pvt Ltd into Share India Securities Ltd through amalgamation. This will leads Share India Securities Ltd (Transferee Company) to add value to its shareholders, increase its market share and a stronger competitive position in the financial services industry.

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.

Share India Securities Ltd. NOIDA

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 synergies of business of the entities involved in the Scheme are set out in Point 2 above.

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
Share India Securities Limited

Full Sign

Yogesh Lohiya
DIN: 00424142
Chairperson of the Audit Committee

Share India Securities Ltd. NOIDA

Date: 21/03/2024
Place: Delhi