



Report of Audit Committee of TVS Supply Chain Solutions Limited recommending the Draft Scheme of Amalgamation of Mahogany Logistics Services Private Limited (Formerly Known As 'DRSR Logistics Services Private Limited'), TVS SCS Global Freight Solutions Limited, White Data Systems Private Limited, SPC International (India) Private Limited And FLEXOL Packaging (India) Limited with and into TVS Supply Chain Solutions Limited and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme")

Members Present:

1. Sri. Narayan K Seshadri
2. Sri. Balasubramanyam Sriram
3. Sri. Ravi Viswanathan

In Attendance:

1. Sri. Raviprakash Venkata Subbaraya Bhagavathula
2. Sri. Krishna Prasad P D

By Invitation:

1. The Audit Committee of TVS Supply Chain Solutions Limited at its meeting held on February 5, 2024, considered the draft of the Scheme of Amalgamation (the "Scheme") under Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013, and the rules and regulations made thereunder of Mahogany Logistics Services Private Limited (formerly known as 'DRSR Logistics Services Private Limited') (the "First Transferor Company"), TVS SCS Global Freight Solutions Limited (the "Second Transferor Company"), White Data Systems Private Limited (the "Third Transferor Company"), SPC international (India) Private Limited (the "Fourth Transferor Company") and FLEXOL Packaging (India) Limited (the "Fifth Transferor Company") (the First Transferor Company, Second Transferor Company, Third Transferor Company, Forth Transferor Company and Fifth Transferor Company are hereinafter

TVS Supply Chain Solutions Limited

No 58, Eldams Road, Teynampet, Chennai - 600018, India. Phone: +91 - 44 - 6685 7777
Registered Office: No: 10, Jawahar Road, Chokkikulam, Madurai - 625002, India.
CIN: U63011TN2004PLC054655





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collectively referred to as the “Transferor Companies”) with and into TVS Supply Chain Solutions Limited (the “Transferee Company” or the “Company”) and their respective shareholders that has been placed before the Audit Committee by the management for it to consider and recommend the said draft of the Scheme to the Board of Directors of the Company.

2. The equity shares of the Company are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). The Company will be filing the Scheme along with the necessary information / documents with the BSE and the NSE under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
3. The report of the Audit Committee is made in order to comply with the requirements of the circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (“SEBI Master Circular”) issued by the Securities and Exchange Board of India (“SEBI”) (including any amendment(s) or modifications(s) thereto) after considering the following documents:
 - a. Draft Scheme of Amalgamation;
 - b. Valuation Report dated 5th February 2024, of CA Harsh Chandrakanth Ruparelia, IBBI Regn No. IBBI/RV/05/2019/11106, an independent registered valuer on valuation of assets / shares for the listed entity and unlisted entity and its recommendation of the share exchange ratio (“Share Exchange Ratio Report”);
 - c. Fairness Opinion dated 5th February 2024, issued by and Fedex Securities Private Limited, a Category-I Merchant Banker (SEBI Regn No. INM 000010163), providing the Fairness Opinion on the Share Exchange Ratio Report of CA Harsh Chandrakanth Ruparelia, Registered Valuer, on valuation of assets / shares of the Transferor Companies and the Company and the fair share swap ratio recommended;



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- d. Shareholding Pattern of the Transferor Companies and the Company;
- e. Auditor's certificate issued by S.R. Batliboi & Associates LLP, Chartered Accountants, the statutory auditors of the Company, dated 5th February 2024, confirming that the Scheme is in compliance with the applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013;
- f. Audited financial statements of the Transferor Companies and the Company, for the last 3 years; and
- g. Report of the Committee of the Independent Director of the Company recommending the draft Scheme to the Board of Directors for approval after due consideration to the effect that the scheme inter alia not detrimental to the shareholders of the listed entity.

4. **The Scheme inter-alia provides for the following:**

Amalgamation of Mahogany Logistics Services Private Limited (Formerly Known As 'DRSR Logistics Services Private Limited'), TVS SCS Global Freight Solutions Limited, White Data Systems Private Limited, SPC International (India) Private Limited and FLEXOL Packaging (India) Limited with and into the Company and certain consequential aspects thereto.

5. The Audit Committee has perused the provisions in the Scheme which, inter alia, contains the **need and rationale for the proposed Scheme**. The Audit Committee noted as under:

a. **Need and Rationale of the proposed Scheme:**

The First Transferor Company is an existing shareholder of the Company. The Second Transferor Company, the Third Transferor Company, the Fourth Transferor Company and the Fifth Transferor Company are wholly owned subsidiaries of the Company. The amalgamation of the Transferor Companies with and into the Company, would have the following benefits:





- i. The amalgamation will enable product diversification and growth to the Transferee Company;
- ii. This will facilitate expansion of the business of Transferor Companies by using the customer base of the Transferee Company;
- iii. As a combined entity, the amalgamation will help in widening the product offering to the existing strategic customers of both the transferor as well as the transferee company;
- iv. Will help in achieving consolidation, greater integration and flexibility that will maximize overall shareholder's value and improve the competitive position and negotiating power of the combined entity;
- v. Improves organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry;
- vi. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, elimination of duplication and rationalization of administrative expenses;
- vii. The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.
- viii. The merger of First Transferor Company with the Company will simplify the holding structure of the Company and avoid multiple layers of shareholding, post the amalgamation.

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b. Synergies of business of the entities involved in the scheme:

The proposed Scheme will bring about growth and capacity building for the Company, facilitating the expansion of the business of the Company by leveraging the Transferor Companies' customer base resulting in an increase in market share, enabling entry into new markets and brand recognition. Additionally, it seeks to improve organizational capability and leadership by pooling human capital with diverse skills and vast experience and having one common expertise support by finance, legal, IT, technical and HR departments. Anticipated benefits include cost savings from focused operational efforts, closure and consolidation of facilities, leveraging negotiations with suppliers, and administrative and financial expense reduction. Furthermore, the amalgamation will streamline entities, thereby standardising and simplifying business processes and reducing compliance costs associated with multiple statutory filings and regulatory compliances. The costs incurred to implement the Scheme are outweighed by the long-term advantages that are anticipated as a result of the synergies envisaged under the scheme.

c. Impact of the Scheme on the shareholders:

- i. The consolidation of the Transferor Companies with the Company will be in the interest of stakeholders of the Transferor Companies and the Company. There is no likelihood that the interests of any shareholder or creditors of the Transferor Companies or the Company would be prejudiced as a result of the Scheme.
- ii. The share swap ratio has been elaborated in paragraph 6 below.
- iii. In order for the interests of the public shareholders not to be prejudiced, it was noted that the shareholder of the First Transferor Company, which holds the entire beneficial interest of the First Transferor Company, has agreed to indemnify and hold harmless the First Transferor Company, its directors and officers and upon consummation of the Scheme, indemnify and keep indemnified and hold harmless the Transferee Company, its directors and officers ("Indemnified Party") from and against all Losses suffered or incurred by the Indemnified Party arising out of or

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pursuant to an order or award passed by a court of competent jurisdiction on account of or relating to the identified litigations, more fully set out in the Draft Scheme, ("Identified Litigation") which may devolve on Indemnified Party on account of amalgamation of the First Transferor Company with the Transferee Company but would not have been payable by such Indemnified Party otherwise, in the form and manner as may be agreed amongst the Transferee Company and the shareholders of the First Transferor Company.

- iv. The Audit Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company.

d. Cost benefit analysis of the Scheme:

All costs, charges, taxes including duties, levies, stamp duty, and all other expenses, if any (save as expressly otherwise agreed) in relation to the Scheme shall be borne by the Transferee Company; however, the costs incurred towards the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme.

Further, there will be business benefits arising to the Company, as explained in the above paragraphs, which cannot be quantified.

6. Consideration / Share Exchange Ratio

In respect of share exchange ratio, the Audit Committee noted, deliberated and confirmed that the report on recommendation of fair share entitlement ratio is fair to the shareholders. On amalgamation of the First Transferor Company with and into the Company on the effectiveness of the Scheme, shares would be issued by the Company to the shareholders of the First Transferor Company as under:





3,75,02,140 fully paid-up equity shares of Rs. 10 each of the Transferee Company shall be issued and allotted as fully paid up to the equity shareholders of the Transferor Company in proportion of their holding in the Transferor Company

Further, since the Second Transferor Company, the Third Transferor Company, the Fourth Transferor Company and the Fifth Transferor Company are wholly owned subsidiaries of the Company, no shares will be issued on their amalgamation with the Company on effectiveness of the Scheme.

7. The proposed Appointed Date for the Scheme is 1st April, 2023.
8. “Effective Date” means the date on which the authenticated copies or certified copies of the Order of NCLT under Sections 230 to 232 of the Act sanctioning the Scheme is filed with Registrar of Companies by the Transferor Companies and Transferee Company. References in this Scheme to date of “coming into effect of the Scheme” or “upon the Scheme becoming effective”, or “effectiveness of the Scheme” and other similar expressions shall mean the Effective Date, as defined in 3.6 of the Scheme.
9. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, Chennai Bench, the SEBI, the BSE, the NSE, shareholders and other appropriate authorities.
10. Approval by the public shareholders of the Transferee Company through e-voting in terms of Part - I (A)(10)(a) of SEBI Master Circular is not applicable in order to give effect to the scheme and an undertaking certified by the statutory auditor of the Company has been obtained with regards to the same.

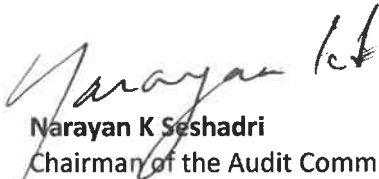




11. Recommendation of the Committee

In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Scheme, Share Exchange Ratio Report, Fairness Opinion and the specific points mentioned above, recommends the Scheme for favourable consideration by the Board of Directors of the Company.

For and on behalf of Audit Committee of TVS Supply Chain Solutions Limited


Narayan K Seshadri
Chairman of the Audit Committee
DIN: 00053563



Date: 5th February 2024

Place: Chennai