

Report on the recommendation of the Audit Committee of Belrise Industries Limited on the Scheme of Amalgamation ('Merger by Absorption') of Badve Autocomps Private Limited and Eximius Infra Tech Solutions Private Limited with Belrise Industries Limited and their respective shareholders and creditors, pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013

Members Present:

1. Dr. Girish Kumar Ahuja : Chairman
2. Mr. Dilip Bindumadhav Huddar : Member
3. Mr. Ashok Vishnu Tagare : Member

In attendance:

1. Mr. Rahul Shashikant Ganu : Chief Financial Officer
2. Mr. Manish Kumar : Company Secretary

1. Background:

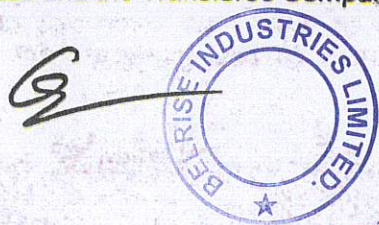
- 1.1 The Company has proposed a Scheme of Amalgamation ("the Scheme") under Section 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 of Badve Autocomps Private Limited ("Transferor Company 1") and Eximius Infra Tech Solutions Private Limited ("Transferor Company 2") (collectively referred to as "the Transferor Companies") with Belrise Industries Limited ("the Transferee Company") and their respective shareholders.
- 1.2 The Scheme provides for:
 - (i) Merger of the Transferor Companies with the Transferee Company; cancellation of equity shares held by Badve Autocomps Private Limited in the Transferee Company; issue of equity shares of the Transferee Company to the shareholders of the Transferor Companies as set out in the Scheme;
 - (ii) various other matters consequential, incidental or otherwise integrally connected therewith.
- 1.3 The Audit Committee of the Company, after discussion and deliberations, recommended the Scheme vide resolution passed at its meeting held on January 31, 2026 and have made this report, after perusing the draft Scheme.
- 1.4 This report of the Audit Committee is made in order to comply with the requirements of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, on (i) Schemes of Arrangement by Listed Entities (ii) and Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 as amended from time to time, issued by SEBI ("SEBI Circular").

2. Observation of the Audit Committee

A. Salient Features of the Scheme

The Audit Committee considered and took note of the salient features of Scheme, which *inter-alia* are as under:

- a. Appointed Date means April 1, 2026 or such other date as may be decided by the Board of Directors as applicable, of the Transferor Companies and the Board of Directors of the Transferee Company or such other date as may be fixed or approved by the National Company Law Tribunal, Mumbai Bench or such other Appropriate Authority.
- b. Effective Date shall for the purposes of the Scheme, be the date(s) on which the certified copies of the orders of the NCLT sanctioning the Scheme are filed with the jurisdictional Registrar of Companies by the Transferor Companies and the Transferee Company.



- c. With effect from the Appointed Date, whole of the undertaking of the Transferor Companies, as a going concern, including all its assets, all liabilities, employees, all statutory licences, permissions, approvals or consents to carry on the operations of the Transferor Companies shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the undertaking of the Transferor Companies pursuant to this Scheme.
- d. On the Scheme becoming effective, and by virtue of the merger of the Transferor Companies with the Transferee Company, the equity shares of the Transferee Company held by the Badve Autocomps Private Limited shall automatically and as a part of this Scheme, stand cancelled.
- e. Consideration:
- i. **Share Exchange Ratio 1:** *One Hundred and Forty ('140') fully paid-up Equity shares of INR 5 (Indian Rupees five only) each of Transferee Company shall be issued and allotted for every One ('1') fully paid-up Equity Share of INR 10 (Indian Rupees Ten only) each held in Transferor Company 1*
 - ii. **Share Exchange Ratio 2:** *Ten ('10') fully paid-up Equity shares of INR 5 (Indian Rupees five only) each of Transferee Company shall be issued and allotted for every One Hundred and Thirty Five ('135') fully paid-up Equity Share of INR 10 (Indian Rupees Ten only) each held in Transferor Company 2*
- f. all the employees in the service of the Transferor Companies as on the Appointed Date, shall be deemed to have become the employees of the Transferee Company, if any, and shall stand transferred to the Transferee Company, without any interruption of service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Companies as on the Appointed Date, including in relation to the level of remuneration and contractual and statutory benefit, incentive plans, terminal benefits, gratuity plans, provident plans, employee stock option and pension schemes, insurance plans, and any other retirement benefits;
- g. Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Companies shall stand dissolved without being wound up, without any further act or deed.

B. Need for the Scheme

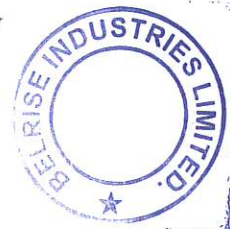
The Audit Committee have carefully reviewed and considered the need for the Scheme as outlined in the rationale of the Scheme, as mentioned in point D.

After a thorough examination of the relevant information and discussions with the management, the Audit Committee concurs that the reasons for the Scheme remain consistent with those stated in the Scheme's rationale.

C. Rationale of the Scheme

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

- i. **Consolidation of complementary businesses:** The Transferor Companies operates majorly as captive or predominantly group-focused manufacturing units supplying components to the transferee company. Consolidating these businesses into a single corporate entity will: a) Integrate the entire value chain covering design, tooling, manufacturing, quality control, and delivery; b) Strengthen the unified operational platform for 2W/3W automotive component manufacturing; and c) Enable the

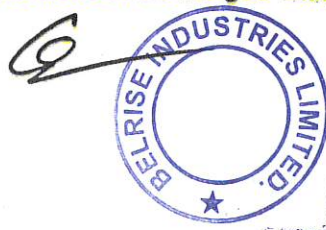



combined entity to pursue large-scale orders, new OEM relationships, and wider geographies.

- II. **Enhanced Competitiveness In the Automotive Sector:** The industry is undergoing rapid technological and regulatory shifts (EV transition, BS6 enhancements, precision engineering requirements). A larger integrated entity will allow in: a) Better absorb compliance costs (quality, safety, environmental). b) Pursue technology partnerships and strategic alliances. c) Adopt digitalization, automation, and advanced manufacturing technologies more efficiently. d) Offer OEMs a more reliable and scale-capable supply partner.
- III. **Simplification of group structure & elimination of multi-layered shareholding:** The current group framework contains multiple entities, crossholdings among the Companies, and related contractual arrangements. The merger enables: a) Simplified corporate structure with direct ownership of the Transferee Company; b) Elimination of multiple tiers of shareholding and interposed promoter group entities; c) Enhanced investor protection and transparency due to simplified structure and stronger corporate governance.
- IV. **Reduction of related-party transactions (RPTs) & Improved governance:** The Transferor Companies currently undertake significant related party sales, service arrangements, and brand/marketing agreements with the Transferee Company. The merger will: a) Eliminate recurring RPTs relating to procurement, sales, brand licensing, and services. b) Remove the need for periodic approvals under Regulation 23 of SEBI (LODR). c) Improve governance by integrating all key operating functions within the Transferee Company. d) Enhance transparency for minority shareholders and reduce compliance burden.
- V. **Operational Synergies & Process Integration:** The merger allows significant synergy capture, including: a) Supply chain optimization: consolidated vendor management, integrated procurement, centralized logistics. b) Manufacturing efficiency: optimized plant loading, standardization of processes and quality systems, reduction in excess capacity. c) R&D and Product Development: combined engineering teams enabling faster prototyping and new model development. d) Shared common services: unified finance, HR, legal, tax, IT infrastructure decreasing overhead costs. e) Other Compliances: Reduction in multiplicity of filings under Companies Act, GST, income tax, and factory laws. f) Increased vertical integration, driving stronger operational efficiencies across manufacturing and supply chain processes. g) Increased content per vehicle through expanded offerings in engineered plastic components and migrating from a Tier 1 component supplier to Tier-0.5 system supplier, enhancing value capture.
- VI. **Financial Synergies & Strengthened Capital Structure:** The merger is expected to: a) Consolidate net worth and financial strength of Transferee Company, improving debt capacity and funding flexibility. b) Allow better allocation and utilization of capital expenditure across manufacturing locations. c) Reduce duplicated costs from separate statutory audits, compliance systems, and administrative expenses. d) Improve profitability through economies of scale and better cost absorption e) Enhancing customer wallet share through an expanded product offering and stronger cross-selling opportunities, resulting in improved customer stickiness.

D. Synergies of business of the entities involved in the Scheme

As elaborated above in the Rationale of the Scheme, the amalgamation of the Transferor Companies with the Transferee Company would result in operational efficiencies, elimination of redundancies, quicker decision making by reduction in managerial overlaps, and better utilization of resources and hence their amalgamation will bring greater synergy in the operations of the merged entity.



E. Cost Benefit Analysis

The consolidation of the activities by way of amalgamation will provide a seamless access to the assets of the Transferor Companies which will lead to synergies of operations, reduction in overheads including administrative, managerial and other expenditure, operational rationalization, organisational efficiency, competitive advantage and optimal utilization of resources. 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.

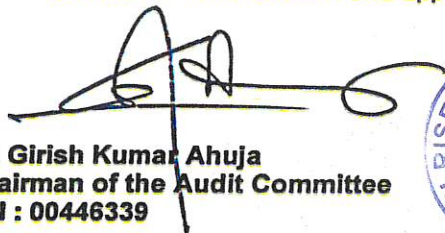
F. Impact of the Scheme on the Shareholders of the Company

Based on the discussions, Report on Share Entitlement Ratio, Fairness Opinion on Share Entitlement Ratio, other documents presented before the Audit Committee and rationale and cost benefit of the Scheme, the Audit Committee is of the opinion that the Scheme is expected to be beneficial to the Company and all other stakeholders at large and is not detrimental to the interest of shareholders, creditors, employees and any other stakeholders of the Company.

Pursuant to Scheme, the Company shall issue equity shares to the shareholders of the Transferor Companies.

3. Recommendation

The Audit Committee recommends the Scheme, with or without modifications, vide its report for favourable consideration and approval of the Board of Directors.



Dr. Girish Kumar Ahuja
Chairman of the Audit Committee
DIN : 00446339



Date : January 31, 2026
Place : New Delhi