

EFC (I) Limited

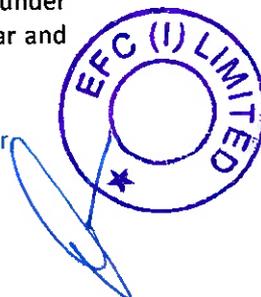
(Formerly known as Amani Trading and Exports Limited)



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF EFC (I) LIMITED AT THE MEETING HELD ON JULY 20, 2023 AT 11:00 AM AT PUNE EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION (MERGER BY ABSORPTION) OF WHITEHILLS INTERIOR LIMITED ("TRANSFEROR COMPANY" OR "FIRST APPLICANT COMPANY") WITH EFC (I) LIMITED ("TRANSFeree COMPANY" OR "SECOND APPLICANT COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ON EACH CLASS OF SHAREHOLDERS, DIRECTORS, KEY MANAGERIAL PERSONNEL, EMPLOYEES, CREDITORS, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

1. Background

- 1.1. Based on report of the committee of the Independent Directors as well as the Audit Committee of the Company, both dated 20th July 2023, the Board of Directors of the Company considered and passed resolution approving the Scheme of Amalgamation (Merger by Absorption) of Whitehills Interior Limited ("Transferor Company" or "First Applicant Company") with EFC (I) Limited ("Transferee Company" or "Second Applicant Company" or "the Company" or "EFC") and their respective Shareholders and Creditors in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Scheme") in its meeting dated 20th July 2023.
- 1.2. Transferor Company is a public limited company incorporated under the Act on 20th November, 2022 and is engaged in the business of interior designing and its consultancy, and buying, selling products of interior designing and household items.
- 1.3. As on date, the Transferee Company holds 51% stake in the Transferor Company. The promoters of the Transferor Company and Transferee Company are same.
- 1.4. The Scheme was recommended for approval of the Board of Directors by the Audit Committee at its meeting held on 20th July 2023 and by Independent Directors Committee at its meeting held on 20th July 2023.
- 1.5. The Scheme shall be subject to obtaining requisite approvals of the shareholders (including majority of public shareholders), jurisdictional National Company Law Tribunal ("NCLT"), Stock Exchange, Securities and Exchange Board of India ("SEBI") and other regulatory authorities. Post receipt of the requisite approvals and submission of order passed by Jurisdictional NCLT with the concerned Registrar of Companies, the Scheme would become operative from the Effective Date, as defined in the Scheme, with effect from the Appointed Date, i.e. 1st April 2023.
- 1.6. The Scheme was recommended for the approval of the Board by the Audit Committee of the Company at its meeting held on 20th July 2023 and by the Independent Directors Committee at its meeting held on 20th July 2023.
- 1.7. The draft Scheme will be filed with BSE Limited ("BSE"), pursuant to Regulation 37 of the Listing Regulations read with the Master Circular bearing number SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated 20th June 2023, issued by the Securities and Exchange Board of India ("SEBI"), (the "SEBI Scheme Circular") for obtaining a no-objection letter from the stock exchanges.
- 1.8. The Scheme will be presented before the National Company Law Tribunal, Mumbai, under Sections 230 to 232 and other applicable provisions of the Act, the SEBI Scheme Circular and



will also be in compliance with Section 2(1B) and other relevant provisions of the Income- tax Act, 1961.

2. Requirements Under the Companies Act, 2013

- 2.1. The provisions of Section 232(2)(c) of the Act requires the directors to adopt a report explaining the effect of amalgamation on each class of shareholders, Key Managerial Personnel (KMPs), employees, creditors, promoters and non-promoters shareholders of the company laying out in particular the Share Exchange Ratios specifying any special valuation difficulties, if any ("Board Report") and the same is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, along with the notice convening such meeting as per the directions of the NCLT.
- 2.2. Accordingly, this report is prepared by the Board to comply with the said provisions of Section 232(2)(c) of the Act.
- 2.3. While deliberating the Scheme, the following documents were placed before the Board:
 - 2.3.1. Draft Scheme;
 - 2.3.2. Valuation Report dated 20th July 2023 issued by Bhavesh M. Rathod Independent Registered Valuer having IBBI Registration No. IBBI/RV/06/2019/10708, recommending the share exchange ratio- EFC (I) LIMITED (Transferee Company) shall allot its 77 (Seventy Seven) equity shares of Rs. 10/- each fully paid-up for even/ 1 (One) equity share of WHITEHILLS INTERIOR LIMITED (Transferor Company) of Rs.10/-each fully paid-upfor the Scheme ("Valuation Report");
 - 2.3.3. Fairness Opinion dated 20th July 2023 issued by Navigant Corporate Advisors Limited, SEBI registered Category I Merchant Banker, having SEBI Registration No.: INM000012243, providing an opinion on the fairness of the share exchange ratio as recommended in the Valuation Report for the Scheme ("Fairness Opinion");
 - 2.3.4. Statutory Auditor's Certificate issued by Mehra Goel & Co. Chartered Accountants, (Firm Registration No.000517N), Statutory Auditor of the Company, confirming that the accounting treatment prescribed in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other generally accepted accounting principles in India.
 - 2.3.5. Report dated 20th July 2023 adopted by the Audit Committee of the Company in terms of requirements of the SEBI Scheme Circular.
 - 2.3.6. Report dated 20th July 2023 adopted by the Independent Director Committee of the Company in terms of requirements of the SEBI Scheme Circular.
 - 2.3.7. Other presentations, reports, documents and information made to/ furnished before the Board of Directors of the Company pertaining to the draft Scheme.

After considering the documents referred above, the Board of the Company approved the Scheme.

3. Salient Features of the Scheme



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Scheme, amongst others, contemplates the following arrangements:

- 3.1. Amalgamation of the Transferor Company into and with the Transferee Company in accordance with Sections 230 to 232 of the Companies Act and other applicable laws.
- 3.2. Pursuant to the sanction of the Scheme by the Competent Authority (as defined in the Scheme) and upon the fulfilment of conditions for the Scheme, the Scheme shall become effective from 1st April 2023 ("Appointed Date").
- 3.3. With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking (as defined in the Scheme) of the Transferor Company shall stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company to become the Undertaking of the Transferee Company, in the manner provided for in the Scheme, in accordance with Sections 230 to 232 of the Companies Act, and other applicable laws.
- 3.4. Upon coming into effect of this Scheme and in consideration for amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall issue and allot its own shares to the shareholders of the Transferor Company based on the Scheme and Valuation Report as referred above, in the following manner:

EFC (I) LIMITED (Transferee Company) shall allot its 77 (Seventy Seven) equity shares of Rs.10/- each fully paid-up for even/ 1 (One) equity share of WHITEHILLS INTERIOR LIMITED (Transferor Company) of Rs.10/-each fully paid-up ("Share Entitlement Ratio").

Further, the equity shares of the Transferor Company held by the Transferee Company shall stand cancelled and no shares of the Transferee Company shall be allotted in respect thereof.

- 3.5. The Share Entitlement Ratio shall be subject to equitable adjustments to give effect to any corporate action in the nature of consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company or the Transferee Company to reflect such corporate action in such a manner as the relevant company's auditors may determine to be appropriate to reflect such corporate action.
- 3.6. The shares so issued as a consideration by Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme (i.e. "New Shares") shall be listed on BSE.
- 3.7. Upon the Scheme becoming effective, Authorised Share Capital of Transferor Company shall be combined with the Authorised Share Capital of Transferee Company without any further act, deed be and stand altered, modified and amended
- 3.8. The Transferor Company shall stand dissolved without being wound up.

4. The Objects/ Rationale of the Scheme:

- 4.1. The Transferor Company is in the business of interior designing and its consultancy, and buying, selling products of interior designing and household items, the Transferor Companies have decided to undertake amalgamation of the business of the Transferor Company with the Transferee Company because of the business lines which presently compliments the Businesses of the Transferor company.



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- 4.2. The Promoter(s)/ ultimate beneficiary owner of both the Transferor and Transferee Company are same. After the amalgamation, the promoters will give and devote more time to look after the day to day activities of the merged Company. The Shareholders/ Directors are mainly common for both the Transferee and Transferor Companies. The Transferee company presently holding 51% of the issued and paid-up capital of the Transferor Company.
- 4.3. The Amalgamation is in line with the Transferee Company's strategy to build a sustainable and profitable business in India. The Transferor Company and the Transferee Company expect significant synergies through supply chain opportunities and operational improvements, go-to-market and distribution network optimization, scale efficiencies in cost areas such as marketing, and optimization of overlapping infrastructure.
- 4.4. It would be advantageous to combine the activities and operations of the all the companies into a single Company for synergistic linkages and the benefit of combined financial resources. This will be reflected in the profitability of the Transferee Company.
- 4.5. Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes raised as provided for in the scheme.
- 4.6. The Scheme of arrangement will result in cost saving for both the companies as they are capitalizing each other's core competency and market which is expected to result in higher profitability levels and cost savings for the Amalgamated Company.
- 4.7. The accumulated losses of the Transferor Company (if any), will be absorbed with the profits of the merged entity as per the provisions of the Income Tax Act, 1961.
- 4.8. The Amalgamation is in accordance with the Section 2(1B) of the Income-tax Act, 1961 and the Transferor Company as well as the Transferee Company will be able to avail of the benefits available under the Income-tax Act, 1961 and any other provisions applicable and available under the Indian laws.
- 4.9. The Amalgamated Company will have the benefit of the combined resources of Transferor and Transferee Companies i.e. Reserves, investments, goodwill, manpower, finances, customers, distributors, brands etc. at its disposal for meeting its requirements.
- 4.10. Transferor as well as Transferee Company share common fundamental management philosophies viz. better corporate Transparency and better Governance. The Companies also share common corporate values.

5. Valuation

- 5.1. For the purpose of determining the consideration for amalgamation, the Valuation Report from an independent Registered Valuer as mentioned above has been obtained. The share exchange ratio has been arrived at on the basis of various qualitative factors considered and specified under the said Valuation Report.



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- 5.2. Further, SEBI registered Category I Merchant Banker, has provided an opinion on the fairness of the share exchange ratio (as mentioned above) as recommended in the Valuation Report.
- 5.3. The recommendation of Registered Valuer and Fairness Opinion issued by the SEBI registered Category I Merchant Banker has been accepted by the Board of Directors of the Company and the Scheme provides that upon Scheme becoming effective and in consideration for amalgamation of the Transferor Company with the Company in terms of this Scheme, the Company shall discharge consideration to the shareholders of the Transferor Company whose names appears in the register of members of the Transferor Company as on the Record Date as per the terms & conditions of the Scheme.

6. Effect of the Scheme on Equity Shareholders/Promoters:

- 6.1. Upon coming into effect of this Scheme and in consideration for amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall issue and allot its own shares to the shareholders of the Transferor Company based on Scheme and the Valuation Report as referred above, in the following manner:

EFC (I) Limited (Transferee Company) shall allot its 77 (Seventy Seven) equity shares of Rs.10/- each fully paid-up for even/ 1 (One) equity share of Whitehills Interior Limited (Transferor Company) of Rs.10/-each fully paid-up. ("Share Exchange ratio")

- 6.2. Some shareholders of the Transferor Company are also the promoters of the Transferee Company and hence Transferee Company shall issue shares to such Promoters as well upon the Scheme coming into effect. Apart from that, the Scheme does not entitle the Promoter/Promoter Group, related parties of the Promoter/Promoter Group, associates of the Promoter/Promoter Group, and subsidiaries of the Promoter/Promoter Group of the Transferee Company to any additional shares.
- 6.3. Further, the equity shares of the Transferor Company held by the Transferee Company shall stand cancelled and no shares of the Transferee Company shall be allotted in respect thereof.
- 6.4. Further, the shares issued as a consideration by Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme (i.e. "New Shares") shall be listed on BSE.
- 6.5. The Scheme would not have any adverse impact or effect on existing equity shareholders of the Transferee Company.
- 6.6. The proposed merger is expected to significantly enhance shareholder value for both public and promoter shareholders of the Transferee Company by creating a vertically integrated and capital-efficient business model. With the Transferor Company's in-house expertise in design and turnkey office infrastructure, the Transferee Company will substantially reduce its capital expenditure and operating costs in developing and managing co-working spaces.
- 6.7. This strategic alignment will improve profitability through higher margins, streamlined operations, and faster project execution. Additionally, by eliminating reliance on external vendors and consolidating critical functions, the merged entity will gain operational agility and deliver better client experiences.



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6.8. The Transferee Company's planned expansion of 10–12 lakh sq. ft. annually will now become captive business for the Transferor Company, effectively positioning EFC as an anchor client—thereby generating stable, recurring revenue streams and reinforcing financial stability.

6.9. These synergies are expected to translate into stronger earnings, better market positioning, and enhanced enterprise value, which will directly benefit public shareholders through potential share price appreciation and improved market confidence, while promoter shareholders gain through long-term value creation and scalability of operations. Overall, the merger lays a robust foundation for sustained growth, integrated service delivery, and increased shareholder returns.

6.10. No valuation challenges / difficulties were reported by the Valuer.

7. Effect of the Scheme on staff, workmen and employees:

7.1. The Scheme would not have any adverse impact or effect on the staff, workmen and employees as there would be no change in the terms and conditions of their existing contract(s) with the Company.

8. Effect of the Scheme on Creditors:

8.1. Pursuant to the Scheme, there is no arrangement or compromise being proposed with the creditors of EFC. Therefore, the Scheme would not have any adverse impact or effect on the creditors of the Company as there would be no change in the terms and conditions of their existing contract(s) with the Company.

9. Effect of the Scheme on Debenture Holders and Debenture Trustee:

9.1. As on date, the Company has not issued any debentures therefore, the effect of the Scheme on the debenture holders does not arise.

10. Effect of the Scheme on Public Deposit Holders:

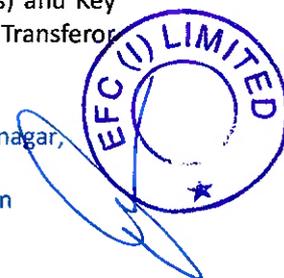
10.1. As on date, the Company has no outstanding towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise.

11. Effect of the Scheme on the KMP and / or the Board of Directors:

11.1. There is no adverse effect of the Scheme on the KMP and/or the Board of Directors of the Company. No change in the composition of Board of Directors or key managerial personnel of EFC is envisaged only on account of the Scheme.

11.2. It is clarified that the composition of the Board of Directors and key managerial personnel of EFC may undergo changes in the ordinary course on account of appointments, retirements or resignations (not attributable to the Scheme) in accordance with the provisions of the Act and rules thereunder, SEBI Listing Regulations and Memorandum and Articles of Association of EFC.

11.3. Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the shares held by them in the Company, if any, and/or to the extent that the said Director(s) and Key Managerial Personnel are common director(s)/ Key Managerial Personnel of the Transferor



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Company and/or the Company. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.

Therefore, in the opinion of the Board, the proposed Scheme has no adverse effect on the directors, key managerial personnel, promoters, non-promoter shareholders, creditors and employees of the Company. The Scheme is in the best interest of the directors, key managerial personnel, promoters, non-promoter shareholders, creditors, vendors and employees of the Company and there shall be no prejudice caused to them in any manner by the Scheme.

The Board has adopted this Report after noting and considering the documents and information set forth in this Report.

For EFC (I) LIMITED

Umesh Kumar Sahay
Chairman and Managing Director
DIN: 01733060



Date: 20-07-2023

Place: Pune