

N. B. I. INDUSTRIAL FINANCE COMPANY LIMITED

CIN No. L65923WB1936PLC065596

Regd. Office : 21, STRAND ROAD, (Ground Floor) KOLKATA-700 001

Phone : 2230 9601 - 9603 (3 Lines), 2243 7725, 2230 7905, Telefax : 033-2213 1650
e.mail : nbifinance@ymail.com

REPORT OF INDEPENDENT DIRECTORS OF N.B.I.INDUSTRIAL FINANCE COMPANY LIMITED AT ITS MEETING HELD ON 21st SEPTEMBER, 2022 AT 21, STRAND ROAD, KOLKATA - 700001 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 BETWEEN WESTERN INDIA COMMERCIAL COMPANY LIMITED, N.B.I.INDUSTRIAL FINANCE COMPANY LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present

- | | |
|---------------------|---------------------------------|
| 1. Ashok Bhandari | Chairman & Independent Director |
| 2. T K Bhattacharya | Independent Director |
| 3. Debasish Ray | Independent Director |
| 4. Priyanka Mohta | Independent Director |

1. Background

- 1.1. A meeting of Independent Directors was held on 21st September, 2022, *inter-alia*, to consider and if thought fit, recommend to the Board of Directors ('Board') the proposed Scheme of Amalgamation ('Scheme') between N.B.I.Industrial Finance Company Limited (*hereinafter* referred to as 'the Transferee Company' or 'the Company' or 'N.B.I.Industrial'), Western India Commercial Company Limited (*hereinafter* referred to as 'the Transferor Company' or 'Western India') and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act').
- 1.2. The appointed date for the Scheme is 1st April, 2022 or such other date as may be mutually agreed to by the Board of the Transferor Company and the Company or such other date as may be fixed or approved by the National Company Law Tribunal, Kolkata Bench ('NCLT') or any other Appropriate Authority (as defined in the Scheme) and shall be operative from the Effective Date (as defined in the Scheme).
- 1.3. The Scheme will be filed with the NCLT under section 230 to 232 and other applicable provisions of the Act and the rules made thereunder and will also be in compliance with the provisions of section 2(1B) of the Income-tax Act, 1961 and Securities and Exchange Board of India Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November 2021 ('SEBI Master Circular').



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- 1.4. In terms of the SEBI Master Circular, a report from the Independent Directors is required recommending the draft Scheme, taking into consideration, *inter-alia*, that the scheme is not detrimental to the shareholders of the listed entity. This report of the Independent Directors is made in order to comply with the requirements of the SEBI Master Circular.

2. Documents placed before the Independent Directors

The following documents were placed before the Independent Directors:

- 2.1. Draft Scheme duly initialed by the Chairman of the Company, for the purpose of identification;
- 2.2. Valuation report dated 21st September, 2022 issued by RBSA Valuation Advisors LLP (registration number: IBBI/RV-E/05/2019/110) ('the Registered Valuer'), *inter-alia*, recommending the fair share exchange ratio ('Share Exchange Ratio') ('Valuation Report');
- 2.3. Fairness opinion dated 21st September, 2022 issued by Sumedha Fiscal Services Limited, Merchant Banker registered with the Securities and Exchange Board of India ('SEBI'), on the Share Exchange Ratio as mentioned in the Valuation Report ('Fairness Opinion');
- 2.4. An auditor's certificate dated 20th September, 2022 submitted by Chaturvedi & Company certifying the accounting treatment contained in the Scheme ('Auditor Certificate');

3. The Salient Features of the Scheme:

The Scheme *inter-alia* provides for:

- 3.1. Amalgamation of Western India with the Company and consequent issue of equity shares by the Company to the shareholders of Western India in accordance with clause 10 of the Scheme.
- 3.2. The appointed date for the Scheme is 1st April, 2022 or such other date as may be mutually agreed to by the Board of the Transferor Company and the Company or such other date as may be fixed or approved by the NCLT or any other Appropriate Authority (as defined in the Scheme).
- 3.3. The Scheme is subject to various conditions precedents as specified in the Scheme:
- a. The stock exchanges, i.e., National Stock Exchange of India Limited ('NSE') and Calcutta Stock Exchange ('CSE') (collectively referred to as 'Stock Exchanges') having issued their observation / no-objection letter as required under the Securities and Exchange Board of



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India (Listings Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') read with the SEBI Master Circular;

- b. the Scheme being approved by the respective requisite majorities of shareholders and creditors (as applicable) of the Transferor Company and the Company as required under the Act and as applicable under SEBI Master Circular, subject to any dispensation that may be granted by the NCLT;
 - c. The requisite consent, approval or permission of the Reserve Bank of India or any other Appropriate Authority (as defined in the Scheme), which by law may be necessary for the implementation of this Scheme.
 - d. The Scheme being sanctioned by the NCLT or any other Appropriate Authority (as defined in the Scheme) under sections 230-232 of the Act and the rules made thereunder.
 - e. The certified copy of the order of the NCLT sanctioning the Scheme is filed with the Registrar of Companies (as defined in the Scheme) by the Transferor Company and the Company.
- 3.4. The equity shares of the Company are listed on NSE. The Company shall be filing the Scheme along with necessary information / documents with NSE for their approval under Regulation 37 of SEBI Listing Regulations.

4. Rationale of the Scheme:

- 4.1. The proposed amalgamation would be in the best interests of the Transferor Company and the Company and their respective shareholders, employees, creditors and other stakeholders. The proposed amalgamation will yield advantages as set out inter alia below:
- a. The shares of the Transferor Company are listed on CSE and no trading activity is being undertaken in the shares of Transferor Company. Upon amalgamation of the Transferor Company into the Company, equity shares of the Company, listed on NSE having nationwide trading terminal, would be issued to the shareholders of the Transferor Company. Thus, the amalgamation would result in providing better liquidity to the shareholders of Transferor Company while not being prejudicial to the interest of the Company and its shareholders, creditors, employees or any stakeholders.
 - b. The amalgamation would result in improving the potential for further expansion of the businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity.



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- c. The amalgamation will result not only in consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions being carried out by both the Transferor Company and Transferee Company.
- d. Greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.
- e. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by both the Transferor Company and Transferee Company with saving in administrative costs and deriving economies of scale.

5. Impact of the Scheme on the shareholders

- 5.1. The Independent Directors discussed upon the rationale, salient features and expected benefits of the Scheme. The Independent Directors noted that the proposed Scheme is in the interest of the shareholders on account of benefits as enumerated in Sl. No. 4 above which may also potentially unlock long term value.
- 5.2. The Independent Directors also noted that pursuant to the Scheme, the entire business of the Transferor Company shall vest in the Company, and accordingly will result in consolidation of financial resources thereby resulting in stronger financial leverage required not only to sustain such business in long term but also to facilitate their organic and inorganic expansion.
- 5.3. The Independent Directors discussed and deliberated upon the rationale and salient features of the Scheme. In light of the above discussions, Valuation Report, Fairness Opinion and other documents presented before the Independent Directors, the Independent Directors is of the informed opinion that the proposed Scheme is not detrimental to the interest of all the stakeholders including minority shareholders and will not adversely affect the rights of the Company.

6. Recommendations of the Independent Directors

- 6.1. The Independent Directors after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio / Valuation Report, Fairness Opinion, rationale of the Scheme, accounting treatment, impact of the Scheme on the shareholders and other



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stakeholders, recommends the draft Scheme for favorable consideration by the Board of the Company, the Stock Exchanges, SEBI and other applicable regulatory authorities.

This report of the Independent Directors is made in order to comply with the requirements of Part I(A)(2)(i) of the SEBI Master Circular after considering the necessary documents.

By Order of the Independent Directors of N.B.I.Industrial Finance Company Limited

Name: Ashok Bhandari

Designation: Chairman



DIN: 00012210

Place: KOLKATA

Date: 21st September, 2022