

REPORT OF THE AUDIT COMMITTEE OF CITIZEN INFOLINE LIMITED DATED 23 AUGUST 2022 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN CITIZEN SOLAR PRIVATE LIMITED (TRANSFEROR COMPANY) AND CITIZEN INFOLINE LIMITED (TRANSFEEE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

Present Members:

1. Mr. Vikas Jirawala
2. Mr. Omprakash Jain
3. Mr. Mitesh Jain

1. Background:

Meeting of the Audit Committee of M/s. Citizen Infoline limited ("Transferee Company/CIL") was held on Tuesday, August 22, 2022 inter alia to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation ("Scheme") under the provisions of Sections 230 to 232 read with Section 52 and 66 and other applicable provisions, if any, of the Companies Act, 2013 involving amalgamation of Citizen Solar Private Limited ("Transferor Company/CSPL") with Citizen Infoline limited ("Transferee Company") to be implemented as per the terms and conditions mentioned in the Scheme of Amalgamation ("Scheme") entered into between CSPL, CIL and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed there under.

The Securities and Exchange Board of India vide its circular bearing reference No. CFO/DIL3/CIR/2017/21 dated 10th March 2017 ("SEBI Circular"), has, among other requirements, sought a report from the Audit Committee of the Listed Company recommending the Draft Composite Scheme of Arrangement after taking into consideration, inter alia, the Valuation Report and Fairness Opinion.

This report of the Audit Committee is made in order to comply with requirement of the aforesaid circular after considering the following documents which were placed before the Audit Committee:

- i. Draft Scheme of Arrangement
- ii. Valuation Report issued by Mr. Amrish Gandhi, Registered Valuer
- iii. Pricing Certificate from the Statutory Auditors
- iv. Fairness Opinion issued by the Interactive Financial Services Limited, Merchant Banker
- v. Statutory Auditor Certificate for certifying the accounting treatment specified in the Scheme.

2. Salient features of the Draft Scheme:

The Salient Features of Proposed Scheme are as follows:

- The scheme provides for amalgamation of CSPL with CIL.
- The Accounting treatment to be followed for the scheme is in accordance with the principles as laid down in applicable Indian Accounting Standards and the applicable provisions of the Companies Act, 2013 and generally accepted accounting principles in India.
- The proposed appointed date Shall April 01, 2022;

Citizen Infoline Ltd.



- Consideration: Upon the scheme becoming effective; 11 (Eleven) New equity shares of Rs. 10/- (Rupees Ten only) each credited as fully paid up of the CIL (Transferee Company) to be issued for every 1(One) equity share of the face value of Rs. 10/- (Rupees Ten only) each held by the shareholders of CSPL (Transferor Company).
- Upon the proposed merger being effective, all assets, liabilities, contracts, rights, obligations, etc. of CSPL as at appointed date shall stand transferred to CIL;
- Upon the scheme being effective, CSPL shall stand dissolved without any further act or deed.

3. Need for Amalgamation and Rational of the scheme:

The Scheme of amalgamation will enable to achieve integration of the business operations, strategic flexibility and a scale to pursue growth opportunities. Further the combined entity will be able to showcase its strength and there will also be synergy benefits and cost efficiencies through combined operations. It will also be conducive to better and more efficient and economical control and conduct of the Companies.

4. Synergy of business of entities involved in the scheme:

As elaborated in rationale for the scheme of amalgamation, the scheme would lead to increase in operational rationalization and better utilization of resources and hence the amalgamation will bring greater synergy in the operations.

5. Impact of the scheme on the shareholders:

The Audit Committee is of the informed opinion that the proposed scheme is for the best interest of Citizen Infoline Limited and their respective shareholders and creditors.

6. Cost Benefit Analysis:

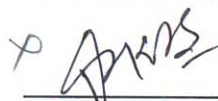
Though the scheme would lead to incurring of some costs towards implementation of the scheme, however the benefit of the scheme over the long term horizon would far outweigh such cost for the stakeholders of Citizen Infoline Limited considering the synergy benefits mentioned above post amalgamation.

The Audit Committee reviewed the Valuation Report and the Fairness Opinion and noted the recommendations made therein. The Audit Committee also noted the Auditor Certificate on the accounting treatment in the draft Scheme.

7. Recommendation of the Audit Committee:

The Audit Committee, having considered the above aforementioned documents as placed before the committee, rational of the scheme, impact on the shareholders and its cost benefit analysis, the committee after due deliberation unanimously agreed to recommend the draft Scheme for favorable consideration to the Board of Directors of the Company, stock exchanges, SEBI and other appropriate authorities.

For, Citizen Infoline Limited



VIKAS JIRAWALA

Director

DIN: 03562015

Chairperson of Audit Committee



Dated: 23 August 2022

Citizen Infoline Ltd.