

REPORT ON THE RECOMMENDATION OF THE AUDIT COMMITTEE (“AUDIT COMMITTEE”) OF MARKOLINES PAVEMENT TECHNOLOGIES LIMITED ON THE DRAFT SCHEME OF AMALGAMATION OF MARKOLINES INFRA LIMITED INTO AND WITH MARKOLINES PAVEMENT TECHNOLOGIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (“SCHEME OF AMALGAMATION”)

Committee Members present:

Sr. No.	Name	Designation/Position	Mode of Presence Physical/Electronic
1	Mr. Akash Manohar Phatak	Chairman	Physical
2	Mr. Sanjay Bhanudas Patil	Member	Physical
3	Ms. Anjali Vikas Sapkal	Member	Physical

SCHEME OF AMALGAMATION

Background

1. **MARKOLINES INFRA LIMITED (“Transferor Company”)** is a public company governed by the provisions of the Companies Act, 2013, having its registered office at 502, A Wing, Shree Nand Dham, Sector-11, CBD Belapur, Navi Mumbai - 400 614, Maharashtra, with Permanent Account Number AAECM1763H and Corporate Identity Number U45209MH2005PLC151429. The Transferor Company was originally incorporated as “Markoline Traffic Systems Private Limited” on February 18, 2005 and changed its name to “Markoline Infra Private Limited” pursuant to the certificate dated July 17, 2010 issued by the Ministry of Corporate Affairs, Central Processing Centre. The name of the Company changed to “Markolines Infra Private Limited” pursuant to the certificate dated February 1, 2018. The Transferor Company consequently converted itself to public company pursuant to the certificate dated July 26, 2024 issued by the Ministry of Corporate Affairs, Central Processing Centre. The Transferor Company is engaged in the business of Highway Operations and Maintenance (O&M) offering services such as: a) Toll operations, b) Route patrolling and incident management, and c) Routine maintenance.



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CIN: L99999MH2002PLC156371 (Formerly Markolines Traffic Controls Ltd.)

2. **MARKOLINES PAVEMENT TECHNOLOGIES LIMITED** (“Transferee Company”) is a public company governed by the provisions of the Companies Act, 2013, having its registered office at 502, Wing-A, Shree Nand Dham, Sector-11, CBD Belapur, Navi Mumbai 400 614 Maharashtra, with Permanent Account Number AADCM2827P and Corporate Identity Number L99999MH2002PLC156371. The Transferee Company was originally incorporated as “Mark-O-Line Traffic Controls Private Limited” on November 8, 2002 and changed its name to “Markolines Traffic Controls Private Limited” pursuant to the certificate dated March 12, 2018 issued by the Ministry of Corporate Affairs. Consequently, the Transferee Company converted itself into a public company with the name “Markolines Traffic Controls Limited” pursuant to the certificate dated August 10, 2021, issued by the Ministry of Corporate Affairs, Central Processing Centre. The Transferee Company changed its name to “Markolines Pavement Technologies Limited” pursuant to the certificate dated October 13, 2021, issued by the Ministry of Corporate Affairs, Central Processing Centre. The Transferee Company has submitted an application to BSE Limited on March 25, 2025, for the migration of its equity shares from the BSE SME Platform to the Main Board of BSE Limited, in accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the guidelines prescribed by BSE Limited. The Transferee Company is engaged in the business of a) Highway Maintenance which includes major maintenance and repairs of highways which covers preventive, rehabilitation, renewal or resurfacing of the assets; b) Specialized Maintenance Services which includes Micro Surfacing, Cold In Place Recycling (CIPR) / Cold Central Plant Recycling (CCPR) with Cement and Foam Bitumen; and c) Specialized Construction Services which includes Full Depth Reclamation (FDR), Tunneling, etc.

(Transferor Company and Transferee Company collectively referred to as the “**Amalgamating Companies**”).

3. A meeting of the Audit Committee of the Transferee Company was held on 22nd April, 2025, to consider and recommend the proposed Scheme of Amalgamation of the Transferor Company into and with the Transferee Company under Sections 230 to 232 of the Companies Act, 2013, SEBI Master Circular dated 20 June 2023 bearing reference number SEBI/HO/CFD/POD-2/P/CIR/2023/93 and all amendments thereto (the “**SEBI Master Circular**”) and other applicable provisions, if any, under applicable law involving the amalgamation of the Transferor Company into and with the Transferee Company (“**Scheme of Amalgamation**”) subject to the approval/no objections of the BSE Limited (“**BSE**” or “**Stock Exchange**”), the Securities and Exchange Board of India (“**SEBI**”), the relevant jurisdictional National Company Law Tribunal (“**NCLT**”) and such other regulatory authorities, as may be applicable.

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Requirements of the SEBI Master Circular:

4. This report of the Audit Committee is made in order to comply with the requirements of the SEBI Master Circular.

Documents placed before the Audit Committee:

5. The Audit Committee has discussed and has made this report after perusing the following documents in detail:
 - a. the draft Scheme of Amalgamation of Markolines Infra Limited into and with Markolines Pavement Technologies Limited ("**Draft Scheme**");
 - b. the valuation reports dated April 21, 2025 issued by Mr. Sumit Dhadda a Registered Valuer, IBBI Registration No. IBBI/RV/14/2018/10160 and Ms. Neha Bhandari, a Registered Valuer, IBBI Registration No. IBBI/RV/16/2021/14449, recommending the Fair Share Exchange Ratio ("**Valuation Report**");
 - c. the Fairness Opinion dated April 21, 2025 from Aftertrade Broking Private Limited, a SEBI registered Category-1 Merchant Banker holding permanent registration No. INM000013110 (**the "Fairness Opinion"**), providing its opinion on the fairness of the Share Exchange Ratio from a financial point of view, as recommended in the Valuation Report;
 - d. the Auditor certificate dated 22nd April, 2025 ("**Auditors' Certificate**") issued by M/s. Jay Gupta & Associates, Chartered Accountants, (Firm Registration No. 329001E), the statutory auditor of the Transferee Company, pursuant to paragraph A(S) of Part I of the SEBI Master Circular, certifying that the accounting treatment contained in the Scheme of Amalgamation is in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and circulars issued thereunder and all the applicable Accounting Standards notified by the Central Government under section 133 of the Companies Act, 2013 read with the rules made thereunder and other Generally Accepted Accounting Principles;



- e. and other presentations, reports, documents and information made to/ furnished before the Audit Committee pertaining to the Draft Scheme of Amalgamation.

6. Salient features of the Scheme of Amalgamation

The Audit Committee noted the salient features of the Scheme of Amalgamation which, inter alia, are as follows:

- a. the Transferor Company will merge with and into the Transferee Company, upon which the Transferor Company will dissolve without winding up;
- b. the Appointed Date for the Scheme shall be opening business hours of April 1, 2025 (as defined in clause 4.4 of the Draft Scheme), or such other date as may be approved by the board of directors of the respective Companies involved in amalgamation;
- c. Further, the Effective Date for the Scheme shall be the day on which the last of the conditions in relation to the effectiveness of the Scheme, as set out in Clause 19.1 of the Scheme are fulfilled, obtained or otherwise duly waived ("Effective Date");
- d. Upon the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme becoming effective on the Effective Date, the Transferee Company will issue New Equity Shares (as defined in clause 11.2 of the Draft Scheme) to the shareholders of the Transferor Company on the Record Date (as defined in clause 20 of the Draft Scheme), in accordance with the Share Exchange Ratio (as defined in clause 11.2 of the Draft Scheme);
- e. Share Exchange Ratio will be approved by the board of directors of the Transferor Company and the Transferee Company, pursuant to Sections 230 to 232, and other relevant provisions of the Companies Act, 2013 and other applicable laws, in the manner provided for in the Scheme;
- f. the Transferee Company shall account for the amalgamation of the Transferor Company, together, in its books of accounts as per the 'Pooling of Interest Method' in accordance with accounting principles as laid down in Appendix C the Indian Accounting Standard 103 (Business Combinations), notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in the books of accounts of the Transferee Company, and



- g. the New Equity Shares that will be issued to the shareholders of the Transferor Company pursuant to the Proposed Amalgamation are proposed to be listed on the Stock Exchanges.

The Audit committee has comments on following points as per SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20,2023.

6.1. Need for merger

The amalgamation of Markolines Infra Limited (“Transferor Company”) into Markolines Pavement Technologies Limited (“Transferee Company”) would strengthen the position of resultant entity i.e. Transferee company, by enabling it into harness and optimism the synergies of the Transferor company.

6.2. Rationale of the Scheme of Amalgamation:

The Audit Committee noted the need and the rationale of the Scheme of Amalgamation and that the same would be in the best interest of the Transferor Company and Transferee Company and their respective stakeholders as the same will yield advantages as set out below:

- a. The Transferor Company is engaged in the business of Highway Operations and Maintenance (O&M) offering following services: a) Toll operations, b) Route patrolling and incident management, and c) Routine maintenance.
- b. The Transferee Company is engaged in the business of a) Highway Maintenance which includes major maintenance and repairs of highways which covers Preventive, rehabilitation, renewal or resurfacing of the assets; b) Specialized Maintenance Services which includes Micro Surfacing, Cold In Place Recycling (CIPR) / Cold Central Plant Recycling (CCPR) with Cement and Foam Bitumen; and c) Specialized Construction Services which includes Full Depth Reclamation (FDR), Tunnelling, etc.
- c. The Transferor Company is a recognized leader in Highway Operations and Maintenance (O&M) services, with expertise in toll operations, route patrolling, incident management, and routine maintenance. The Company has successfully executed 31 projects, operating 25 toll plazas and managing over 42,900 lane-kilometres across 16 states in India over a span of 11+ years.




- d. The Transferee Company is also a leading company providing major maintenance and specialized construction services to the highway industry in India over the span of more than 22 years.
- e. The proposed amalgamation will enhance the Transferee Company's service capabilities, expand its market reach, and achieve greater economies of scale in the construction industry, thereby strengthening its capacity and resources to drive business growth.

6.3. Synergies of business of the entities involved in the Scheme of Amalgamation:

The Audit Committee noted the synergies of business of the entities involved in the Scheme of Amalgamation which are as under:

(i) **Strategic and Capacity Enhancement:** the integration of the Transferor Company with the Transferee Company is expected to provide the following synergies:

- *Accelerated Time-to-Market:* Streamlined organizational structure will enable faster decision making, improved inter-departmental coordination, and quicker deployment of services.
- *Broader Market Reach:* Leveraging combined licenses, relationships, and regional footprints, the merged entity can access new markets and deepen its presence in existing ones.
- *Business Model Scalability:* Integration will result in a more agile, scalable, and responsive business model aligned with evolving industry dynamics.
- *Operational Visibility and Real-Time Insights:* The Transferor Company's 24x7 on-site presence enhances data accuracy and client interaction, allowing real-time project insights, optimized planning, and precise cost estimation—providing a strong competitive advantage.

(ii) **Operational Synergies and Cost Efficiencies:** the integration of the Transferor Company with the Transferee Company is expected to provide the following synergies:

- *Reduction in Duplication and Risk:* Unified operations reduce redundant legal and administrative frameworks, simplifying compliance and mitigating operational risks.



- *Procurement and Vendor Optimization:* A centralized procurement approach will improve bargaining power with suppliers, resulting in cost savings and enhanced contract terms.
- *Streamlined Administrative Functions:* Integration of HR, finance, IT, and legal functions will lower overheads and improve process efficiency.
- *Economies of Scale:* A larger operational base will yield cost advantages in compliance, business development, marketing, and service delivery.

(iii) **Complementary Service Offerings and Strategic Positioning:** the integration of the Transferor Company with the Transferee Company is expected to provide the following synergies:

- The merger will bring together complementary competencies across pavement technologies, specialized construction, and highway O&M services creating a holistic and robust infrastructure service provider.
- Most significantly, the amalgamation will make the merged entity the only and the largest company in India offering the entire spectrum of Highway Operations & Maintenance services - from construction and rehabilitation to toll operations and routine maintenance.
- This comprehensive capability will enhance brand visibility, broaden the service portfolio, and significantly strengthen the Company's position in the infrastructure sector.

6.4. Impact of the Scheme of Amalgamation on the shareholders:

The Audit Committee noted the impact of the Scheme of Amalgamation on the shareholders of the Transferee Company which, is as follows:

- a. The equity shareholders of the Transferee Company will benefit on account of the rationale and synergies as more particularly outlined in paragraphs 6.2 and 6.3 above;




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- b. The Transferee Company will issue and allot equity shares, as fully paid up to the equity shareholders of the Transferor Company, in accordance with the Share Exchange Ratio (as set out in paragraph 6(d) of this Report) and in the manner provided for in the Scheme. The equity shares to be issued by the Transferee Company to the equity shareholders of the Transferor Company pursuant to the Scheme will rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.

Based on the above, the Audit Committee of the Transferee Company is of the informed opinion that the Scheme of Amalgamation will be advantageous and beneficial to the Transferee Company and its shareholders/stakeholders.

6.5. Cost benefit analysis Of the Scheme of Amalgamation:

The Audit Committee noted that the Scheme is expected to increase the value for the Amalgamating Companies involved in the Scheme and their stakeholders primarily on account of the advantages and synergies as more particularly outlined in paragraphs 6.3 of this Report.

7. Recommendation of the Audit Committee:

The Audit Committee reviewed the Valuation Report and noted the valuation and recommended the share exchange ratio for the Scheme of Amalgamation (“**Share Exchange Ratio**”) as under:

Upon the Scheme becoming effective and in consideration for the amalgamation of the Transferor Company into and with the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot, to the shareholders of the Transferor Company whose names appear in the register of members as on the Record Date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as may be recognized by the Board of the Transferee Company), 1.150 (one decimal one five zero) equity shares having face value of INR 10/- (Indian Rupees Ten only) each, credited as fully paid up, in the share capital of the Transferee Company, for every 1 (one) fully paid-up equity shares having face value of INR 10/- (Indian Rupees Ten only) each, held by such eligible shareholders of the Transferor Company .

8. Further, Aftertrade Broking Private Limited, an independent SEBI registered Category I Merchant Banker, has issued a fairness opinion stating that the Share Exchange Ratio is fair from a financial point of view.




9. The Audit Committee after due deliberations and after taking into consideration the Valuation Report, the Share Exchange Ratio, the Fairness Opinion, all the terms of the Draft Scheme of Amalgamation, rationale of the Draft Scheme of Amalgamation, synergies of business of the entities involved in the Scheme of Amalgamation, cost benefit analysis of the Scheme of Amalgamation, impact of the Scheme of Amalgamation on shareholders of the Transferee Company and other documents presented before the Audit Committee, recommends Scheme of Amalgamation for favourable consideration by the board of directors of the Transferee Company, shareholders of the Transferee Company and creditors of the Transferee Company (as may be applicable) for its approval and for favourable consideration and approval (as required) by the Stock Exchanges, SEBI and other regulatory authorities, as may be required.
10. In order for the Transferee Company to comply with the requirements of the extent regulations applicable to the Scheme of Amalgamation, this report of the Audit Committee may please be taken on record by the board of directors of the Transferee Company while considering the Scheme of Amalgamation for approval and further authorisations.

For and on behalf of Audit Committee



Akash Manohar Phatak

Chairman

DIN: 09288697

Date: 22nd April, 2025