

REPORT OF THE COMMITTEE OF THE INDEPENDENT DIRECTORS (“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”)

This report is considered and approved by the Independent Directors of the Company at the meeting held on April 22, 2025, at the registered office of the Company where the following members were present:

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

BACKGROUND

1.1. The draft Scheme of Arrangement (“Scheme”) between i) Markolines Pavement Technologies Limited (“Company or Transferee Company”) and their respective shareholders and creditors and ii) Markolines Infra Limited (“Transferor Company”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, including the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (“SEBI Circular”), as issued by the Securities and Exchange Board of India (“SEBI”), read with the Securities and Exchange Board of India (“Listing Obligations and Disclosure Requirements”) Regulations, 2015 (“SEBI Listing Regulations”), was presented to the Committee at its meeting held on April 22, 2025, for its consideration and approval.

1.2. The 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 400614, Maharashtra, with Permanent Account Number AADCM2827P and Corporate Identity Number L99999MH2002PLC156371. It 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



Registered Office: 502, Wing-A, Shree Nand Dham, Sector 11, CBD Belapur, Navi Mumbai 400614 Maharashtra, India
Corporate Office: 6th Floor, Wing-A, Shree Nand Dham, Sector 11, CBD Belapur, Navi Mumbai 400614 Maharashtra,

☎ +91 22 6266 1111 ✉ Info@markolines.com 🌐 www.markolines.com

CIN: L99999MH2002PLC156371 (Formerly Markolines Traffic Controls Ltd.)

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.

- 1.3. 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.
- 1.4. The 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 Transferor 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.
- 1.5. 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.
- 1.6. The Transferee Company and the Transferor Company shall be collectively referred to as the “Amalgamating Companies.”



1.7. The draft scheme will be filed with Bombay Stock Exchange (“BSE”), pursuant to Regulation 37 of the Listing Regulations read with SEBI Scheme Circular, for obtaining no-objection certificate from the stock exchange. Further, the scheme will be presented before the National Company Law Tribunal, Mumbai, under Sections 230 to 232 and other applicable provisions of the Act including the SEBI Circular.

2. REQUIREMENT UNDER THE SEBI CIRCULAR

2.1. In terms of the SEBI circular, the committee is required to provide its Report recommending the draft Scheme, taking into consideration *inter alia*, comply with requirements of the SEBI circular issued by SEBI pursuant to the Listing Regulations.

3. DOCUMENTS PLACED BEFORE THE COMMITTEE:

3.1. The following documents were placed before and considered by the Committee:

- a. the draft Scheme of Amalgamation of Markolines Infra Limited into and with Markolines Pavement Technologies Limited;
- 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 Committee pertaining to the Draft Scheme of Amalgamation.

4. SALIENT FEATURES OF THE SCHEME OF AMALGAMATION

The 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 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 Transferee Company and the Transferor 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.

5. RATIONALE AND NEED FOR MERGER

The amalgamation of the Transferor Company into the 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.

5.1. Rationale of the Scheme of Amalgamation:

The 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 the Transferee Company and their respective stakeholders as the same will yield advantages as set out below:

- i. 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.
- ii. 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.



- iii. 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.
- iv. 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.
- v. 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.

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

The 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. IMPACT OF THE SCHEME OF AMALGAMATION ON THE SHAREHOLDERS:

The 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;



Registered Office: 502, Wing-A, Shree Nand Dham, Sector 11, CBD Belapur, Navi Mumbai 400614 Maharashtra, India
Corporate Office: 6th Floor, Wing-A, Shree Nand Dham, Sector 11, CBD Belapur, Navi Mumbai 400614 Maharashtra,

☎ +91 22 6266 1111 ✉ Info@markolines.com 🌐 www.markolines.com

CIN: L99999MH2002PLC156371 (Formerly Markolines Traffic Controls Ltd.)

- 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 8.i. 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.

7. COST BENEFIT ANALYSIS OF THE SCHEME OF AMALGAMATION:

The 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 paragraph 5 of this Report.

8. RECOMMENDATION OF THE COMMITTEE:

- i. The Committee reviewed the Valuation Report and noted the valuation and recommended the share exchange ratio for the Scheme (“**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 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 .

- ii. 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.



- iii. The Committee after due deliberations and after taking into consideration the Valuation Report, the Share Exchange Ratio, the Fairness Opinion, all the terms of the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, cost benefit analysis of the Scheme, impact of the Scheme on shareholders of the Transferee Company and other documents presented before the Committee, is of the view that the Scheme is not detrimental to the interest of the shareholders and recommends the Scheme to the shareholders for their consideration and approval.

For and on behalf of the Independent Directors' Committee



Akash Manohar Phatak

Chairman

DIN: 09288697

Date: 22nd April, 2025