



**REPORT OF THE AUDIT COMMITTEE OF TIERRA AGROTECH LIMITED
RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT AND
AMALGAMATION BETWEEN NISHPRA COMMUNITY SOLUTIONS PRIVATE LIMITED
("NISHPRA/ TRANSFEROR COMPANY") WITH TIERRA AGROTECH LIMITED
("TIERRA/ TRANSFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS
AND CREDITORS PURSUANT TO SECTIONS 230-232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013**

PRESENT:

Mr. Simhadri Suryanarayana	: Chairman
Mrs. Sateesh Kumar Puligundla	: Member
Mr. Neha Soni	: Member

IN ATTENDANCE:

Ms. Kalidindi Anagha Devi	: Company Secretary
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BY INVITATION:

Mr. R. Srinivasu	: Representative of M/s. NSVR & Associates, Internal Auditors
Mr. Murali Krishna Reddy Talluri	: Representative of M/s. Ramasamy Koteswara Rao & Co.
Mrs. N. Vanitha	LLP, Statutory Auditors : Secretarial Auditor

1. BACKGROUND:

- 1.1. The proposal to consider and recommend the draft scheme of Arrangement and Amalgamation Nishpra Community Solutions Private Limited ("Nishpra/ Transferor Company") with Tierra Agrotech Limited ("Tierra/ Transeree Company") and their respective shareholders and creditors ("the Scheme of Amalgamation"/ "the Scheme") was presented to and considered by the members of the Committee at its Meeting held on 12th January, 2026 at the registered office of the Company.
- 1.2. The Transferor Company is a private company incorporated under the provisions of the Companies Act, 2013. bearing the Corporate Identification Number U51909HR2022PTC103158 is engaged in the business of providing in the business of processing, manufacturing and dealing in all kinds of organic and inorganic foods and all the basic essential item of consumers

TIERRA AGROTECH LIMITED

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Web : www.tierraagrotech.com
CIN: L01119TG2013PLC090004

- 1.3. The Transferee Company is a Public listed company incorporated under the provisions of the Companies Act, 2013. bearing the Corporate Identification Number L01119TG2013PLC090004 is engaged in the business of providing in the business of production, research and sale of Seeds
- 1.4. Nishpra and Tierra are collectively be referred to as the Companies.
- 1.5. The Transferee Company will be filing the Scheme along with necessary information/documents with the respective stock exchange i.e., BSE
- 1.6. The Report of the Committee is made in order to comply with the requirements of 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 Requirements) Regulations, 2015 (SEBI Listing Regulations) after considering the following:
 - 1.6.1. Draft Scheme;
 - 1.6.2. Valuation report dated 12th January, 2026 issued by Mrs. Annamreddy Sravanti IBBI Registration No. IBBI/RV/05/2019/12377 being registered valuer appointed for the purpose of the Scheme ('Valuation Report');
 - 1.6.3. Fairness opinion report dated 12th January, 2026 issued by Akasam Consulting Private Limited, Category I SEBI Registered Independent Merchant Banker (Registration No.: INM000011658 providing the fairness opinion on the share entitlement recommended in the Valuation Report ("Fairness Opinion"); and
 - 1.6.4. Draft certificate dated 12th January, 2026 obtained from the Statutory Auditors of the Company i.e. Ramasamy Koteswara Rao and Co LLP, Chartered Accountants (FRN: 010396S/S200084) to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 ("Statutory Auditors Certificate").

2. PROPOSED SCHEME:

- 2.1. The Scheme provides for
 - 2.1.1. Reclassification of Authorised Capital
 - 2.1.2. Reduction of face value of equity share capital of the Transferee Company in accordance with the provisions of Section 66 of the Companies Act, 2013 and other applicable provisions, if any and
 - 2.1.3. Sub Division of face value of equity share capital of the Transferee Company in accordance with the provisions of Section 61 of the Companies Act, 2013 and other applicable provisions, if any and
 - 2.1.4. Amalgamation of the Transferor Company with the Transferee Company and consequent issue of New Equity Shares (as defined in the Scheme) by the Transferee Company to the

shareholders of the Transferor Company in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any.

2.2. Consideration/Share Exchange Ratio:

In terms of the Scheme and based on Valuation Report and Fairness Opinion, following would be the share entitlement ratio:

"84 (Eighty Four) fully paid-up equity share of face value of Rs.2 each of the Transferee Company shall be issued and allotted for every 10 (Ten) fully paid up equity share of face value Rs.10 each held by equity shareholders of the Transferor Company."

- 2.3. The "Appointed Date" for the Scheme means 1st October, 2025 or such other date as may be agreed by the Board of Transferor Company and Transferee Company or as the Hon'ble NCLT may decide/approve, being the date with effect from which this Scheme shall become operative and/or be deemed to have become operative.
- 2.4. The "Effective Date" for the Scheme shall mean the date on which the certified or authenticated copies of the order sanctioning this Scheme, passed by the National Company Law Tribunal are filed with the Registrar of Companies.
- 2.5. The Scheme would be subject to the sanction or approval of the Hon'ble National Company Law Tribunal, SEBI, Stock Exchange i.e., BSE Limited, shareholders, creditors and other appropriate authorities.

3. NEED AND RATIONALE OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION:

- a. **Reclassification, Reduction and Sub-Division** of capital of the Transferee Company in the manner set out in this Scheme can provide benefits to the shareholders and stakeholders as under:
 - i. The Transferee company has no plans to issue preference shares in the near future, the unutilised preference share capital is proposed to be reclassified into equity share capital. This will provide sufficient headroom for future equity issuances without increasing the authorised capital, enabling greater flexibility in meeting the Company's funding requirements.
 - ii. The Transferee company will represent its true and fair financial position with an efficient capital structure so that post amalgamation capital structure is in line with the size of business operations.
 - iii. The Transferee company will have more efficient capital structure.
 - iv. As the Transferee Company is engaged in the business of dealing in all kinds of seeds, it operates in an agricultural sector that inherently requires a longer gestation period for sustainable growth. The seed industry is research-intensive and demands continuous investment in research and development activities, including product development, field trials, and quality enhancement, before commercial viability can be achieved.

Consequently, the Company has accumulated losses over the past few years. As the business is still in a growing phase, it requires adequate time to scale operations, commercialize research outcomes, and achieve operational break-even.

In order to have an efficient Capital Structure, it is proposed to adjust the aforesaid accumulated Losses against the Paid share Capital of the Company and Securities Premium. Therefore, The present face value of the equity shares of the transferee company is Rs.10 (Rupees Ten) which will be reduced to Rs.4 (Rupees Four) per share. The proposed reduction of equity share capital would not have any impact on the shareholding pattern of the Transferee Company except on account on amalgamation of the Transferor Company with the Transferee Company; and

- v. Subsequently, it is proposed to sub divide the same into 2 equity shares i.e., an equity share of face value of Rs.2 (Rupees Two) per share. The proposed sub-division of the equity shares of the Transferee company into smaller denominations would potentially encourage wider investor participation, including small investors thereby enhancing liquidity of the equity shares of the Company in the Stock Market and therefore it is in the best interest of the shareholders and the Company.
- vi. The proposed split of equity share capital would not have any impact on the shareholding pattern of the Transferee Company except on account on amalgamation of the Transferor Company with the Transferee Company; and
- vii. It does not involve any financial outlay and therefore, would not affect the ability or liquidity of the Transferee Company to meet its obligations or commitments in the normal course of business.

Further, it would also not in any way adversely affect the ordinary operations of the Transferee Company

- b. As a part of the overall restructuring exercise it is proposed to **merge** the Transferor Company into and with the Transferee Company would inter alia have the following benefits for both the Parties and their respective shareholders, employees, creditors and other stakeholders:
 - i. The merger enables the creation of a vertically integrated business model, where the Transferee Company already operating in the production and supply of seeds and agricultural inputs gains control over downstream operations such as food processing and sales. This vertical integration ensures a consistent supply and quality of raw materials like wheat, reduces procurement costs and dependence on third-party suppliers, and improves overall margins by eliminating intermediaries.
 - ii. With the combined operations, the entity will enjoy an expanded product portfolio that spans from seeds and agricultural inputs to finished food products like wheat flour and maida. This expansion allows the company to tap into new customer segments, offer bundled solutions, and cross-sell products across various channels, thereby increasing customer reach and driving revenue growth.
 - iii. The merger is expected to yield substantial operational synergies. These include cost savings through the sharing of administrative and support functions, economies of scale in the bulk procurement of raw materials and packaging, and consolidated spending on marketing and advertising. Such efficiencies will contribute directly to improved profitability.
 - iv. The Transferee Company's strong research and development capabilities, particularly in seed innovation, are an added advantage. These capabilities could accelerate the development of

in the best interests of the shareholders of the Company and not detrimental to the interest of the shareholders, including the minority shareholders of the Company

Further, the Fairness Opinion confirmed that the share entitlement in the valuation Report is fair to the Transferor Company, the Transferee Company and their respective shareholders.

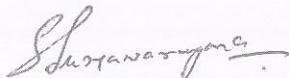
6. COST BENEFIT ANALYSIS:

The committee is of the opinion that the expected benefits of the scheme, as described herein above which are not quantifiable, would offset the impact of transaction costs. Further, the committee is of the informed opinion that the Scheme is in best interests of the companies and their respective shareholders. The impact of the scheme on the shareholders including the public shareholders would be same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

7. RECOMMENDATION:

The committee, after due deliberations and consideration of all the terms of the draft scheme, valuation Report, Fairness opinion, Draft statutory Auditors certificate and the specific points mentioned above recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, BSE and SEBI.

This Report of the committee is made after considering the necessary documents and the same shall be treated as compliance under the applicable provisions of the SEBI Listing Regulations, SEBI circular and other applicable provisions, if any. The committee is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.



Simhadri Suryanaryana
Chairman
DIN: 01951750

Place: Hyderabad
Date : 12th January, 2026

