

**REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF TRUE COLORS LIMITED
RECOMMENDING THE SCHEME OF AMALGAMATION BETWEEN INKIA INKS PRIVATE LIMITED
WITH TRUE COLORS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS HELD
ON MONDAY, 01ST, DECEMBER 2025 AT 03:10 PM**

PRESENT:

1. Mr. Bhavesh Vinodchandra Singapuri: Member
2. Charmi Soni: Member
3. Nanty Nalinbhai Shah: Member

In Attendance:

1. Javanika Gandharva: Company Secretary

A. BACKGROUND

1. The draft scheme of amalgamation ("**Scheme**") of True Colors Limited ("**Company**" or "**TCL**" "**Transferee Company**") with Inkia Inks Private Limited ("**Transferor Company**" or "**I IPL**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**"), 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 ("**LODR Regulations**"), was presented to the Independent Directors' Committee ("**Committee**") at its meeting held on December 1, 2025, for its consideration and approval.
2. The Transferee Company was incorporated under the name True Colors Private Limited under the provisions of the Act, as a private limited company. Subsequently, it was converted into a public limited company vide fresh certificate of incorporation dated March 10, 2025. The registered office of the Transferee Company is situated at P-8, Ground Floor to 3rd Floor, Soma Kanji Ni Wadi, Patel Line, Khatodara, Surat, Gujarat 395002. The present corporate identification number of the Transferee Company is L17299GJ2021PLC126265. The equity shares of the Transferee Company are listed on the SME segment of the BSE Limited ("**BSE**")
3. The Transferee Company is engaged in the business of (a) import and distribution of digital textile printers and inks; (b) manufacturing and distribution of sublimation paper; and (c) digital textile printing and supplying products related thereto. The business model of the Transferee Company revolves around manufacturing and trading covering the aforementioned 3 key pillars in the digital textile printing industry.
4. The Transferor Company was incorporated under the name Inkia Inks Private Limited under the provisions of the Act, as a private limited company. The registered office of the Transferor Company is situated at Sy. No. 428/1 TPS-6 B No.6, FP No. 243, Soma Kanji Ni Wadi, U M Road, Khatodara, Surat, Gujarat 395002. The present corporate identification number of the Transferor Company is U24299GJ2021PTC120091.

TRUE COLORS LIMITED

(Formerly known as 'TRUE COLORS PRIVATE LIMITED')

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info@truecolorsgroup.com
www.truecolorsgroup.com

REGISTERED OFFICE
True Colors House, P-8, GR Flr to 3rd Flr,
Somakanji ni Wadi, Patel Line, Khatodara,
Surat, Gujarat, India, 395002

FACTORY
Plot No. 44 & 51, Rajhans Zesto Kalakachha,
Jalalpore (Near Palasana Cross Road)
Navsari-396415 Gujarat (India)

5. The Transferor Company is currently engaged in the business of designing and manufacturing a diverse range of specialized inks tailored for various fabric applications such as (a) sublimation inks; (b) reactive inks; (c) pigment inks; and (d) disperse inks. The Transferor Company's products distinguish themselves through (i) unparalleled color accuracy and intensity; (ii) enhanced durability and resistance to fading; (iii) environmentally friendly formulations, adhering to stringent eco-standards; and (iv) compliance with international quality norms and regulations.
6. The draft scheme will be filed with the BSE, pursuant to Regulation 37 of the LODR Regulations read with SEBI Circular, for obtaining no-objection certificate from the stock exchange. Further, the Scheme will be presented before the National Company Law Tribunal, Ahmedabad, under Sections 230 to 232 and other applicable provisions of the Act including the SEBI Circular.
7. In terms of the SEBI Circular, the Committee is required to provide its report recommending the draft Scheme, taking into consideration *inter alia*, compliance with requirements of the SEBI Circular issued by SEBI pursuant to the LODR Regulations.

B. DOCUMENTS PLACED BEFORE THE COMMITTEE

1. The following documents were placed before and considered by the Committee:
 - a) The draft of the Scheme;
 - b) Valuation report dated December 1, 2025, issued by Treu Valuation Services Private Limited, (Registration No. IBBI/RV-E/02/2023/181) an Independent Registered Valuer, recommending the share swap ratio as reflected thereunder ("**Share Swap Report**");
 - c) Fairness Opinion dated December 1, 2025, issued by GYR Capital Advisors Private Limited, an independent merchant banker, providing the fairness opinion on the share swap ratio recommended in the Share Swap Report ("**Fairness Opinion**");
 - d) Certificate from the statutory auditor of the Company, confirming that the proposed accounting treatment contained in the Scheme is in compliance with the applicable accounting standards specified by the Central Government under Section 133 of the Act; and
 - e) Other presentations, documents and information made to/ furnished before the Committee pertaining to or in relation to the draft Scheme.

C. SALIENT FEATURES OF THE SCHEME

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

1. The Transferor Company will merge with and into the Transferee Company, upon which the Transferor Company will dissolve without winding up.
2. The Appointed Date for the Scheme shall be April 1, 2026 (*as defined in clause 1.1 of the Scheme*), or such other date as may be approved by the board of directors of the respective companies involved in the Scheme.

3. Effective Date for the Scheme shall mean the date on which last of the conditions specified in Clause 23 (Conditions Precedent) of the Scheme are complied with. Reference in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date; It is, however, clarified that though this Scheme will become operative from the Effective Date, the provisions of this Scheme will be effective from the Appointed Date. In other words, the Effective Date is only a trigger point for implementation of the Scheme. As soon as the Effective Date is achieved, provisions of this Scheme will come into operations, and will be effective and applicable with effect from the Appointed Date in terms of the provisions of Section 232(6) of the Act, and other applicable provisions, if any.
4. 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 8.1 of the draft Scheme*) to the shareholders of the Transferor Company on the Effective Date, in accordance with the share exchange ratio, as provided under clause 8.1 of the draft Scheme.
5. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, Ahmedabad, SEBI, BSE, shareholders and other appropriate authorities, as applicable.
6. The Scheme is conditional upon approval by the public shareholders of TCL through e-voting in terms of the SEBI Circular, and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
7. 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 Act and other applicable laws, in the manner provided for in the Scheme.
8. 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 Ind AS 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.
9. The provisions of the Scheme have been drawn up to comply with the conditions relating to "Amalgamation" as defined under section 2(1B) of the Income Tax Act, 1961 and therefore, may not have any tax implications.
10. The New Equity Shares will be issued to the shareholders of the Transferor Company pursuant to the Scheme are proposed to be listed on the BSE.

D. RATIONALE AND NEED FOR MERGER

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

1. Strengthening core business of the Transferee Company: The amalgamation of the Transferor Company with the Transferee Company will strengthen one of the core businesses of the Transferee Company by way of backward integration and will enable the Transferee Company to have access to fully integrated ink business under one ecosystem, which will help in significant cost-optimization through in-house production, reduced dependency on external suppliers for raw materials and finished inks, better control over quality, consistency, and development cycles, and faster product customization based on market requirements;
2. Assured offtake and optimum utilization of capacity of Transferor Company: The Transferee Company currently services a large and growing customer portfolio across machines, spares, inks, and printing. As a result of amalgamation, the existing customer base of the Transferee Company alone may utilize more than 50% of the existing production capacity of the Transferor Company, ensuring assured offtake of the products manufactured by the Transferor Company and optimum utilization of the manufacturing capacity of the Transferor Company;
3. Enhanced market competitiveness and strong value proposition: The amalgamation will enable the Transferee Company to have control over the process of manufacturing ink including pre-existing/ in-house research and development, formulation expertise and process knowledge, and will result in enhanced market competitiveness and offering strong value propositions to the customers of the Transferor Company as well as the Transferee Company, with access to larger product portfolio including expansion to the global markets;
4. Reduction in layers of entities: The amalgamation will result in simplification of the shareholding structure, reduction in shareholding tiers and demonstrate direct commitment of the promoters to the Transferee Company in relation to the digital textile printing business under one roof; and
5. Economies of scale, synergies and other benefits: The amalgamation will also help in rationalization and standardization of the business process, economies of scale, corporate and administrative efficiencies, streamlining of operations to enable more efficient management, greater efficiency in cash management and access to cash flows generated by the combined business, control over the supply chain, reducing the multiplicity of legal and regulatory compliances, and reduction of costs, which would be beneficial for all stakeholders. Synergies that exist between the Transferor Company and the Transferee Company will also ensure optimum efficiency and reduce managerial overlaps towards their common advantage. The combined business operations will help value creation for all the stakeholders, thus, contributing to the overall growth prospects of the Transferee Company.

The amalgamation is in the interest of the Transferor Company and the Transferee Company and their respective shareholders, creditors and all other stakeholders and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large. The amalgamation does not appear to have any adverse implications.

E. IMPACT OF THE SCHEME ON THE SHAREHOLDERS

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

1. The equity shareholders of the Transferee Company will benefit on account of the rationale and the synergies specified above. The Scheme will result into economies of scale and consolidation of opportunities will improve profitability and enhance overall shareholders value.
2. The Transferee Company will issue and allot its 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 the Share Swap Report) and in the manner provided for in the Scheme.
3. 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.
4. Further, the Audit Committee has also reviewed the share swap ratio as submitted by Treu Valuation Services Private Limited (IBBI Regn No. IBBI/RV-E/02/2023/181, in its Share Swap Report, and the Fairness Opinion submitted by GYR Capital Advisors Private Limited, and after due deliberation, the Audit Committee confirmed that the share swap ratio as recommended therein is fair to the shareholders.

The Committee also noted that the Scheme is subject to the approval of shareholders of the Company. The Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company

F. COST BENEFIT ANALYSIS OF THE SCHEME

The Company shall incur all the cost/ expenses for advisors, stamp duty, any statutory or incidental/ancillary costs in relation to the Scheme.

Further, the Scheme also provides that the shareholders of the Transferor Company shall indemnify and keep the Company indemnified for any liability, claim, demand, if any, which may devolve on the Company on account of this amalgamation under the Scheme.

Therefore, the implementation of the Scheme will have long terms benefit in the form of direct and channelised commitment by the promoter and promoter group in the Company under one ecosystem, through the removal of various shareholding tiers.

G. CONSIDERATION / SHARE SWAP RATIO

In respect of share swap ratio, the Committee noted, deliberated, and confirmed that the report on recommendation of fair share swap ratio as provided in the Share Swap Report is fair to the shareholders. Upon scheme becoming effective, shares would be issued as under:

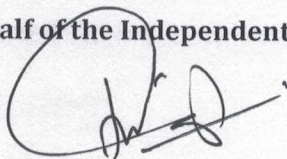
"83 (eighty-three) fully paid-up equity shares of Rs.10/- each of the Transferee Company, credited as fully paid up, for every 100 (one hundred) fully paid equity shares of Rs.10/- each held by such shareholder or his/ her/ its heirs, executors, administrators or successors in the Transferor Company".

The Fairness Opinion issued by GYR Capital Advisors Private Limited has also confirmed that the share entitlement specified in the Share Swap Report is fair. Thus, the Scheme is not detrimental to the shareholders of the Transferor Company or for the Company itself.

RECOMMENDATION OF THE COMMITTEE

The Committee, after due deliberations and after taking into consideration the Share Swap Report, the Swap 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 including the decision of the Audit Committee on fair valuation, 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



Name - Bhavesh Vinodchandra Singapuri
Designation - Independent Director
DIN - 10902196



Date: 01/12/2025

Place: Surat