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REPORT ADOPTED BY THE AUDIT COMMITTEE OF ASTRA MICROWAVE PRODUCTS LIMITED ("AMPL" OR "DEMERGED COMPANY" OR "COMPANY") AT ITS MEETING HELD ON SATURDAY, 06th JUNE, 2026, RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST AMPL, ASTRA SPACE TECHNOLOGIES PRIVATE LIMITED ("ASTPL" OR "RESULTING COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AT HYDERABAD

1. BACKGROUND

1.1. A meeting of the Audit Committee of the Company was held on 06th June 2026, in order to consider and accordingly make a recommendation to the Board of Directors of the Company ("**Board**") for the draft scheme of arrangement between the Company and ASTPL and their respective shareholders and creditors under Section 230 to Section 232 and other applicable provisions of the Companies Act, 2013 ("the Act") on the terms and conditions as stated therein (**"Scheme"**).

1.2. In terms of the Circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub- rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated 20 June, 2023 (**"SEBI Master Circular"**) or any other circulars issued by the Securities and Exchange Board of India (**"SEBI"**), prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, (collectively, the **"SEBI Scheme Circulars"**), a report from the Audit Committee recommending the draft Scheme is required, taking in consideration, inter alia, (a) Share Entitlement Report (as defined hereinafter), and (b) commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme.

1.3. This report of the Audit Committee is made in compliance with the requirements of the SEBI Scheme Circulars issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**).

1.4. Words and expressions, used in capitalized form but not defined in this Audit Committee Report, shall have the meaning ascribed to them in the Scheme.

2. SALIENT FEATURES OF THE SCHEME

2.1. The Audit Committee considered the Scheme and has marked the following features as being prominent:

2.1.1. The Scheme provides *inter alia* for:

i. The demerger of the Space, Meteorology and Hydrology Business undertaking (*as defined in the Scheme*) of the Demerged Company to the Resulting Company on a going concern basis, and in consideration, the consequent issuance of equity shares of the Resulting Company to all the

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shareholders of the Demerged Company in accordance with the Share Entitlement Ratio (*as defined below*); and

ii.various other matters consequential or otherwise integrally connected therewith including, but not limited to, the consequent reduction and cancellation of the existing shareholding of the Demerged Company in the Resulting Company, pursuant to Sections 230 to Sections 232 of the Act and other applicable provisions of Section 2(35) of the Income Tax Act, 2025 (to the extent applicable and in force on the Effective Date) and other relevant provisions thereto (**"IT Act"**) and the SEBI Scheme Circulars.

2.1.2. Upon the Scheme becoming effective, all the assets, liabilities, employees and the business pertaining to the Space, Meteorology and Hydrology Business of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company, on a going concern.

2.1.3. As consideration for the demerger of the Space, Meteorology and Hydrology Business undertaking and upon effectiveness of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot equity shares (**"Resulting Company New Shares"**) to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository maintained under Section 11 of the Depositories Act, 1996, as member of the Demerged Company (i.e. the "**Eligible Shareholders of the Demerged Company"**), on the Record Date (as defined under the Scheme) in the following ratio:

"For every 1 (one) equity share of Face Value of Rs. 2/- fully paid up held in the Demerged Company, 1 (one) equity share of Face Value of Rs. 2/- credited as fully paid up in the Resulting Company", i.e. in the ratio of 1:1." (**"Share Entitlement Ratio"**)

2.1.4. Post the effectiveness of the Scheme, the Resulting Company shall apply for and procure the listing of its Resulting Company New Equity Shares (*as defined in the Scheme*) on the BSE and NSE in terms of and in compliance with the SEBI Master Circular. The Resulting Company New Equity Shares allotted by Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission has been provided by the designated stock exchange.

2.1.5. Notwithstanding anything to the contrary contained in the Scheme, upon this Scheme becoming effective, the entire pre-Scheme paid up share capital of the Resulting Company, which is held by the Demerged Company, will stand cancelled and reduced by operation of the law, without any action, payment of any consideration or any further act or deed by either the Demerged Company or the Resulting Company pursuant to Section 230 to Section 232 of the Act as an integral part of the Scheme.

2.1.6. The "**Appointed Date**" shall mean the opening of business hours on 01 April 2027.

2.1.7. The "**Effective Date**" for the purpose of the Scheme shall mean the date which will be the first day of the month following the month in which the Demerged Company and the Resulting Company mutually acknowledge in writing that all the conditions precedent set forth in Clause 18 (Conditions Precedent) of the Scheme are fulfilled or waived, as applicable, in accordance with this Scheme or the Appointed Date, whichever is later.

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2.1.8. The effectiveness of the Scheme is subject to, inter alia:

a) Receipt of no-objection/ observation letter from the Stock Exchanges in relation to this Scheme under Regulation 37 of the SEBI LODR Regulations;

b) Approval of this Scheme by the requisite majority of each class of shareholders and creditors of the Parties as applicable or as may be required under the Act and as may be directed by the Tribunal;

c) The Demerged Company complying with other provisions of the SEBI Circular, including seeking approval of its shareholders through e-voting;

d) Sanction of the Scheme by the Tribunal under Sections 230 to 232 of the Act;

e) Approvals from Appropriate Authority for the transaction contemplated in Part II of the Scheme;

f) The Demerged Company and the Resulting Company having filed the certified copy of the order of the NCLT with the relevant Registrar of Companies in terms of Section 232(5) of the Act and;

g) The conversion/cancellation of all of the outstanding 20,13,885 convertible warrants in the Demerged Company, each convertible into, or exchangeable for, one fully paid-up equity share of the Demerged Company, having a face value of Rs. 2.

3. DOCUMENTS REVIEWED BY THE AUDIT COMMITTEE

3.1. The following documents were placed before and reviewed by the Audit Committee in order to make its recommendations regarding the Scheme in this Report:

i. The draft Scheme;

ii. Report on recommendation of the Share Entitlement Ratio dated 06th June 2026 issued by **Finvox Analytics**, registered valuer (IBBI registered number: **IBBI/RV-E/06/2020/120) ("Registered Valuer"**) recommending the share entitlement ratio in relation to the Scheme (**"Share Entitlement Report"**);

iii. Fairness Opinion dated 06th June 2026 issued by **3DIMENSION CAPITAL SERVICES LIMITED**, an independent Category-I Merchant Banker opining on the fairness of the Share Entitlement Ratio **("Fairness Opinion")**;

iv. Draft Auditors' Certificate issued by **Price Waterhouse Chartered Accountants LLP**, Chartered Accountants, certifying that the accounting treatment in the draft Scheme is in conformity with the applicable accounting standards;

v. Undertaking of the Company confirming non-applicability of the conditions specified in Paragraph (A)10(a) read with (A)10(b) of Part I of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93, on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Subrule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957

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dated June 20, 2023 **("Scheme Circular")** along with the draft certificate by **Price Waterhouse Chartered Accountants LLP**, Chartered Accountants, the Statutory Auditors of the Company, certifying the said undertaking under Paragraph (A)10(c) of Part I of Scheme Circular; and

vi. Other presentations, reports, documents and information made to / furnished before the Audit Committee pertaining to the draft Scheme.

4. NEED FOR THE DEMERGER AND RATIONALE OF THE SCHEME

4.1. The Audit Committee has reviewed the draft Scheme, Share Entitlement Ratio Report and Fairness Opinion, Auditor's Certificate on Accounting Treatment and Non Applicability of Paragraph (A)10(a) read with (A)10(b) of Part I of Master Circular and has observed the following points which record the need, rationale and benefit of the draft Scheme to all stakeholders and shareholders, which, inter alia, are recorded below:

i. The Demerged Company is engaged in the business of design, development and manufacture of sub-systems for Radio Frequency and microwave systems used in Defence, space, meteorology and telecommunication. The Demerged Company is engaged in multiple businesses, including Radar Electronics, Electronic Warfare, Telemetry, Space, Meteorology and Hydrology. As part of its strategic re-alignment, the Demerged Company proposes to hive off its Space, Meteorology and Hydrology business into a separate entity;

ii. The proposed demerger is intended to create two sector-focused listed entities, namely: (a) Radar Electronics, Electronic Warfare and Telemetry business focused entity; and (b) Space, Meteorology and Hydrology focused entity;

iii. The Space, Meteorology and Hydrology business operates in a sector with distinct industry characteristics, competitive dynamics, regulatory environment, and risk profile, necessitating a differentiated growth strategy aligned with its specific market opportunities.

iv. A standalone Space, Meteorology and Hydrology entity would be better positioned to attract investors, strategic partners, lenders, and other stakeholders with sector-specific interests.

4.2. The demerger is expected to, inter alia:

i. enable focused management attention and operational efficiency by creating an independent company exclusively dedicated to the Space, Meteorology and Hydrology business;

ii. facilitate adoption of tailored growth strategies and capital allocation suited to the Space, Meteorology and Hydrology sector;

iii. positioning Space, Meteorology and Hydrology business to pursue tailored growth strategies and market opportunities for its growth; and

iv. unlocking the value of the Demerged Undertaking for the shareholders of the Demerged Company.

4.3. The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company.

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5. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The Audit Committee noted that the Scheme would effect the demerger of the Space, Meteorology & Hydrology Business from the Demerged Company into the Resulting Company to create an independent listed company in the Space, Meteorology and Hydrology sector. The demerger will have the benefits specified under para 4.

6. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

6.1. The Audit Committee has noted the following points:

i. The Demerged Company has equity shareholders and no other class of shareholders.

ii. Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Space, Meteorology and Hydrology Business into the Resulting Company in accordance with the Scheme, the Resulting Company shall, without any further act or deed, issue and allot equity shares (i.e. Resulting Company New Shares) to the Eligible Shareholders of the Demerged Company as per the Share Entitlement Ratio specified under para 2.1.3.

iii. Accordingly, all the Eligible Shareholders of the Demerged Company as on the Record Date shall become the equity shareholders of the Resulting Company through the demerger of the Demerged Undertaking to the Resulting Company.

iv. The shareholding pattern of the Resulting Company will mirror that of the Demerged Company, and the interests of the Eligible Shareholders of the Demerged Company will remain the same upon implementation of the Scheme as (i) upon effecting of the Scheme, every Eligible Shareholder of the Company will receive a share of the Resulting Company for each share held by them in the Demerged Company; and (ii) the existing shareholding of the Demerged Company and its nominees in the Resulting Company will stand cancelled and extinguished, without any further act or, instrument or deed.

v. The Audit Committee notes that the conversion or cancellation of the outstanding 20,13,885 convertible warrants in the Demerged Company is a condition precedent to the effectiveness of the Scheme under Clause 18 of the Scheme thereof, and the impact of such conversion or cancellation on warrant holders and the Demerged Company has been accounted for in the Share Entitlement Ratio Report.

vi. Post the effectiveness of the Scheme, the Resulting Company shall apply for and procure the listing of its Resulting Company New Equity Shares (*as defined in the Scheme*) on the BSE and NSE in terms of and in compliance with the SEBI Master Circular.

vii. The Audit Committee is of the view that the demerger proposed by the Scheme shall unlock the value of the Demerged Undertaking for the shareholders of the Demerged Company.

6.2. In light of the provided rationale and benefits of the Scheme, the Audit Committee is of the informed opinion that the proposed Scheme is in the best interest of the Shareholder of the Demerged Company and not detrimental to their interests.

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6.3. The Audit Committee further notes that since ASTPL is currently a wholly-owned subsidiary of AMPL, the Scheme involves a related party arrangement. The Audit Committee has satisfied itself that the Share Entitlement Ratio as recommended by the Registered Valuer and confirmed by the Fairness Opinion is fair and at arm's length. The Audit Committee is of the view that a separate related party transaction approval under Regulation 23 of the SEBI LODR Regulations is not required, as the Scheme is specifically governed by Sections 230 to 232 of the Companies Act, 2013 read with the SEBI Scheme Circulars.

7. COST BENEFIT ANALYSIS OF THE SCHEME

7.1. After having reviewed and evaluated the proposed draft Scheme, the Audit Committee has concluded that the benefits of the Scheme for all the stakeholders of the Company, as specified under para 4.1 of this Report, outweigh the transaction cost for the Scheme's implementation. For the shareholders of the Demerged Company receiving shares in the Resulting Company, the proposed Scheme shall unlock value and allow them flexibility in being involved with the Space, Meteorology and Hydrology Business and the growth of the Resulting Company. Therefore, the Audit Committee is of the opinion that the Scheme will be beneficial to both the Demerged Company and the Resulting Company.

8. RECOMMENDATION OF THE AUDIT COMMITTEE

8.1. The Audit Committee has reviewed the Share Entitlement Ratio Report and noted the recommendations that the proposed Share Entitlement Ratio is fair and reasonable. Further, the Fairness Opinion has confirmed the recommendation of the Share Entitlement Ratio in the Share Entitlement Ratio Report as being fair to the shareholders of the Company.

8.2. In view of the above, the Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion, Auditor's Certificate, Auditor's Certificate under Paragraph (A)(10)(c), recommends the draft Scheme for favourable consideration and approval of the Board, stock exchange(s), SEBI and other appropriate authorities.

FOR AND BEHALF OF THE AUDIT COMMITTEE OF AMPL

Amookerjee

Astra Microwave Products Ltd. Hyderabad

Name: Anuradha Mookerjee
DIN: 10174271
Chairperson of the Audit Committee

Date: 06th June 2026
Place: New Delhi