

Bell Granito Ceramica Ltd.

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REPORT OF THE AUDIT COMMITTEE OF BELL GRANITO CERAMICA LIMITED

BEARING CIN: U18907GJ1993PLC018901 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN RESTILE CERAMICS LIMITED WITH BELL GRANITO CERAMICA LIMITED ISSUED AT THE MEETING OF THE AUDIT COMMITTEE ON 29TH NOVEMBER 2019 HELD AT 67,DEVADAYA APRTMENTS ,ADYAR CHENNAI 600020

Members Present

- 1.Mr N.S.Ramachandran
- 2.Mr Mani Ns
- 3.Mr Seetharaman
- 4.Mr Padmanabhan

In Attendance:

- 1.Mr Viren Rathod-MD
- 2.Mr Nalin Rathod-Chairman

1. Background

The Company has placed before the Audit Committee, draft Scheme of Amalgamation and Arrangement ("Scheme") between Restile Ceramics Limited ("Restile" or "Transferor Company") with Bell Granito Ceramica Limited ("BGCL" or "Company" or "Transferee Company") under the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 read with relevant rules framed thereunder for recommendation of the Scheme by the Audit Committee to the Board of Directors as per the applicable provisions of the Companies Act, 2013 (including relevant rules and regulations) as amended from time to time.

This report is made in order to comply with the requirements after considering the following:

- (a) Draft Scheme, duly initialled by the Managing Director of the Company for the purpose of identification;
- (b) Audited financial statements of RCL and BGCL for the year ending March 31, 2019, March 31, 2018 and March 31, 2017 and audited financial statements for the period ended 30th September 2019 for BGCL;



- (c) Share Exchange Valuation Reports dated 29th November, 2019 issued by N S Kumar & Co., Independent Chartered Accountant, having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio in connection with amalgamation of RCL with the Company under the scheme;
- (d) Fairness Opinion dated 29th November 2019 issued by Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564, on the share exchange ratio in connection with amalgamation of RCL with the Company under the Scheme; and
- (e) Certificate of Surana Maloo & Co, Chartered Accountants, Firm's registration no. 112171W, Statutory Auditors of the Company confirming that the accounting treatment outlined in the Scheme is in compliance with the applicable accounting standards notified under Section 133 and other applicable provisions of Companies Act, 2013 or Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles.

2. Proposed Scheme of Amalgamation and Arrangement

The Audit Committee considered and observed the following in relation to the Scheme:

- (a) Restile is engaged in the business of vitrified ceramic tiles since last 3 decades. Restile has been closely associated with BGCL (engaged in the similar business) and as on date is directly or indirectly held by the same Promoter Group. Restile due to non-availability of natural gas (a key component) for its production process at its Hyderabad plant has been dependent on BGCL for its sustainability, supplies and continuity of business. In this regard, the proposed amalgamation of Restile into BGCL shall result into several advantages which are captured in the draft Scheme of Amalgamation and Arrangement.



(b) The salient features of the Scheme are:

(i) Share Exchange Ratio

With respect to Equity Shareholders of Transferor Company-

“1 (One) new share of the Transferee Company of the face value of INR.10/- (Rupees Ten Only) each, credited as fully paid-up for every 3 (Three) equity share of INR.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company”

(ii) That the Scheme shall be effective from opening of business hours on 1st April, 2020 (“**Appointed Date**”);

(iii) The equity shares of BGCL pursuant to the Scheme shall be listed on Bombay Stock Exchange (subject to trading permission being granted by the stock exchange) and shall rank *paripassu* with the existing equity shares of BGCL in all respects;

(iv) The name of the Company pursuant to the Scheme shall be changed to “Restile Ceramics Limited”

(c) The Audit Committee has further noted the following:

The Fairness Opinion provided by Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564, confirms that the share exchange ratio provided in the Share Exchange Report obtained from , Independent Chartered Accountants and Registered Valuer is fair to RCL and BGCL and their respective shareholders.

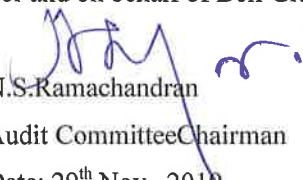
The Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards notified under Companies Act, 2013 and other generally accepted accounting principles.



3. Recommendation of the Audit Committee

After taking into account the Share Exchange Reports, Fairness Opinion, Statutory Auditor Certificate on accounting treatment and aforesaid points, the Audit Committee recommends the draft Scheme to the Board of Directors for its approval and for due consideration and approval by the regulatory authorities.

For and on behalf of Bell Granito Ceramica Limited


N.S. Ramachandran

Audit Committee Chairman

Date: 29th Nov, 2019

Place: Chennai

