
REPORT OF THE MEETING OF INDEPENDENT DIRECTORS' COMMITTEE ["COMMITTEE OF INDEPENDENT DIRECTORS"] OF RESTILE CERAMICS LIMITED RECOMMENDING DRAFT SCHEME OF AMALGAMATION BETWEEN RESTILE CERAMICS LIMITED AND BELL GRANITO CERAMICA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS HELD AT VILLAGE GAVASAD, TALUKA PADRA, DISTRICT VADODARA – 391430, GUJARAT, INDIA ON TUESDAY, 21ST FEBRUARY 2023 AT 03.30 P.M.

PRESENT:

Mr. G. Padmanabhan - Chairman
 Mr. N.S. Mani - Member
 Mr. T.R. Seetharaman - Member
 Mr. N.S. Ramachandran - Member
 Mr. Yash Kaushik Shah - Member

I. BACKGROUND

After the due consideration and recommendation by the Audit Committee to the Board of Directors, the proposal was also placed before the Independent Directors at their meeting held on Tuesday, 21st February, 2023, which was considered and recommendation had been made to the Board of Directors for approval of proposed draft Scheme of Amalgamation (hereinafter referred to as "**Scheme**") between Restile Ceramics Limited ("**RCL**" or "**Company**" or "**Transferor Company**") and Bell Granito Ceramica Limited ("**BGCL**" or "**Transferee Company**") and their respective shareholders and creditors with effect from the appointed date being 1st April, 2023 in accordance with the terms of the Scheme and pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 and the rules and regulations made there under

The Scheme is subject to receipt of approvals from Board of Directors, shareholders, creditors of respective entities and of regulatory bodies (including Bombay Stock Exchange Limited, Securities and Exchange Board of India, National Company Law Tribunal).

RCL is engaged in the business of vitrified ceramic tiles since last 3 decades. The Transferor Company has been closely associated with the Transferee Company (engaged in the similar business) and as on date is directly or indirectly held by the same promoter group. The Transferor Company due to non-availability of natural gas (a key component) for its production process at its Hyderabad plant has been dependent on the Transferee Company for its sustainability, supplies and continuity of business.

RESTILE CERAMICS LIMITED

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This Report of **Independent Directors' Committee** is made in order to comply with the provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.

The draft Scheme was placed before the Independent Directors' Committee to consider and recommend the same to the Board of Directors of the Company after taking into account that the Scheme is not detrimental to the Shareholders of the Company along with the following draft documents:

- a) Draft Scheme, duly initialled by Managing Director of the Company for the purpose of identification;
- b) Share Exchange Valuation Report dated 21st February, 2023 issued by CS Shreyansh M. Jain, Registered Valuer, having IBBI Registration No IBBI/RV/03/2019/12124 providing the share exchange ratio in connection with amalgamation of the Company with BGCL under the Scheme;
- c) Fairness Opinion dated 21st February, 2023 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 the Company with BGCL under the Scheme; and
- d) Certificate of R. SUNDARARAJAN & ASSOCIATES, Chartered Accountants, Firm's registration no. 08282S, Statutory Auditors of the Company confirming that the accounting treatment outlined in the Scheme is in compliance with the applicable Indian accounting standards notified under Section 133 and other applicable provisions of Companies Act, 2013 or Indian Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles.

II. RATIONALE

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. The Committee discussed and noted the rationale and benefits of the merger, key financials and other indicators which *inter-alia*, are as follows:

- i. The Transferor Company is listed on BSE and having 24,605 public shareholders holding 28.04% stake in the Transferor Company. The proposed amalgamation would provide sustainability and viability to business of Transferor Company and thereby would be in interest of such public shareholders;
- ii. The proposed amalgamation of the Transferor Company with Transferee Company would achieve the following: –
 - a. Reduction in overheads, administrative, managerial and other expenditure;
 - b. Significant reduction in the multiplicity of legal and regulatory compliances;
 - c. Rationalization of inter-company / related party transactions; and
 - d. Streamlining the cashflow, effective utilization of the tax credits.
- iii. The proposed amalgamation would provide a greater financial strength base for the Transferor Company, which would result in maximizing overall public shareholders value, and will improve the overall position of the entity;



- iv. Subsequent to the proposed amalgamation, the Transferee Company would be listed on a recognized stock exchange and this would overall improve the position / marketability and enhance branding and corporate value of the merged entity; and
- v. The proposed merger shall not be prejudicial to the interest of the shareholders including public shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor Company and Transferee Company.

The **Independent Directors' Committee** is of the informed opinion that the proposed rationale of the Scheme will be beneficial for the Company and its shareholders and creditors.

III. SALIENT FEATURES OF THE SCHEME

The **Independent Directors' Committee** considered and observed the following salient features in relation to the draft Scheme:

- i. The Scheme shall be operative from 1st April, 2023 or such other date as may be approved by the jurisdictional National Company Law Tribunal and/or the concerned authority ("**Appointed Date**").
- ii. The Scheme will come into effect subject to approval of Stock Exchange, Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"), shareholders, creditors and such other statutory authorities as may be required.
- iii. Pursuant to the proposed amalgamation, the Transferee Company shall issue shares as follows:

For amalgamation of Transferor Company with the Transferee 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 2 (Two) equity share of INR.10/- (Rupees Ten Only) each fully paid-up held by such member in the Transferor Company"

- iv. The Company shall account for the proposed amalgamation in its books of accounts as per as per the Indian Accounting Standards notified under section 133 of the Companies Act, 2013.
- v. All the expenses in connection to the Scheme will be borne by the Transferee Company.

IV. IMPACT OF THE SCHEME ON THE SHAREHOLDERS

The Committee discussed upon the rationale, salient features and expected benefits of the Scheme. The Committee noted that the proposed Scheme is in the interest of the shareholders on account of the benefits as discussed above, which may also potentially unlock long term value.




Considering the overall rationale and benefit of the Scheme, the Committee is of the view that the Scheme is in the best interest of all stakeholders including the shareholders of the Company, and no shareholder is expected to have disproportionate advantage or disadvantage in any manner. The Scheme is in the best interest of the shareholder of the Company including the minority shareholders, in any manner whatsoever.

V. RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS' COMMITTEE

The Independent Directors' Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio Report, Fairness Opinion Report and the specific points mentioned above including interest of shareholders and creditors of the Company, recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, the BSE, the Securities and Exchange Board of India and other statutory / regulatory authorities including National Company Law Tribunal, Ahmedabad Bench.

**For and on behalf of Independent Directors' Committee
of Restile Ceramics Limited**


Mr. G. Padmanabhan
Chairman of the meeting



Date: 21st February, 2023

Place: Vadodara