
REPORT OF THE AUDIT COMMITTEE OF RESTILE CERAMICS LIMITED BEARING CIN L26931GJ1986PLC102350 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN RESTILE CERAMICS LIMITED AND BELL GRANITO CERAMICA LIMITED ISSUED AT THE MEETING OF THE AUDIT COMMITTEE HELD ON 21ST FEBRUARY 2023 AT VILLAGE GAVASAD, TALUKA PADRA, DISTRICT VADODARA – 391430, GUJARAT, INDIA

Members Present:

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

1. Background

The Company has placed before the Audit Committee, draft Scheme of Amalgamation (“Scheme”) between Restile Ceramics Limited (“Company” or “RCL” or “Transferor Company”) and Bell Granito Ceramica Private Limited (“BGCL” 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 required vide SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (“Circular”), applicable provisions of the Companies Act, 2013 (including relevant rules and regulations) and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This Report of Audit 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.

RESTILE CERAMICS LIMITED

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 CIN : L26931GJ1986PLC102350 Ph. No. 9998219763

Branch Office : D.No.1-10-77, 5th Floor, Varun Towers, Opp. Hyderabad Public School, Begumpet, Hyderabad - 500 016.
 E-mail : restile@accountscare.com, works@restile.com, Website : www.restile.com Mobile : 9998219763

The draft Scheme was placed before the Audit Committee to consider and recommend the same to the Board of Directors of the Company after taking into account the following necessary draft documents:

- (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 2022, March 31 2021 and March 31 2020, audited financial statements for the period ended 30th November 2022 for BGCL and limited review financial statements of RCL as on 31st December 2022;
- (c) 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 Company with BGCL under the Scheme;
- (d) 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 Company with BGCL under the Scheme; and
- (e) 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.

2. Need, Rationale and Synergies of business of the entities involved in the Scheme

The Transferor Company 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 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.

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.

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;

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;

3. Impact of the Scheme on the Shareholders

The Transferor Company is listed on the Bombay Stock Exchange 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;

As a part of the Scheme, for amalgamation of RCL into BGCL, the issuance of shares to the shareholders of Transferor Company would be based on the share exchange ratio report issued by CS Shreyansh M. Jain, Registered Valuer. As per the share exchange ratio report, 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

The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor Company and Transferee Company



4. Cost benefit analysis of the Scheme

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto after the Appointed Date (as defined in the Scheme) Date shall be borne by the Transferee Company.

Implementation of the Scheme shall result in appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, reduction in overheads and other administrative expenses. The Transferee Company would incur only the cost for advisors and stamp duty as implementation costs for the Scheme.

Keeping in view of synergies and the cost benefit expected from the Scheme, Audit Committee is of the view that the, costs incurred towards the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving greater / enhanced focus of the management on the business.



5. Recommendation of the Audit Committee

The Audit 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, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, the Bombay Stock Exchange, the Securities and Exchange Board of India ('SEBI') and other statutory / regulatory authorities including National Company Law Tribunal, Ahmedabad Bench ('NCLT').

For and on behalf of Restile Ceramics Limited



Audit Committee Chairman

Date: 21st February, 2023

Place: Vadodara

B E L L
G R A N I T O
C E R A M I C A
L I M I T E D

REPORT OF THE AUDIT COMMITTEE OF BELL GRANITO CERAMICA LIMITED BEARING CIN U18907GJ1993PLC018901 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN RESTILE CERAMICS LIMITED AND BELL GRANITO CERAMICA LIMITED ISSUED AT THE MEETING OF THE AUDIT COMMITTEE HELD ON 21ST FEBRURARY 2023 AT VILLAGE GAVASAD, TALUKA PADRA, DISTRICT VADODARA – 391430, GUJARAT, INDIA

Members Present physically:

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

1. Background

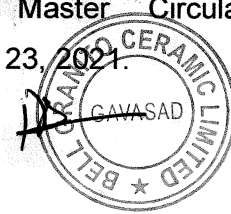
The Company has placed before the Audit Committee, draft Scheme of Amalgamation (“Scheme”) between Bell Granito Ceramica Private Limited (“Company” or “BGCL” “Transferee Company”) and Restile Ceramics Limited (“RCL” or “Transferor Company”) under the provisions of Sections 230 - 232 and other applicable 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 required vide SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (“Circular”), applicable provisions of the Companies Act, 2013 (including relevant rules and regulations) and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This Report of Audit 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.

Bell Granito Ceramica Limited

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CIN: U18907GJ1993PLC018901

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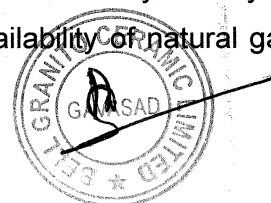


The draft Scheme was placed before the Audit Committee to consider and recommend the same to the Board of Directors of the Company after taking into account the following necessary draft documents:

- (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 2022, March 31 2021 and March 31 2020, audited financial statements for the period ended 30th November 2022 for BGCL and limited review financial statements of RCL as on 31st December 2022;
- (c) 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 RCL with the Company under the Scheme;
- (d) 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 RCL with the Company under the Scheme; and
- (e) Certificate of Dhirubhai Shah & Co, Chartered Accountants, Firm's registration no. 102511W, 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. Need, Rationale and Synergies of business of the entities involved in the Scheme

The Transferor Company 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 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.

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- a. Reduction in overheads, administrative, managerial and other expenditure;
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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;

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;

3. Impact of the Scheme on the Shareholders

The Transferor Company is listed on the Bombay Stock Exchange 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;

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The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor Company and Transferee Company



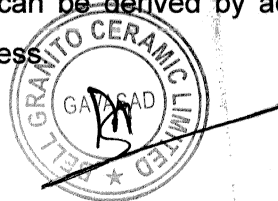
4. Cost benefit analysis of the Scheme

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto after the Appointed Date (as defined in the Scheme) Date shall be borne by the Transferee Company.

Implementation of the Scheme shall result in appropriate consolidation of activities of Transferor Company and Transferee Company with pooling and more efficient utilization of their resources, reduction in overheads and other administrative expenses. The Transferee Company would incur only the cost for advisors and stamp duty as implementation costs for the Scheme.

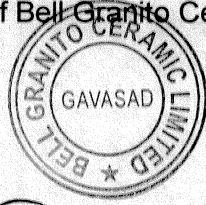
Keeping in view of synergies and the cost benefit expected from the Scheme, Audit Committee is of the view that the, costs incurred towards the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving greater / enhanced focus of the management on the business



5. Recommendation of the Audit Committee

The Audit 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, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, the Bombay Stock Exchange, the Securities and Exchange Board of India ('SEBI') and other statutory / regulatory authorities including National Company Law Tribunal, Ahmedabad Bench ('NCLT').

For and on behalf of Bell Granito Ceramica Limited



A handwritten signature in black ink, appearing to be "M. J. ...", written over a horizontal line.

Audit Committee Chairman

Date: 21st February, 2023

Place: Vadodara