

**SAHYADRI INDUSTRIES LIMITED**

Swastik House, 39/D, Gultekdi, J.N. Marg, Pune-411 037, Maharashtra. INDIA

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CIN No :- L26956PN1994PLC078941

**REPORT OF THE AUDIT COMMITTEE OF SAHYADRI INDUSTRIES LIMITED**  
**RECOMMENDING DRAFT SCHEME OF ARRANGEMENT**

**MEMBERS:**

- |                          |             |
|--------------------------|-------------|
| 1. Ms. Sarita Kotasthane | Chairperson |
| 2. Mr. Jayesh Patel      | Member      |
| 3. Mr. S.B. Malegaonkar  | Member      |

**IN ATTENDANCE:**

- |                            |  |
|----------------------------|--|
| 1. Mr. Satyen Patel        | Managing Director                      |
| 2. Mr. Tuljaram Maheshwari | CEO & CFO                              |
| 2. Mr. M.K. Sharma         | A.V.P. (Finance and Accounts)          |
| 3. Mrs. Sujata Budhakar    | A.V.P. (Accounts and Systems)          |
| 4. Mr. Prasad Zinjurde     | Company Secretary & Compliance Officer |

**1. Background:**

The Scheme of Arrangement between Poonam Roofing Products Private Limited and Sahyadri Industries Limited and their respective shareholders was placed before the Audit Committee for recommendation of the Scheme to the Board of Directors.

Pursuant to the SEBI Circular No.CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017, members of the Audit Committee of Sahyadri Industries Limited discussed and approved the proposed Scheme of Arrangement at its meeting held on 05<sup>th</sup> February 2020 and have made this report after perusing the Draft Scheme of Arrangement.

This report of the Audit Committee is made to comply with the requirements of the Circular and after considering the following documents:

- Draft Scheme of Arrangement
- Valuation Report issued by Mr. Pramod Jain, Chartered Accountants & Registered Valuer (SFA); and
- Fairness Opinion issued by Navigant Corporate Advisors Ltd., Category I Merchant Banker on the valuation done by Mr. Pramod Jain, Chartered Accountants & Registered Valuer (SFA);

**2. Proposed Scheme of Arrangement:**



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The Committee noted that salient features of the Scheme were as under:

**Rationale of the Scheme: -**

It is proposed to demerge Industrial Business Undertaking of Poonam Roofing Products Private Limited and Consolidate it into Sahyadri Industries Limited by this Scheme, as a result of which the following benefits shall, inter-alia, accrue to the shareholders and stakeholders of Sahyadri Industries Limited & Poonam Roofing Products Private Limited-

- 1.1 Demerged Company is engaged in finishing and other job-work of Fibre Cement Sheets, accessories and other support services for the Resulting Company. Hence, consolidation of Industrial Business Undertaking with Resulting Company is a strategic fit and will help streamline the business of Resulting Company in the growing markets.
- 1.2 Consolidation of the Industrial Business Undertaking with the Resulting Company shall thereby result in making available increased resources including skilled and experienced workforce and assets including surplus land available for expansion of the activities of Resulting Company and as a result, sustain growth in long term.
- 1.3 "Swastik" brand which is licensed to the Resulting Company is owned by the Demerged Company. Vesting of the brand in the Resulting Company will result in adding value, boosting the reputation, saving of significant cash flow in future and enhancing flexibility in developing the Brand as well as product portfolio.
- 1.4 Enhance competitive strength; achieve cost reduction, efficiencies and productivity gains by pooling resources of Resulting Company and Industrial Business Undertaking.

**3. Recommendations of the Audit Committee:**

The Audit Committee recommends the Draft Scheme, inter alia, taking into consideration the Valuation Report dated 04<sup>th</sup> February 2020 issued by Mr. Pramod Jain, Chartered Accountants & Registered Valuer (SFA) and Fairness Opinion of Navigant Corporate Advisors Ltd., Category I Merchant Banker, for favorable consideration of the Board of Directors, Stock Exchange(s), SEBI and other appropriate authorities.

**For SAHYADRI INDUSTRIES LIMITED**

Sarita Kotasthane  
 Chairperson of Audit Committee  
 DIN: 07100082  
 Date: 06/02/2020  
 Place: Pune

