

REPORT OF THE AUDIT COMMITTEE OF ASTRAL POLY TECHNIK LIMITED FOR RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN REX POLYEXTRUSION PRIVATE LIMITED AND ASTRAL POLY TECHNIK LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON JULY 9, 2018 AT ASTRAL HOUSE, B/H RAJPATH CLUB, OFF S G HIGHWAY, AHMEDABAD - 380059.

PRESENT:

The following Members of the Committee were present in person:

1. Mr. K.R. Shenoy Chairman
2. Mr. N.K. Balgi Member
3. Mr. Sandeep Engineer Member

IN ATTENDANCE:

1. Mr. Hiranand Savlani Chief Financial Officer
2. Mr. Krunal Bhatt Company Secretary & Compliance Officer

Mr. K.R. Shenoy, occupied the Chair.

1. A draft Scheme of Amalgamation between Rex Polyextrusion Private Limited ("RPPL") and Astral Poly Technik Limited ("APTL") under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, was presented to the Audit Committee in its meeting held on July 9, 2018.
2. The members of Audit Committee noted that in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017 issued by SEBI read with Regulation 11 and 37 of the SEBI (LODR) Regulation, 2015, the Scheme is required to be considered and recommended by the Audit Committee of the Company as well.
 - a. Draft of the Scheme;

- b. Valuation Report dated July 9, 2018 of K D Dave & Co. of Ahmedabad , Chartered Accountants, Ahmedabad; and
- c. Fairness Opinion dated July 9, 2018 of Vivro Financial Services Pvt. Ltd., Merchant Banker.
- d. Draft Certificate of SRBC & Co., LLP, Chartered Accountants, Statutory Auditors of the Company, confirming the accounting treatment contained in the Scheme is in compliance with the applicable Accounting norms.

hereby reports that amalgamation of Rex Polyextrusion Private Limited and Astral Poly Technik Limited as envisaged in the Scheme shall be beneficial to all the Stakeholders of the Company.

Proposed Scheme:

The Salient feature of the proposed Scheme are as follows:

- i. The Scheme provides for amalgamation of Rex Polyextrusion Private Limited with Astral Poly Technik Limited ;
- ii. The accounting treatment to be followed for the Scheme is in accordance with the principles as laid down in the applicable Indian Accounting Standards and the applicable provisions of the Companies Act, 2013 and generally accepted accounting principles in India;
- iii. The proposed Appointed Date shall be July 10, 2018;
- iv. Consideration - 15,453 equity shares of Astral of Re. 1/- per share for every 10 equity shares of Rex of Rs. 1,000/- per share.
- v. Upon the proposed merger being effective, all assets, liabilities, contracts, rights, obligations, etc. of RPPL as at appointed date shall stand transferred to APTL;
- vi. Upon the Scheme being effective, RPPL shall stand dissolved without any further act or deed.

The Audit Committee noted the following rationales of the proposed scheme:

- a. With an objective to expand business operations and carry on business activities in the larger interest of APTL, it is proposed to acquire 51% shares of RPPL and also amalgamate RPPL into APTL with effect from the date of share acquisition. This was in line with its strategy of capital expansion and inorganic growth.
- b. Both the companies are engaged in manufacturing and marketing of products which are broadly, the same product line. viz. pipes used for infrastructure. The amalgamation of the existing operations of RPPL in to APTL shall provide several advantages to both the companies and their stakeholders. Some of them interalia are:
 - (i) Expansion of existing product lines of the APTL by introduction of new products for different applications.
 - (ii) Enhanced scale of operations by utilizations resources/distribution network of combined entity.
 - (iii) Improved shareholder value by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability.
 - (iv) Enhanced leveraging capability of the combined entity which in turn will allow the combined entity to undertake future expansion strategies and to tap bigger opportunities in the piping industry.
 - (v) Additional strength and greater focus to the operations and utilization of resources pursuant to consolidation of technical and managerial expertise of the two companies.
 - (vi) Locational and logistics advantage of RPPL's manufacturing facilities for distribution of existing line of products to APTL.
 - (vii) Benefit to APTL from various product approvals and licenses that the RPPL has in Government and Private Sector for Infrastructure Projects.

3. Recommendation of Audit Committee:

Having reviewed inter alia the Scheme of Amalgamation, the Valuation Report and Fairness Opinion, the Audit Committee hereby unanimously recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, Stock Exchange and SEBI.

Place: Ahmedabad

Date: 09.07.2018


Chairman