



# GRETEX INDUSTRIES LIMITED

Formerly Known As: **GRETEX INDUSTRIES PRIVATE LIMITED**

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CIN: L17296WB2009PLC136911

## REPORT OF THE AUDIT COMMITTEE OF GRETEX INDUSTRIES LIMITED (THE "COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF APSARA SELECTIONS LIMITED AND SANKHU MERCHANDISE PRIVATE LIMITED WITH GRETEX INDUSTRIES LIMITED

### 1. Background

- (a) A meeting of the Audit Committee of the Company was held on Monday, June 08, 2020, to consider and recommend to the Board of Directors, the proposed Scheme of Amalgamation ("Scheme") of Apsara Selections Limited ("Transferor Company No. 1") and Sankhu Merchandise Private Limited ("Transferor Company No. 2") (together referred to as the "Transferor Companies") with Gretex Industries Limited ("Transferee Company") to be implemented under Section 230-232 of the Companies Act, 2013 and other applicable laws.
- (b) The Transferee Company is a Listed public company incorporated under the Companies Act, 1956 and its Equity shares are listed on the EMERGE platform of the National Stock Exchange of India Limited.
- (c) The Report of the Audit Committee has been made in order to comply with the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2. Salient Features of the Scheme

- (a) It is proposed to amalgamate the Transferor Companies with the Transferee Company through a Scheme of Amalgamation under sections 230 – 232 of the Companies Act, 2013 between the said Companies and their respective shareholders and creditors.
- (b) The Appointed Date for the proposed Scheme is January 01, 2020.
- (c) The Promoter(s)/ ultimate beneficiary owner of all the Companies are same. After the amalgamation, the promoters will give and devote more time to look after the day to day activities of the Company. The Shareholders/ Directors are mainly common for both the Transferee and Transferor Companies.
- (d) The Amalgamation is in line with the Transferee Company's strategy to build a sustainable and profitable business in India. The Transferor Companies and the Transferee Company expect significant synergies through supply chain opportunities and operational improvements, go-to-market and distribution network optimization, scale efficiencies in cost areas such as marketing, and optimization of overlapping infrastructure.



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- (e) Amalgamation of the Transferor Companies with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes raised as provided for in the scheme.
- (f) The Scheme will become effective on obtaining all approvals and confirmations and upon filing of the Certified Copy of the Order of the National Company Law Tribunal with the Registrar of Companies.
- (g) Upon the Scheme becoming effective, the Transferee Company shall, without further application, act or deed, issue and allot to each of the shareholders of the Transferor Companies (whose names are registered in the Register of Members of the respective Transferor Company on the Record Date) equity shares in the Transferee Company, credited as fully paid up, as per the share exchange ratios mentioned below:
- The Transferee Company shall allot its 13 (Thirteen) equity shares of Rs.10/- each fully paid-up for every 1 (One) equity share of Transferor Company No. 1 of Rs.10/- each fully paid-up.
  - The Transferee Company shall allot its 21 (Twenty-one) equity shares of Rs.10/- each fully paid-up for every 1 (One) equity share of Transferor Company No. 2 of Rs.10/- each fully paid-up.

### 3. Documents placed before the Audit Committee

- (a) Draft Scheme of Amalgamation, duly initialled by a Committee Member for the purpose of identification;
- (b) Valuation Report date June 05, 2020 issued by Registered Valuer Ankush Garg having registration no. IBBI/RV/02/2018/10010, recommending the above Share Exchange Ratios; and
- (c) Fairness Opinion Report dated June 06, 2020 issued by SEBI Registered Merchant Banker ("Fairness Opinion"), confirming the fairness of the Share Exchange Ratios.



**4. Recommendation of the Audit Committee**

- (a) The Audit Committee reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the Share Exchange Ratios, as recommended in the Valuation Report, are fair to the Transferor and Transferee Companies and their respective shareholders.
- (b) Taking into consideration the Draft Scheme, the Valuation Report and the Fairness Opinion, as placed before the Committee, the Audit Committee recommends and the draft Scheme to the Board of Directors of the Company for its consideration and approval.

**BY ORDER OF THE AUDIT COMMITTEE  
FOR AND ON BEHALF OF  
GRETEX INDUSTRIES LIMITED**

  
**[RAHUL KUMAR]**  
**AUDIT COMMITTEE CHAIRMAN**



**PLACE: KOLKATA  
DATE: JUNE 08, 2020**