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**REPORT OF AUDIT COMMITTEE OF PRATIK PANELS LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT OF PRATIK PANELS LIMITED ("FIRST TRANSFEROR COMPANY"/ "PRATIK" / "the Company") AND SANGEETA TEX.DYES PRIVATE LIMITED ("SECOND TRANSFEROR COMPANY" / "SANGEETA") AND KRISHNA FANCYFAB PRIVATE LIMITED ("THIRD TRANSFEROR COMPANY" / "KRISHNA") WITH HARIT INDUSTRIES PRIVATE LIMITED ("TRANSFEE COMPANY" / "HARIT") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ISSUED AT THE MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY, JUNE 2, 2023 AT ITS REGISTERED OFFICE AT 11:00 AM.**

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**PRESENT:**

1. Piyush Upadhyay - Chairman
2. Nikhil Vishambharlal Vyas - Member
3. Devyani Pankaj Mishra - Member

**IN ATTENDANCE:**

1. Ms. Ankita Dhabhai - Company Secretary

**SPECIAL INVITE**

1. Mr. Pankaj Chandrakant Mishra - Chairman and Non-Executive Director
2. Mrs. Devyani Pankaj Chandrakant Mishra - Non-Executive Director

**1. Background**

- 1.1. A meeting of the Audit Committee of PRATIK was held on Friday, June 2, 2023 to consider and recommend to the Board of Directors the draft Scheme of Arrangement ('Scheme') involving amalgamation of Pratik Panels Limited ("First Transferor Company"/ "PRATIK") and Sangeeta Tex.Dyes Private Limited ("Second Transferor Company" / "SANGEETA") and Krishna Fancyfab Private Limited ("Third Transferor Company" / "KRISHNA") with Harit Industries Private Limited ("Transferee Company" / "HARIT") and their respective shareholders and creditors ("the Draft Scheme" / "the Scheme") under Sections 230 to 232 and applicable provisions of the Companies Act 2013 ('the Act')
- 1.2. The draft Scheme provides for the Amalgamation of the Pratik Panels Limited ("First Transferor Company" or "PRATIK") and Sangeeta Tex.Dyes Private Limited ("Second Transferor Company" or "SANGEETA") and Krishna Fancyfab Private Limited ("Third Transferor Company" or "KRISHNA") With Harit Industries Private Limited ("Transferee Company" or "HARIT") and Conversion of



Transferee Company into Public Company and the issue of Bonus Shares to shareholders of Transferee Company, in accordance with the relevant provisions of the Act, Section 2(1B) of the Income Tax Act, 1961, the relevant provisions of SEBI circular (as defined below), the relevant provisions of the Listing Regulations and other applicable Laws. The Scheme shall be filed with the National Company Law Tribunal, Mumbai Bench ("NCLT") under Sections 230 to 232 and other applicable provisions of the Act and has been drawn in compliance with Section 2(18) and other applicable provisions of the Income-tax Act, 1961 and other applicable laws including Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with the SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021 (0000000665 dated November 24, 2021 ("SEBI Circular").

1.3. In terms of the SEBI Circular, a report from the Audit Committee is required, recommending the draft Scheme, taking into consideration inter alia, the Valuation Report, and commenting on the need for the Scheme, rationale for the Scheme, cost benefit analysis of the Scheme, synergies of business of the entities involved in the Scheme and impact of the Scheme on the shareholders of the Company. This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circular.

1.4. The following documents were placed before the Audit Committee:

- a) Draft Scheme duly initialled by Mr Pankaj Mishra, Director of the Company for the purpose of identification,
- b) Valuation Report dated **Friday, June 2, 2023** issued by Mr. Ramesh Chand Kumawat, Registered Valuer Securities or Financial Assets, providing the share exchange ratio for the proposed Scheme;
- c) Fairness Opinion dated **Friday, June 2, 2023** prepared by Navigant Corporate Advisors Limited, an independent SEBI Registered Category I Merchant Banker providing the Fairness Opinion on the share exchange ratio ("Fairness Opinion") as recommended by Mr. Ramesh Chand Kumawat, Registered Valuer Securities or Financial Assets;
- d) Certificate dated **Friday, June 2, 2023** issued by the Statutory Auditors of the Company i.e., M/s. R Shah & Co., Chartered Accountants, to the effect that the accounting treatment contained in the Scheme is in compliance with the applicable Accounting Standards as specified by the Central Government under Section 133 of the Act.

## 2. The salient features of the Scheme are as under:

2.1. The "Appointed Date" means Appointed Date" For the purpose of this Scheme and for Income Tax Act, 1961, the "Appointed Date" means 1st April, 2023 or such other date as the National Company Law Tribunal NCLT Mumbai or any other Competent Government Authority may direct, which shall be the date

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