



SAH POLYMERS LIMITED

www.sahpolymers.com CIN : U24201RJ1992PLC006657

REPORT OF THE INDEPENDENT DIRECTORS OF SAH POLYMERS LIMITED ("COMPANY" OR "TRANSFEREE COMPANY") RECOMMENDING THE SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND FIBCORP POLYWEAVE PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

This report is considered and approved by the Independent Directors of the Company at the meeting held on September 25, 2023 at 11:00 A.M. the Registered Office of the Company at E-260-261, Mewar Industrial Area, Madri, Udaipur-313003 where the following Independent Directors were present:

Directors present:

1. Mr. Ramesh Chandra Soni
2. Mr. Sanjay Suthar
3. Mr. Nikhil Raut Khanderao
4. Ms. Asha Jain

Leave of Absence: All the Independent directors are present.

The Independent Directors of the Company unanimously elected Mr. Ramesh Chandra Soni, Lead Independent Director, as the chairperson of the meeting.

1. Background

1.1. The proposed composite scheme of amalgamation between the Company and Fibcorp Polyweave Private Limited ("Transferor Company ") and their respective shareholders ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the Act) read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and the relevant provisions of the Securities and Exchange Board of India ("SEBI") Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 June 20, 2023 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, has been placed before the Independent Directors of the Company at their meeting held on September 25, 2023 for the Independent Directors of the Company to consider and approve the said Scheme.

1.2. As per the requirements under the SEBI Circular, the Independent Directors of the Company are required to adopt a report recommending the Scheme, taking into consideration, inter alia, that the scheme is not detrimental to the shareholders of the Company.

1.3. This report, in connection with the Scheme, has been accordingly adopted by the Independent Directors of the Company in order to comply with the requirements under the SEBI Circular, after considering, discussing and reviewing, inter-alia, the following:

a) the draft Scheme which is duly initialled by Company Secretary of the Company for the purpose of identification.



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(b) valuation report dated September 25, 2023 issued by Mr. Mahesh Mandowara, an independent and registered valuer, in respect of the share exchange ratios set out under the Scheme;

(c) fairness opinion dated September 25, 2023 issued by Kunvarji Finstock Private Limited, an independent and SEBI registered Category I merchant banker, having SEBI Reg. no.: INM000012564, providing opinion on the fairness of the share exchange ratios proposed in the valuation report;

(d) draft certificate from the statutory auditor of the Company H R Jain & Co.,

(e) Undertaking given by the Company confirming that approval of majority of public shareholders as prescribed under Paragraph (A)(10)(b) of Part I of the SEBI Circular is not applicable to the Scheme along with certificate of the Statutory Auditors of the Company, certifying the said undertaking.

2. Need and rationale for the Scheme

2.1. The Independent Directors of the Company noted the need and rationale of the Scheme which is set out below:

3. Need for amalgamation and rationale for the Scheme

The Independent Directors noted and agreed with the need for amalgamation and rationale of the Scheme which is set out below:

- 1.1. The Transferor Company is a subsidiary of the Transferee Company and is under the management of the Transferee Company.
- 1.2. The Transferor Company and the Transferee Company are engaged in the business of manufacture and sale of Flexible Intermediate Bulk containers (FIBC), HDPE/PP fabrics and sacks etc. The amalgamation will ensure focused management in the combined entity thereby resulting in efficiency of management and maximizing value for the shareholders. Such restructuring will lead to simplification of group structure by eliminating multiple companies in similar business.
- 1.3. The proposed amalgamation of the Transferor Company with the Transferee Company in accordance with the terms of this Scheme would enable both the Companies to realize benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical, distribution and marketing resources of each other in the interest of maximizing value to their Shareholders and the Stakeholders.

4. Synergies of business of the entities involved in the scheme

The Independent Directors noted that the proposed Scheme would result in following Synergies:



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- a. **Operational integration and better facility utilisation:** The amalgamation in accordance with this Scheme will provide an opportunity for reduction of operational costs through transfer of intermediary products between the Companies, better order loads for the business through pooling of orders, synergies from sales and production planning across the businesses.
- b. **Efficient raw material procurement and reduced procurement costs:** Synergy of operations will be achieved as a result of sustained availability of raw materials as well as reduced procurement costs for Transferor Company. The proposed amalgamation would ensure combined sourcing of raw materials such as HDPE, PP, pigments, Accessories etc. by both the Transferor Company and the Transferee Company, would result in reduction in overall procurement cost for the amalgamating Company. Besides, certain requirements of the Transferor Company such as Fabrics etc. could be directly met by the Transferee Company's production and procurement arms.
- c. **Operational Efficiencies:** The amalgamation would result in synergy benefits arising out of single value chain thereby reducing costs and increasing operational efficiencies. Centralization of inventory, from raw material to finished goods and spares, may enable better efficiency, utilization and overall reduction in working capital. The proposed amalgamation would likely result in optimized power consumption, reduced costs, sharing of best practices, cross-functional learnings, better utilisation of common facilities and greater efficiency in debt and cash management.
- d. **Rationalization of Procurement & Logistics costs:** Consolidation and optimization of stockyards could significantly reduce logistics and distribution costs for both the Transferor Company and the Transferee Company.
- e. **Enhancing Value in Marketing:** With an overlap in products across the Transferor Company and the Transferee Company, the combined entity would be better positioned to service customer needs. The Transferor Company could expand its existing core market using the strong distribution channel of the Transferee Company. Further, the Transferor Company could also have access to the Transferee Company's marketing capabilities. The Transferee Company would benefit from complementary product offerings of the Transferor Company, resulting in a strong presence across market segments. The proposed amalgamation will result in access to new markets and product offerings as well as increased export volumes.
- f. **Improving Customer Satisfaction and Services:** The proposed amalgamation would make it easier to address needs of customers by providing them uniform product and service experience, on-time supplies, improved service levels thereby improving customer satisfaction. With common credit management, the customers are expected to benefit from the channel financing benefits from the combined entity.

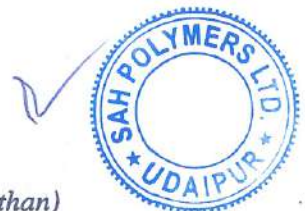


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g. **Improved safety, environment and sustainability practices:** Increased coverage of plant automation can be achieved across plants of the

Transferor Company, by using the Transferee Company's information technology applications and systems.

h. Thus, the proposed amalgamation is beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Transferor Company and the Transferee Company and is beneficial to the public at large.

5. Scheme not detrimental to shareholders of the Company

The Independent Directors of the Company noted that:

- 5.1 For the Shareholders of the Transferee Company, the Scheme will result in economies of scale and consolidation of opportunities will improve profitability and enhance overall Shareholder value. This is particularly marked in the improved synergies that will arise pursuant to the Scheme. The impact of the Scheme on the Shareholders, including the Public Shareholders, would be the same in all respects and no Shareholder is expected to have any disproportionate advantage or disadvantage in any manner.
- 5.2 For the Shareholders of the Transferor Company, the Scheme will provide an opportunity to improve the economic value for the Shareholders. This is particularly marked in the improved synergies that will arise pursuant to the Scheme. Upon the Scheme becoming effective, the shareholders of the Transferor Company will be able to participate in the growth of the Transferee Company.

Therefore, considering the above and other documents presented, the Independent Directors of the Company are of the view that the Scheme is not detrimental to the shareholders of the Company.

6. Recommendation of the Independent Directors of the Company

- 6.1 The Independent Directors of the Company, after due deliberations and due consideration of all the terms of the Scheme, in particular the fact that the Scheme is not detrimental to the shareholders of the Company, recommends the Scheme for approval of the Board of Directors of the Company.

**For and on behalf of the Independent Directors of
Sah Polymers Limited**

Ramesh Chandra Soni
Designation: Lead Independent Director
DIN: 00049497

Date: 25.09. 2023

Place: Udaipur Office & Factory :

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