

TBK SAMIYAZ TILE BATH KITCHEN PRIVATE LIMITED

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TBK SAMIYAZ TILE BATH KITCHEN PRIVATE LIMITED AT ITS MEETING HELD ON WEDNESDAY THE 23RD DAY OF OCTOBER, 2019 ON THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

1. Background

- 1.1. A meeting of the Board of Directors (“**Board**”) of TBK Samiyaz Tile Bath Kitchen Private Limited was held on 23rd October, 2019 to consider and approve the proposed Composite Scheme of Arrangement and Amalgamation amongst Prism Johnson Limited (“**PJL**”), H. & R. Johnson (India) TBK Limited (“**HRJ TBK**”), Milano Bathroom Fittings Private Limited (“**Milano**”), Silica Ceramica Private Limited (“**Silica**”), TBK Rangoli Tile Bath Kitchen Private Limited (“**TBK Rangoli**”), TBK Venkataramiah Tile Bath Kitchen Private Limited (“**TBK Venkat**”), TBK Samiyaz Tile Bath Kitchen Private Limited (“**TBK Samiyaz**” or “**Company**”) and their respective shareholders and creditors under Sections 230 to 232 read with section 52 and other applicable provisions of the Companies Act, 2013, as applicable (“**Scheme**”).
- 1.2. In terms of Section 232(2)(c) of Companies Act, 2013, a report from the Board of the Company explaining the effect of the compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders laying out in particular the share exchange ratio, specifying special valuation difficulties, if any, has to be appended with the notice of the meeting of shareholders and creditors. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.
- 1.3. While deliberating on the Scheme, the Board had, inter-alia, considered and took on record following documents:
- Draft Scheme, duly initialed by the Director of the Company for the purpose of identification.
 - Certificate dated 23rd Oct, 2019 from Borkar & Muzumdar, Chartered Accountants, statutory auditors of the Company confirming that the accounting treatment contained in the Scheme is in compliance with Accounting Standards prescribed under section 133 of the Companies Act, 2013 (“**Auditor’s Certificate**”).

Regd. Office. : G 5-10, Grnd Flr, Plot no. 6, Savita Raj Complex, Kala Manak Flat Owners Society,
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2. Background to the Proposed Scheme

2.1. The Scheme entails the following:

- (a) Demerger of retail/trading business undertakings of TBK Rangoli, TBK Venkat and TBK Samiyaz into HRJ TBK (collectively “Demerger 1”);
- (b) Subsequent demerger of retail/trading business undertaking of HRJ TBK (after considering the impact of Demerger 1) into PJJ (“Demerger 2”);
- (c) Adjustment of securities premium with debit balance of retained earnings, to the extent available, by way of capital reduction in terms of Section 52 & other applicable provisions of the Companies Act, 2013 in the books of Silica (“Capital Reduction”);
- (d) Subsequent amalgamation of Milano and Silica with PJJ (“Amalgamation”).

in accordance with sections 230 to 232 read with section 52 and other applicable provisions of the Companies Act, 2013, as applicable and section 2(1B) and section 2(19AA) of Income Tax Act, 1961. The Appointed date for the Scheme is 1st April, 2018.

3. Report:

- (a) Demerger of retail/trading business undertakings of TBK Rangoli, TBK Venkat & TBK Samiyaz into HRJ TBK:

TBK Rangoli, TBK Venkat & TBK Samiyaz are wholly owned subsidiaries of HRJ TBK. Hence, no shares of the HRJ TBK shall be issued on the Demerger 1. Thus, there will be no adverse effect of the aforesaid Demerger 1 pursuant to the Scheme on the Equity Shareholders, Key managerial person, Promoters and Non-Promoter shareholders of the Company, except to the extent specified in clause (f) below.

- (b) Demerger of retail/trading business undertaking of HRJ TBK (post Demerger 1) into PJJ:

HRJ TBK is wholly owned subsidiary of PJJ. Hence, no shares of the PJJ shall be issued on the Demerger 2. Thus, there will be no adverse effect of the aforesaid Demerger 2 pursuant to the Scheme on the Equity Shareholders, Key managerial person, Promoters and Non-Promoter shareholders of the Company, except to the extent specified in clause (f) below.

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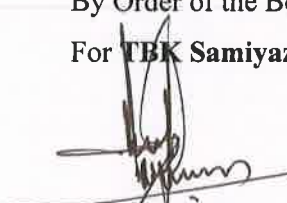


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- (c) Adjustment of securities premium with debit balance of retained earnings by way of Capital Reduction in books of Silica:
Silica is a wholly owned subsidiary of PJJ. The Capital Reduction is done in the books of Silica. Therefore, the Capital Reduction to be undertaken does not have any impact on the Equity Shareholders, Key managerial person, Promoters and Non-Promoter shareholders of the Company, except to the extent specified in clause (f) below.
- (d) Subsequent Amalgamation of Milano & Silica with PJJ:
Milano & Silica are wholly owned subsidiaries of PJJ. Hence, no shares of PJJ shall be issued pursuant to Amalgamation. Thus, there will be no adverse effect of the aforesaid Amalgamation pursuant to Scheme on the Equity Shareholders, Key managerial person, Promoters and Non-Promoter shareholders of the Company, except to the extent specified in clause (f) below.
- (e) Since the amalgamation and/or demerger is taking place among the entities which are subsidiaries of PJJ, either directly or indirectly, there is no consideration either in the form of cash or in the form of issue of shares, hence the requirement of carrying out any valuation and obtaining a valuation report from a registered valuer does not arise.
- (f) None of the directors, Key Managerial Personnel, promoters and non-promoter shareholders have any material interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Transferor/ Transferee Companies.

By Order of the Board

For **TBK Samiyaz Tile Bath Kitchen Private Limited**


Anoop Sreekumar
Director
DIN: 03404325



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