



SWISS
GLASCOAT
EQUIPMENTS LIMITED

H-106, GIDC Estate,
Vitthal Udyognagar, Dist.: Anand,
Gujarat 388 121, INDIA
Phone : (02692) 236842 to 45
Fax : (02692) 236841 & 236850
E-mail : share@glascoat.com
Website : www.glascoat.com

CIN : L26100GJ1991PLC016173

REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE ON THE DRAFT SCHEME OF ARRANGEMENT BETWEEN SWISS GLASCOAT EQUIPMENTS LIMITED, HLE ENGINEERS PRIVATE LIMITED AND YASHASHVI AGROCHEMICAL PRIVATE LIMITED ADOPTED AT THE MEETING HELD ON WEDNESDAY, JANUARY 16, 2019 AT 11.00 A.M. AT A-3, A-6, A-7, BLOCK NO. 140B PAIKI PLOT NO. 4 & 5, MAROLI UDYOGNAGAR, POST: MAROLI BAZAR, DIST. NAVSARI, GUJARAT, PIN 396436

PRESENT

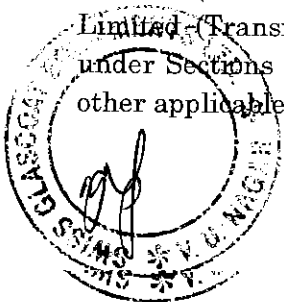
Yatish Parekh	Chairperson
Sandeep Randery	Member
Jayesh Shah	Member
Aalap Patel	Member

In Attendance

Mr. Mahesh Bhave	Chief Financial Officer
Ms. Dhvani Shah	Company Secretary & Compliance Officer

Background

A meeting of Audit Committee of Swiss Glascoat Equipments Limited was held on January 16, 2019 to consider and recommend to the Board of Directors the Scheme of Arrangement between Swiss Glascoat Equipments Limited (Resulting Company), HLE Engineers Private Limited (Transferee Company/ Demerged Company) and Yashashvi Agrochemical Private Limited (Transferor Company) (hereinafter referred to as "Scheme") to be implemented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and other applicable laws.

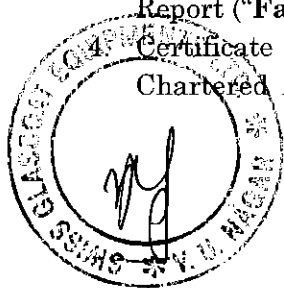


The proposed Scheme is likely to result in the following benefits:

- i. The Demerger of the Operating Business of the Demerged Company and vesting of the same in the Resulting Company and amalgamation of the Transferor Company with the Transferee Company will enhance efficiencies and combine similar business interest into one corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the business.
- ii. The transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, by way of demerger, would facilitate focused management attention, administrative efficiency, organizational efficiency and optimum utilization of various resources being in the similar line of business, provide leadership vision, provide greater leveraging capability due to financial independence and facilitate strategic and/ or financial investment.
- iii. The transfer of the Operating Business by the Demerged Company and the amalgamation of the Transferor Company with the Transferee Company will enable the Demerged Company/ Transferee Company to enhance shareholder value accruing from consolidation of the business operations, economies of scale, improved allocation of capital, operational efficiency, integration of processes and optimized cash flows, thus contributing to the overall growth prospects of the Demerged Company/ Transferee Company.
- iv. The Scheme is expected to enable pooling of resources of the Transferor Company, Demerged Company/ Transferee Company and the Resulting Company and thus result into more productive utilization of the resources and reduction of costs, which would be beneficial for all stakeholders.
- v. The Scheme is in the interest of all the companies, their respective shareholders, creditors and employees.

The report of Audit Committee is made in order to comply with the requirements of the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI") as amended from time to time, after considering the following documents:

1. Draft Scheme of Arrangement;
2. Valuation Report dated January 15, 2019 issued by M/s. R. U. Kamath & Co., Chartered Accountants ("Valuation Report");
3. Fairness Opinion dated January 15, 2019 issued by Vivro Financial Services Private Limited, Category I Merchant Banker providing the Fairness Opinion on the Valuation Report ("Fairness Opinion");
4. Certificate from the Statutory Auditors of the Company i.e. M/s. M. M. Nissim & Co., Chartered Accountants confirming that the Scheme is in compliance with applicable



- accounting treatment notified under Companies Act, 2013 and other generally accepted principles;
5. Audited financial statements of Swiss Glascoat Equipments Limited, HLE Engineers Private Limited and Yashashvi Agrochemical Private Limited for the preceding three financial years; and
 6. Financial Results for the half year ended September 30, 2018 of Swiss Glascoat Equipments Limited, HLE Engineers Private Limited and Yashashvi Agrochemical Private Limited.

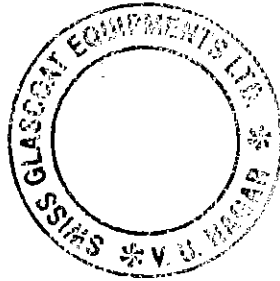
Recommendation of the Audit Committee

Having considered the Valuation Report, Fairness Opinion as well as the Scheme, the Audit Committee does hereby unanimously recommend the draft Scheme, for favorable consideration by the Board of Directors of the Company, BSE Limited, the SEBI, the shareholders and creditors of the Company and all other authorities/ agencies as may be required.

**For and on Behalf of the Audit Committee
of Swiss Glascoat Equipments Limited**



Mr. Yatish Parekh
Chairperson - Audit Committee
DIN: 000168488



Place: Maroli Udyognagar

Date: January 16, 2019