

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF ASIAN GRANITO INDIA LIMITED RECOMMENDING THE DRAFT OF COMPOSITE SCHEME OF ARRANGEMENT AMONGST ASIAN GRANITO INDIA LIMITED AND AFFIL VITRIFIED PRIVATE LIMITED AND IVANTA CERAMICS INDUSTRIES PRIVATE LIMITED AND CRYSTAL CERAMIC INDUSTRIES LIMITED AND AFFIL CERAMICS LIMITED AND IVANTA CERAMIC LIMITED AND CRYSTAL VITRIFIED LIMITED AND AMAZOONE CERAMICS LIMITED AND AGL INDUSTRIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

The Following Independent Directors were present:

1. Mr.Kandarp G Trivedi
2. Mr.Mukesh M Shah
3. Mr.Hemendrakumar Chamanlal Shah
4. Mr.Maganlal Joitabhai Prajapati
5. Ms.Indira Nityanandam

The Committee of Independent Directors unanimously elected Mr. Kandarp Trivedi as the Chairman of the meeting. Thereafter, Mr. Kandarp Trivedi took the chair and presided over the meeting.

1. Background

- a) A Meeting of the Committee of Independent Directors of Asian Granito India Limited ("the Company") was held on 12.08.2023 to consider and recommend the draft Scheme of Arrangement between Asian Granito India Limited and Affil Vitrified Private Limited and Ivanta Ceramics Industries Private Limited and Crystal Ceramic Industries Limited and Affil Ceramics Limited and Ivanta Ceramic Limited and Crystal Vitrified Limited and Amazoone Ceramics Limited and AGL Industries Limited and their Respective Shareholders And Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") ("the Scheme").
- b) The Company is a listed public limited company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE")

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Circular number SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20,2023 ('SEBI Master Circular"), including amendments thereto.

- d) The Appointed Date of Scheme would be 16th October, 2023 or such other date as may be directed or approved by the NCLT or any other appropriate authority

2. Salient Features of the Scheme

a) Part A of the Scheme

Following undertakings to be demerged and transferred in following manner:

- Affil Tiles Manufacturing Undertaking of Affil Vitrified Private Limited to be demerged into Affil Ceramics Limited (a wholly owned subsidiary of Asian Granito India Limited)
- Ivanta Tiles Manufacturing Undertaking of Ivanta Ceramics Industries Private Limited (pursuant to Rule 3(2) of the Companies Rules, 2014 read with Section 366 of the Companies Act, 2013, Ivanta Ceramics Industries LLP is being converted into Ivanta Ceramics Industries Private Limited following the procedure prescribed in the rules) to be demerged into Ivanta Ceramic Limited (a wholly owned subsidiary of Asian Granito India Limited) and
- Crystal Tiles Manufacturing Undertaking of Crystal Ceramic Industries Limited to be demerged into Crystal Vitrified Limited (a wholly owned subsidiary of Asian Granito India Limited)

Upon the Scheme becoming effective, equity shares of Asian Granito India Limited will be allotted in lieu or exchange of the demergers.

b) Part B of the Scheme

Following undertaking to be sold by way of slump sale and transferred in following manner:

- Marbles & Quartz Division of Asian Granito India Limited into Amazoone Ceramics Limited (a wholly owned subsidiary of Asian Granito India Limited)

Upon the Scheme becoming effective, Amazoone Ceramics Limited will pay the consideration to Asian Granito India Limited in one or more tranches, with or without interest, as mutually agreed.

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c) Part C of the Scheme

Following company to be merged and transferred in following manner:

- AGL Industries Limited (a wholly owned subsidiary of Asian Granito India Limited) to be merged into Amazone Ceramics Limited (a wholly owned subsidiary of Asian Granito India Limited)

Upon the Scheme becoming effective, preference shares of Amazone Ceramics Limited will be allotted to AGL Industries Limited in lieu or exchange of the merger.

3. Rationale of the Scheme

i. Rationale for Demerger & Merger

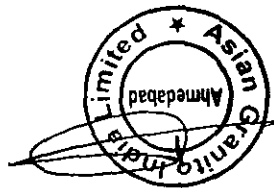
- Combining and bundling of Affil Tiles Manufacturing Undertaking of Affil Vitrified Private Limited, Ivanta Tiles Manufacturing Undertaking of Ivanta Ceramics Industries Private Limited and Crystal Tiles Manufacturing Undertaking of Crystal Ceramic Industries Limited into the Affil Ceramics Limited, the Ivanta Ceramic Limited and the Crystal Vitrified Limited which are, inter alia, wholly owned subsidiaries of the Asian Granito India Limited
- Better control on utilization of production capacity due to integration of the manufacturing process;
- Optimization of working capital due to consolidation of businesses;
- Inorganic expansion of production lines and opportunity for further organic expansion due to increased fungibility of the existing funds;
- Economies of scale due to synergistic effect of the combination of the businesses related to similar business line of manufacturing of tiles;
- Achieve cost optimization and specialization for sustained growth; and
- Enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies by bundling the businesses pertaining to different industries.

ii. Rationale for Slump sale

- To reorganise and segregate the interests of the Asian Granito India Limited in different business lines, slump sale of the Marbles & Quartz Undertaking.

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- b) Emergence of the Amazone Ceramics Limited as a Marbles & Quartz focussed company, attracting the right investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained

4. Documents placed before the Committee of Independent Directors

- a) Draft Scheme, duly initialled by the Company Secretary of the Company for the purpose of identification;
- b) Independent Valuation Report dated 12.08.2023 ("Valuation Report") issued by Mr. Gaurav Maheshwari (IBBI Reg. No: IBBI/RV/11/2021/14432) describing, inter alia, the methodologies adopted by them in arriving at the recommended Share Entitlement Ratio and Share Exchange Ratio and setting out the detailed computation of Share Entitlement Ratio for the proposed Composite Scheme of Arrangement and the Share Exchange Ratio for the proposed d Composite Scheme of Arrangement;
- c) Fairness opinion dated 12.08.2023 ("Fairness Opinion") issued by Holani Consultants Private Limited, a SEBI registered Category-I Merchant Banker (Reg No. INM000012467) providing its opinion on the fairness of the Share Entitlement Ratio and the Share Exchange Ratio, as recommended in the Valuation Report;
- d) Auditor's Certificate dated 21ST August, 2023 issued by R.R.S & Associates (FRN :118336W), the statutory auditors of the Company, as required under Section 232(3) of the Companies Act certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act; and
- e) Other presentations, reports, documents and information made to/ furnished before the Committee of Independent Directors pertaining to the draft Scheme

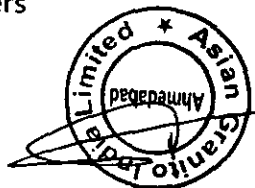
5. Scheme not detrimental to the shareholders of the Company

- a) The members of the Committee of Independent Directors discussed and deliberated upon the rationale and salient features of the Scheme.
- b) The Company will issue consideration in the manner as set out in paragraphs 2.a and 2.b and 2.c above i.e. equity shares of the company. The Number of shares issued will be based on the Valuation as per Valuation Report, Fairness Opinion and Share Swap Ratio. The shares issued shall rank pari pasu in all respects with the then existing shares

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- d) Accordingly, there will be no detrimental impact on the shareholders of the Company due to the proposed Scheme.
- e) Thus, on the basis of the above, the Scheme is not detrimental to the shareholders of the Company

6. Recommendation of the Committee of Independent Director

- a) The Committee of Independent Directors after due deliberations and due consideration of all the terms of the draft Scheme, the above rationale, the Valuation Report, Fairness Opinion and the specific points mentioned above including that the Scheme is not detrimental to the shareholders of the Company, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company subject to final approval to be obtained from various authorities such as Stock Exchanges, SEBI and NCLT etc.

By Order of the Committee of Independent Directors

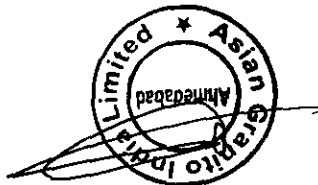
For Asian Granito India Limited


(Mr. Kandarp Trivedi)

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