

Royal Cushion Vinyl Products Limited
 Cin no: L24110MH1983PLC031395
 "Shlok" 60 – CD,
 Govt. Industrial Estate, Charkop,
 Kandivali (W), Mumbai – 400 067
 Tel: + 91 22 28603514, 16
 Email: legalho83@gmail.com
 Website: www.rcvp.in

Report of Audit Committee of Royal Cushion Vinyl Products Limited ("Company") recommending the Draft Scheme of Amalgamation ("the Scheme") of Natroyal Industries Private Limited ("NIPL" or "Transferor Company") with and into "Royal Cushion Vinyl Products Limited" ("RCVPL" or "Transferee Company") and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 at its meeting held on 26th March 2025

Members Present:

1. Mr. Dhaval Vakharia - Chairman
2. Mrs. Avani Pandit – Member
3. Mr. Jayesh Motasha – Member

1. The Audit Committee of Royal Cushion Vinyl Products Limited ('the Company') at its meeting held on 26th March 2025 considered a Draft of the Scheme of Amalgamation ("Scheme") under Section 230-232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder between **Natroyal Industries Private Limited ("NIPL" or "Transferor Company")** and **Royal Cushion Vinyl Products Limited ("RCVPL" or "the Company" or "Transferee Company")** has been placed before the Audit Committee by the management for it to consider and recommend the said draft of the Scheme to the Board of Directors of the Company.
2. The equity shares of the Company are listed on BSE Limited ("BSE"). The Company will be filing the Scheme along with the necessary information / documents with the BSE under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
3. The Company had previously filed a Scheme of Amalgamation for the merger of the Natroyal Industries Private Limited with the Company on 4th September, 2024, with the Bombay Stock Exchange Limited ("BSE Limited"). However, in light of procedural delays with responding to the clarifications sought by BSE Limited on 16th September, 2024, and pursuant to the letter received from BSE Limited on 18th February, 2025, advising the Company to submit a fresh valuation report

and a new application, the Board hereby approves the refiling of the Scheme in compliance with the aforesaid requirements.


4. The report of the Audit Committee is made in order to comply with the requirements of the circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") issued by the Securities and Exchange Board of India ("SEBI") (including any amendment(s) or modifications(s) thereto) covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of SEBI LODR Regulations ("SEBI Scheme Circular"), after considering the following documents:
- Draft Scheme of Amalgamation;
 - Valuation Report dated 26th March 2025 of Ashwini Sushrut Chitale, IBBI Regn No. IBBI/RV/06/2019/11596, an independent Registered valuer and its recommendation of the share exchange ratio ("Share Exchange Ratio Report");
 - Fairness Opinion dated 26th March, 2025 issued by Bajaj Capital Securities Limited, a SEBI registered Merchant Banker (SEBI Regn No. INM000013208), providing the Fairness Opinion on the valuation report of Ashwini Sushrut Chitale, Registered valuer on valuation of assets/ shares of the Transferor Company and the Company and the Fair Share Swap ratio recommended;
 - Pricing Certificate dated 26th March, 2025 as required under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 prepared and submitted by M/s. Manek & Associates, Chartered Accountants (ICAI Firm Registration No. 0126679W);
 - Shareholding Pattern of Transferor Company and the Company;
 - Draft certificate issued by Manek & Associates, Chartered Accountants (ICAI Firm Registration No. 0126679W), the statutory auditors of the Transferee Company, as required

Royal Cushion Vinyl Products Limited
Cin no: L24110MH1983PLC031395
"Shlok" 60 – CD,
Govt. Industrial Estate, Charkop,
Kandivali (W), Mumbai – 400 067
Tel: + 91 22 28603514, 16
Email: legalho83@gmail.com
Website: www.rcvp.in

under section 230(7)(e) of the Companies Act, 2013 and SEBI Scheme Circular certifying that the accounting treatment as specified in Clause 13 of the draft Scheme is in compliance with the applicable Indian Accounting Standards specified by the Central Government under section 133 of the Companies Act, 2013;

- g. Audited financial statements of the Transferor Company and the Company, for the last 3 years; and
 - h. Report of the Audit Committee of the Company recommending the Draft Scheme to the Board of Directors for approval after due consideration to the effect that the scheme inter alia not detrimental to the shareholders of the listed entity.
5. Part II of the Scheme inter-alia provides for the amalgamation by merger of Transferor Company with and into the Company and certain consequential aspects thereto.
6. The Audit Committee has perused the provisions in the Scheme which, inter alia, contains:
- a. **Rationale for the proposed Scheme of Amalgamation**
 - i. The Transferor Company is engaged in the business of manufacturing of seating components, coated textile fabrics, knitted fabrics and trading of PVC Vinyl Flooring/chemical items. The Transferee Company is engaged in the business of manufacturing and supplying PVC floor covering, PVC sheets and PVC leathercloth. Both the Companies are in a related line of business activities and are held by the same controlling shareholders group.
 - ii. The Scheme will enable the Transferee Company to position itself as a larger and competitive organisation by pooling of various resources Including human resources, finance, capital base, manufacturing facilities, operational and management capabilities etc. thereby enabling accelerated growth and development of the combined businesses.

For Royal Cushion Vinyl Products Ltd.


Authorised Signatory / Director

Factory Address: Plot 55, Village Garachha, Tuluva Gavli, Vadodara, Gujarat – 391520, INDIA

Royal Cushion Vinyl Products Limited
Cin no: L24110MH1983PLC031395
"Shlok" 60 – CD,
Govt. Industrial Estate, Charkop,
Kandivali (W), Mumbai – 400 067
Tel: + 91 22 28603514, 16
Email: legalho83@gmail.com
Website: www.rcvp.in

- iii. The Scheme provides an opportunity to help the Transferor Company and the Transferee Company in achieving efficiency and synergy in operations by combining the business of the Transferor Company with the Transferee Company, which will result into better and more productive utilization of various resources and economies of scale including reduction in overhead expenses relating to administration, operations and management of the businesses.
- iv. The Scheme will enable the companies concerned to rationalize and streamline their management business and finances and to eliminate duplication of work to their common advantages.
- v. Thus, with an intent to achieve aforesaid objectives and further in order to consolidate, streamline and effectively merge the Transferor Company and the Transferee Company in a single entity it is intended that the Transferor Company be merged/amalgamated with the Transferee Company.
- vi. In view of the aforesaid objectives, the Board of Directors of the Transferor Company and the Transferee Company have considered and proposed the amalgamation for the transfer and vesting of the Undertaking of the Transferor Company (as defined hereunder) and business of the Transferor Company with and into the Transferee Company and other ancillary and incidental matters stated herein, with an opinion that the amalgamation and other provisions of the Scheme would benefit the shareholders, employees and other stakeholders of the Transferor Company and the Transferee Company.
- vii. The amalgamation of the Transferor Company with the Transferee Company will combine the business, activities and operations of the Transferor Company and the Transferee Company into a single company with effect from the Appointed Date and shall be in compliance with the provisions of the IT Act (as defined hereunder), including Section 2(1B) thereof or any amendments thereto.

For Royal Cushion Vinyl Products Ltd.


Authorised Signatory / Director

Factory Address: Plot 55, Village Garadhia, Taluka Savli, Vadodara, Gujarat – 391520, INDIA

Royal Cushion Vinyl Products Limited
Cin no: L24110MH1983PLC031395
"Shlok" 60 – CD,
Govt. Industrial Estate, Charkop,
Kandivali (W), Mumbai – 400 067
Tel: + 91 22 28603514, 16
Email: legalho83@gmail.com
Website: www.rcvp.in

b. Synergies of the Business of the entities involved in the Scheme

As elaborated in the rationale of the Scheme, the amalgamation of the Transferor Company with the Transferee Company provides an opportunity to the Transferee Company to pool their resources and to expand their activities thus enabling establishment of a larger company with larger resources and a larger capital base thus enabling further development of the business of the companies. Also, it will result into economies of scales, reduction in overheads including administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs.

c. Impact of the Scheme on the shareholders:

- i. Pursuant to the Scheme, equity shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Companies and their respective shareholders.
- ii. The Scheme has been drafted keeping in mind the provisions of section 2(1B) of the Income-tax Act, 1961, as more particularly elaborated in Clause 11.1 of the Scheme, and therefore it may not have any adverse tax implications.
- iii. The Scheme will result in consolidation of business of Transferor Company and get housed in the Company. The said consolidation will be in the interest of stakeholders of the Company and Transferor Company to have an increased capability for running this business and pursue growth opportunities.
- iv. The Audit Committee also noted that the Scheme is subject to the majority of approval of public shareholders of the Company. The Audit Committee was of the opinion that the Scheme is not detrimental to the interest of the shareholders of the Company.

For Royal Cushion Vinyl Products Ltd.

Factory Address: Plot 55, Village Garadhia, Taluka Savli, Vadodara, Gujarat – 391520, INDIA

Authorised Signatory / Director

d. Cost benefit analysis of the Scheme

All the costs, charges, taxes, including consultant's fees, lawyer's fees and all other expenses if any, arising out of or incurred in implementing the said scheme and matters incidental thereto shall be borne by the Transferor Company and the Company, as may be mutually decided by the Boards of the Transferor Company and the Company; however, the costs incurred toward the implementation of the Scheme foreshadows the long-run benefit that can be derived by achieving strategic and operational synergies envisaged under the Scheme. Further, there will be business benefits arising to the Company, as explained in the above paragraphs, which cannot be quantified.

e. Need for the merger

The Audit Committee has carefully reviewed and considered the need for the merger as outlined in the rationale of the Scheme as mentioned above in 'a'. After a thorough examination of the relevant information and discussions with the management, the committee concurs that the reasons for the merger remain consistent with those stated in the Scheme's rationale as mentioned above in 'a'.

7. Consideration / Share Exchange Ratio

In respect of share exchange ratio, the Audit Committee noted, deliberated and confirmed that the report on recommendation of fair share entitlement ratio as recommended for Part II of the Scheme, in the report on recommendation of fair share entitlement ratio is fair to the shareholders. Upon scheme becoming effective, shares would be issued as under:

"61 (Sixty One) equity shares of face value of INR 10/- (Indian Rupees Ten Only) each of the Transferee Company, for every 1 (One) fully paid-up equity shares of face value of INR 100/- (Indian Rupees One Hundred Only) each of the Transferor Company. ("Share Entitlement Ratio")"

For Royal Cushion Vinyl Products Ltd.


Authorised Signatory / Director

21

Royal Cushion Vinyl Products Limited
Cin no: L24110MH1983PLC031395
"Shlok" 60 – CD,
Govt. Industrial Estate, Charkop,
Kandivali (W), Mumbai – 400 067
Tel: + 91 22 28603514, 16
Email: legalho83@gmail.com
Website: www.rcvp.in

8. The proposed Appointed Date of the Scheme shall be the opening business hours of 1st April, 2024 or such other date as the Hon'ble National Company Law Tribunal ("NCLT") may allow or direct and which is acceptable to the Board of Directors of the Transferor Company and the Transferee Company.
9. **"Effective Date"** means the last of the dates on which all the conditions as referred to in Clause 23 of the Scheme has been complied with, including filing of certified copy of the order, sanctioning this Scheme, passed by the Hon'ble NCLT with the Registrar of Companies by the Transferor Company and the Transferee Company collectively. Any references in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date.
10. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, the SEBI, the BSE, Shareholders and other appropriate authorities;
11. The Scheme is conditional upon approval by the public shareholders of the Company and the Transferor Company through e-voting in terms of Part - I (A)(10) of SEBI Master circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 30, 2023 ("SEBI Master Circular"), and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
12. **In terms of the Cost Benefit Analysis of the Scheme, the Audit Committee had the following observations:**
Keeping in view of the need for the merger, rationale of the Scheme and expected synergies, the Audit Committee is of the view that the proposed Scheme will provide many benefits to the Transferee Company in terms of development and expansion of its business without requiring immediate outflow of cash resources as the consideration is proposed to be discharged by issue of shares of the Transferee Company, while there would be non-material procedural costs to be expended by the Transferee Company to implement the Scheme proposal. Thus, considering all aspects, the Audit Committee is of the considered view that benefits would outweigh the costs.

For Royal Cushion Vinyl Products Ltd.



5/2

Royal Cushion Vinyl Products Limited
Cin no: L24110MH1983PLC031395
"Shlok" 60 – CD,
Govt. Industrial Estate, Charkop,
Kandivali (W), Mumbai – 400 067
Tel: + 91 22 28603514, 16
Email: legalho83@gmail.com
Website: www.rcvp.in

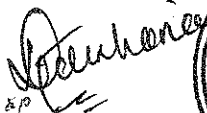
13. **Recommendation of the Committee**

In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Draft Scheme, Report on recommendation of fair equity share entitlement ratio, Fairness Opinion and the specific points mentioned above, recommends the Draft Scheme for favourable consideration by the Board of Directors of the Company.

By Order of the Audit Committee

For and on behalf of

For Royal Cushion Vinyl Products Limited



Dhaval Vakharia



Chairman of the Audit Committee

Date: 26/03/2025

Place: Mumbai