



H R JAIN & Co

CHARTERED ACCOUNTANTS

Independent Auditor's Report on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/CFD/POD-2/P/CIR/2023/93

The Board of Directors,

Sah Polymers Limited
E-260-261, Mewar Industrial Area,
Madri,
Udaipur-313003

1. This Report is issued in accordance with the terms of our service scope letter dated September 7, 2023, with Sah Polymers Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Securities Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, H R Jain & Co., Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the accounting treatment given in clause 13 of Part II of the accompanying proposed Scheme of Amalgamation between the Company and Fibcorp Polyweave Private Limited (the "Scheme" or "Proposed Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/ 2023 /93 dated June 20, 2023 ('SEBI Master Circular'), for compliance with the applicable accounting standards prescribed under section 133 of the Act, relevant rules thereunder and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'), read with General Circular No 09/2019 issued by the Ministry of Corporate Affairs dated August 21, 2019 (MCA Circular). The accounting treatment as prescribed in the Proposed Scheme has been included in Annexure which has been initialled by us for identification purposes only.

Management's Responsibility

3. The preparation of the Proposed Scheme is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other

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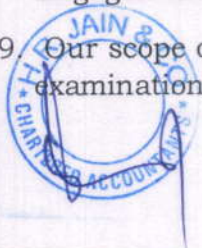
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relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Proposed Scheme has been approved by the Board of Directors.

4. The management of the Company is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provides relevant information to the NCLT.

Auditors' Responsibility

5. Pursuant to the requirements of Section 230 of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular, our responsibility is to provide reasonable assurance in the form of an opinion on whether the proposed accounting treatment as contained in the Annexure is in compliance with the applicable counting standards.
6. We audited the financial statements of the Company for the financial year ended March 31, 2023, on which we issued an unmodified audit opinion vide our reports dated May 18, 2023. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SOC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing any audit tests in the context of our examination.



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We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof for the purpose of this report. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this report, nor anything said or done in the course of, or in connection with the services that are subject to this report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following in relation to the Annexure:
- Obtained and read the draft Scheme and the proposed accounting treatment specified therein.
 - Obtained copy of resolution passed by the Board of Directors of the Company dated September 25, 2023 approving the Scheme.
 - Examined whether the proposed accounting treatment as per clause 13 of Part II of the Scheme is in compliance with the applicable Accounting Standards.
 - Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

11. Based on our examination and according to the information and explanations given to us, read with paragraph 10 above, in our opinion, the proposed accounting as contained in the Annexure, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under section 133 of the Act read with relevant rules thereunder and other Generally Accepted Accounting Principles.

Restriction on Use

12. This report has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the BSE Limited (BSE), National Stock Exchange of India Limited (NSE), SEBI and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document.

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Our examination relates to the matters specified in this report and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For H R JAIN & CO.,
Chartered Accountants
Firm's Registration No. 000262C

Manoj Jain
Partner

Place of signature: Udaipur
Membership No.: 400459
Date: September 25, 2023
ICAI UDIN: 23400459BGUKFD3601





ANNEXURE:

EXTRACT OF SCHEME OF AMALGAMATION UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES ACT, 2013 BETWEEN FBCORP POLYWEAVE PRIVATE LIMITED ("TRANSFEROR COMPANY") SAH POLYMERS LIMITED ("TRANSFEE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS

13. ACCOUNTING TREATMENT

Upon coming into effect of this Scheme, the Transferee Company shall account for the amalgamation of the Transferor Company in its books of accounts in accordance with "**Pooling of Interest Method**" of accounting as laid down in IND AS 103 (Business Combinations) and relevant clarifications issued by Institute of Chartered Accountants of India (ICAI).

- 13.1. With effect from the Appointed Date, Transferee Company shall record the assets, liabilities and reserves (whether capital or revenue or arising on revaluation) of Transferor Company vested in it pursuant to this Scheme, at their respective book values thereof and in the same form as appearing in the books of Transferor Company at the close of the business of the day immediately preceding the Appointed Date, except to ensure uniformity in accounting policies as provided in Clause 13.4 below;
- 13.2. The value of the investments in the shares of Transferor Company as held by Transferee Company inter-se shall stand cancelled, without any further act or deed;
- 13.3. The inter-company loans, advances, deposits or other obligations between Transferor Company and Transferee Company, if any, will stand cancelled and there shall be no further obligation in that behalf;
- 13.4. Further, in case of any differences in accounting policy between Transferee Company and Transferor Company, the accounting policy followed by Transferee Company will prevail, and the differences shall be adjusted in Capital Reserves of Transferee Company, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

