

REPORT OF THE AUDIT COMMITTEE OF NATIONAL FITTINGS LIMITED ("NFL" OR "TRANSFEREE COMPANY" OR "COMPANY") RECOMMENDING THE SCHEME OF AMALGAMATION OF AVISA PRIVATE LIMITED ("AVISA" OR "TRANSFEROR COMPANY 1") AND BANIL CASTING PRIVATE LIMITED ("BANIL" OR "TRANSFEROR COMPANY 2"), COLLECTIVELY REFERRED TO AS "TRANSFEROR COMPANIES", WITH AND INTO NATIONAL FITTINGS LIMITED ("NFL" OR "TRANSFEREE COMPANY" OR "COMPANY") (COLLECTIVELY REFERRED TO AS "COMPANIES") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ("SCHEME") AT ITS MEETING HELD ON 22ND MAY 2026, AT 112/3D, MADHAPUR ROAD, KANIYUR, SULUR (TALUK), KARUMATHAMPATTI (VIA), COIMBATORE – 641659, TAMIL NADU, INDIA

Present:

Sr No.	Name of Committee Members	Designation
1.	Chenniappan Selvakumar	Non-Executive - Independent Director
2.	Susheela Balakrishnan	Non-Executive - Independent Director
3.	Arpit Agarwal	Executive Director

1. Background

- 1.1. A meeting of the Audit Committee was held on 22nd May 2026, *inter alia*, to consider and if thought fit, recommend to the Board of Directors of the Company ("**Board**"), the draft Scheme of Amalgamation of Avisa Private Limited ("**Avisa**" or "**Transferor Company 1**") and Banil Casting Private Limited ("**Banil**" or "**Transferor Company 2**"), collectively referred to as "**Transferor Companies**", with and into National Fittings Limited ("**NFL**" or "**Transferee Company**" or "**Company**") (collectively referred to as "**Companies**") and their respective shareholders and creditors pursuant to Section 230 to 232 read with other applicable provisions of the Companies Act, 2013 and the rules framed thereunder ("**Scheme**").
- 1.2. **AVISA PRIVATE LIMITED (TRANSFEROR COMPANY 1)**, having Corporate Identity Number ("**CIN**") U24109GJ2025PTC169905, Permanent Account Number ("**PAN**") ABECA2261P and email-id m3@himcast.in, is a private limited company. Transferor Company 1 was originally incorporated as a private company on June 24, 2021 (CIN: U28999GJ2021PTC123543), converted into a Limited Liability Partnership (AVISA LLP, LLPIN: ACL-4758) on January 23, 2025, and subsequently converted back to a private limited company on December 2, 2025 under the Companies Act, 2013 and having its

registered office at 213/4, 214/1 GIDC, NR. HNG Float Glass Ltd, Chandrpura, Panch Mahals, Halol- 389350, Gujarat. The Transferor Company 1 had been incorporated to carry on the business of manufacturing, processing, and trading of steel, aluminium, and allied metal products, along with operating related industrial plants and facilities.

- 1.3. **BANIL CASTING PRIVATE LIMITED (TRANSFEROR COMPANY 2)**, having CIN U27320GJ2020PTC175000, PAN AAJCB2765K and email-id m3@himcast.in, is a private limited company incorporated on 14 September 2020 under the Companies Act, 2013 and having its registered office at 314/315, Village Mudhela, Taluka, Savli, Vadodara- 391770, Gujarat, India. The Transferor Company 2 is engaged in the business of manufacturing and trading of ferrous and non-ferrous metals including all types of iron castings and allied products and other materials.
- 1.4. **NATIONAL FITTINGS LIMITED (TRANSFeree COMPANY)**, having CIN L29199GJ1993PLC177328, PAN AAACI4737M and email-id nationalfittingsltd@gmail.com, is a public limited company, listed on BSE Limited ("BSE"), incorporated on 21 April 1993 under the Companies Act, 1956 and having its registered office at 314/315, Village Mudhela, Taluka, Savli, Vadodara- 391770, Gujarat, India. The Transferee Company is an export-oriented company and an ISO 9001 certified manufacturer of quality piping components and Pumps to various industries. The Transferee Company manufactures a complete range of ductile iron grooved couplings & fittings, threaded fittings, stainless steel threaded fittings & ball valves and a range of highly innovative pumps.
- 1.5. The Scheme is subject to the receipt of approval from the Board of Directors and (a) requisite majority of the shareholders of the respective Companies, (b) Appropriate Authority (as defined in the Scheme), (c) Securities and Exchange Board of India ("SEBI") (d) The BSE Limited (hereinafter referred to as "**Stock Exchange**") and (e) such other approvals, permissions and sanctions of regulatory and other statutory or governmental authorities/ quasi-judicial authorities, as may be necessary as per applicable laws.
- 1.6. This report of the Audit Committee is made in compliance with the requirement of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023, ("**SEBI Scheme Circular**"), issued by the Securities Exchange and Board of India ("SEBI"). In terms of the SEBI Scheme Circular, a report from the Audit Committee is required, recommending the Scheme, after taking into consideration, *inter alia*, that the Scheme is not detrimental to the shareholders of the listed entity.



2. Documents placed before the Audit Committee

While deliberating the Scheme, the Audit Committee considered and took on record the following documents:

- i. Scheme of Amalgamation.
- ii. Valuation Report dated 22nd May 2026 ("**Valuation Report**") issued by Anurag Singal (Registered Valuer Registration No. IBBI/RV/06/2022/14679) describing, inter alia, the methodologies adopted by them in arriving at the recommended Share Exchange Ratio and setting out the detailed computation of the Share Exchange Ratio for the Scheme;
- iii. Fairness Opinion dated 22nd May 2026 ("**Fairness Opinion**") issued by Jajodia Equity Advisors Services Limited, a Merchant Banker, (Merchant Banker Registration No. INM000013448), providing its opinion on the fairness of the Share Exchange Ratio as recommended in the Valuation Report.
- iv. Auditor's certificate dated 22nd May 2026, issued by Krishaan & Company (Firm Registration No: 001453S), the statutory auditors of the Company, as required under Section 232(3) of the Act, certifying that the accounting treatment contained in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act; and
- v. Other presentations, reports, documents and information made to/furnished before the Audit Committee, pertaining to the Scheme.

3. Salient Features of the Scheme

The Audit Committee considered and noted the following salient features in relation to the Scheme –

- i. The Scheme provides for the Amalgamation of Avisa and Banil with and into NFL;
- ii. Sections 230 to 232 of the Companies Act, 2013, SEBI Scheme Circular, and such other regulations as applicable from time to time, shall govern the Scheme.
- iii. The Appointed Date for the Scheme shall be 1st April 2026 or such other date as may be agreed amongst the Companies and approved by the Appropriate Authority.
- iv. The effectiveness of this Scheme is conditional upon and subject to the following:

- a) receipt of 'Observation Letter' or 'No-Objection Letter' from the BSE ("Stock Exchange") on the Scheme, as required under Applicable Laws;
 - b) the Scheme being approved by the respective requisite majorities of the classes of members and creditors (where applicable) of the Companies in accordance with the Act and as may be directed by the NCLT;
 - c) the Scheme being approved by the public shareholders of the Company through e-voting in terms of paragraph 10 of Part I(A) of SEBI Scheme Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 and the Scheme shall be acted upon only if vote cast by the public shareholders of the Company in favour of the proposal are more than the number of votes cast by the public shareholders against it.
 - d) the sanction of the NCLT being obtained under Section 230 read with 232 of the Act in favour of the respective Companies and the necessary order(s) under Section 232 of the Act, being obtained;
 - e) receipt of relevant sanction or approval of any other Appropriate Authorities concerned, as may be considered necessary and appropriate, by the respective Boards of the Companies being obtained and granted in respect of any of the matters for which such sanction or approval is required; and
 - f) filing of the certified copies of the orders of the NCLT sanctioning this Scheme, by the Companies under the applicable provisions of the Act with the jurisdictional ROC.
- v. The effective date for the Scheme ("Effective Date") shall mean the last of the dates on which the certified copies of the sanction order of the NCLT are filed with the Registrar of Companies by the Companies, and all actions set out in Clause 24.1 of the Scheme have been duly completed.
- vi. The following share exchange ratio have been determined:
- a) To the shareholders of Transferor Company 1
- "For every 1000 fully paid up equity shares of the Transferor Company 1 having face value of Rs. 10 each and held by the shareholders of the Transferor Company 1 as on Record Date, 1,03,098 equity shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the equity shareholders of Transferor Company 1."*



b) To the shareholders of Transferor Company 2

"For every 1000 fully paid-up equity shares of the Transferor Company 2 having face value of Rs. 10 each and held by the equity shareholders of the Transferor Company 2 as on Record Date, 472 equity shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the equity shareholders of Transferor Company 2.

For every 1000 fully paid-up 0.01% compulsorily convertible preference shares of the Transferor Company 2 having face value of Rs. 10 each and held by the 0.01% compulsorily convertible preference shareholders of the Transferor Company 2 as on Record Date, 472 equity shares of the Transferee Company having a face value of Rs. 10 each, credited as fully paid up shall be issued to the 0.01% compulsorily convertible preference shareholders of Transferor Company 2."

4. Observations of Audit Committee on the Scheme**4.1. Need and Rationale for the Scheme**

In our capacity as the Audit Committee, we have diligently reviewed the proposed amalgamation of the Transferor Companies with and into the Transferee Company, and we present the following need and rationale for consideration:

- a) Transferor Company 1 has access to land and facility in Gujarat, which can be effectively utilized for setting up and scaling manufacturing operations. This infrastructure will support the Transferee Company in securing skilled manpower while enabling optimal utilization of land and efficient deployment of capital and resources.
- b) Transferor Company 2 owns and operates a state-of-the-art manufacturing facility, which is capable of supporting production requirements. The said facility will strengthen the supply chain and enhance the manufacturing capacity of the Transferee Company.
- c) The manufacturing infrastructure and capabilities of Transferor Company 2 including backward integration through foundries forming the backbone of the business, will support the Transferee Company in arranging relevant manpower, undertaking research and development activities and facilitate new product development, thereby contributing to innovation, competitive advantage and its transition from a third-party exporter into a fully integrated manufacturer.



- d) The Scheme is intended to enhance the manufacturing capabilities of the Transferee Company through integration with Transferor Company 1 and Transferor Company 2 and the establishment of a new facility in Gujarat. The consolidation of operations is expected to result in improved economies of scale, better resource allocation, streamlined processes, and stronger operational control, thereby contributing to improved efficiency and long-term value creation.
- e) The Scheme is in the interest of the respective Companies, their shareholders, creditors and all other stakeholders, as it will result in a stronger and more efficient combined entity with improved growth prospects and enhanced value creation.

4.2. Synergies of business of the entities involved in the Scheme

The synergy benefits of the business of entities involved in the Scheme can be referred to in Para 4.1 above

4.3. Cost-Benefit Analysis of the Scheme

- a) **Integration Costs:** There will likely be significant costs associated with integrating the operations, systems, and cultures of the Transferor Companies and Transferee Company. This includes expenses related to IT systems integration, employee training, and organizational restructuring.
- b) **Legal and Regulatory Compliance:** While there may be a reduction in legal and regulatory compliance requirements in the long run, there will still be initial costs associated with ensuring compliance with the merger process itself, including legal fees, regulatory filings, and administrative expenses.
- c) **Benefits:** Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period as listed in paras 4.1 above would far outweigh such costs for the stakeholders of the Company. Further, keeping in view of synergies and the cost benefits expected, the Audit Committee is of the view that the Scheme of Amalgamation will provide reduction of cost in the long term.

4.4. Valuation Report and Fairness Opinion

The Audit Committee reviewed the Valuation Report, discussed the methods of valuation and the recommended Share Exchange Ratio by the independent Registered Valuer and the SEBI registered Category-I Merchant Banker.



The share exchange ratio has been arrived at on the basis of Net Asset Value method for Transferor Company 1; the Discounted Cash Flow (DCF) method and Comparable Companies Multiple (CCM) Method for Transferor Company 2; and the DCF method, CCM method and Market Price method for the Transferee Company. In computing the value of equity shares of the Transferee Company under the Market Price Method, the floor price has been computed as per Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Appropriate weightage has been attributed to the values arrived at under each methodology for the purpose of arriving at the respective Share Exchange Ratios.

Based on the discussions, review of documents including the Fairness Opinion placed at the meeting, the Audit Committee is of the view that the Share Exchange Ratio is fair to the shareholders of the Company.

4.5 Scheme Not Detrimental to the Shareholders of the Company

The Audit Committee discussed and deliberated upon the rationale of the Scheme and expected benefits there from.

Further, in terms of the SEBI Scheme Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

In light of the same and the Valuation Report, Fairness Opinion report and other documents presented before the Audit Committee, they noted that the Scheme of Amalgamation of Avisa Private Limited and Banil Casting Private Limited with and into National Fittings Limited and their respective shareholders and creditors in the best interest of the shareholders of National Fittings Limited and not detrimental to the interest of the shareholders including the minority shareholders of National Fittings Limited.

4.6 Impact of the Scheme on the Shareholders

Audit Committee reviewed the Valuation Report and fairness opinion for determination of share exchange ratios under the Scheme.

Pursuant to the Scheme, shareholders of Transferor Companies will receive equity shares in Transferee Company in accordance with **Clause 11** of the Scheme.

Audit Committee is of the informed opinion that the Scheme is in the best interests of

the Company and its shareholders. The impact of the Scheme on the shareholders, including, the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner. The Scheme is not in any manner prejudicial or against public interest and would serve the interest of all shareholders or any other stakeholders.

5. Recommendations of the Audit Committee

Taking into consideration the Scheme, its rationale and benefits, the Valuation Report, the fairness opinion, and other documents, as placed before the Audit Committee, and the interest of shareholders of the Company, Audit Committee after due deliberation, unanimously recommends the Scheme to the Board of the Company, Stock Exchange(s), SEBI, and other appropriate authorities for their favourable consideration and approval.

By Order of the Audit Committee of Directors of
National Fittings Limited,



Susheela Balakrishnan
Chairman of the Audit Committee
DIN: 07140637

Date: 22nd May 2026

Place: Coimbatore