SAGAR PRODUCTIONS LIMITED

Registered Office: Unit No. 402, Plot B/65, Stanford Plaza, New Link Road,
Opp. City Mall, Andheri West, Mumbai-400053
Mobile No. 9167199122; E-mail- splgrive@rediffmail.com
CIN: L93000MH1980PLC170432; **Website:** www.sagarproduction.com

Report of the Audit Committee of Sagar Productions Limited

The following members were present in the Meeting of the Audit Committee of the Board of Directors of the Company held on 14th September, 2020 at registered office of the company at Mumbai.

Members Present:

Ms. Punam Arora	Chairman
Mr. Tanuraj Adhikari	Director
Mr. Abhishek Parasar	Director

1. Background:

We have been informed that the Board of Directors of SAGAR PRODUCTIONS LIMITED (Transferee Company) is proposing to consider the Scheme of Amalgamation of EPUJA WEB SOLUTIONS PRIVATE LIMITED (Transferor Company) with the Company in its meeting to be held on 14th September 2020, as per the terms and conditions mentioned in the draft Scheme of Amalgamation (the Scheme).

Pursuant to the requirements of the Listing Agreement entered with the Stock Exchanges, it is mandatory for all Companies to file the Scheme along with other necessary documents/information with the Bombay Stock Exchange Limited, consequent to the approval of the Board and obtain their approval, at least a month before the Scheme is presented to the Court/NCLT for its approval.

SEBI has vided their Circular No. CIR/CFD/DIUS/2013 dated February, 2013, and CIR/CFD/DIL/82013(Circulars) inter-alia, sought a report from the Audit Committee of the listed entity recommending the draft Scheme of Amalgamation.

In the light of the above circulars, the Audit Committee at its meeting held on 3rd October,2020 approved the draft Scheme and has made this report, after perusing the following documents:

a) Draft Scheme of Amalgamation
b) Valuation Report by M/s Avinash Kothari, Independent Registered Valuer, Ahmedabad.
c) Fairness Opinion Report by Monarch Networth Capital Limited, Merchant Banker, Ahmedabad.
d) Audited Financial Statements of the Company(ies)

This report of the Audit Committee is made in order to comply with the requirements of aforesaid SEBI circulars.

SAGAR PRODUCTIONS LIMITED

2. Proposed Scheme of Amalgamation

2.1 **The Audit committee noted the rationale, need and synergies for the proposed Scheme of Amalgamation:**

"The transferee company is engaged in the business of the business of making producing, exhibiting, distributing, renting, letting on hire and otherwise exploiting cinematograph and television films and motion pictures of all kinds, and to act as agents for the purchase, sale, hiring, and exploitation of such films and To provide online and conventional facilities for prayers, rituals, ceremonies religious celebrations and all other kind of worship and expressions of faith, independently and in association with all kinds of religious organizations and institutions."

The Scheme envisages the amalgamation of Epuja Web Solutions Private Limited (Transferor Company) into Sagar Productions Limited (Transferee Company), resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of both the companies

The Scheme will be result in;

- The resources available with both the companies could be pooled together and the Transferee Company will be able to effectively utilize the same for the benefit of the Transferee Company on larger scale.

- There will be operational synergy in terms of procurement of benefits, common licence and reduction of administrative work, etc for the transferee company.

- This arrangement will lead to pooling of financial resources leading to more effective management of funds, greater economic scale and stronger base for future growth.

- The Operational cost will be reduced and the management will be able to run and operate Transferor company and Transferee company as a single unit more effectively and economically resulting in better turnover and profits.

- The Transferee company will have benefits of combined assets, man power and cash flows of the both the company.

- It will improve and consolidate internal controls and functional integration at various level of the organization such as information technology, human resources, and finance, legal and general management leading to an efficient organization capable of responding swiftly to volatile and rapidly changing markets scenarios.

- The amalgamation of the companies shall lead to consolidation of resources of the Transferor Company with the Transferee Company, thereby providing greater efficiency in operations and administrative affairs of the Transferee Company and thus optimizing the valuation of the consolidated company and its shareholders.

SAGAR PRODUCTIONS LIMITED

- The amalgamation shall also add to the financial strength of the Transferee Company. The consolidation of Transferor Company business with SPL would at one hand strengthen the financials of the listed entity for the benefit of all its stakeholders and on the other hand help Transferee Company business in getting future contracts and raising funds for expansion due to the listed status.

2.2 **The Salient features of the Scheme are as under:**

a) The present scheme of Amalgamation provides for the amalgamation of Epuja Web Solutions Private Limited (Transferor Company) into Sagar Productions Limited (Transferee Company) .

b) Appointed Date: - 1st April, 2020.

c) In case of amalgamation of Transferor Company with the Transferee Company, all the shares held by the Transferee Company in the Transferor Company, shall be cancelled and against the remaining shares, equity shares, would be issued to the shareholders (other than shares held by the Transferee Company) of the Transferor Company, in accordance with the following share exchange ratio;

1347 Equity shares of face value of Re.1/- (Rupees One) each in Transferee Company for every 100 Equity shares of held in EPWSPL/ Transferor Company.

2.3 **The Synergies and Cost Benefit analysis of the Scheme:**

This Scheme will result in consolidation of businesses of the Transferor Companies and get housed in the Transferee Company. Consolidation will be in the interest of stakeholders of the Transferee & Transferor Companies to have an increased capability for running these businesses and pursue growth opportunities.

The Scheme will result in consolidation of financial resources and optimisation of working capital utilisation thereby resulting in stronger financial leverage required not only to sustain such businesses in the long run but also to facilitate their organic and inorganic expansion.

The Scheme would also result in simplified structure by amalgamation of entities. This in tum is expected to result in achieving synergies benefits under a single listed entity in the following manner:

- Pooling of resources in terms of manpower, administration, and other common resources, thereby resulting in savings in operational & administrative costs.
- Achievement of operational synergies due to consolidation of complementary resources and strengths.
- An optimum & efficient utilization of available capital and other resources.

SAGAR PRODUCTIONS LIMITED

2.4 Impact of the scheme on the shareholders;

In case of amalgamation of Transferor Company with the Transferee Company, all the shares held by the Transferee Company in the Transferor Company, shall be cancelled and against the remaining shares, equity shares, would be issued to the shareholders (other than shares held by the Transferee Company) of the Transferor Company, in accordance with the following share exchange ratio. Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of "Transferor Company" (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of:

1347 Equity shares of face value of Re.1/- (Rupees One) each in Transferee Company for every 100 Equity shares of held in Transferor Company.

The said equity shares in the capital of Transferee Company be issued to the shareholders of Transferor Company shall rank pari passu in all respects, with the existing equity shares in Transferee Company from the Appointed Date. Such shares in Transferee Company, to be issued to the shareholders of Transferor Company will, for all purposes, save as expressly provided otherwise, be deemed to have been held by each such member from the Appointed Date.

2.5 Valuation Methods evaluated for the Fair Equity Share Exchange Ratios:

The members of the Audit Committee noted that Mr. Avinash Kothari, having registration number IBBI/RV/05/2020/12837 have been appointed as the registered valuer to recommend the fair equity share exchange ratios for the proposed Scheme.

Valuation methodologies:

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in. Since Sagar Productions Limited being listed on BSE and being frequently traded, we have used only the market price method to value the equity shares of Sagar Productions Limited.

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time prescribes that if the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a) the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty-six weeks preceding the relevant date; or

b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

SAGAR PRODUCTIONS LIMITED

Considering the above formula, the value (market price) of the equity shares of Sagar Productions limited is arrived at Rs. 9.25/- per equity share.

3. Recommendation of the Audit Committee

Based on the above, the Audit Committee recommended the draft Scheme to the Board of Directors of the Company, for favorable consideration by the Board of Directors.

For Sagar Productions Limited

अभिषेक पराशर

Mr. Abhishek Parashar

SAGAR PRODUCTIONS LIMITED