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REPORT OF THE INDEPENDENT DIRECTOR COMMITTEE
VISAGAR POLYTEX LIMITED ("THE COMPANY") DATED SEPTEMBER 8, 2026

PRESENT MEMBER

1. Kaushal Yadav, Chairman
2. Madhubala Vaishnav, Member
3. Kuldeep Kumar, Member

IN ATTENDENCE

1. Sachin Mehta, Chief Finance Officer
2. Neelam Raj, Company Secretary and Compliance Officer

1. BACKGROUND AND CONSTITUTION OF THE COMMITTEE

The Board of Directors of Visagar Polytex Limited ("VPL" or the "Company"), at its meeting held on 07.09.2026, approved the draft Composite Scheme of Arrangement between the Company, its equity shareholders and lenders/creditors ("Scheme") under Sections 230 to 232, Section 66, and Sections 42 and 62 of the Companies Act, 2013, applicable rules, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), and the applicable SEBI Master Circular on Schemes of Arrangement by Listed Entities.

The Scheme, with an Appointed Date of 01.04.2026, principally provides for reduction of paid-up equity share capital, adjustment of accumulated losses, preferential issue of equity shares for cash, and issue of preferential warrants, subject to requisite regulatory and stakeholder approvals.

The Committee of Independent Directors ("Committee") was constituted to evaluate the Scheme and make its recommendation to the Board, including consideration of whether the Scheme is detrimental to the interests of shareholders, including public shareholders.

The Committee met on 08.09.2026 and considered the Scheme, valuation report and other relevant documents.

2. DOCUMENTS PLACED BEFORE THE COMMITTEE

The Committee considered, inter alia:

1. Draft Composite Scheme of Arrangement;
2. Audited standalone financial statements for FY 2025-26;
3. Registered Valuer's report;
4. Details and reasons for accumulated losses;
5. Details of proposed preferential allottees;
6. Pre- and post-issue shareholding pattern; and
7. Information and clarifications provided by the management.

Kaushal Singh Yadav

VISAGAR POLYTEX LIMITED MUMBAI

3. SALIENT FEATURES OF THE DRAFT SCHEME

The draft Scheme, in summary, principally provides for the following:

a. Capital Reduction and Consolidation:

The paid-up value of each of the existing 29,27,00,534 equity shares of ₹1 each shall be reduced to ₹0.01, representing approximately 99% reduction, without altering the shareholders' proportionate shareholding or voting rights. Thereafter, every 100 shares of ₹0.01 each shall be consolidated into one equity share of ₹1 each.

b. Adjustment of Accumulated Losses:

The resulting capital reduction credit of ₹28,97,73,529 shall be utilised to adjust accumulated losses of ₹30,89,52,786. The adjustment is an accounting entry and involves no cash outflow or distribution to shareholders.

c. Cash Preferential Issue:

3,00,00,000 equity shares of ₹1 each shall be issued at ₹1 per share to the persons specified in Schedule II, in accordance with applicable provisions of the Companies Act and SEBI ICDR Regulations.

d. Preferential Warrants:

3,00,00,000 warrants shall be issued at ₹1 per warrant. Each warrant shall carry an option to subscribe to one equity share within 18 months, with 25% payable upfront and 75% on exercise, in accordance with applicable law.

e. Resultant Capital Structure:

The Committee noted the proposed post-issue capital and shareholding pattern set out in the Scheme and management's representation regarding compliance with the applicable minimum public shareholding requirements.

4. EVALUATION BY THE COMMITTEE

The Committee considered the following:

1. **Rationale:** The Scheme seeks to restructure the Company's capital and address accumulated losses arising from various business and industry-related setbacks, including COVID-19 and the fire incident at the manufacturing facility in September, 2024. The Committee considers the proposed restructuring to be commercially reasonable for supporting the Company's revival.

2. **Shareholder Interests:** The capital reduction is proposed uniformly for all shareholders and does not selectively cancel or extinguish any shareholder's interest. Proportionate shareholding and voting rights remain unchanged, subject to applicable treatment of fractional entitlements.

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VISAGAR POLYTEX LIMITED

3. **Creditors:** The capital reduction and adjustment of losses do not involve repayment or distribution of capital and do not prejudice creditors.

4. **Pricing:** The Committee reviewed the Registered Valuer's report and is satisfied that the proposed issue price of ₹1 per share/warrant has been determined in accordance with the applicable SEBI ICDR Regulations and is not prejudicial to existing shareholders.

5. **Public Shareholding:** The Committee considered the proposed shareholding pattern and management's confirmation regarding compliance with applicable minimum public shareholding requirements.

6. **Control:** The Committee noted that the proposed transactions are not intended, by themselves, to result in any immediate change in control or Board composition, subject to applicable law.

7. **Approvals:** The Scheme shall be effective only upon receipt of all requisite approvals from the NCLT, SEBI, stock exchanges, shareholders, creditors and other applicable authorities.

5. RECOMMENDATION

After considering the rationale of the Scheme, valuation report, capital restructuring, impact on shareholders and creditors, pricing and regulatory requirements, the Committee is of the considered view that the Scheme is **not detrimental to the interests of the shareholders of the Company, including public shareholders**.

Accordingly, the Committee recommends the Scheme to the Board for its consideration and approval and for submission to the shareholders, creditors, stock exchanges, SEBI, NCLT and other authorities, as applicable.

6. DISCLAIMER

This report is based on the information, documents and representations provided by the management, including the draft Scheme and Registered Valuer's report, which have been relied upon by the Committee. The report is intended solely for consideration of the Scheme and applicable regulatory filings.

On behalf of the Board
For Visagar Polytex Limited

Kaushal Singh Yadav

VISAGAR POLYTEX LIMITED MUMBAI

Kaushal Yadav
Independent Director
DIN: 08484455
Office Address: 907/908, Dev Plaza, Opp. Andheri Fire Station, S.V. Road, Andheri (W), Mumbai, Maharashtra, 400058