

**REPORT OF THE AUDIT COMMITTEE OF BINANI INDUSTRIES LIMITED**

**Present**

- (a) Mr. S. Sridhar (Chairman of the Audit Committee);
- (b) Mr. N.C. Singhal
- (c) Mr. Rahul Asthana

**1. Background**

The Company has placed before the Audit Committee draft Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 (including any statutory modification or re-enactment or amendment thereof) for amalgamation of Binani Metals Limited ("BML" or "the Transferor Company) with Binani Industries Limited ("BIL" or "the Transferee Company) for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/2013 dated February 4, 2013 ('Circular').

This report is made in order to comply with the requirements of the Circular after considering the following:

- a. Draft Scheme;
- b. Valuation Report dated July 03, 2015 issued by M/s. Walker Chandiook & Co, Chartered Accountants;
- c. Fairness Opinion dated July 03, 2015 issued by M/s. Keynote Corporate Services Limited, a SEBI registered Category – I Merchant Banker;
- d. Audited financial statements of the BML and BIL for the year ending March 31, 2015, March 31, 2014 and March 31, 2013;

**2. Proposed Scheme**

The Salient features of the draft Scheme are as under:

- a. The Scheme provides for amalgamation of Binani Metals Limited with the Company;
- b. The accounting treatment to be followed for the Scheme of Amalgamation will be as per accounting standard 14 issued by ICAI.
- c. Proposed Appointed Date for the Scheme will be 1<sup>st</sup> April, 2015.
- d. Based on the Valuation Report of an independent valuer, M/s. Walker Chandiook & Co, Chartered Accountants, the Share Exchange Ratio for the Amalgamation of Transferor Company with the Transferee Company is as under:



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**To the Equity Shareholders of the Transferor Company:**

50 (Fifty) fully paid up equity shares of Rs. 10/- each of the Transferee Company credited as fully paid up for every 1 (One) equity share of Rs 1,000/- each held by shareholder in Transferor Company.

**To the Preference Shareholders of the Transferor Company:**

10 (Ten) 0.01% Non-cumulative Redeemable Preference Shares of Rs. 100/ each of the Transferee Company credited as fully paid up for every 1 (One) 8% Non-cumulative Redeemable Preference Shares of Rs. 1,000/- each held by preference shareholder in Transferor Company.

**3. Recommendation of the Audit Committee**

The Audit Committee recommends the draft Scheme, inter-alia taking into consideration valuation report, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.



*S. Sudhan*

**DATE: July 03, 2015**  
**PLACE: Mumbai**

**(Chairman of the Audit Committee)**  
**Binani Industries Limited**

*by*