



AMRAPALI INDUSTRIES LTD.

REPORT OF THE AUDIT COMMITTEE OF AMRAPALI INDUSTRIES LIMITED DATED FEBRUARY 24, 2020 RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN AMRAPALI INDUSTRIES LIMITED ("DEMERGED COMPANY") AND AMRAPALI ASSET RECONSTRUCTION COMPANY PRIVATE LIMITED ("RESULTING COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

Present Members:

1. Mr. Haresh Chaudhari
2. Mr. Mayur Parikh
3. Mrs. Urshita Patel

1. Background:

Meeting of the Audit Committee of M/s. Amrapali Industries Limited ("the Company" or "Demerged Company" or "AIL") was held on Monday, February 24, 2020 to consider and recommend the proposed demerger of Demerged Undertaking of the Demerged Company (i.e. Entertainment Business) into the Amrapali Asset Reconstruction Company Private Limited ("Resulting Company" or "AARCPL") to be implemented as per the terms and conditions mentioned in the Scheme of Arrangement ("Scheme") entered into between AIL and AARCPL and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed there under and in compliance with the provisions of section 2(19AA) of the Income tax Act, 1961.

The Securities and Exchange Board of India vide its circular bearing reference No. CFO/DIL3/CIR/2017/21 dated 10th March 2017 ("SEBI Circular"), has, among other requirements, sought a report from the Audit Committee of the Listed Company recommending the Draft Scheme of Arrangement (Demerger) after taking into consideration, inter alia, the Valuation Report and Fairness Opinion.

This report of the Audit Committee is made in order to comply with requirement of the aforesaid circular after considering the following documents which were placed before the Audit Committee:

- i. Draft Scheme of Arrangement
- ii. Valuation Report issued by the Registered Valuer
- iii. Pricing Certificate from the Statutory Auditors
- iv. Fairness Opinion issued by the Guinness Corporate Advisors Private Limited
- v. Statutory Auditor Certificate for certifying the accounting treatment specified in the Scheme.

2. Salient features of the Draft Scheme :

The following salient features of the Draft Scheme, amongst others, were noted by the Audit Committee at its meeting held on February 24, 2020:

- a) The Draft Scheme provides for the demerger of the Entertainment division of Amrapali Industries Limited ("AIL") into Amrapali Asset Reconstruction Company Private Limited ("AARCPL")

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- b) The transfer and vesting of the Entertainment Division of AIL to AARCPL pursuant to the Scheme is with a view to establishing highest operational standards and also to unlock the economic value of the Entertainment Division.
- c) The re-organization exercise would inter alia achieve the following advantages:
- Realigning assets to create an integrated business model;
 - More focused leadership and dedicated management;
 - Greater visibility on the performance of Share and Commodities trading.
- d) The Resulting Company shall apply to the Stock Exchanges for getting its shares listed on Stock Exchange.

The Audit Committee reviewed the Valuation Report and the Fairness Opinion and noted the recommendations made therein. The Audit Committee also noted the Auditor Certificate on the accounting treatment in the draft Scheme.

3. Recommendation of the Audit Committee :

Taking into consideration the share entitlement ratio prescribed in the Valuation Report and the Fairness Opinion on the said Valuation Report, the audit committee unanimously agreed to recommend the draft Scheme for favorable consideration to the Board of Directors of the Company.

For, Amrapali Industries Limited

x

Haresh Chaudhari

Director

DIN: 06947915

Chairman of Audit Committee

Dated: February 24, 2020



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