

SARASWATI COMMERCIAL (INDIA) LTD.

Regd. Off.: 209 - 210, Arcadia Building, 2nd Floor, 195, Nariman Point, Mumbai - 400 021.

Telephone : 6670 8600 Fax : 6670 8650 CIN : L51909MH1983PLC166605

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REPORT OF THE AUDIT COMMITTEE OF SARASWATI COMMERCIAL (INDIA) LIMITED FOR RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF ARONI COMMERCIALS LIMITED WITH THE COMPANY AT ITS MEETING HELD ON 9TH APRIL 2016.

MEMBERS PRESENT:

1. Mrs. Babita Thakar - Chairman
2. Mr. Ketan Desai - Member
3. Mr. Harisingh Shyamsukha - Member

In attendance:

1. Ms. Ekta Kumari - Company Secretary

1. Background:

In terms of circular dated 30th November 2015 bearing reference No. CIR/CFD/CMD/16/2015 issued by the Securities and Exchange Board of India ("Circular"), draft Scheme of Amalgamation of Aoni Commercials Limited ("ACL") with Saraswati Commercial (India) Limited ("SCL") and their respective shareholders in terms of provisions of Section 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013, as may be applicable ("Scheme") was placed before the Audit Committee for its consideration and its recommendations, to the board of directors of the company (SCL).

This report is made by the Audit committee to comply with the requirements of the Circular, after perusing inter alia the following necessary documents ("Documents"):

- a. Draft Scheme;
- b. Valuation Report dated 27th February, 2016;
- c. Fairness Opinion dated 15th March, 2016 issued by KJMC Corporate Advisors (India) Limited;
- d. Un- Audited financial statements of ACL and SCL for the quarter ending 31st December, 2015 alongwith Limited Review Report and Annual Report for the year ending 31st March, 2015.
- e. Certificate dated 9th April, 2016 from M/s. Ajmera Ajmera Associates, Chartered Accountants, Statutory Auditors of the company, confirming that the scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 1956/ Companies Act, 2013.

2. Proposed Scheme:

The Audit Committee discussed and noted the salient features of the proposed Scheme which inter-alia include the following:

- a. The Scheme provides for amalgamation of ACL with SCL;
- b. The amalgamation will enable the Transferee Company (SCL) to consolidate the businesses and lead to synergies in operation and create a stronger financial base.
- c. It would be advantageous to combine the activities and operations of both companies into a single Company for synergistic linkages and the benefit of combined financial resources. This will



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- d. This Scheme of amalgamation would result in merger and thus consolidation of business of the Transferor Company (ACL) and the Transferee Company (SCL) in one entity, all the shareholders of the merged entity will be benefited by result of the amalgamation of Business and availability of a common operating platform.
- e. The Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its long term capital needs as provided for in the scheme.
- f. The Scheme of amalgamation will result in cost saving for both the companies as they are capitalizing on each others core competency and resources which is expected to result in stability of operations, cost savings and higher profitability levels for the Amalgamated Company.
- g. The accounting treatment to be followed for the Scheme of Amalgamation will be as per accounting standard 14 issued by the ICAI;
- h. Proposed appointed date for the scheme is 1st April 2015;
- i. Based on the Share Entitlement Report of the independent valuer, M/s. Raghu Iyer Associates, the share exchange ratio for the amalgamation of ACL with SCL is as under:

1 Equity Share of face value of Rs. 10 each fully paid-up of SCL for every 9 equity shares of face value of Rs. 10 each fully paid up in ACL

3. Recommendation of the Audit Committee:

Having considered the Documents, the Audit committee found the draft scheme to be in the best interests of all the stakeholders of the Company and recommended the draft scheme for favorable consideration by the board of directors of the Company, Stock Exchanges and the Securities and Exchange Board of India.

For and on behalf of the Audit Committee of the Board of
Saraswati Commercial (India) Limited

Place: Mumbai
Date: 09/04/2016



A handwritten signature in blue ink, appearing to read "Babita Thakar".

BABITA THAKAR
CHAIRPERSON