

**REPORT OF AUDIT COMMITTEE DATED 18<sup>TH</sup> OCTOBER, 2018 OF ANANT RAJ LIMITED**

**Present – Members**

- Shri Ashok Sarin
- Shri Brajindar Mohan Singh
- Shri Ambarish Chatterjee
- Shri Maneesh Gupta

**In Attendance**

- Shri Manoj Pahwa (Company Secretary)

**1. Background :**

1.1 The meeting of Audit Committee of Anant Raj Limited (**‘the Company’**) was held on 18<sup>th</sup> October, 2018 *inter alia* to consider and recommend to the Board of Directors the proposed Composite Scheme of Arrangement for Amalgamation and Demerger (**‘Scheme’**) under the provisions of Sections 230 to 232 read with Section 52 and 66 and other applicable provisions, if any, of the Companies Act, 2013 involving amalgamation of Anant Raj Agencies Private Limited (**‘Amalgamating Company’**) with and into Anant Raj Limited (**‘Amalgamated/Demergered Company’**) and immediately thereupon, Demerger of **‘Project Division’** of the Company into its wholly owned subsidiary, Anant Raj Global Limited (**‘Resulting Company’**).

1.2 This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, (**‘Circular’**) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 after considering the following:

- Draft Composite Scheme of Arrangement for Amalgamation and Demerger ;
- Share Entitlement/Exchange Ratio Report issued by Sanjeev Jagdish Chand and Associates, Chartered Accountants and Fairness Opinion obtained from Corporate Professionals Capital Private Limited, SEBI Registered Category–I Merchant Banker.

**2. Proposed Composite Scheme of Arrangement**

2.1 The Audit Committee noted the rationale of the proposed Composite Scheme of Arrangement for Amalgamation and Demerger, which is, *inter alia*, as follows:

- (i) The amalgamation of ARAPL into ARL shall result in:
  - elimination of promoter holding company leading to streamlining the holding structure of ARL by ensuring direct promoter participation and the consolidation of the promoter shareholding in a listed company (i.e. ARL), thereby avoiding multiple disclosure and compliance requirements with respect to SEBI and the Stock Exchanges; and
  - ensuring that the ability of ARL to conduct its business through multiple layers of subsidiaries is not compromised in terms of the Companies (restriction on number of layers) Rules, 2017, which could potentially be the case if, in future, by consolidation of the promoter shareholding into ARAPL, ARL becomes a subsidiary of ARAPL.
- (ii) The demerger of Project Division of ARL into ARGL shall result in:
  - creation of a separate and distinct entity housing the Project Division and would lead to greater operational and administrative efficiencies for the Project Division;
  - enabling the business and activities to be pursued and carried on with greater focus and

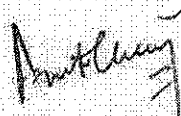
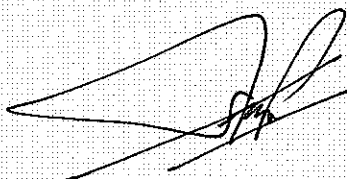


attention through two separate companies each having its own separate administrative set up. Independent setup of each of the undertaking of ARL and ARGL will ensure required depth and focus on each of the Companies and adoption of strategies necessary for the growth of the respective companies. The structure provides independence to the management in decisions regarding the use of their respective cash flows for dividends, capital expenditure or other reinvestment in their respective businesses; and

- unlocking of value for ARL by transfer of Project Division, which would enable optimal exploitation, monetization and development of both, Remaining Business and the Project Division by attracting focused investors, joint venture partners and strategic partners having the necessary ability, experience and interests in this sector and by allowing pursuit of inorganic and organic growth opportunities in such businesses.
- (iii) With a view towards focused leadership, and in the overall interest of all stakeholders, including the family and non-family shareholders and creditors, it is proposed that the management and control of the businesses would be realigned and restructured in a manner that the Project Division of the Demerged Company (i.e. ARL) be demerged and hived-off to the Resulting Company (i.e. ARGL), which would also be listed on the Stock Exchanges and which would be controlled and managed by/under the leadership of Mr. Anil Sarin (and family), the present Managing Director of ARL, whereas the Remaining Business (which would continue to reside in ARL) shall be controlled and managed under the leadership of Mr. Ashok Sarin (and family), the present Chairman of ARL. To this end, it has also been agreed that, after the Effective Date and on the listing of the shares of the Resulting Company at the Stock Exchanges, subject to compliance of the provisions of Applicable Laws, including the disclosure requirements under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Mr. Ashok Sarin (and family) would transfer their shares in ARGL to Mr. Anil Sarin (and family) and exit fully from ARGL and simultaneously, Mr. Anil Sarin (and family) would transfer their shares in ARL to Mr. Ashok Sarin (and family) and exit fully from ARL.
- (iv) It is also agreed that in the post demerger scenario there would be no financial or operational cross linking and dependency between the Demerged Company and the Resulting Company. Additionally, the promoters of ARL/ ARGL will indemnify and hold ARL/ ARGL harmless against any losses or costs that may arise against ARL/ ARGL in connection with the Scheme which would not have devolved on ARL/ ARGL but for the amalgamation contemplated under this Scheme.
- (v) The implementation of the Scheme is thus aimed at protecting and maximizing value for the shareholders of ARL. This Scheme is in the interest of the shareholders, creditors and all other stakeholders of the Companies.
- (vi) The restructuring under this Scheme would enable focused business approach for maximization of benefits to all stakeholders and capitalize on the opportunity for the growth.

## 2.2 The salient features of the Draft Scheme are as under:

- 2.2.1 The Amalgamation of Anant Raj Agencies Private Limited (Amalgamating Company) with and into Anant Raj Limited (Amalgamated Company).
- 2.2.2 Demerger of 'Project Division' of Anant Raj Limited (Demerged Company) and the vesting thereof in Anant Raj Global Limited (Resulting Company).
- 2.2.3 In consideration of Amalgamation, ARL to issue and allot equal number of shares in ARL as cancelled, to the equity shareholders of ARAPL (whose names are registered in the register of members of ARAPL on the Record Date, or his/her/its legal heirs, executors or administrators or, as the case may be, successors), in the ratio of 587 (Five Hundred Eighty-seven) equity shares of



Rs. 2/- (Rupees Two) each for every 10 (Ten) equity shares of Rs. 10/- (Rupee Ten) held in ARAPL.

2.2.4 In consideration of Demerger, ARGL to issue and allot to the equity shareholders of ARL (whose names are registered in the register of members of ARL on the Record Date, or his/her/its legal heirs, executors or administrators or, as the case may be, successors), equity shares of face value Rs. 2/- (Rupees Two) each credited as fully paid up of ARGL in the ratio of 1 equity share of the face value of Rs. 2/- (Rupees Two) each of ARGL for every 1 equity share of face value Rs. 2/- (Rupees Two) credited as fully paid-up.

2.2.5 Listing the equity shares of Anant Raj Global Limited on same stock exchange on which shares of Anant Raj Limited are listed.

The equity share of Anant Raj Limited is listed on BSE Limited (BSE) and National Stock exchange of India Limited (NSE). The company will be filing the Scheme along with necessary information / documents with both the mentioned exchanges.

2.3 The proposed Appointed Date for the Scheme will be 30<sup>th</sup> September, 2018 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authorities as may be applicable.

2.4 The proposed Share Exchange Ratio Report /Share Entitlement Ratio Report with respect to the Amalgamation of ARAPL with and into ARL as well as Demerger of Project Division of ARL into ARGL are duly certified by Sanjeev Jagdish Chand and Associates, Chartered Accountants.

2.5 The Fairness Opinion confirmed that the Share Exchange/Entitlement Report is fair to the Amalgamating Company, Resulting Company, to the Company and its shareholders. The same is obtained from Corporate Professionals Capital Private Limited, SEBI Registered Merchant Banker.

2.6 Further, pursuant to the Scheme, the Company shall account for the Demerger as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS).

### 3. Recommendations of the Audit Committee

The Audit Committee after due deliberations and due consideration of all terms of the Draft Composite Scheme of Arrangement for Amalgamation and Demerger, Share Exchange/ Entitlement Report, Fairness Opinion and the specific points mentioned above, recommends the Draft Composite Scheme of Arrangement for Amalgamation and Demerger for favorable consideration by the Board of Directors of the Company, the Stock Exchange(s) and SEBI.

By the order of Audit Committee  
For Anant Raj Limited

  
Ambarish Chatterjee  
(Chairman of Audit Committee)



Date: 18<sup>th</sup> October, 2018

Place: New Delhi