



# AMRIT AGRO INDUSTRIES LTD.

CIN: L01111UP1985PLC010776

**CERTIFIED TRUE COPY OF THE EXTRACTS OF THE MINUTES OF THE  
AUDIT COMMITTEE OF AMRIT AGRO INDUSTRIES LIMITED ("THE  
COMPANY") HELD ON THE 30<sup>TH</sup> DAY OF JUNE, 2016 AT NOIDA**

The Managing Director made a presentation to the Committee and mentioned that:

- (a) The Securities and Exchange Board of India (SEBI) vide circulars issued from time to time has mandated the companies exclusively listed on the regional stock exchanges which have become defunct/de-recognized to list on any other recognized stock exchange or to provide exit opportunity to the shareholders of the companies which fail to obtain listing on any other recognized stock exchanges. With a view to achieve the above, the Company has undertaken the following steps:
- A listing application was made to BSE Ltd. on 16<sup>th</sup> October 2015 vide letter No. AAIL/75 dated 16<sup>th</sup> October 2015 for listing of the company under the diluted listing norms. All the documents required by BSE were submitted including the listing fee of Rs. 10,40,000/- and processing/scrutiny fee of Rs. 50,000. The listing application has been kept pending by BSE and no communication has been received from the BSE Ltd. about the fate of our listing application despite our personal visits and reminders from time to time. The listing fee was refunded to us by BSE on the ground that listing fee as may be applicable at the time of listing of the company will be payable by you.
  - In the meantime, consequent to the de-recognition of the U.P. Stock Exchange Ltd., Kanpur, our company was referred to the dissemination board of National Stock Exchange of India Ltd. ("NSE") w.e.f. 9.6.2015 as per letter No. UPSE:2015-2016/281 dated 26.6.2015 of UPSE. Therefore, on being referred to the dissemination board as per the aforesaid circulars of SEBI, our understanding was that our company has ceased to be a "**listed company**".
  - Since there was no substantive progress on the listing of the company with BSE Ltd., a Scheme of Arrangement is proposed whereby Amrit Agro Industries Ltd. ("Transferor Company"/"AAIL") is proposed to be amalgamated with Amrit Banaspati Co. Ltd. ("Transferee Company"/"ABCL") and the share capital of AAIL is proposed to be reorganized with a view to



provide exit opportunity to the Public Shareholders of AAIL by way of issue and allotment of redeemable preference shares to the Public Shareholders, which will be redeemed at a fair value of the equity share, not later than one year from the date of allotment.

- The Scheme is made pursuant to the provisions of Sections 391 to 394 read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013.

A copy of the draft Scheme of Arrangement was placed on the table and also circulated to the Directors. The Managing Director further briefed the Committee on the major provisions of the Scheme:

### **1. Background of the Scheme**

The proposed Scheme provides for:

- (a) The amalgamation of AAIL with ABCL and issuance of shares by ABCL to the shareholders of AAIL in consideration of the amalgamation as set-out in the Scheme;
- (b) Re-organization of the share capital of AAIL with a view to provide exit opportunity to the Public Shareholders of AAIL by way of issue and allotment of redeemable preference shares to the Public Shareholders, which will be redeemed not later than one year from the date of allotment at a premium of Rs.50/- per preference share (i.e. at total redemption amount of Rs.60/- per share). The redemption proceeds reflect the fair value of the equity share held by the Public Shareholders and the same together with dividend @ 7% will be sent to all the preference shareholders after the Record Date for redemption of preference shares without any further application, act or deed. The fair value of the equity shares of Transferor Company has been recommended by M/s SSPA & Co., Chartered Accountants, Mumbai and supported by fairness opinion given by M/s Inga Capital Pvt. Ltd., Mumbai, SEBI Registered Category I Merchant Banker;
- (c) The extinguishment and annulment of the shares of ABCL which are held by AAIL as well as shares of AAIL which are held by ABCL (cross share holdings);
- (d) Transfer of all assets and liabilities of AAIL to ABCL; and
- (e) Dissolution of AAIL without winding up and various other matters consequential to or otherwise connected with above in the manner provided for in the Scheme, pursuant to Sections 391 to 394 of the



Companies Act, 1956, and other relevant provisions of the Companies Act, 1956.

## 2. Rationale of the Scheme

- (a) Both the Transferor and the Transferee Companies are engaged in the same business activities i.e. trading of commodities & other products and holding of investments in Group companies as well as in other financial instruments. Both the companies have been promoted by the same promoters. The merger of AAIL with ABCL would result in following benefits:
- i) Enable the two companies to consolidate their business operations and provide significant impetus to their growth since both the companies are engaged in the similar areas of business;
  - ii) Result in enhancing the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of various resources;
  - iii) Result in improved shareholder value for both the companies by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability;
  - iv) Consolidation of managerial expertise of the companies will facilitate greater focus and utilization of resources.
- (b) The Company has become unlisted company and moved to the Dissemination Board of NSE Limited in terms of SEBI circulars No. CIR/MRD/DSA/14/2012 dated May 30, 2012, No. CIR/MRD/DSA/18/2014 dated May 22, 2014 and No. CIR/MRD/DSA/05/2015 dated April 17, 2015. The above circulars also provide that an exit opportunity be given to the shareholders. Through the scheme it is proposed to provide an exit opportunity to the Public Shareholders of the Transferor Company by way of issue and allotment of redeemable preference shares to the Public Shareholders (other than promoters) of the Transferor Company which will be redeemed by the Transferee Company at the Fair Value determined by an Independent Valuer. This will reduce the cost of the Transferee Company involved in handling and servicing large number of small shareholders.



- (c) The Scheme shall be beneficial and in the best interest of shareholders, creditors and employees of both the Transferor as well as the Transferee companies.

### 3. Salient features of the Scheme

The salient features of the Scheme are as follows:

- (a) The Scheme shall take effect from 1<sup>st</sup> April, 2016 or such other date as the High Courts may direct (the "Appointed Date");
- (b) "Effective Date" shall be the last of the following dates or such other date as the Hon'ble High Court of Judicature at Allahabad or any other relevant authority empowered to approve the Scheme as per the law for the time being in force may direct, namely:
- (i) the date on which last of the consents, approvals, sanctions and/ or orders as are hereinafter referred to in Para 5.5, of this Scheme have been obtained; and
  - (ii) The date on which the certified copy of the order, under section 394 of the Act, of the Hon'ble High Court of Judicature at Allahabad or any other relevant authority empowered to approve the Scheme as per the law for the time being in force sanctioning the Scheme is filed with the Registrar of Companies, Uttar Pradesh, Kanpur;
- (c) References in this Scheme to the date of the "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective date;
- (d) The entire business as also the assets and liabilities of the Transferor Company shall be transferred to and vested in the Transferee Company on and from the Appointed Date on a going concern basis, in consideration of which the Transferee Company shall
- (i) issue and allot 3 (Three) Equity Shares of Rs.10/- each fully paid up to the equity shareholders of the Transferor Company for every 10 (Ten) Equity Shares of the Transferor Company held by the equity shareholders/promoters of the Company (other than public shareholders);
  - (ii) issue and allot 1 (one) 7% Redeemable Preference Share ("RPS") of Rs. 10/- each, on the terms and conditions given hereunder, to the Public Shareholders of the



Transferor Company (i.e. public shareholders of the Transferor Company other than the Promoters) credited as fully paid up for every 1(one) fully paid up 7% Preference Share of Rs. 10/- held by such Shareholders. These preference shares shall be redeemed at a premium of Rs.50/- (Rupees fifty) per share i.e. at total redemption amount of Rs.60/- (Rupees sixty) per share (i.e. not later than one year from the date of allotment).

Dividend Rate of RPS	7% on RPS of the face value of Rs. 10/- each.
Tenure of RPS	Not later than 1 (one) Year from the date of allotment
Listing of RPS	The RPS shall not be listed on any Stock Exchange.
Redemption terms of RPS	The Redeemable Preference Shares would be redeemed at a premium of Rs.50/- Rupees Fifty only) per share (i.e. at the total redemption amount of Rs. 60/- per share). The redemption proceeds together with dividend @ 7% will be given to all the preference shareholders after the Record Date for redemption, as the Board of Directors may decide.

- (e) Upon coming into effect of the Scheme, all the employees of the Transferor Company shall become the employees of the Transferee Company without interruption in their services and on terms not less favourable to them as applicable before such transfer;
- (f) All proceedings pending by or against the Transferor Company shall be transferred to and vested in the Transferee Company and may be enforceable by or against the Transferee Company only.
- (g) With effect from the Appointed Date and until the Scheme is sanctioned and transfers effected as aforesaid, the Transferor Company shall carry on its businesses in usual course and shall be deemed to be carrying the said business for and on behalf of ABCL, the Transferee Company, with effect from the Appointed Date.

#### 4. Fair value



The Scheme provides for exit opportunity to the public shareholders (other than the Promoters) of the Transferor Company by way of re-organization of share capital of the Transferor Company. Under the Scheme, the Transferor Company shall issue and allot 1 (One) 7% Redeemable Preference Share of Rs.10/- each to the public shareholders of the Transferor Company credited as fully paid-up for every 1 (One) fully paid-up equity share of the face value of Rs.10/- each held by the public shareholders on the Record Date. These preference shares will be redeemed at a premium of Rs. 50/- (Rupees Fifty only) per preference share (i.e. at the total redemption amount of Rs. 60/- per share) within a period of one year from the Record date as the Board of Directors of the Transferor Company may decide. The redemption proceeds reflect the fair value of the equity share held by the Public Shareholders and the same together with dividend @ 7% will be sent to all the preference shareholders after the Record Date for redemption of preference shares without any further application, act or deed.

The fair value of the equity shares of Transferor Company has been recommended by M/s SSPA & Co., Chartered Accountants, Mumbai and supported by fairness opinion given by M/s Inga Capital Pvt. Ltd., Mumbai, SEBI Registered Category I Merchant Banker.

#### **5. Share Exchange Ratio**

In consideration of the transfer and vesting of the assets & liabilities of the Transferor Company in the Transferee Company, the Transferee Company shall issue and allot

- (a) 3 (Three) equity shares of ABCL of Rs.10/- each fully paid up for every 10 (Ten) Equity Shares of AAIL of Rs.10/- each fully paid up; and
- (b) 1 (One) 7% Redeemable Preference Shares of ABCL of Rs.10/- each fully paid up (redeemable at a premium of Rs.50/-) for every 1 (One) 7% Redeemable Preference Shares of AAIL of Rs.10/- each fully paid up.

The Valuation Report dated 30<sup>th</sup> June, 2016 of M/s SSPA & Co., Chartered Accountants, Mumbai, recommending the Fair Value of AAIL's equity shares and the Share Exchange Ratio along with the Fairness Opinion of M/s Inga Capital Pvt. Ltd. were placed on the table and taken on record by the Committee.

#### **6. Future Prospects**

The future prospects of the combined entity are bright as the merger will enable it to achieve business synergy due to economies of scale,



rationalization of the operational cost and optimal utilization of the various resources. The re-organization of the capital of the Transferor Company will provide liquidity/marketability since these shares are not traded at the stock exchanges and it is difficult for the public shareholders to find any buyers for their equity shares and neither buyers nor sellers have reference or fair value/price of the equity shares at which they may buy or sell the shares. This will also reduce the cost of the Transferee Company involved in handling and servicing the large number of shareholders.

After detailed deliberations, it was -

**"RESOLVED** that pursuant to the provisions of sections 391 to 394 read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactments thereof for the time being in force) and also in accordance with the applicable provisions of the Companies Act, 2013 and/or Rules made thereunder and the Memorandum and Articles of Association of the Company and subject to the requisite approvals/consents of the members and creditors of the Company, approval of the Hon'ble High Court of Judicature at Allahabad (hereinafter referred to as "the High Court") or the National Company Law Tribunal or any other relevant authority empowered to approve the Scheme of Arrangement and such other requisite and other approvals, consents, permissions and/or sanctions of any appropriate authority, body or institution (hereinafter collectively referred to as "the Concerned Authority") and subject to such conditions or guidelines, if any, as may be prescribed, imposed, stipulated in this regard by members, creditors, Hon'ble High Court or the Concerned Authority or any of them, from time to time, while granting such approvals, consents, permissions for the Scheme of Arrangement between Amrit Agro Industries Limited (the "Company") and Amrit Banaspati Company Ltd. and their respective shareholders, which may be agreed to by the Board of Directors of the Company, Audit Committee hereby recommends to the Board of Directors to approve the Scheme of Arrangement between the Company and Amrit Banaspati Company Ltd. and their respective shareholders with effect from the Appointed Date i.e. 1<sup>st</sup> April, 2016 as well as for re-organisation of Share Capital of the Transferor Company by providing final exit opportunity to the public shareholders as placed on the table and initialled by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** in the opinion of the Committee, the said Scheme of Arrangement is advantageous and beneficial to the shareholders and creditors of both the Companies and all concerned in the Scheme.



**RESOLVED FURTHER THAT** the Valuation Report dated 30<sup>th</sup> June, 2016 prepared by SSPA & Co., Chartered Accountants, Mumbai, and the Fairness Opinion given by M/s Inga Capital Pvt. Ltd., Mumbai, SEBI registered Merchant Banker, as placed on the table, recommending:

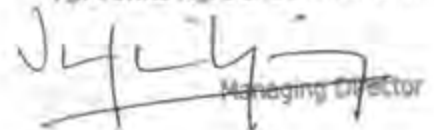
- (1) The Fair Value of the equity shares of the Transferor Company for issue and allotment of 7% redeemable preference shares of Rs.10/- each to the public shareholders of the company and redemption thereof at a premium of Rs. 50/- (Rupees Fifty only) per preference share (i.e. at the total redemption amount of Rs. 60/- per share); and
- (2) The Exchange Ratio in pursuance of the proposed amalgamation of the Transferor Company with the Transferee Company for issue and allotment of:
  - (a) 3 (Three) equity shares of the Transferee Company of Rs. 10 each fully paid up for every 10 (Ten) equity shares of the Transferor Company of Rs. 10/- each fully paid up, held by the Promoter-shareholders;
  - (b) 1 (One) 7% Redeemable Preference Shares of the Transferee Company of Rs.10/- each fully paid up (redeemable at a premium of Rs.50/-) for every 1 (One) 7% Redeemable Preference Shares of the Transferor Company of Rs.10/- each fully paid up.

be and are hereby taken on record, adopted and approved.

**RESOLVED FURTHER THAT** necessary action to give effect to the Scheme upon sanction thereof by all the concerned Authorities/ High Court may be taken in consultation with the Board of Directors or the person(s) authorized for this purpose by the Board."

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For Amrit Agro Industries Ltd.

  
Managing Director