

SHREYAS INTERMEDIATES LIMITED

REPORT OF THE AUDIT COMMITTEE OF SHREYAS INTERMEDIATES LTD.
RECOMMENDING THE DRAFT SCHEME OF COMPROMISE /
ARRANGEMENT FOR COMPROMISE BY THE COMPANY AND ITS (I)
SECURED CREDITORS, (II) PREFERENCE AND EQUITY SHAREHOLDERS.

Members Present:

Mr. Govind Krishna Sharma - Physically present
Mr. Surya Prakash Pandey - Physically present

Present by invitation:

Mr. Rajesh Ramawat Pareek - Chief Financial Officer
Ms. Manali More - Compliance Officer

Background:

A meeting of the Audit Committee of Shreyas Intermediates Limited was held on 9th February, 2017 at 122 To 125, Solaris No 2, Saki Vihar Road, Powai, Andheri East, Mumbai 400072 at 3.00 p.m. to inter alia consider and recommend the Scheme of Compromise/Arrangement (Scheme) for compromise by (i) Secured Creditors & (ii) Preference and Equity shareholders of the Company under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

The Securities and Exchange Board of India has vide its Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("SEBI Circular"), amongst other requirements, sought a report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report. Subsequently, a meeting of the Audit Committee of Shreyas Intermediates Limited was also held on 27th March, 2017 to consider and make the aforesaid report.

This report of the Audit Committee is made in order to comply with the requirements of SEBI Circular.

The following documents were placed before the Audit Committee:

- a. Draft Scheme of Compromise/Arrangement, duly initialed by the Chairman of the Meeting for the purpose of identification.
- b. Valuation Report dated 9th February, 2017 by M/s. Shah Gupta & Co, Independent Chartered Accountants ("Valuation Report").
- c. Fairness Opinion dated 17th March, 2017 by First Overseas Capital Limited, a SEBI Registered Category-1 Merchant Banker ("Fairness Opinion").
- d. Certificate from M/s. Sayeed Khan & Associates, the Statutory Auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted principles.

SHREYAS INTERMEDIATES LIMITED

Proposed Scheme of Compromise/Arrangement:

- Out of the total debt of Rs 27,00,00,000/- (Rupees twenty Seven Crores) payable to Invent Assets Securitization & Reconstruction Private Limited (Secured Creditors), an amount of Rs. 17,50,00,000/- will be converted in to 1,75,00,000 equity shares of Rupees 10/- each fully paid up in the capital of the Company. The Balance amount of Rs.9,50,00,000 will be repaid by the Company to Invent Assets Securitization & Reconstruction Private Limited over a period of Five Years commencing from 26th October, 2016 on the terms and conditions contained in the letter dated 26th October, 2016 from Invent Assets Securitization & Reconstruction Private Limited.
- The Company will issue and allot to KesarPetroproducts Limited (Secured Creditors) 2,62,50,000 Equity Shares of Rupees 10/- each fully paid up in the Capital of the Company in satisfaction of entire debt from KesarPetroproducts Limited.
- Out of total Preference Capital, Rs. 11,00,00,000 will be converted in to Equity Shares of the Company. The remaining Preference Capital of Rs. 4,00,00,000 shall continue on the terms and conditions as mentioned in the Scheme.

The Scheme, when effective, will enable the Company to reduce the debt burden and come out of the current financial difficulty.

Recommendation of the Audit Committee:

The Audit Committee reviewed the Valuation Report along with the Fairness Opinion. The Audit Committee noted the certificate obtained from the Statutory Auditor of the Company, on the accounting treatment prescribed in the draft Scheme, as required under the SEBI Circular.

After considering the aforementioned documents, the Audit Committee found the draft Scheme to be in the best interest of the Company and all its stakeholders and recommended the draft Scheme for favorable consideration by the Stock Exchange and Securities and Exchange Board of India.

For Shreyas Intermediates Limited



Govind Krishna Sharma
Director and Chairman of Audit Committee
DIN:02420331