

# RELAXO

**REPORT OF THE AUDIT COMMITTEE OF RELAXO FOOTWEARS LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN MARVEL POLYMERS PRIVATE LIMITED, RELAXO RUBBER PRIVATE LIMITED, RELAXO FOOTWEARS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**MEMBERS PRESENT:**

Mr. Pankaj Shrimall	Chairman & Independent Director
Mr. Kuruvila Kuriakose	Independent Director
Mr. Vivek Kumar	Independent Director

**IN ATTENDANCE:**

Mr. Sushil Batra	Chief Financial Officer
Mr. Mukesh Dua	Statutory Auditor
Mr. Vikas Kumar Tak	Company Secretary

**1. Background**

We have been informed that the Board of Directors of Relaxo Footwears Limited ("RFL" or "the Company") is proposing to consider a Scheme of Amalgamation of Marvel Polymers Private Limited ("MPPL" or "Transferor Company No. 1") and Relaxo Rubber Private Limited ("RRPL" or "Transferor Company No. 2") (hereinafter collectively referred to as "Transferor Companies"), with the Company.

The Securities and Exchange Board of India ("SEBI") vide its Circular no. CFD/DIL3/CIR/2017/21 ("the Circular") dated 10<sup>th</sup> March, 2017, amongst other requirements, requires the Company to submit a Report from the Audit Committee, recommending the draft scheme of amalgamation, after taking into consideration the valuation report and the fairness opinion thereon. The report of the Audit Committee is made in order to comply with the requirements of the said circular.

The following documents were placed before the Audit Committee:

- Draft Scheme of Amalgamation;
- Valuation report dated May 11, 2017 issued by G.K. Choksi & Co., Chartered Accountants; and
- Fairness opinion dated May 11, 2017 issued by RBSA Capital Advisors LLP.

## RELAXO FOOTWEARS LIMITED

Registered Office: Aggarwal City Square, Plot No. 10, Manglam Place,  
District Centre, Sector-3, Rohini, Delhi-110085. Phones: 46800 600, 46800 700  
Fax: 46800 692 E-mail: rff@relaxofootwear.com  
CIN L74899DL1984PLC019097



*Certified True Copy  
For Relaxo Footwears Limited*

*[Signature]*  
Company Secretary

# RELAXO

## 2. Proposed Scheme of Amalgamation

2.1 The Audit Committee noted that the scheme of amalgamation is expected to enable better realization of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The scheme is driven by the following objectives and is likely to result in the following advantages:

- (a) An opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the amalgamation will enable optimal utilization of existing resources and provide an opportunity to fully leverage capabilities, efficiencies and infrastructure of all the companies.
- (b) The Transferor Companies own immovable properties, which have been leased out to the Transferee Company and disclosed as related party transactions in the financial statements of the Transferor Companies and the Transferee Company. The Amalgamation will enable the consolidation of such immovable properties in a single entity, thereby enabling the Transferee Company to leverage on its larger net-worth base, besides eliminating related party transactions between the Transferor Companies and the Transferee Company, and improving operating profits.

Further, the Transferee Company plans to make additional investments in such immovable properties, to develop state-of-the-art facilities, in line with its corporate philosophy, which will enhance the overall value of the Transferee Company.

- (c) The Amalgamation will make the Company and the business stronger and more powerful resulting in growth of business and profitability and will increase shareholder's wealth on a continual basis.
- (d) The Amalgamation will result in simplification of the corporate structure of the group.
- (e) The Amalgamation is expected to reduce redundancies and multiplicity of legal and regulatory compliances, elimination of multiple record keeping which will ultimately lead to overall reduction in expenditure.

2.2 The Audit Committee reviewed the valuation report and noted the following :

In consideration for the amalgamation of MPPL and RRPL with the Company in terms of the draft Scheme, the share exchange ratio shall be as follows:

20,158 Equity Shares of Re. 1/- each fully paid-up of the Transferee Company to be issued for every 100 Equity Shares of Rs. 100 each fully paid-up of the Transferor Company No. 1, held by the shareholder

3,124 Equity Shares of Re. 1/- each fully paid-up of the Transferee Company to be issued for every 100 Equity Shares of Rs. 100 each fully paid-up of the Transferor Company No. 2, held by the shareholder

## RELAXO FOOTWEARS LIMITED

Registered Office: Aggarwal City Square, Plot No. 10, Manglam Place,  
District Centre, Sector-3, Rohini, Delhi-110085. Phones: 46800 600, 46800 700  
Fax: 46800 692 E-mail: rfl@relaxofootwear.com  
CIN L74899DL1984PLC019097



*Certified True Copy  
For Relaxo Footwears Limited  
Company Secretary*

61

www.relaxofootwear.com

# RELAXO

### 3. Recommendation of the Audit Committee

The Audit Committee, after due deliberations and due consideration of all the terms of the draft scheme, valuation report, fairness opinion, and the specific points mentioned above, recommends the draft scheme for favourable consideration by the Board of Directors of the Company.

**By Order of the Audit Committee  
For Relaxo Footwears Limited**

  
  
**Pankaj Shrimall**  
**Chairman of the Audit Committee**  
Place: New Delhi  
Date: May 12, 2017

*Certified True Copy  
For Relaxo Footwears Limited*  
  
*Company Secretary*

## RELAXO FOOTWEARS LIMITED

**Registered Office:** Aggarwal City Square, Plot No. 10, Manglam Place,  
District Centre, Sector-3, Rohini, Delhi-110085. Phones: 46800 600, 46800 700  
Fax: 46800 692 E-mail: [rfl@relaxofootwear.com](mailto:rfl@relaxofootwear.com)  
CIN L74899DL1984PLC019097



[www.relaxofootwear.com](http://www.relaxofootwear.com)