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STANROSE MAFATLAL
INVESTMENTS AND FINANCE LIMITED

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REPORT OF THE AUDIT COMMITTEE OF THE STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED HELD ON MARCH 13, 2018 FOR REVIEWING AND RECOMMENDING TO THE BOARD THE DRAFT SCHEME OF AMALGAMATION BETWEEN SURCOT TRADING PRIVATE LIMITED, UMIYA REAL ESTATE PRIVATE LIMITED AND STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED AND THEIR SHAREHOLDERS AND CREDITORS.

MEMBERS PRESENT:

Mr. Kersi J. Pardiwalla	Chairman and Independent Director
Mr. Rajesh Jaykrishna	Member and Independent Director

IN ATTENDANCE:

Mr. Bharat Dave	Financial Advisor
Mr. Soham Dave	Company Secretary

1. Background:

We have been informed that the Board of Directors of Stanrose Mafatlal Investments and Finance Limited ("SMIFL" or "Transferee Company") is proposing to consider a Scheme of Amalgamation of Surcot Trading Private Limited("STPL" or "Transferor Company I") and Umiya Real Estate Private Limited ("UREPL" or "Transferor Company II") (hereinafter collectively referred to as "Transferor Companies")

The Securities and Exchange Board of India ("SEBI") vide its circular no. CFD/DIL3/CIR/2017/21 ('the circular') dated 10th March, 2017, amongst other requirement, requires the Company to submit a Report from Audit Committee, recommending the draft Scheme of Amalgamation, after taking into consideration the valuation report and fairness opinion there on. 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:

a) Draft Scheme of Amalgamation;

b) Valuation Report dated 13th March, 2018 issued by Manubhai & Shah LLP, Chartered Accountants;

c) Fairness opinion dated 13th March, 2018 issued by Vivro Financial Services Private Limited, Category-I Merchant Banker.

2. Proposed Scheme of Amalgamation:

2.1 The Audit Committee noted that the scheme of amalgamation is expected to enable better realization of the potential of the businesses and yield beneficial results and enhance 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 following advantage:

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1. The Transferor Company 1 is engaged in the business of trading of goods including investments in moveable and immovable properties.

2. The Transferor Company 2 is engaged in the business of undertaking real estate projects and other types of real estate related activities.

3. The Transferee Company is a Non-Banking Financial Company and was incorporated with the object to carry on the business of Inter-corporate investments, financing and capital market related activities including trading in securities and emerging products in derivatives. The Equity shares of the Transferee Company are listed and traded on the Bombay Stock Exchange / BSE Limited (the Stock Exchange).

4. In order to consolidate and to achieve synergies in the business, obtain economies of scale, avoid and eliminate unnecessary costs, duplication of costs of administration, it is proposed to merge all the business into one single company. The amalgamation of the company will help the Transferee Company to streamline its business and help it to carry on its business more efficiently.

5. This scheme will enable the Transferor Companies to cut its business losses and the Transferee Company to function in more efficient manner and enjoy the economy of scale and will result in reduction of overhead and other expenses and administrative and procedural work and proper and more productive utilization of various resources.

6. The said scheme will strengthen and consolidate the position of the amalgamated company and will enable the amalgamated company to increase its profitability.

7. The Scheme will have beneficial result for the Transferor Companies and the Transferee Company and also to the shareholders of all the companies involved herein and the real value of the shares will increase.

8. In view of the manifest advantages, it is proposed to merge the Transferor Companies and the Transferee Company.

9. The present scheme of Amalgamation is proposed for the merger of the Transferor Company with the Transferee Company.

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

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

> "As the net worth of both the Transferor Companies is negative, there will not be any issue of new equity shares by the Transferee Company to the shareholders of the Transferor Companies. No Equity Share of the SMIFL is to be issued and allotted for Equity shares each held in STPL and UREPL."

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3. Recommendation of the Audit Committee

The Audit committee, after due deliberations and due consideration of all the terms of 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.

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INVESTMENTS SND FINANCE LIMITED,

KERSI J. PARDIWALLA
CHAIRMAN AND INDEPENDENT DIRECTOR

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