



# BANNARI AMMAN SUGARS LIMITED 62

Regd. Office : 1212, Trichy Road Coimbatore - 641 018 Tamilnadu India  
 Phone : 91 - 422 - 2204100 Fax : 91 - 422 - 2309999 (Sales) 2204233 (Accounts)  
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## REPORT OF THE AUDIT COMMITTEE MEETING OF BANNARI AMMAN SUGARS LIMITED HELD ON 25.4.2016 RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF M/S MADRAS SUGARS LIMITED WITH BANNARI AMMAN SUGARS LIMITED

Members Present : Dr M P Vijayakumar – Chairman  
 Sri T Gundan  
 Sri E P Muthukumar

In attendance : (1) Sri C Palaniswamy  
 Company Secretary & Compliance Officer  
 (2) Sri M Ramprabu  
 Chief Financial Officer

By Invitation : Sri P R Vittel  
 Partner, M/s P N Raghavendra Rao  
 Chartered Accountants, Statutory Auditors

### Background:

A meeting of the Audit Committee of Directors of Bannari Amman Sugars Limited was convened on 25.4.2016 at the Registered Office of the Company at 1212, Trichy Road, Coimbatore 641 018 inter alia to consider the Valuation Report, Fairness opinion on the valuation report and to recommend the draft scheme of amalgamation of M/s Madras Sugars Limited with Bannari Amman Sugars Limited to the Board of Directors as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the circulars issued thereunder.

Accordingly, the meeting was held today viz. 25.4.2016 and the Committee commenced its proceedings by 10.00 A.M and concluded the proceedings at 11.10 A.M.

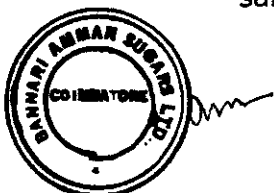
Dr M P Vijayakumar, Chairman of the Audit Committee presided over the meeting and placed the following documents before the committee:

- (1) Copy of the Report dated 6.4.2016 prepared by the Sugarcane Breeding Institute , on the potentiality and cane availability in the area allotted to M/s Madras Sugars Limited in terms of Sugarcane (Control) Order, 1966, duly initialed by the Company Secretary for the purpose of identification;



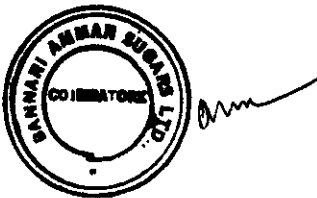
- (2) Copy of the Report dated 12.4.2016 prepared by M/s Kumbhat & Co., Independent Chartered Accountants on the valuation of Equity Shares of Madras Sugars Limited and Bannari Amman Sugars Limited and describing methodology adopted for valuation, duly initialed by the Company Secretary for the purpose of identification;
- (3) Copy of the Fairness opinion dated 16.4.2016 issued by M/s Dalmia Securities Private Limited an Independent Merchant Banker on the Scheme and swap ratio duly initialed by the Company Secretary for the purpose of identification;
- (4) Draft Scheme of Amalgamation, duly initialed by the Company Secretary for the purpose of identification;
- (5) Certificate dated 23.4.2016 issued by M/s P N Raghavendra Rao & Co., Chartered Accountants as required under para (5) of the Circular No.CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the accounting treatment contained in the draft scheme is in compliance with all Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 read with rules framed thereunder or Accounting Standards issued by ICAI, as applicable and other generally accepted accounting principles.
- (6) Audited financial statements of both the companies for the year ending 31.3.2015 and Unaudited financial statements for the period ending 31.12.2015.

The Audit Committee perused the all the above documents and financials of both the companies and discussed about the methodology adopted for valuation of equity of both the companies and the fairness opinion issued by the Merchant Banker. The Audit Committee also discussed with Sri P R Vittel, about the accounting treatment specified in the draft scheme and compliance with the applicable accounting standards. The Audit Committee noted the salient feature of the Draft Scheme which is as follows:



- (a) The scheme provides for amalgamation of M/s Madras Sugars Limited (Transferor Company) with M/s Bannari Amman Sugars Limited (Transferee Company) in the nature of merger;
- (b) The appointed day for Amalgamation is fixed as 1.1.2016 ;
- (c) The Scheme inter alia provides that the proposed amalgamation would stabilize the operations and would help to achieve efficient utilisation of resources and facilities; it would be beneficial for both the companies considering the present industry scenario;
- (d) The Scheme provides for the issue of 11 (eleven) fully paid up equity shares of Rs.10/- each of Bannari Amman Sugars Limited to the shareholders of M/s Madras Sugars Limited for every 150 (One Hundred and Fifty) equity shares of Rs.10/- each held by them in Madras Sugars Limited. In other words 11,00,000 equity shares of Rs.10/- each of Bannari Amman Sugars Limited will be issued to the shareholders of Madras Sugars Limited.
- (e) On giving effect to the Scheme, the shareholding pattern of M/s Bannari Amman Sugars Limited will be as follows:

Category	Pre-amalgamation*		Post-amalgamation	
	Number of shares of Rs.10/- each	%	Number of shares of Rs.10/- each	%
Promoters	6260276	54.72	7360276	58.70
Non-Resident Indians	157235	1.37	157235	1.25
Banks / Indian Financial Institutions	264	0	264	0
Foreign Portfolio Investors	19701	0.17	19701	0.16
Overseas Corporate Bodies	45000	0.39	45000	0.36
Foreign Institutional Investor (FIIs)	163	0	163	0
Bodies Corporate	1321152	11.55	1321152	10.54
Mutual Funds	100	0	100	0
Public	3635809	31.78	3635809	28.99
Total	11439700	100	12539700	100



The Audit Committee also noted that M/s Madras Sugars Limited is a wholly owned subsidiary of M/s SVB Holdings Private Limited which is controlled by the promoters of Bannari Amman Sugars Limited and provides for allotment of shares to promoters' group.

The Audit Committee further noted that the Scheme is subject to the approval of the Board of Directors, shareholders of the company and other authorities as prescribed in the statutes and the Hon'ble High Court of Judicature at Madras.

**RECOMMENDATION:**

Having considered the Reports and documents placed before the committee and the discussions had with statutory auditors of the company, the Audit Committee unanimously recommended to the Board of Directors and to the Stock Exchanges/Securities Exchange Board of India for favourable consideration and the approval of the draft scheme of amalgamation as placed before the Audit Committee.

Place: Coimbatore  
Date : 25.4.2016



By Order of the Audit Committee

(M P VIJAYAKUMAR)  
Chairman of Audit Committee