

Report of the Audit Committee of Anil Limited

Members Present in Meeting Held on 2nd September, 2013

Mr. Kamal R. Sheth	Chairman
Mr. Anish K. Shah	Member
Mrs. Indira J. Parikh	Member

1. Background

We have been informed that the Board of Directors of Anil Limited ('the Company') is proposing to consider a "Composite Scheme of Arrangement in the Nature of Amalgamation, Demerger and Restructuring of Share Capital between Anil Limited and Anil Bioplus Limited and Anil Infraplus Limited and Adella Enterprise Private Limited and Anil Life Sciences Limited and their respective shareholders and creditors" ("Scheme").

The Scheme comprises of the following arrangements:

- Merger of Anil Bioplus Limited (ABL) and Anil Infraplus Limited (AIL) with Anil Limited (Anil);
- Merger of Adella Enterprise Private Limited (Adella) with Anil Limited; and
- Demerger of Corn Wet Milling (CWM) and Bio-Business of Anil Limited to Anil Lifesciences Limited (ALL).

All the abovementioned companies are part of the Anil Group ('the Group').

As required under clause 24(f) of the Listing Agreement, the Company will be filing the Scheme along with other necessary information / documents with BSE Limited.

The Securities and Exchange Board of India (SEBI) vide its circular No. CIR/CFD/DIL/5/2013 ('Circular') dated 4th February, 2013 has, amongst other requirements, sought a report from the Audit Committee of the listed entity recommending the Draft Scheme.

Anil Limited

P. O. Box - 10009, Anil Road, Ahmedabad - 380025. Gujarat. India.
Tel.: +91 (79) 22203222 Fax: +91 (79) 22200731
Web: www.anil.co.in

(A Member of Anil Group of Companies)



In view of the above Circular, members of the Audit Committee of the Company have discussed and approved the Draft Scheme vide a resolution passed at its meeting held on 2nd day of September 2013 and have made this report, after perusing the following necessary documents:

- 1) Draft Scheme;
- 2) Valuation Report of M/s SSPA & Co, Chartered Accountants and Fairness Opinion issued by Merchant Banker, M/s Tipsons Consultancy Services Private Limited, Category-I Merchant Banker registered with the SEBI; and
- 3) Certificates obtained from the statutory auditors of the Company on the accounting treatment prescribed in the Scheme.

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

2. Rationale of the Scheme

To make current holding structure more efficient, the Promoters of Anil are desirous of streamlining their holding in Anil. As a step towards such rationalization, it is proposed to amalgamate Adella with Anil. The same would not have any adverse impact on the financial position of Anil.

The merger of ABL and AIL into Anil and the transfer and vesting of the CWM and Bio-Business of Anil to ALL pursuant to this Scheme is with a view to adopting the best management practices, establishing highest operational standards and also to unlock the economic value of the CWM and Bio-Business.

The re-organization would be expected, *inter alia*, to achieve the following synergies:

- i) Unlocking of value;
- ii) Consolidation of similar businesses under one roof;
- iii) More focused leadership and dedicated management;
- iv) Greater visibility on the performance of CWM and Bio-Business.

Anil Limited

P. O. Box - 10009, Anil Road, Ahmedabad - 380025. Gujarat. India.
Tel.: +91 (79) 22203222 Fax: +91 (79) 22200731
Web: www.anil.co.in

(A Member of Anil Group of Companies)



3. Consideration of the Scheme

3.1 With respect to the merger of ABL and AIL into Anil, upon Scheme being effective, Anil shall issue and allot shares to the extent indicated below to the shareholders of ABL and AIL, holding shares in the ABL and AIL and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the following proportion:

- (a) 5 (Five) fully paid up Equity Share of Rs. 10/- of Anil shall be issued and allotted for every 22 (Twenty Two) Equity shares of Rs. 10/- held in ABL, fraction to be rounded off to the nearest integer, subject to a minimum of 1 (One) equity share to be issued to every equity shareholder;
- (b) 5 (Five) fully paid up Equity Share of Rs. 10/- of Anil shall be issued and allotted for every 202 (Two Hundred Two) Equity shares of Rs. 10/- held in AIL, fraction to be rounded off to the nearest integer, subject to a minimum of 1 (One) equity share to be issued to every equity shareholder
- (c) 1 fully paid up Preference Share of Rs. 100/- of Anil (herein after referred as "Anil Preference Share Series 3") shall be issued and allotted for every 1 (One) ABL Preference shares held.

3.2 With respect to the merger of Adella into Anil, upon the Scheme becoming effective, Anil shall issue and allot the same number of equity and preference shares, as held by Adella in Anil (as on the Effective Date), credited as fully paid-up, to the shareholders of Adella (and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors) in the proportion of face value of equity shares held by them as on the Record Date.



Anil Limited

P. O. Box - 10009, Anil Road, Ahmedabad - 380025. Gujarat. India.
Tel.: +91 (79) 22203222 Fax: +91 (79) 22200731
Web: www.anil.co.in

(A Member of Anil Group of Companies)

3.3 With respect to Demerger of CWM and Bio-Business of Anil into ALL, ALL shall issue and allot shares to the extent indicated below to the shareholders of Anil, holding shares in Anil and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the following proportion:

- (a) 1 (One) fully paid up Equity Share of Rs. 10/- of ALL shall be issued and allotted for 1 (One) Equity shares of Rs. 10/- held in Anil, fraction to be rounded off to the nearest integer, subject to a minimum of 1 (One) equity share to be issued to every equity shareholder”
- (b) 1 (One) fully paid up Preference Share of Rs. 99/- of ALL shall be issued and allotted for every 1 (One) Preference shares of Rs. 100/- held in Anil, fraction to be rounded off to the nearest integer, subject to a minimum of 1 (One) Preference share to be issued to every Preference shareholder”

Recommendations of the Audit Committee

Based on the above, the Audit Committee recommends the Scheme, proposed to be considered by the Board of Directors of the Company, for favourable consideration.

Date: 2nd day of September, 2013

Place: Ahmedabad

Shri
Karnal ✓
Sheth

R. E. S. S.

Chairman

Anil Limited

P. O. Box - 10009, Anil Road, Ahmedabad - 380025. Gujarat. India.

Tel.: +91 (79) 22203222 Fax: +91 (79) 22200731

Web: www.anil.co.in

(A Member of Anil Group of Companies)