

Report of Audit Committee of Sagar Soya Products Limited

Members:

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| Mr. Arun Kumar Sharma | Chairman |
| Mr. Chandrakant Patel | Member |
| Mrs. Renu Singh | Member |

1. Background

The Company has placed before the Audit Committee a Scheme of Amalgamation ("Scheme") for the Merger of Sagar Green Fields Private Limited ("SGFPL") with the Company for recommendation of the Scheme by the Committee of Directors as required under SEBI circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 ("Circular").

This report of the Audit Committee is made in order to comply with the requirements of the SEBI (LODR), 2015 regulations after considering draft Scheme of Amalgamation.

The member of SGFPL shall be allotted the One Share for every share held as per the valuation report given by the Independent Chartered Accountant.

2. Report

This report of Audit Committee is being issued to comply with the requirements SEBI (LODR), 2015 guidelines.

The members of Audit Committee of the Company has discussed and made this report after perusing the following documents:

- I. The Draft Scheme of Amalgamation
- II. The valuation report on the fair exchange ratio dated 26th September 2016 issued by C.P. Jaria & Co, which includes share exchange ratios.
- III. Fairness opinion Report dated 26th September 2016 issued by Corporate Strategic Allianz Limited.

The presentation was also made to Audit Committee setting out the rationale and benefits of the proposed amalgamation, how combined entity would be structured and the key financial



indicators. The Audit Committee noted the various benefits of the proposed amalgamation as placed before it.

The salient features of the scheme are as under:

- i. Reduction of Paid-up Share Capital of the Company to the extent of 95%;
- ii. The Scheme provided for Merger of SGFPL with the Company;
- iii. The Appointed Date for the Scheme is fixed as opening of business hours on 01st April 2016;
- iv. All the Shareholders of the Company will receive shares of the Transferee Company as per Swap Ratio recommended by the valuer;
- v. Upon effectiveness of the Scheme, SGFPL will stand dissolved without winding-up;

The sealed envelope handed over by C.P. Jaria & Co, valuer appointed by the Company, containing a copy of valuation report was then un-sealed and the share exchange ratio was read out to the Committee. C.P. Jaria & Co then made a presentation to the Audit Committee explaining the methodology adopted by them in arriving at the share exchange ratio. The Valuer then recommended that One Equity Share of Rs.10/- each to be allotted for every One share of Rs. 10/- held by the shareholders of the Company.

Thereafter, Corporate Strategic Allianz Limited, the merchant banker for the Company made a presentation and confirmed that in their opinion, the Share Exchange Ratio is fair, from a financial point of view, to the Equity Shareholders of the Company.

3. Recommendations of Audit Committee:

The Audit Committee has considered and noted the aforementioned documents, presentations made by C.P. Jaria & Co and Corporate Strategic Allianz Limited and the Draft Scheme of Arrangement and recommends the Draft Scheme of Arrangement to Board of Directors for their approval.



Date: 26th September 2016

Place: Mumbai


Mr. Arun Kumar Sharma

Chairman, Audit Committee

SAGAR SOYA PRODUCTS LIMITED

CIN: : L15141MH1982PLC267176

Regd. Office: 32, Vyapar Bhavan, 49, P.D. Mello Road, Mumbai, Maharashtra-400009

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE AUDIT COMMITTEE OF SAGAR SOYA PRODUCTS LIMITED HELD ON MONDAY, 26TH SEPTEMBER, 2016 AT THE REGISTERED OFFICE OF THE COMPANY.

REDUCTION OF CAPITAL & MERGER OF SAGAR GREEN FIELDS PRIVATE LIMITED WITH THE COMPANY:

The Chairman of the meeting informed to the members of the audit committee that the Board of the Company in its meeting held on 26th September 2016 considered the scheme of reduction of share capital & merger of Sagar Green Fields Private Limited with the Company.

He further said that the Board of the Company i.e Sagar Soya Products Limited also considered the fact that to get a better benefit, it would be wise to restructure the capital of the Company by way of reduction of capital to wipe out the accumulated losses accrued in the books of the Company on account of past losses and the Merger of Sagar Green Fields Private Limited with the Company would increase the net worth of the Company

He placed before the meeting the SEBI circular bearing no. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and drew the attention for the members Para 5 A of the said circular. The Circular inter alia directed the Audit committee to consider the Valuation Report obtained from an Independent Chartered Accountant and in turn report to the Board either recommending the scheme to be considered or not.

The Chairman placed before the Committee the following documents:

1. Draft Scheme of reduction of share capital.
2. Audited accounts for the period ended 31st March, 2016.
3. Shareholding details of the Company including Promoters and majority shareholding.
4. Valuation Report dated 26th September 2016 given by C.P. Jaria & Co, Chartered Accountants.
5. The fairness opinion given by the Corporate Strategic Allianz Limited, Merchant Bankers.

"RESOLVED THAT the Audit Committee be and hereby recommend for the consideration of the Board the reduction of capital and Merger of Sagar Green Fields Private Limited with the Company.

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RESOLVED FURTHER THAT the Audit Committee be and hereby recommend for the consideration of the Board the draft scheme of reduction of share capital & Merger of Sagar Green Fields Private Limited with the Company which is fair and in the best interest of the Company and shareholders and take on record the Valuation Report dated 26th September 2016 issued by C.P. Jaria & Co, the Independent Chartered Accountant appointed in accordance with the SEBI Circular bearing No. CIR/CFD/DIL/5/2013 DATED 4th February 2013."

All the members were present Quorum was present throughout the meeting and the Resolution was passed unanimously.

//CERTIFIED TRUE COPY//

For SAGAR SOYA PRODUCTS LIMITED



ARUN KUMAR SHARMA
CHAIRMAN- AUDIT COMMITTEE
DIN- 00369461

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