



# BODAL CHEMICALS LTD.

(GOVT. OF INDIA RECOGNISED EXPORT HOUSE)

CIN : L24110GJ1986PLC009003

Registered Office : Plot No. 123/124, Phase-1, G.I.D.C., Vatva, AHMEDABAD-382 445. INDIA

Phone : 0091 79 2583 5437, 2583 4223, 2583 6051, 2583 1684 Fax : 0091 79 2583 6052, 2589 2988

E-mail : bodal@bodal.com

Website : www.bodal.com



## REPORT OF THE AUDIT COMMITTEE OF THE BODAL CHEMICALS LTD ("THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION

### Members Present at the Meeting

- |                         |          |
|-------------------------|----------|
| 1. Mr. Surendra N. Shah | Chairman |
| 2. Mr. Bipin R. Patel   | Members  |
| 3. Mr. Bhavin S. Patel  | Members  |

### In attendance

- |                          |                         |
|--------------------------|-------------------------|
| 1. Mr. Mayur B. Padhya   | Chief Financial Officer |
| 2. Mr. Ashutosh B. Bhatt | Company Secretary       |

### By Invitation

- |                      |                      |
|----------------------|----------------------|
| 1. Mr. Mayank Shah   | Chartered Accountant |
| 2. Mr. Rashmin Patel | Internal Auditor     |

The Meeting of the Audit Committee was held on 10<sup>th</sup> day of March, 2016 to consider the Proposal for Amalgamation of Wholly owned subsidiary company in parent Company i.e. Bodal Chemicals Ltd.

The Security and Exchange Board of India circular CIR/CFD/CMD/16/2015, dated 30<sup>th</sup> November, 2015 has amongst other requirements, sought a report from audit committee of listed companies recommending the draft scheme of amalgamation after taking into consideration, inter alia, share entitlement ratio as below:

The Proposed Scheme of Amalgamation between Wholly owned subsidiary company in parent Company, **no new shares are proposed to be issued** and hence the tabling of Valuation report does not arise. The Audit Committee of Company hereby recommend the scheme to be forwarded to BSE Ltd.(BSE) and National Stock Exchange of India Ltd.(NSE) for their approval. The Salient feature of the Scheme are as under :

#### A. The Amalgamation envisages, inter alia :

- Transfer and vesting of the whole of the undertaking:

The scheme propose the transfer and vesting of the whole of the undertaking and entire business of the transferor Company(BAL), as a Going Concern, all its assets, liabilities, rights, licenses and powers, and all its debts, outstanding, liabilities, duties obligation and employees with the transferee Company (BCL). Upon coming into effect of the scheme, the Transferor Company (BAL) shall stand dissolved without winding up, and the Board of Director of the Transferor Company and any committee thereof, shall without any further act, instrument or deed stand dissolved.

- Rationale of the Amalgamation:



# BODAL CHEMICALS LTD.

(GOVT. OF INDIA RECOGNISED EXPORT HOUSE)

CIN : L24110GJ1986PLC009003

Registered Office : Plot No. 123/124, Phase-1, G.I.D.C., Vatva, AHMEDABAD-382 445. INDIA

Phone : 0091 79 2583 5437, 2583 4223, 2583 6051, 2583 1684 Fax : 0091 79 2583 6052, 2589 2988

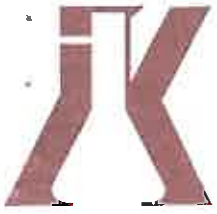
E-mail : bodal@bodal.com

Website : www.bodal.com



- (i) Simplified corporate structure.
  - (ii) Rationalization of administrative and operative costs;
  - (iii) Post amalgamation of BAL with BCL, BAL will be dissolved. Consequently lesser regulatory and legal compliance obligations including accounting, reporting requirements, statutory and tax filings, company law requirements etc.
  - (iv) The rationale being to augment better value for the investment so far made, thus to optimize the shareholders wealth in the best interest of the Company.
  - (v) Enable cost saving and optimum utilization of resources which will enhance the management focus thereby leading to higher operational efficiency.
- Governing Sections (provisions) of the Companies Act 1956: Sections 391 to 394.
- The Draft scheme needs to be filed with Stock Exchange for obtaining the Observation Letter or No-objection Letter before filing such scheme with any Court or Tribunal.
- Applicability regarding the Placing of Valuation Report before the Audit Committee (AC) - regarding:
- a. SEBI has clarified in its circular that Valuation report from an Independent CA need not be required in cases where there is no change in the shareholding pattern of the Listed Company/resultant company.  
  
Example: "no change in shareholding pattern": In case of wholly owned subsidiary of a listed company is merged with the parent listed company, where the shareholders and the shareholding pattern of entity (listed) remains the same, it will be treated as "no change in shareholding pattern",
  - b. Hence in this case there is no need of attaching a Valuation Report along with the draft scheme.
  - c. Pre & post amalgamation shareholding pattern of unlisted company-BAL:  
  
Pre Amalgamation- Wholly Owned Subsidiary (WOS) of Bodal Chemicals Ltd.(BCL) (100% -17,00,000 Equity shares of Rs.10/- each, the holder-BCL).  
  
Post Amalgamation -WOS getting merged with (Parent Listed Company) BCL.
  - d. Audited financials of last 3 years of unlisted company (BAL) are available.
  - e. Compliance of clause 49 of LA/ Regulation 27(2) of LODR: The Listed Company-





# BODAL CHEMICALS LTD.

(GOVT. OF INDIA RECOGNISED EXPORT HOUSE)

CIN : L24110GJ1986PLC009003

Registered Office : Plot No. 123/124, Phase-1, G.I.D.C., Vatva, AHMEDABAD-382 445. INDIA

Phone : 0091 79 2583 5437, 2583 4223, 2583 6051, 2583 1684 Fax : 0091 79 2583 6052, 2589 2988

E-mail : bodal@bodol.com

Website : www.bodal.com



BCL is Compliant with Clause 49 of LA / Regulation 27(2) of LODR.

The BSE/NSE, upon receipt of comments from SEBI, shall issue Observation letter/No Objection letter to the listed company after incorporating the comments received from SEBI, within 7 days of receipt of comments from SEBI on the draft Scheme.

The validity of the Observation Letter or No Objection letter is 6 months.


The Audit Committee after discussions, recommended the draft "Scheme of Amalgamation of "Bodal Agrotech Ltd." (BAL), with the Company, with effect from 1<sup>st</sup> April, 2016 being the "Appointed Date", subject to the appropriate approvals of the (SEBI, BSE, NSE), secured and unsecured creditors, if any of the Company and the Hon'able High Court of Judicature at Ahmedabad, pursuant to Sections 391 to 395 of the Companies Act 1956/Companies Act 2013.

Upon the coming into effect of the Scheme (1 April, 2016) the entire share holding held (Equity) by the Company in BAL, the wholly owned subsidiary company, shall stand cancelled and extinguished in terms of the Scheme without any other act or deed or thing to be done No shares or consideration shall be issued or paid by the Company as Transferee to the Transferor company pursuant to such cancellation.

#### Recommendation of the Audit Committee:

Having considered the documents, the Audit Committee found the draft Scheme to be in the best interests of all the stakeholders of the Company and do hereby unanimously recommend the draft scheme, inter alia, taking into consideration that there would not be any issuance of shares, for favorable consideration by the board of directors of the Company, BSE Limited, National Stock Exchange of India Limited and the Securities and Exchange Board of India.

For, BODAL CHEMICALS LTD.

  
Surendra N. Shah  
Chairman of Audit Committee  
DIN: 00160401

Date : 14-03-2016

Place: Ahmedabad