

REPORT OF THE AUDIT COMMITTEE OF EMAMI REALTY LIMITED (FORMERLY EMAMI INFRASTRUCTURE LIMITED) ("THE COMPANY") RECOMMENDING THE PROPOSED SCHEME OF ARRANGEMENT FOR DEMERGER BETWEEN ORIENTAL SALES AGENCIES (INDIA) PRIVATE LIMITED AND THE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS

PRESENT:

Mr. Ram Gobind Ganeriwala	Chairman
Mr. Hari Mohan Marda	Member
Mr. Girija Kumar Choudhary	Member

IN ATTENDANCE:

Mrs. Payel Agarwal	Company Secretary
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Background:

1. A meeting of the Audit Committee of Emami Realty Limited ('Resulting Company' or 'ERL') was held on 5th March, 2020 to consider and recommend to the Board of Directors, the proposed Scheme of Arrangement for Demerger between Oriental Sales Agencies (India) Private Limited ('Demerged Company' or 'OSAPL') and the Company and their respective shareholders, to be implemented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, for demerger of the 'Real Estate Undertaking' of Oriental Sales Agencies (India) Private Limited and vesting of the same in Emami Realty Limited, on a going concern basis.
2. This report of the Audit Committee is made in order to comply with the requirements of Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 (as amended) issued by the Securities and Exchange Board of India ('SEBI').
3. The following documents were placed before the Audit Committee:
 - (a) Draft Scheme of Arrangement for Demerger;
 - (b) Report for Recommendation of Share Entitlement Ratio dated 5th March, 2020 submitted by Mr. Sandeep Agrawal, Independent Chartered Accountant, Registered Valuer (Valuer Registration No. – IBBI/RV/06/2019/11237);
 - (c) Fairness Opinion dated 5th March, 2020 submitted by M/s Narnolia Financial Advisors Limited, Merchant Banker;
 - (d) Certificate dated 5th March, 2020 obtained from the statutory Auditors of the Company, M/s Agrawal Tondon & Co., certifying that the accounting treatment

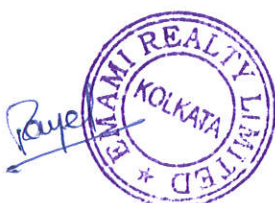


prescribed in the Draft Scheme is in compliance with the applicable Accounting Standards.

Proposed Scheme of Arrangement for Demerger:

1. The Committee noted the salient features of the Scheme as under:
 - (a) The Appointed Date is 1st April, 2019;
 - (b) The Scheme provides for Demerger of the Real Estate Undertaking of Oriental Sales Agencies (India) Private Limited and vesting of the same in Emami Realty Limited on a going concern basis in accordance with Sections 230 to 232 of the Companies Act, 2013;
 - (c) Upon the Scheme becoming effective, the whole of the undertaking, assets, properties and brands, liabilities, debts, contracts, rights and obligations of every kind nature and description of the Demerged Company relating to the Real Estate Undertaking shall stand transferred to ERL.
 - (d) As consideration for the Demerger of the Real Estate Undertaking of OSAPL and vesting of the same in ERL, in terms of the Scheme, "2.83 fully paid up equity shares of Rs. 2/- each of ERL, shall be issued and allotted for every 1 equity share of Rs 10/- each held by such shareholder in OSAPL, in consideration for the demerger and vesting of Real-estate undertaking of OSAPL into ERL."

1. The Committee reviewed the draft Scheme and also noted the rationale and benefits of the Scheme, which is, inter alia, as follows:
 - (i) The Demerged Company and the Resulting Company are part of the Emami Group.
 - (ii) The Demerged Company is currently engaged in the business of (i) Real Estate and (ii) Trading in Paintings/Shares & Securities.
 - (iii) The 'Real Estate Undertaking' of the Demerged Company comprises of (i) Leasehold interest on 14.4890 Acres of landed property comprising in Municipal Premises No. 2, Jessore Road, Kolkata - 700028 acquired by a registered Deed of Lease dated 16th April, 2007 (as modified from time to time) made between the Demerged Company and the Governor of the State of West Bengal for a period of 99 years commencing from 10th April 2007 and also the right to renew the same for a further period of 99 years subject to the terms and conditions contained and recorded therein, for the development of which the Demerged Company has entered into Development Agreements dated 30th



April, 2011, 27th February, 2013 and 30th December, 2016 (as modified from time to time) with the Resulting Company and (ii) 1,12,505 nos. of equity shares in Delta PV Private Limited, held by the Demerged Company. Presently, Delta PV Private Limited is already a subsidiary (55%) of the Resulting Company and post demerger, the percentage of holding in Delta PV Private Limited is going to be increased to 80%.

- (iv) Recognizing the growth potential of the 'Real Estate Undertaking' of the Demerged Company in the backdrop of the fact that the Demerged Company's 'Real Estate Undertaking' has matured, the companies are proposing to consolidate this vertical in the Resulting Company.
- (v) Accordingly, the management of the companies have examined the relative business strengths and the potential commercial and other synergies of the consolidated entity and proposes to consolidate their real estate businesses under a single entity. As the Demerged Company is having two business undertakings, it was proposed to demerge the real estate undertaking only. Post demerger, the Demerged Company having retained undertaking comprising Trading will be able to focus specifically on the said business of the company, as the same require an altogether different expertise and focus, planning, business strategies and decision making.
- (vi) This arrangement would result in reduction of costs including efficiency in administrative costs, pooling of business and strategic resources, economies of scale and focused management control. The Scheme is in the interest of all the companies and will help in growth and expansion of the businesses. The arrangement would enable the consolidation of business and carry on the same more efficiently and effectively.
2. The Committee reviewed and noted the Report for Recommendation of Share Entitlement Ratio and Fairness Opinion, including the following recommendation:

On the Effective Date, upon the Scheme being sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench, ERL shall:

"Issue and allot 2.83 fully paid up equity shares of Rs. 2/- each of ERL, to the equity shareholder of OSAPL, for every 1 equity share of Rs 10/- each held by such shareholder in OSAPL, in consideration for the demerger and vesting of Real-estate undertaking of OSAPL into ERL."

Further, the Report has confirmed that the share entitlement ratio is fair and equitable for the equity shareholders of both the companies.



Recommendations of Audit Committee:

The Audit Committee, after taking into consideration the Scheme, Valuation Report, the Fairness Opinion and other documents as placed, unanimously recommends the Draft Scheme for favourable consideration by the Board of Directors of the Company, the stock exchanges, the SEBI and other appropriate authorities.

Date: 5th March, 2020
Place: Kolkata

A. Ganeriwala
RAM GOBIND GANERIWALA
CHAIRMAN OF THE COMMITTEE

