

# **ADI RASAYAN LIMITED**

Regd Office : G/C, Ground Floor, Trupti Apartment, B/H. Old High Court,  
Navrangpura, Ahmedabad - 380009. Tel. No.: 079-27543650  
Email Id: adirasayan@gmail.com Website : www.adirasayan.in  
CIN No.: L24231GJ1992PLC018572

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## **Report of the Audit Committee of Adi Rasayan Limited**

The following members were present

1. Mr. Ashish Pandare – Chairman – Independent Director
2. Ms.Veda Adhatrao – Member – Non Executive Director
3. Mr.Sanjiv Joshi – Member – Executive Director

### **1. Background**

The Board of Directors of Adi Rasayan Limited (“Adi” or “the Company”) by a resolution passed on 28<sup>th</sup> September, 2015 has subject to the approval of the Hon’ble High Court of Gujarat at Ahmedabad, shareholders, Stock Exchanges where the shares of the company are listed and other relevant regulatory authorities approved the reduction of Equity Share Capital of the Company from Rs.6,51,97,000/- divided into 65,19,700 Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up to Rs. 32,59,850/- divided into 3,25,985 Equity Shares of Rs. 10/- (Rupees Ten only) each and that such reduction be effected by canceling of 61,93,715 Equity Shares of Rs. 10/- each amounting to Rs. 6,19,37,150/- which is lost or un-represented by the available assets i.e. Debit balance in Profit and Loss Account

SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 has amongst other requirements sought a report from the Audit Committee of the listed entity for recommending the draft Application / Petition for Reduction of Capital.

The Company is in the process of filling the application under clause 24(f) of the Listing Agreement, along with other necessary information / documents with BSE Limited.





In view of the above circular, members of the Audit Committee of the Company discussed and recommended the proposed Reduction of Share Capital against the Debit balance in Profit and Loss Account, vide resolution dated 28<sup>th</sup> September, 2015 and have made this report, after perusing the following necessary documents:

1. Draft Scheme of Reduction of capital to be filed with the High Court.
2. Change in the balances of Equity Share Capital and Debit balance in Profit and Loss Account, Pre and Post Reduction of Share Capital; and
3. Fairness Opinion on the proposed Reduction of Shares Capital obtained from Systematix Corporate Services Limited (Category I - Merchant Banker).

Further, the Committee has noted that there is no change in the Pre and Post Shareholding Pattern of the Company and there would be no change in the interest of the minority shareholders and it would remain intact.

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

## **2. Proposed Reduction of Share Capital - Rational**

Broadly, the objectives of the financial restructuring are as under:

- a. Since writing off losses has become inevitable for growth of the Company and its shareholders, the Company is now proposing to undertake a financial restructuring exercise whereby the Company would create a "Capital Restructuring Account" from its paid up Equity Share capital whereby the Company would write off Part off its debit balance of Profit and Loss Account.
- b. The reduction of capital in the manner proposed would enable the Company to have a rational capital structure which is commensurate with its remaining business and assets.
- c. The financial restructuring will help the Company to reflect better its operational efficiency, improvements in the future years and reflect the true shareholder value.
- d. The restructuring will also not cause any prejudice to the creditors of the Company. For stake of clarity, it is specified that the reduction in Share Capital does not involve either the diminution of any liability in respect of any unpaid





capital or the payment to any shareholder of any paid-up capital nor is any call being waived. The Creditors of the Company are in no way affected by the proposed restructuring by way of the reduction of capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

- e. There is no cash outflow from the Company.
- f. Hence, the proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole.
- g. Accordingly, The Board of Directors of the Company at their meeting held on 28<sup>th</sup> September, 2015 has considered necessary to carry out financial restructuring so as to show a true and fair view of the Balance sheet and operate with a leaner base Balance Sheet.

### 3. Recommendation of the Audit Committee

The Audit Committee recommends the proposed reduction of share capital, which has also been approved by the Board of directors of the Company by a resolution passed on 28<sup>th</sup> September, 2015, for favourable consideration by the Stock Exchanges and the Securities and Exchange Board of India.

Date:

Place: Ahmedabad



A handwritten signature in blue ink, appearing to be "S. J. Shah".

CHAIRMAN