



PUDUMJEE

PUDUMJEE INDUSTRIES LTD.
Registered Office

Report of Audit Committee Recommending the Draft Scheme of Arrangement in the nature of demerger between PUDUMJEE INDUSTRIES LIMITED, PUDUMJEE PULP & PAPER MILLS LIMITED, PUDUMJEE HYGIENE PRODUCTS LIMITED AND PUDUMJEE PAPER PRODUCTS LIMITED and their respective shareholders and creditors

Date: 17th January, 2015

Members of Audit Committee:

1. Mr. R. C. Saraf
2. Mr. Vinod Kumar Jatia
3. Mr. A. S. Dayal
4. Mr. R. P. Shroff

Present in Meeting:

1. Mr. Vinod Kumar Jatia
2. Mr. R. P. Shroff

A Draft of the Scheme of Arrangement between PUDUMJEE INDUSTRIES LIMITED, PUDUMJEE PULP & PAPER MILLS LIMITED, PUDUMJEE HYGIENE PRODUCTS LIMITED AND PUDUMJEE PAPER PRODUCTS LIMITED and their respective shareholders and creditors (i.e. "Scheme") for demerger of Paper Business (including all its assets and liabilities, (the "Demerged Undertakings") carried on by the Company was presented to the Audit Committee in its meeting held on 17th January, 2015.

The Audit Committee Members noted that in terms of the Securities and Exchange Board of India ("SEBI") circular No.CIR/CFD/DIL/5/2013 dated 4th February, 2013 as amended by SEBI circular No. CIR/CFD/DIL/8/2013 dated 21st May 2013, the Scheme is required to be considered and recommended by the Audit Committee of the Company as well.

The Audit Committee, pursuant to requirements, under the aforesaid circular, and after considering the following documents placed before it:

- a. Draft of the Scheme of Arrangement;
- b. Valuation / Share Entitlement Ratio Report dated 17.01.2015 of M/s. SSPA & Co., Chartered Accountants. Mumbai and
- c. Fairness Opinion dated 17.01.2015 of M/s. Axis Capital Limited, Merchant



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Bankers, Mumbai

hereby reports that the Demerger of the Paper Business as envisaged in the Scheme shall be beneficial to all the stakeholders of the Company.

The Committee has noted that: -

This Scheme will enable the Transferor companies as well as the Transferee Company to streamline their business activities as the companies are all presently carrying on different kind of businesses, each of which evinces interest from a separate class of investors and involves risks which are separate and distinct from each other;

The demerger of the Demerged Undertakings into the Transferee Company will help the Transferee Company shift operations from Pune manufacturing site to a manufacturing site in the Industrial area of Mahad, Maharashtra State admeasuring 75 acres or thereabouts and thereby expand its operations;

All the manufacturing assets and liabilities related to paper and hygiene related business will be housed under one entity i.e. the Transferee Company which will enable the Transferee Company to improve its business efficiency and all the Transferor companies will be able to focus on their remaining Businesses; This will help in achieving and sustaining competitiveness and development of long term internal and core competencies.

Shareholder of the Company shall receive an additional 9 equity shares of Re. 1/- each in PUDUMJEE PAPER PRODUCTS LIMITED for every 20 equity shares of Rupees 2/- held in the Company and such new shares of PUDUMJEE PAPER PRODUCTS LIMITED shall be listed on the stock exchanges.

In light of the foregoing, the Audit Committee recommends the Draft Scheme for favorable consideration by the stock exchange(s) and Securities Exchange Board of India.

By Order of the Audit Committee

For PUDUMJEE INDUSTRIES LTD

Vinod Kumar Jatia
Chairman of Audit Committee



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