

ANNEXURE - 4

REPORT OF AUDIT COMMITTEE OF SUPER TANNERY LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND AMIN TANNERY LIMITED

Members Present

1. Mr. Kumud Bihari Seth - Chairman (Non-Executive Independent Director)
2. Mr. Mohsin Sharif - Member (Non-Executive Independent Director)
3. Mr. P.K. Sinha - Member (Non - Executive Independent Director)

Leave of Absence: Nil

In Attendance

1. R.K. Awasthi - Company Secretary
2. Mahboob Alam- G.M.Finance & Accounts

By Special Invitation

1. BACKGROUND

- 1.1. A meeting of the Audit Committee of Super Tannery Limited was held ("Company/STL") was held on 23rd January, 2016 to consider and recommend the Proposed Demerger of the Goat Tannery business/division of the Company into Amin Tannery Limited ("ATL") (collectively known as "Companies"), to be implemented in terms of draft scheme of arrangement ("Scheme"), entered into between the Company, ATL and their respective shareholders and creditors under sections 391-394 read with Sections 100-104 of the Companies Act 1956 and other applicable provisions of Companies Act 2013.
- 1.2. This report of the Audit Committee is made in order to comply with the requirements of Circular No CIR/CFD/DIL/2013 dated February 04, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 (which provides clarifications with respect to the aforementioned circular), both issued by the Securities and Exchange Board of India ("SEBI Circulars").
- 1.3. The following documents were placed before the Audit Committee:
 - Draft Scheme of Arrangement, duly initialled by the Company Secretary of the Company,
 - Fairness Opinion dated November 04, 2015 by M/s. CapitalSquare Advisors Pvt Ltd. - A Category I Merchant Banker on the share entitlement ratio as recommended by M/s. Goenka & Agarwal ("Fairness Opinion") and;
 - Valuation Report dated September 14, 2015 prepared by M/s. Goenka & Agarwal respectively providing recommendation on the share entitlement ratio for proposed demerger of Goat Tannery Division of STL into ATL ("Report on Share entitlement ratio").

2. PROPOSED SCHEME OF DEMERGER

- 2.1. The Audit Committee noted the rationale and the benefits of the scheme, which including, inter-alia are as follows;
 - The demerger will result in increased flexibility and enhance the ability of STL and ATL to undertake their respective projects, thereby contributing to enhancement of future business potential;
 - This Scheme will enable the business comprised in the Demerged Undertaking and the Remaining Undertaking to be pursued and carried on more conveniently and



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For SUPER TANNERY LIMITED



R. K. Awasthi
R. K. AWASTHI
COMPANY SECRETARY

advantageously with greater focus and attention through two separate companies, i.e. STL and ATL, each having their own management team and set up. The same will facilitate the business considerations and factors applicable to the said businesses to be addressed more effectively and adequately by the respective companies;

- The transfer and vesting of the Demerged Undertaking into ATL, by way of demerger, would facilitate focused management attention, provide leadership vision, facilitate efficiency in operations due to individual specialization, provide greater leveraging due to financial independence and facilitate strategic/ financial investment;
- It is believed that the proposed segregation will create/ unlock value for shareholders and allow a focused strategy in operations, which would be in the best interest of STL and ATL and their respective shareholders and all persons connected with them; and
- The Scheme is in the interest and benefit of shareholders, creditors and there is no likelihood that any shareholder or creditor of either STL or ATL would be prejudiced as a result of the Scheme of Arrangement.

2.2. The Audit Committee also noted that upon demerger, the Company will continue to be publicly listed Company and focus on the growth opportunities. The equity shares issued by ATL shall be listed on the Stock Exchanges.

2.3. The Audit Committee also noted that as on Effective date, the existing shares of ATL shall stand cancelled.

2.4. Since Equity Shares of the ATL will be listed on the Stock Exchange the Audit Committee noted that the scheme is not required to envisage an exit mechanism for the Public Shareholders

2.5. The Audit Committee reviewed the share entitlement ratio report and noted the recommendations made therein. Further the Fairness Opinion report confirmed that the Share Entitlement Ratio Report is fair to the Shareholders of the Company and ATL

3. RECOMMENDATION OF THE AUDIT COMMITTEE

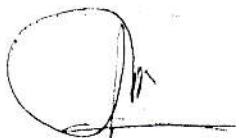
3.1. After consideration of the draft scheme, report on Share entitlement ratio and Fairness Opinion report, the members of the audit committee formed an opinion that the implementation of the proposed demerger scheme is in best interest of the Company and its shareholders, creditors and other stakeholders.

3.2. The Audit Committee recommends the Draft Scheme, inter alia, taking into consideration the Report on Share entitlement ratio and Fairness Opinion to the Board of Directors of the Company for its approval and for favourable consideration by the Stock Exchange and Securities and Exchange Board of India.

By Order of the Audit Committee

For and Behalf of

Super Tannery Limited



Chairman, Audit Committee

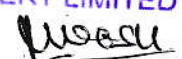
Place: Kanpur

Date: 23.01.2016

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For SUPER TANNERY LIMITED




R. K. AWASTHI
COMPANY SECRETARY