

Godrej Industries Ltd.
Regd. Office : Pirojshanagar,
Eastern Express Highway,
Vikhroli (E), Mumbai 400 079. India
Tel. : +91-22-2518 8010/8020/8030
Fax: +91-22-2518 8068/8063/8074
Website : www.godrejinds.com

**Report of Audit Committee of Godrej Industries Limited recommending the draft
Scheme of Amalgamation of Wadala Commodities Limited with Godrej Industries Limited dated
7th February, 2014**

Members

Mr. K.K. Dastur, Chairman
Mr. A.B. Choudhury
Mr. K.N. Petigara
Mr. S.A. Ahamadullah

In attendance

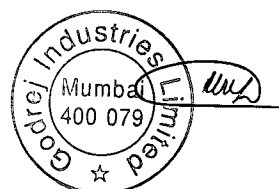
Mr. N.B. Godrej, Managing Director
Mr. K. M. Elavia, Independent Director
Mr. Clement Pinto, Chief Financial Officer
Mr. H.R. Jani, Associate Vice President (Finance)
Mr. K.R. Rajput, Company Secretary
Mr. D.A. Frazer, Statutory Auditor

1. Background:

- 1.1. A draft Scheme of Amalgamation of Wadala Commodities Limited with Godrej Industries Limited ('the Company') has been placed before the Audit Committee by the management for the recommendation of the aforesaid draft Scheme by the Audit Committee to the Board of Directors of the Company in accordance with the requirement of the SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with SEBI Circular dated 21st May 2013 ('Circular');
- 1.2. In view of the above, members of the Audit Committee of the Company have discussed and approved the draft Scheme vide a resolution passed at its meeting held on 7th February, 2014 and have made this report, after perusing the following necessary documents:
 - (a) Draft Scheme of Amalgamation;
 - (b) Valuation Report dated February 7, 2014 issued by SSPA & Co;
 - (c) Fairness Opinion Report dated February 7, 2014 issued by Dalmia Securities Private Limited;

This report of the Audit Committee is issued in terms of the Circular.

- 1.3. The salient features of the draft Scheme are, *inter alia*, as under:
 - (a) The draft Scheme provides for the amalgamation of Wadala Commodities Limited with the Company;
 - (b) The Appointed Date for the amalgamation of Wadala Commodities Limited with the Company is fixed as 1st April, 2014;
 - (c) The draft Scheme provides for transfer and vesting of the entire undertaking of Wadala Commodities Limited with its assets and liabilities to the Company as a going concern;



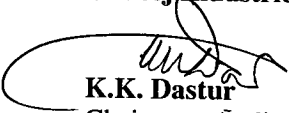
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- (d) In consideration for the amalgamation of Wadala Commodities Limited with the Company in terms of the draft Scheme and based on the share swap ratio recommended by the Independent Chartered Accountant and fairness opinion provided by the Merchant Banker, the Company will issue 1 (One) fully paid up equity share of Re.1/- (Rupee One only) each of the Company to the equity shareholders of Wadala Commodities Limited whose name is registered in the Register of Members of Wadala Commodities Limited on the Record Date (as may be determined in terms of the Scheme) for every 108 (One hundred and eight) fully paid-up equity shares of Re. 1/- (Rupee One Only) each of Wadala Commodities Limited held by the equity shareholders of Wadala Commodities Limited and 10 (Ten) fully paid up equity share of Re.1/- (Rupee One only) each of the Company to the preference shareholder(s) whose name is registered in the Register of Members of Wadala Commodities Limited on the Record Date (as may be determined in terms of the Scheme) against 50,00,000, 0.01% Redeemable Cumulative Preference Shares of Rs. 10/- each (Rs. 9/- called and paid up) held by the preference shareholder(s) of Wadala Commodities Limited;
- (e) Further in order to ensure that the interest of the public shareholders of the Company is not prejudiced and to ensure that there is no dilution of shareholding of the public shareholders of the Company pursuant to the amalgamation of Wadala Commodities Limited with the Company, the Company to issue bonus equity shares of Re.1/- (Rupee One) each of the Company, credited as fully paid-up Equity Shares to its shareholders (except to the Promoters and Promoters group entities of the Company) whose name is registered in the Register of Members of the Company on the Record Date in the proportion of 1 (One) new fully paid up equity shares of Re. 1/- each in the Company for every 1250 (One thousand two hundred and fifty only) fully paid-up equity shares of Re. 1/- held by them in the Company by way of capitalization of sum to the extent of Rs.67,680 (Sixty seven thousand six hundred and eighty only) standing to the credit of the General Reserve Account of the Company; The aforementioned issue of bonus shares shall also include issue of bonus shares upon exercise of outstanding Stock Options (whether vested or unvested) in accordance with the Employee Stock Grant Scheme of the Company in the aforesaid bonus proportion;
- (f) The new equity shares of the Company, issued pursuant to this Scheme shall be listed and/or admitted to trading on the BSE Limited and National Stock Exchange of India Limited where the equity shares of the Company are listed and/ or admitted to trading;
- (g) Upon the Scheme coming into effect, Wadala Commodities Limited will be dissolved without being wound up.

2. Recommendation of the Audit Committee

- 2.1. The Audit Committee has considered and noted the aforementioned documents and recommends the Draft Scheme to the Board of Directors of the Company for their approval, inter alia taking into consideration the said Valuation Report dated February 7, 2014 issued by SSPA & Co and the Fairness Opinion Report dated February 7, 2014 issued by Dalmia Securities Private Limited.

Godrej Industries Limited


K.K. Dastur
 Chairman, Audit Committee
 Date: 7th February, 2014
 Place: Mumbai



