

Report of the Audit Committee of IndiaNivesh Limited recommending the Draft Scheme of Arrangement (Demerger) between IndiaNivesh Limited and IndiaNivesh Financial Advisors Limited and their respective Shareholders at its meeting held on January 3, 2017 at the registered office of the Company

Present

Mr. Raja Ram Baldi	Chairman
Mr. Jimmy Anklesaria	Member
Mr. Rajesh Nuwal	Member

In Attendance

Mr. Jinesh Doshi	Company Secretary
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Background:

A meeting of the Audit Committee of IndiaNivesh Limited ("INL" or "Demerged Company") was held on January 3, 2017 to consider and recommend the proposed Demerger and vesting of the Demerged Undertaking (Investment in Subsidiaries Business) of INL into IndiaNivesh Financial Advisors Limited ("INFAL" or the "Resulting Company") and reduction of paid up equity share capital of IndiaNivesh Limited to be implemented in terms of a Scheme of Arrangement between IndiaNivesh Limited and IndiaNivesh Financial Advisors Limited and their respective Shareholders and Creditors pursuant to the provisions of Sections 230 to 232 read with Sections 52 and 66 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act ("Scheme")

As per the Directions issued by the Securities and Exchange Board of India vide its Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("Circular"), a report from the Audit Committee of the Listed Company recommending the draft Scheme of Arrangement under the Companies Act, 2013 taking into consideration, *inter alia*, the Valuation Report and the Fairness Opinion is required. This report of the Audit Committee is made in order to comply with the requirements of the Circular.

The following documents were placed before the Audit Committee:

- a. Draft Scheme of Arrangement (Demerger);



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- b. Valuation Report dated January 3, 2017 issued by M/s K.M.Tulsian & Associates, Independent Chartered Accountants;
- c. Fairness Opinion dated January 3, 2017 issued by M/s. Saffron Capital Advisors Private Limited an independent Merchant Banker providing the Fairness Opinion on the Valuation Report prepared by M/s K.M.Tulsian & Associates, Chartered Accountants; and
- d. Audited financial statements of INL and INFAL for the year ending and half year ended March 31, 2016 and September 30, 2016 respectively.

Proposed Scheme of Arrangement (Demerger)

Salient features of the proposed Scheme were as under:

- a. INL is a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI). It is engaged in primarily two distinct and diverse business activities namely
 - i) Non-Banking Finance undertaking comprising of business of Inter-Corporate Deposits, Short Term Financing and Bridge Loans etc. and acquisition and management of Stressed Assets, Investment in shares and securities, quoted as well as unquoted, corporate advisory; and
 - ii) Investment business undertaking (Demerged Undertaking) holding investments in its subsidiaries and other group companies/associate companies.
- b. IndiaNivesh Financial Advisors Limited is a Public Limited Company primarily engaged in the business of financial consultants, advisors, counselors in investment and capital market.
- c. The appointed date for the Scheme is October 1, 2016.
- c. Upon coming into effect of the Scheme and with effect from the appointed date, the Demerged Undertaking of the Company will be transferred into the Resulting Company.

The transfer and vesting shall achieve the following benefits for the Demerged Company and the Resulting Company:

- i. the Proposed Demerger will enable the better and more efficient management, control and running of the Demerged Undertaking and the Investment in Subsidiary Business;
- ii. the Proposed Demerger is in the interest of shareholders of INL and will enable both INL and the Resulting Company to achieve and fulfill their objectives more

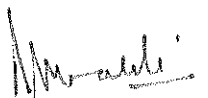


efficiently and offer opportunities to the management of both the companies to vigorously pursue growth and expansion opportunities;

- iii. the Proposed Demerger will enable investors to separately hold investments which best suit their investment strategies and risk profiles;
 - iv. the Proposed Demerger will enable INL to focus and enhance its remaining business operations by streamlining operations and cutting costs and ensuring better and more efficient management control;
 - v. the Proposed Demerger of Demerged Business Undertaking would result in issuance of equity shares to the shareholders of the Company by the Resulting Company, thereby, resulting in unlocking and maximizing shareholder value.
 - vi. The Scheme shall be beneficial for the interest of the Companies, their shareholders, creditors and employees.
- d. The Scheme would be effective pursuant to the approval of the Scheme by relevant authorities including the Securities and Exchange Board of India through the designated stock exchange and the National Company Law Tribunal, Mumbai Bench.

Recommendation of the Audit Committee

Having considered the Valuation report, fairness opinion as well as the Scheme, the Audit Committee do hereby unanimously recommend the Draft Scheme, for favourable consideration by the Board of Directors of the Company, BSE Limited and the Securities and Exchange Board of India.


Raja Ram Baldi

Chairman – Audit Committee



Place: Mumbai

Date: January 3, 2017