

# BANAS FINANCE LIMITED

CIN: L65910MH1983PLC030142

Annexure - IV

E/109, Crystal Plaza, New Link Road, Andheri (W), Mumbai - 400 053

Tel No : 022 6152 2222 • Fax: 022 6152 2234 • Email : banasfin@gmail.com • www.banasfinance.com

**Report of Audit Committee of BANAS FINANCE LIMITED, Recommending the draft Scheme of Amalgamation in form of Merger of Proaim Enterprises Limited (the “Transferor Company-1”), Axon Ventures Limited (the “Transferor Company-2”) and Rockon Enterprises Limited (the “Transferor Company-3”) collectively referred to as “Transferor Companies” with Banas Finance Limited (“The Company” / “Transferee Company”).**

**Members Present in the meeting:**

Mr. Anubhav Maurya	Chairman
Mr. Hardikkumar Kabariya	Member
Mr. Girraj Kishor Agrawal	Member

**Background:**

A meeting of the Audit Committee of **Banas Finance Limited** (‘the Company’) was held on **Saturday, May 12, 2018** to consider and recommend the proposed Scheme of Amalgamation of Proaim Enterprises Limited (the “Transferor Company-1”), Axon Ventures Limited (the “Transferor Company-2”) and Rockon Enterprises Limited (the “Transferor Company-3”) collectively referred to as “Transferor Companies” with Banas Finance Limited (“Transferee Company”) under section 230 to 232 of the Companies Act, 2013, (Act).

- a. **Proaim Enterprises Limited** (hereinafter referred to as “Proaim” or “Amalgamating Company - 1” or “Transferor Company - 1”) is a public limited company incorporated on 21<sup>st</sup> December, 1984 under the provisions of the Companies Act, 1956. Proaim is involved in the business of Investments, Financing to firm, body corporate etc, Trading in Securities and business of merchants, traders, Distributors, Commission agents, Selling agents, Brokers, Buyers, Sellers, Importers, Exporters, Dealers in Textiles, Jewelleries, Medicinal work, and related activities.
- b. **Axon Ventures Limited** (hereinafter referred to as “Axon” or “Amalgamating Company - 2” or “Transferor Company - 2”) is a public limited company incorporated on 7<sup>th</sup> August 1982 under the provisions of the Companies Act, 1956. Axon is involved in business of business of Investments, Financing to firm, body corporate etc, Trading in Securities, the Company also diversified its business line in to the filed Textiles as manufactures, traders, agents, suppliers, importers, exporters and deal in all kind of fabrics, yarns, clothes.
- c. **Rockon Enterprises Limited** (hereinafter referred to as “Rockon” or “Amalgamating Company - 3” or “Transferor Company - 3”) is a public limited company incorporated on 10<sup>th</sup> June, 1976 under the provisions of the Companies Act, 1956. Rockon carries on the business of Finance, of Loan and Advances, Investment, Share Trading and also deal in Computers, hardware with all other accessories and parts and development of software and technology of all kinds to run, sell, purchases any software park. Company also diversified its business line as manufactures, traders, agents, suppliers, importers, exporters and deal in all kinds of fabrics, yarns cloth and all other



# BANAS FINANCE LIMITED

CIN: L65910MH1983PLC030142

E/109, Crystal Plaza, New Link Road, Andheri (W), Mumbai - 400 053

Tel No : 022 6152 2222 • Fax: 022 6152 2234 • Email : banasfin@gmail.com • www.banasfinance.com

synthetics and cotton yarn.

- d. **Banas Finance Limited** (hereinafter referred to as “Banas” or “Amalgamated Company” or “Transferee Company”) is a public limited company incorporated on 6<sup>th</sup> June, 1983 under the provisions of the Companies Act, 1956. Banas is registered Non Banking Finance Company main object of the business of purchase, leasing, factoring, financing of hire-purchase, lease of kinds of plants and machineries, motor vehicles, motor boats, trawlers, launches, ships, vessels, helicopters, aircrafts, automobiles, computers or any other equipment that the Company may and to assist in financing of all and every kind and description of hire purchase or deferred or similar transaction and all and every kind and description upon any terms whatsoever and on business as investors and dealers in shares, stocks and securities, capitalists, financiers, concessionaires and to undertake, carry on and execute all kinds of financial, commercial and operations (except banking and insurance business under Banking regulation Act, 1949, and the Insurance Act, 1938) which may seem to be capable of being conveniently carried on and to loans both short and long term with provision of financial software such as computer program

In terms of the **SEBI CIRCULAR No CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March, 2017 (“the Circular”)** the Audit committee is required to recommend the scheme taking into consideration the valuation report. The report of the Audit Committee is made in order to comply with requirements said circular.

In light of the above, the Audit Committee considered the following documents:

- (a) Proposed Scheme of Amalgamation;
- (b) Valuation Report received from M/s Bagaria & Co. LLP (An Independent Chartered Dated May 7, 2018
- (c) Fairness Opinion dated May 11, 2018 issued by Fast Track Finsec Pvt Ltd, Merchant indicating that Share Exchange Ratio recommended in Valuation Report appears to be fair reasonable.
- (d) Certificate received from Statutory Auditor M/s Pravin Chandak & Associates confirming the accounting treatment contained in the scheme is in compliance with the applicable Accounting Norms.

## **Proposed Scheme of Amalgamation**

The Committee reviewed the draft scheme, valuation report, fairness opinion and noted the following salient features and benefits of the Scheme:

- a) All the companies are a part of the same group. The management believes that the proposed Scheme would be in the best interest of the shareholders, creditors and employees of the





# BANAS FINANCE LIMITED

CIN: L65910MH1983PLC030142

E/109, Crystal Plaza, New Link Road, Andheri (W), Mumbai - 400 053

Tel No : 022 6152 2222 • Fax: 022 6152 2234 • Email : banasfin@gmail.com • www.banasfinance.com

Transferor Company and the Transferee Company, resulting in enhancement of other stakeholder's value.

- b) The amalgamation of the Transferor Company with the Transferee Company will combine the business, activities and operations of the Transferor Company and the Transferee Company into a single company with effect from the Appointed Date i.e. April 1, 2018
- c) Any cross holding of shares between the Transferor Company and the Transferee Company (either directly or through nominees) shall stand cancelled without any further application, act or deed.
- d) 50 (Fifty) Equity Shares of Rs. 10/- (Rupees Ten) each, credited as fully paid-up in the capital of the Transferee Company to all Equity Shareholders of the Transferor Company - 1 (**Proaim**), for every 100 Equity Share of the face value of Rs. 10/- (Rupees Ten) each held by the Shareholders of the Transferor Company.
- e) 48 (Forty Eight) Equity Shares of Rs. 10/- (Rupees Ten) each, credited as fully paid-up in the capital of the Transferee Company to all Equity Shareholders of the Transferor Company - 2 (**Axon**), for every 100 Equity Share of the face value of Rs. 10/- (Rupees Ten) each held by the Shareholders of the Transferor Company.
- f) 26 (Twenty Six) Equity Shares of Rs. 10/- (Rupees Ten) each, credited as fully paid-up in the capital of the Transferee Company to all Equity Shareholders of the Transferor Company - 3 (**Rockon**), for every 100 Equity Share of the face value of Rs. 10/- (Rupees Ten) each held by the Shareholders of the Transferor Company.
- g) Upon the proposed merger becoming effective all assets, liabilities, contracts, rights, obligations etc of transferor companies as at the effective date shall stand transferred to Transferee Company and all the transferor companies stand dissolved without any further act or deed.

**This scheme of amalgamation shall result in following benefits:**

- a. The arrangement shall provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the arrangement will enable optimal utilization of existing resources and provide an opportunity to fully leverage assets, capabilities, experience and infrastructure of all the four companies;
- b. Reduce the managerial overlaps involved in operating multiple entities; ease and increase operational and management efficiency; integrate business functions; eliminate duplication and rationalization of administrative expenses;
- c. Greater efficiency in cash management of the Transferee Company and unfettered access to cash flow generated by the combined businesses which can be deployed more efficiently to fund organic and inorganic growth opportunities to maximize shareholder value;
- d. Improved organizational capability and leadership arising from the pooling of human that has diverse skills, talent and vast experience to compete successfully in an



# BANAS FINANCE LIMITED

CIN: L65910MH1983PLC030142

E/109, Crystal Plaza, New Link Road, Andheri (W), Mumbai - 400 053

Tel No : 022 6152 2222 • Fax: 022 6152 2234 • Email : banasfin@gmail.com • www.banasfinance.com

competitive industry;

- e. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, improved procurement; and
- f. Synchronizing of efforts to achieve uniform corporate policy, Greater integration and greater financial strength and flexibility for the amalgamated entity
- g. Reduce regulatory compliance and multi-layer taxation of inter-se transaction
- h. Better value creation for the shareholders of the company and Improved competitive position of the combined entity in the market
- i. The proposed scheme is not prejudiced to the interest of the creditors or the employees of the Transferor Companies and the Transferee Company.

## **Recommendation of the Audit Committee:**

Taking into consideration the Fair Equity Share Exchange Ratio Report and the Fairness Opinion, the Audit Committee unanimously agreed to recommend the Draft Scheme for favorable consideration to the Board of Directors of the Company, the Stock Exchange and SEBI and any other regulatory authorities.

**Date: 12/05/2018**  
**Place: Mumbai**



**By Order of the Audit Committee  
For Banas Finance Limited**

  
**Mr. Anubhav Srinath Maurya**  
**(Chairman, Audit Committee)**