



NATIONAL FITTINGS LIMITED

CIN : L29199TZ1993PLC008034 • GSTIN : 33AAAC14737M1ZG

Report of Audit Committee of National Fittings Limited held on 17.01.2018

Back ground

The Chairman placed before the meeting about the proposal of amalgamation of Interfit India Limited (Transfer Company – 1), Merit Industries Limited (Transfer Company – 2) with National Fittings Limited (Transferee Company) under the provisions of Section 61, 66, 230 to 233 of the Companies Act, 2013 and other applicable provisions if any. The Audit Committee to consider and recommend the proposed amalgamation and to forward its Report on the Amalgamation to the Board in order to comply with the requirements of the SEBI Circular No: CIR?CFD?CMD/16/2015 dated November 30, 2015 (SEBI Circular)

The following documents were placed before the Audit Committee:

- a) Draft Scheme of Amalgamation
- b) Valuation Report dated 08.01.2018 issued by Rangarajan & Co, Chennai, Chartered Accountants
- c) Fairness Opinion dated 10.01.2018 issued by the Merchant Banker M/s Vivro Financial Services Private Limited, Chennai
- d) Certificate of Compliance on the Accounting Treatment dated 15.12.2017 issued by the Statutory Auditors, V Krish and Associates, Chartered Accountants.

Proposed Scheme of Amalgamation

The Audit Committee discussed the draft scheme of amalgamation, valuation report and the fairness opinion and noted the rationale and the benefits of the Scheme, which inter-alia includes the following:

- 1) Through the proposed amalgamation, the administrative and operational costs will be considerably reduced and the Company will be able to operate and run the business more effectively and economically resulting in better utilization of resources.
- 2) The proposed amalgamation will result in usual economies of a centralized scale of operations and eliminates duplication of work, reduction in overheads, better and more productive utilization of human and other resources thereby enhancing overall business efficiency and will bring in synergies for the Company
- 3) The proposed amalgamation will contribute in fulfilling and furthering the objects of these companies. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business
- 4) The Company will have the benefit of the Combined assets and man-power of both the Companies. These combined resources will enhance its capability to expand and increase its market share more effectively
- 5) There is no likelihood that interests of any shareholder or creditor of Interfit India Limited, Merit Industries Limited or National Fittings Limited would be prejudiced as a result of the proposed amalgamation. The proposed amalgamation will not impose any additional burden on the members of Interfit India Limited, Merit Industries Limited or National Fittings Limited.

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The Audit Committee reviewed the Valuation report and noted that the valuation report recommended the share exchange ratio as under:

- (1) Every Two equity shares of Rs 10/- each fully paid of Interfit India Limited (Transferor Company - 1) will get Three equity shares of Rs 10/- each fully paid of National Fittings Limited (Transferee Company)
- (2) Every 9% Redeemable, Non-Convertible, Non-Cumulative Preference shares of Rs 100/- each fully paid of Merit Industries Limited (Transferor Company- 2) will get one 9% Redeemable, Convertible, Non-Cumulative Preference shares of Rs 100/- each fully paid of National Fittings Limited (Transferee Company)

Further the fairness opinion confirmed that the Share Exchange Ratio in the Valuation Report is fair to the shareholders of the Transferee Company and Transferor Companies.

Recommendation of the Audit Committee

The Audit Committee recommends the draft scheme of amalgamation, inter-alia taking into consideration the Valuation Report dated 08.01.2018 issued by Rangarajan & Co, Chartered Accountants and the Fairness Opinion dated 10.01.2018 issued by the Merchant Banker, M/s Vivro Financial Services Private Limited, Chennai, to the Board of Directors for approval and for favorable consideration by the Stock Exchanges and Securities Exchange Board of India


R Atagar
Chairman

Date: 17.01.2018
Place: Coimbatore