



**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF HINDUJA FOUNDRIES LIMITED
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND ASHOK
LEYLAND LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Members Present:

Ms. Mohana Srinivasan, Chairman of the Meeting
Ms. Bhumika Batra, Member of the Committee

By Invitation:

Mr. A R Chandrasekharan, Executive Director
Mr. P. K. Ranganathan, Chief Financial Officer

Background

A meeting of the Audit Committee was held on September 14, 2016 to consider and recommend the proposed amalgamation of Hinduja Foundries Limited ("Company" or "Transferor Company") with Ashok Leyland Limited ("Transferee Company") under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other related/applicable provisions, if any, of the Companies Act, 1956 and/or Companies Act, 2013. This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("SEBI Circular").

The following documents were placed before the Audit Committee:

- Draft Scheme of Amalgamation;
- Valuation Report dated September 14, 2016 submitted by Independent Valuers, Haribhakti & Co. LLP, Chartered Accountants;
- Fairness Opinion dated September 14, 2016 issued by Axis Capital Limited, Merchant Banker;

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:

- The proposed amalgamation will contribute in fulfilling and furthering the objects of Transferor and Transferee companies. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business.
- There is no likelihood that interests of any shareholder or creditor of either the Transferor or Transferee Company would be prejudiced as a result of the proposed amalgamation. The proposed amalgamation will not impose any additional burden on the members of the Transferor and Transferee Companies.

HINDUJA FOUNDRIES LIMITED

Corporate Office : No.477- 482, Anna Salai, Khivraj Complex II, 7th Floor, Nandanam, Chennai-600 035.
Phone: 044 - 42016742, 42013548, Fax : 044 - 42021443 Website : www.hindujafoundries.com
Regd. Office : Kathivakkam High Road, Ennore, Chennai – 600 057.
CIN: L27104TN1959PLC003849





- (iii) Through the proposed amalgamation, the administrative and operational costs will be considerably reduced and the Transferee Company will be able to operate and run the business more effectively and economically resulting in better utilisation of resources.
- (iv) 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 Transferee Company.
- (v) The Transferee 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.

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


- (i) 100 (one hundred) equity shares of Rs.10/- each fully paid of Hinduja Foundries Limited (Transferor Company) will get 40 (forty) equity shares of Re.1/- each fully paid of Ashok Leyland Limited (Transferee Company).
- (ii) 1,000 (one thousand) 2008 series GDRs of Hinduja Foundries Limited (Transferor Company) will get 133 (one hundred thirty three) equity shares of Re.1/- each fully paid of Ashok Leyland Limited (Transferee Company).
- (iii) 1 (one) 2016 series GDRs of Hinduja Foundries Limited (Transferor Company) will get 4,800 (four thousand eight hundred) equity shares of Re.1/- each fully paid of Ashok Leyland Limited (Transferee Company).

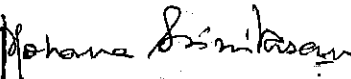
Further the Fairness opinion confirmed that the Share Exchange Ratio in the Valuation Report is fair to the shareholders of the Transferee Company and the Transferor Company.

Recommendation of the Audit Committee

The Audit Committee recommends the draft scheme of amalgamation, *inter alia* taking into consideration the Valuation Report dated September 14, 2016 presented by Haribhakti & Co, LLP, Chartered Accountants and the Fairness Opinion dated September 14, 2016 issued by Axis Capital Limited to the Board of Directors for approval and favorable consideration by the Stock Exchanges and SEBI.

Date: September 14, 2016
Place: Mumbai

CERTIFIED TRUE COPY
For Hinduja Foundries Limited

S.VENKATASUBRAMANIAN
COMPANY SECRETARY


Mohana Srinivasan
Chairman of the Meeting

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