

ANNEXURE - 4
AUDIT COMMITTEE REPORT



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REPORT FROM AUDIT COMMITTEE RECOMMENDING THE DRAFT OF SCHEME

REPORT OF THE AUDIT COMMITTEE OF CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT

Members Present in the Meeting held on 10th August, 2016

1. Mr. Rameshchand Garg : Chairman
2. Dr. Bharat Bhatia : Member
3. Mr. Vasant Gaurishankar Joshi : Member
- 4.

1. A meeting of the Audit Committee of the Board of Directors of Chandni Textiles Engineering Industries Limited was held on 10th August, 2016 at 2.30 p.m. at 110 T.V. Industrial Estate, 52 S.K. Ahire Marg, Worli, Mumbai – 400 030 to consider and if though fit, to approve the Scheme of Demerger proposed by the Company together with the Valuation Report of Independent Chartered Accountant and Fairness Opinion Report by the Merchant Banker availed by the Company in connection to the said Scheme.
2. The Securities and Exchange Board of India vide its Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, amongst other requirements, sought a report from the Audit Committee of the Listed Companies recommending the draft composite scheme of arrangement after taking into consideration, inter alia the Share Entitlement Ratio Report (Valuation Report).
3. The Audit Committee examined the draft composite scheme of arrangement ("Scheme") for demerger of the Demerged Undertaking into Chandni Machines Private Limited, with effect from the 'Appointed Date' as defined in the Scheme.
4. The Audit Committee inter alia has taken into consideration, the Share Entitlement Ratio Report dated 10th August, 2016 prepared by SSPA & Co, Chartered Accountant, recommending Share Entitlement Ratio for the demerger of Engineering Division into Resulting Company ("Share Entitlement Report") and the Fairness Opinion, dated August 10, 2016, prepared by Guinness Corporate Advisors Private Limited, an independent merchant banker, certifying the Share Entitlement Ratio recommended in the Valuation Report.
5. In our opinion, the above Share Entitlement Ratio contained in the Report is fair and reasonable.
6. We further note that the draft scheme does not adversely affect any of the rights of the shareholders or employees or creditors of Chandni Textiles Engineering Industries Limited



7. The Audit Committee, based on the information given below, its observations and the discussions, do hereby unanimously recommend the draft Scheme for favorable consideration by the Board of Directors of Chandni Textiles Engineering Industries Limited, Bombay Stock Exchange Limited and Securities Exchange Board of India:

- Draft Scheme of Arrangement duly initialed by the Managing Director of the Company for the purpose of identification
- Share Entitlement Report dated 10th August, 2016, prepared by the SSPA & Co, Chartered Accountant, recommending the share entitlement ratio
- Fairness Opinion dated August 10, 2016 prepared by Guinness Corporate Advisors Private Limited, an Independent Merchant Banker providing the Fairness Opinion on the Share Entitlement Ratio recommended in the Share Entitlement Ratio Report prepared by SSPA & Co.

By Order of the Audit Committee
For Chandni Textiles Engineering Industries Limited

R.C.garg
R.C. Garg

Chairman, Audit Committee



Place: Mumbai

Date: 10th August, 2016