

REPORT OF THE AUDIT COMMITTEE OF KARMA ENERGY LIMITED RECOMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONG WEIZMANN FOREX LIMITED AND KARMA ENERGY LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ('THE SCHEME')

1) Background

The Securities and Exchange Board of India vide its circular dated March 10, 2017 on Schemes of Arrangement by Listed Companies has amongst other requirements sought a report of the Audit Committee of the listed companies recommending the scheme.

The Audit Committee of the Board at their meeting held on 17th November 2017 has considered and reviewed the draft scheme of arrangement between Weizmann Forex Limited ('WFL') and Karma Energy Limited ('KEL') and their respective shareholders and creditors ('the Scheme') for demerger of Wind Power Division of WFL into KEL under the provisions of Section 230 to 232 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act and applicable rules made there under.

This report of Audit Committee is after considering the following documents:

- I. The draft scheme of Arrangement between Weizmann Forex Limited and Karma Energy Limited and their respective shareholders and creditors;
- II. Valuation Report dated October 30, 2017 issued by N.A. Shah Associates LLP, Independent Chartered Accountants;
- III. Fairness Opinion dated October 30, 2017 issued by Keynote Corporate Services Limited, a Category-I Merchant Banker;

2) Rationale of the Scheme.

The proposed Scheme would result in segregation of and the transfer of WFL's wind power division (Demerged undertaking) which is a non-core business activity of WFL and at the same time for KEL wind power generation is the main business activity and therefore the demerger could facilitate both the companies for future expansion with proper financial arrangement, better management and increase in profitability

The proposed scheme is not prejudicial to the interest of the creditors or the employees of the Transferee / Resultant Company.

3) Share Exchange/Entitlement Ratio

Pursuant to the scheme, KEL shall issue 5 Equity Shares of Rs. 10/- (Rupees Ten Only) each credited as fully paid for every 11 Equity Shares of Rs. 10/- (Rupees Ten Only) each held by shareholders of WFL as on record date decided by the Board of Directors of KEL.



KARMA ENERGY LTD.

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4) Recommendation of the Audit Committee

After consideration of the rationale and purpose of the Scheme, the Audit Committee recommends the Scheme to the Board of Directors for favourable consideration.

For and behalf of the Audit Committee



Vishnu P. Kamath



Chairman of the Meeting-Audit Committee

Karma Energy Limited

Date : November 17, 2017

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