

**REPORT OF THE AUDIT COMMITTEE OF R.T. EXPORTS LIMITED FOR
RECOMMENDING REDUCTION OF PREFERENCE SHARE CAPITAL OF R.T.
EXPORTS LIMITED AT ITS MEETING HELD ON THURSDAY OF SEPTEMBER
20, 2018**

Members Present:

Mr. Zahurahmed Fakir – Chairman
Mr. Yogesh Thakkar – Member
Mr. Bhavik Bhimjyani – Member

In attendance:

Mr. Rashmi C. Bhimjyani – Chairman & Managing Director
Mr. Rajeshkumar Pillai – Company Secretary

Background:

The Board of Directors of R.T. Exports Limited (“RTEL” or “the Company”) is considering to undertake a Reduction of Preference Share Capital under Section 66 and other applicable provisions of Companies Act, 2013 and rules made thereunder.

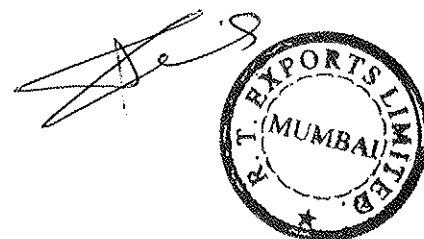
The Draft Scheme of Reduction of Capital has been placed before the Audit Committee, for recommending the same to the Board of Directors as required by SEBI vide Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

In view of the above circular, Members of the Audit Committee of the Company discussed and approved the proposal for Capital Reduction vide a resolution passed in the meeting dated September 20, 2018 and have made this report in compliance with the aforesaid circular after considering the draft scheme of reduction of capital, after perusing *inter alia* following necessary documents (“Documents”):-

1. Draft Scheme of Reduction of Capital;
2. Valuation Report dated September 20, 2018 issued by M/s. Keyur Shah & Co., Chartered Accountants, Independent Chartered Accountants;
3. Fairness Opinion Report dated September 20, 2018 issued by Pantomath Capital Advisors Private Limited, SEBI Registered Category - I Merchant Banker;
4. Certificate from Statutory Auditor certifying that the accounting treatment is in compliance with all accounting standards specified by Central Government under Companies Act, 2013 read with the rules framed thereunder;
5. Audited Financial Statements of the Company for the last three years ending on March 31, 2018, March 31, 2017 and March 31, 2016 along with Financials for the Quarter ended June 30, 2018 and Limited Review Report on the same;
6. Other Annexures for the Draft Scheme of Reduction of Capital;

Proposed Capital Reduction

The Audit Committee noted that, the Draft Scheme of Reduction of Capital is for reducing the entire issued and paid-up preference share capital of the Company. The salient features of the proposed capital reduction are as follows:-



The Company has issued 700,000, 9% Cumulative Preference Shares of Rs. 100/- each fully paid-up which are due to be redeemed on or before March 31, 2020. The Company has further issued 795,415, 6% Non-Cumulative Preference Shares of Rs. 100/- each fully paid-up which are due to be redeemed on or before March 31, 2020. The Company is not in a position to redeem the aforesaid preference shares in view of inadequate profits. Thus, the Company intends to reduce its Preference Share Capital in accordance with Section 66 and other applicable provisions of Companies Act, 2013. The payment of consideration to preference shareholders will be made as and when the funds would be available with the Company within a period of 3 (three) years from the Effective Date and till such time the amount payable will be treated as loan in the books of accounts of the Company. The rate of interest payable by the Company on such outstanding loan shall be as per the provisions of Section 186(7) of Companies Act, 2013 and rules made thereunder.

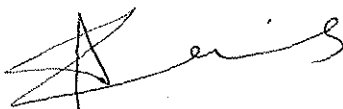
Upon Scheme being effective, the entire issued and paid-up preference share capital of the Company would stand cancelled.

The Proposed Scheme would not, in any manner, be prejudicial to the interest of the members or creditors of the Company. The Scheme would not affect the ability of the Company to honour its commitments or pay its debts. Accordingly, the proposed scheme would not, in any way adversely affect the Company in its ordinary course of business or its shareholders or creditors.

Recommendation of the Audit Committee:

After detailed deliberations, the Audit Committee approved the draft scheme and valuation report and other certificates / documents after *inter alia* considering the facts and rationale mentioned in the scheme and hereby recommends to the Board for the review and consideration.

For R.T. Exports Limited



Zahurahmed Fakir
Chairman of Audit Committee
DIN: 00160121

Date: 20.09.2018
Place: Mumbai

