## REPORT OF THE AUDIT COMMITTEE OF APL APOLLO TUBES LIMITED

The Securities and Exchange Board of India vide its Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 ('Circular') has, amongst other requirements, sought a Report from the Audit Committee of the Listed Companies recommending the Draft Scheme under Section 391- 394 or 101 of the Companies Act, 1956, after taking into consideration, inter-alia, the Valuation Report of an Independent Chartered Accountant.

In light of above circular of SEBI, the Audit Committee at its meeting held on 13th June, 2015 examined the Scheme of Arrangement for amalgamation of M/s Lloyds Line Pipes Limited (here in after referred as 'LLPL' / 'Transferor Company') with the Company, M/s APL Apollo Tubes Limited (here in after referred as 'APL Apollo' / 'Transferee Company' / 'Company'), on a Going Concern basis. The committee also noted that, LLPL is the wholly owned subsidiary of the Company.

The Audit Committee, in light of the SEBI's Circular No. CIR/CFD/DIL/8/2013, further took note of the fact that the "Valuation Report from an Independent Chartered Accountant" need not be required in the instant case, as this Scheme of Arrangement, provides for amalgamation of wholly owned subsidiary with its parent company, wherein, the entire share held by APL Apollo in LLPL, shall get cancelled and nil consideration be issued. The Audit Committee, in this respect also reviewed the certificate obtained from the Statutory Auditors of the Company stating the non-applicability of Valuation under the Scheme.

The Committee also noted that there would be no impact on the shareholding pattern of the Company, post the completion of this amalgamation.

The Committee further noted that, the scheme contemplates, simple consolidation of wholly owned subsidiary to its parent, thus there being no impact of this scheme of amalgamation, on the Capital Structure or the shareholding pattern of the Company. Thus, in view of above, the Audit Committee, recommends the draft scheme for favorable consideration by the Board of Directors, Stock Exchange (s) and Securities and Exchange Board of India (SEBI).

For APL Apollo Tubes Limited

Anil Kumar Bansal Chairman Audit Committee

Date: 13<sup>th</sup> June, 2015 Place: New Delhi