



SUPPLEMENTARY REPORT OF AUDIT COMMITTEE OF MIRZA INTERNATIONAL LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF GENESISFOOTWEAR ENTERPRISES PVT LTD WITH MIRZA INTERNATIONAL LTD

This Report of the Audit Committee is issued in terms of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The requirements of the said SEBI circulars, inter alia, make it mandatory for the Audit Committee of the Transferee Company to recommend the draft Scheme of Amalgamation between the Transferor and the Transferee Company.

Accordingly, the Audit Committee of the Board of the Directors of the Company, in its meeting held on 11th March, 2015, had approved the draft Scheme of Amalgamation of Genesisfootwear Enterprises Pvt Ltd (the Transferor Company) with Mirza International Ltd (the Transferee Company) with the following share swap ratio:

"92 (ninety two) Equity Shares of Rs. 2 each, credited as fully paid up, for every 100 (One hundred) Equity Shares of Rs. 2 each held in the Transferor Company to the Shareholders of the Transferor Company, whose names appear in the Register of Members as on the Record Date."

The aforesaid Scheme was submitted with the Stock Exchange and the Securities and Exchange Board of India for their observations, which is under process. After the query raised by the Securities and Exchange Board of India relating to increase in post merger promoter group shareholding of the Transferee company by more than 5% in one financial year, the Company had proposed to modify the share swap ratio in the draft Scheme of Amalgamation by bifurcating the same in the following manner:

- a. **52 (fifty two) Equity Shares** of Rs. 2 each, credited as fully paid up may be issued by the Transferee Company, for every 100 (One hundred) Equity Shares of Rs. 2 each held in the Transferor Company to the Shareholders of the Transferor Company, whose names appear in the Register of Members as on the Record Date; and
- b. **40 (forty) 0% Compulsory Convertible Preference Shares** (hereinafter referred to as "CCPS") of Rs. 2 each, credited as fully paid up may be issued by the Transferee Company, for every 100 (One hundred) Equity Shares of Rs. 2 each held in the Transferor Company to the Shareholders of the Transferor Company, whose names appear in the Register of Members as on the Record Date. One CCPS of Rs. 2 each shall be converted into One Equity Share of Rs. 2 each. CCPS shall be compulsorily converted into equity shares on commencement of the next financial year immediately after the financial year, in which the equity shares as per aforesaid clause (a) is allotted.

Sudhinder Jain

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For MIRZA INTERNATIONAL LTD.

[Signature]
**VICE PRESIDENT (ACCOUNTS) &
 COMPANY SECRETARY**

To approve the revised draft Scheme of Amalgamation a meeting of the Audit Committee of Mirza International Limited was held on 12th June, 2015. The aforesaid Audit Committee meeting was attended by the following Committee members:

1. Mr. Sudhindra Jain, Independent Director
2. Mr. P N Kapoor, Independent Director
3. Mr. Irshad Mirza, Whole-time Director

Mr. D. C. Pandey, Company Secretary of the Company was also in present as Secretary to the Audit Committee.

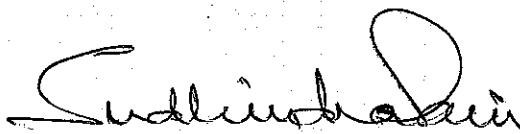
Mr. Sudhindra Jain, Chairman of the Audit Committee chaired the aforesaid Audit Committee Meeting.

The following documents were placed in the Audit Committee meeting:

1. Correspondences between the Company and the Securities & Exchange Board of India/ BSE on the draft Scheme of Amalgamation
2. Revised Draft Scheme of Amalgamation of Genesisfootwear Enterprises Pvt Ltd with Mirza International Ltd.;
3. Statement of Pre Amalgamation Shareholding Pattern of Genesisfootwear Enterprises Pvt Ltd. and Pre & Post Amalgamation Shareholding Pattern of Mirza International Ltd.
4. Addendum to the Valuation Report dated 5th June, 2015, issued by the valuer - M/s. Khandelia & Sharma, Chartered Accountants;
5. Addendum to the Fairness Opinion dated 9th June, 2015, on the valuation of shares and share exchange ratio issued by M/s. Sobhagya Capital Options Ltd. (a Category – I Merchant Banker registered with the SEBI).

The Committee has reviewed the aforesaid documents and after appraisal of the same, the Audit Committee was satisfied with the revised Scheme of Amalgamation and other documents and finds the following revised swap ratio to be fair and reasonable:

- a. **52 (fifty two) Equity Shares** of Rs. 2 each, credited as fully paid up may be issued by the Transferee Company, for every 100 (One hundred) Equity Shares of Rs. 2 each held in the Transferor Company to the Shareholders of the Transferor Company, whose names appear in the Register of Members as on the Record Date; and



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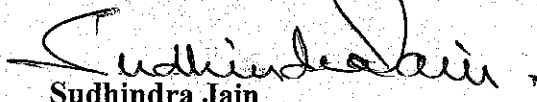


**VICE PRESIDENT (ACCOUNTS) &
COMPANY SECRETARY**

- b. **40 (forty) 0% Compulsory Convertible Preference Shares** (hereinafter referred to as "CCPS") of Rs. 2 each, credited as fully paid up may be issued by the Transferee Company, for every 100 (One hundred) Equity Shares of Rs. 2 each held in the Transferor Company to the Shareholders of the Transferor Company, whose names appear in the Register of Members as on the Record Date. One CCPS of Rs. 2 each shall be converted into One Equity Share of Rs. 2 each. CCPS shall be compulsorily converted into equity shares on commencement of the next financial year immediately after the financial year, in which the equity shares as per aforesaid clause (a) is allotted.

The Audit Committee unanimously approved the revised Share Exchange Ratio of the Scheme of Amalgamation of Genesisfootwear Enterprises Pvt. Ltd. with Mirza International Ltd. and recommended the same for favourable consideration by the Board of Directors of the Company, the Stock Exchanges, SEBI and other competent authorities.

**By Order of the Audit Committee
For and on Behalf of Mirza International Ltd**



**Sudhindra Jain
Chairman
(Audit Committee)**

**Date: 12th June, 2015
Place: Kanpur**

**CERTIFIED TRUE COPY
For MIRZA INTERNATIONAL LTD.**



**VICE PRESIDENT (ACCOUNTS) &
COMPANY SECRETARY**