

BEEYU OVERSEAS LIMITED

Registered Office: 15, Chittaranjan Avenue, Ground Floor, Kolkata – 700 072

Email ID: info@beeyuoverseas.in, **Website:** www.beeyuoverseas.in

CIN: L51109WB1993PLC057984

REPORT OF THE AUDIT COMMITTEE OF BEEYU OVERSEAS LIMITED ("THE COMPANY") RECOMMENDING DRAFT SCHEME FOR REDUCTION OF SHARE CAPITAL ("SCHEME") BETWEEN THE COMPANY AND ITS SHAREHOLDERS, AT THE MEETING HELD ON THURSDAY, 08TH AUGUST, 2024 AT 10:00 A.M AT 15, CHITTARANJAN AVENUE, GROUND FLOOR, KOLKATA – 700072

Members Present:

S.No.	Name	Designation
1.	Sovan Chatterjee	Chairperson & Director
2.	Pranab Chakraborty	Member & Whole time Director
3.	Simran Saha	Member & Director

I. BACKGROUND

A meeting of the Audit Committee of the Company was held on Thursday, 08th August, 2024 to consider and recommend to the Board of Directors of the Company, the draft Scheme for reduction of Share Capital ("Scheme") under Section 66 read with Section 52 of the Companies Act, 2013 ("Act") (including other applicable provisions of the Act and the rules thereof) of Beeyu Overseas Limited ("the Company") with its shareholders, in accordance with the requirement of the Securities and Exchange Board of India ("SEBI") Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/P/2023/93 dated June 20, 2023 ("Master Circular"), the rules thereof, and the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ("the Rules") including any amendments thereof, as applicable.

This report of the Auditor's Committee is made in compliance with the requirement of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/P/2023/93 dated June 20, 2023 ("SEBI Master Circular") read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities Exchange and Board of India ("SEBI") as amended from time to time, which requires the Auditors Committee to submit its report to the Board, that the draft Scheme is not detrimental to the shareholders of the Company.



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The following documents were placed before the Auditor's Committee:

- a. Draft Scheme for reduction of Capital;
 - b. Audited Financial Statements of the Company for the year ended March 31, 2024;
 - c. Auditor's Report of the Company for the year ended March 31, 2024;
 - d. Valuation Report dated 07 August 2024 received from the registered valuer Manish Gadia having registration no. IBBI/RV/06/2019/11646 and having RVO Mem. No. ICAIRVO/06/RV-P00074/2019-2020;
 - e. Fairness opinion report dated August 08, 2024 obtained from Independent registered Merchant Banker, Rhydham Kapoor, SEBI Reg. No: INM000012528; ("Fairness Opinion");
 - f. A certificate from the statutory auditors of the Company, Agarwal & Associates, Chartered Accountants, confirming that the proposed accounting treatment in the books of the Company relating to the reduction of share capital of the Company as set out in Clause 8 of the draft Scheme is outside the purview of the applicable accounting standards specified under Section 133 of the Companies Act, 2013. In the absence of specific guidance for accounting of transactions relating to the reduction of share capital, the accounting treatment under Clause 8 of the draft Scheme is construed to be in conformity with other generally accepted accounting principles in India ("Auditors' Certificate");
- II. PROPOSED SCHEME FOR REDUCTION OF SHARE CAPITAL:

The Audit Committee reviewed and considered the draft Scheme for reduction of capital of the Company on the following grounds:

1. RATIONALE AND PURPOSE FOR THE PROPOSED SCHEME FOR REDUCTION OF SHARE CAPITAL:
 - a) The proposed reduction of the equity share capital of Company is being undertaken in accordance with the provisions of Section 66 read with Section 52 of the Act and the rules made thereunder and specifically the Rules, which permit a company to undertake a reduction of its share capital in any manner, read with the Listing Regulations and the SEBI Circular.



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- b) The accumulated carry forward losses resulting from the cessation of business operations, have substantially wiped off the value represented by the Share Capital thus the financial statements do not reflect the correct picture of the health of the Company. This has given rise to the need to re-adjust the relation between capital and assets and to accurately and fairly reflect the liabilities and assets of the Company in its books of accounts.
- c) The Scheme of Reduction of Share Capital after full implementation will result in making its balance sheet leaner. It is further expected that the reflection of financial statement of the post reduction would ensure that the Company attracts new source of revenue, if deemed necessary in future to enable the Company to engage in further profitable operations.
- d) The Scheme of Reduction of Share Capital is presented with a view to achieve restructuring of the Company which would result in reduction of the accumulated losses of the Company and improvement in financial health as more business activities shall be brought into the Company thereby preventing it from becoming a sick company.
- e) Upon the Scheme coming into effect, the accumulated losses of Rs. 23,14,53,545 (Rupees twenty-three crore fourteen lakh fifty-three thousand and Five hundred Forty-Five only) will be first adjusted from the Capital Reserve and Securities Premium Reserve amounting to Rs. 6,23,48,318/- and Rs. 2,85,18,897/- respectively. The remaining balance of the accumulated losses will be adjusted from the issued, subscribed and paid-up equity share capital of the Company by cancelling & extinguishing 1,40,58,633 equity shares of face value INR 10 (Rupees Ten only) per equity share amounting to Rs. Rs. 14,05,86,330 (Rupees fourteen crore five lakh eighty-six thousand and three hundred thirty only) i.e. about 99.42% of the share capital, without payment of any consideration to the members.

2. SYNERGIES ARISING ON ACCOUNT OF PROPOSED SCHEME FOR REDUCTION OF SHARE CAPITAL:

- a. The financial statements of the Company would reflect its true and fair position which would help the Company to position itself better in the market and undertake business activities efficiently. This would be value accretive to the Shareholders as well, as their holdings would yield better results.
- b. The Scheme, if approved, may enable the Company to explore opportunities that it was unable to take advantage of because of it experiencing Accumulated Losses.



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- c. The reduction of Capital Reserve Account and Securities Premium Account in the manner proposed would enable the Company to have a rational structure, which is commensurate with its Business and assets.
- d. The Scheme of reduction, after full implementation, will result in making the Company's balance sheet leaner and downsized.
- e. The proposed Scheme would enable the Company to utilize the amount lying unutilized in the Capital Reserve Account and Securities Premium Account of the Company in an effective manner for the benefit of the Company.
- f. The reduction of the paid-up share capital of the Company by way of the accumulated Losses against the amount lying in the Capital Reserve Account and Securities Premium Account of the Company does not involve any payment of the paid-up share capital to the shareholders of the Company and nor does result in extinguishing of any liability or diminution of any liability.
- g. The Scheme, if approved, would provide greater flexibility to the Company in raising funds either from the capital market or from any bank/ financial institutions in the form of equity or debt, depending on the business needs of the Company.
- h. The reduction of Capital Reserve Account and Securities Premium Account does not result in any prejudice to the Shareholders, the creditors or any other stakeholders of the Company nor for that matter adversely affect the ordinary operations of the Company or its ability to honor its commitments or pay its debts in the ordinary course of its business.

Hence, the proposed Scheme for reduction of share capital would be for the overall benefit of the Company, its creditors, its Shareholders and all other stakeholders.

3. IMPACT OF THE SCHEME FOR REDUCTION OF SHARE CAPITAL ON THE SHAREHOLDERS:

- a. The Scheme does not entail any discharge of consideration by the Company in form of cash, shares or otherwise. Hence, the interest of the shareholders is not adversely affected. The Company's equity capital structure and the shareholding pattern subsequent to the Scheme will remain unchanged;
- b. The Scheme does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital;



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- c. There is no adverse impact on the shareholders and this reduction shall further allow the creation of distributable reserves in future for dividend which may get held up due to accumulated losses; and
- d. The proposed Scheme is expected to be beneficial to the Company, its shareholders and all other stakeholders.

4. COST BENEFIT ANALYSIS OF THE SCHEME:

- a. The proposed Scheme will help the Company to reflect the true and fair shareholder value which would place the Company in a position to pay dividend or raise capital in future at lower cost. The balance in the book of accounts of the Company post effecting the reduction shall be as follows:

Particulars	Amount in Rs. (in Hundreds)
A. Accumulated Losses as at the financial year ended 31 March, 2024	2,314,535
B. Adjustment from the below balance:	
(Less) Capital Reserve	(6,23,483)
(Less) Securities Premium Reserve	(2,85,189)
(Less) Paid up capital	(1,405,863)
Accumulated losses after adjustments given in "B" above as at 31 March 2024	NIL

- b. The proposed Scheme does not involve any payment/ pay-out to any shareholder; and
- c. The proposed Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.



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III. RECOMMENDATION OF THE AUDIT COMMITTEE:

Taking into consideration the proposed Scheme, Fairness Opinion dated 08 August 2024 received from the SEBI registered merchant banker i.e. Mr. Rhydham Kapoor, SEBI Reg. No: INM000012528, Valuation report dated 07 August 2024 received from the registered valuer i.e. Manish Gadia, draft accounting treatment certificate and draft undertaking from the statutory auditor, and inter-alia having noted the need, rationale, synergies, impact of the Scheme and cost benefits analysis, the Audit Committee confirms that the proposed Scheme is not detrimental to the shareholders of the Company and is in the best interest of the Company and its shareholders, creditors, and all other stakeholders. Thus, the Audit Committee hereby recommends the proposed Scheme to the Board of Directors of the Company for its consideration and approval.

For and on behalf of

Audit Committee of Beeyu Overseas Limited.

BEEYU OVERSEAS LTD



Director

Sovan Chatterjee

Audit Committee Chairperson

DIN: 10349322

Date: 08.08.2024

Place: Kolkata

