

Annexure-A.1

REPORT OF AUDIT COMMITTEE OF SRU STEELS LIMITED

MEMBERS

- Mr. Rajeev Mittal Chairman (Independent)
- Mr. Prem Prakash Agarwal Member (Independent)
- Mr. Pankaj Jain Member (Independent)

IN ATTENDANCE

- Mr. Deepak Gupta Practicing Company Secretary

1. Background

The Company has placed before the Audit Committee a Scheme of Amalgamation for the merger of Hari Om Narayan Alloys Private Limited ("HONAPL"), Govardhan Metals Private Limited ("GMPL"), Hari Om Narayan Steels Private Limited ("HONSPL"), Nandgaon Alloys Private Limited ("NAPL"), Mukutwala Ferro Alloys Private Limited ("MFAPL"), Barsana Alloys Private Limited ("BAPL"), and Asth Sakhi Alloys Private Limited ("ASAPL") with SRU Steels Limited ("SRUSL") for recommendation of the Scheme by the Audit Committee of Directors as required vide SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013('Circular').

This report of the Audit Committee is made in order to comply with the requirements of the Circular and after considering the following necessary documents:

- 1) Draft Scheme of Arrangement.
- 2) Valuation Report dated 15th December, 2012 issued by B.M SHARMA & ASSOCIATES.
- 3) Fairness Opinion Report from Nexgen Financial Solutions Private Limited dated 20/07/2013.

2. Proposed Scheme of Arrangement

2.1. The Audit Committee noted that amalgamation would benefit all the shareholders, creditors etc, as companies will come under the same management and control, result in reduction of overhead and administrative cost, duplicity of work, efficient utilization of various resources, synergetic benefits, increased efficiencies, ease procurement of funds, favorable business terms, influence internal economies and optimize productivity, thereby growth and development of the businesses.

2.2. The salient features of the Scheme are as under:

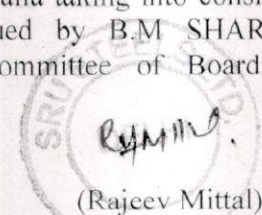


- The Scheme provides for merger of HONAPL, GMPL, HONSPL, NAPL, MFAPL, BAPL, and ASAPL with SRUSL under one single scheme of arrangement.
- The Appointed date for the Scheme is fixed as opening of business hours on 1st April, 2012.
- The Scheme provides for transfer of assets and liabilities pertaining to HONAPL, GMPL, HONSPL, NAPL, MFAPL, BAPL, and ASAPL on a going concern basis.
- Based on the swap ratio of 7 (Seven) equity shares of Rs. 10/- each fully paid up in the SRUSL i.e. Transferee Company for every 1 (one) equity shares of Rs. 10/- held in Transferor Company(s).

3. Recommendations of the Audit Committee:

The Audit Committee recommends the Draft scheme, inter-alia taking into consideration the Valuation Report dated 15th December, 2012 issued by B.M SHARMA & ASSOCIATES for favourable consideration by the committee of Board, Stock Exchange(s) and SEBI.

Date: 22/07/2013
Place: Delhi


(Rajeev Mittal)
Chairman, Audit Committee