

Price Waterhouse & Co Chartered Accountants LLP

For the kind attention of the Board of Directors

M/s. Visaka Industries Limited
1-8-303/69/3, Visaka Towers,
S.P.Road, Secunderabad - 500 033.

Dear Sirs,

Report of Statutory Auditors to M/s. Visaka Industries Limited pursuant to regulation 163(2) contained in Chapter V (Preferential Issue) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, for the proposed preferential issue of Equity Shares and Convertible Warrants

1. This report is issued in accordance with the terms of our agreement dated July 06, 2020.
2. In connection with the proposed preferential issue of M/s. Visaka Industries Limited (the "Company"), the Company is required to obtain a report from the Statutory Auditors, with regard to compliance with the conditions of the proposed preferential issue, as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations").
3. In terms of Regulation 160 of the ICDR Regulations, the Company has issued notice to the members of the Company to hold an Extraordinary General Meeting ("EGM") on July 25, 2020, for proposed issue of upto 2,00,000 (Two Lac) fully paid-up equity shares of Rs. 10/- each of the Company ("Equity Shares"), at a price of Rs. 241/- (Rupees Two Hundred and Forty-One only) per Equity Share inclusive of a premium of Rs. 231/- (Rupees Two Hundred and Thirty-One only) per Equity Share, aggregating to Rs. 4,82,00,000/- (Rupees Four Crores Eighty-Two Lakhs only) and upto 12,00,000 (Twelve Lakhs) convertible warrants ("Warrants"), each carrying a right exercisable by the Warrant Holder to subscribe to one Equity Share per Warrant, at a price of Rs. 241/- (Rupees Two Hundred and Forty-One only) (Warrant Issue Price) per Warrant aggregating to Rs.28,92,00,000/- (Rupees Twenty-Eight Crores Ninety-Two Lakhs only) of the Company to Promoters and Promoter Group (herein after referred to as the 'Investors'). The copy of notice and the accompanying statement containing details of proposed preferential issue being made (the "Statement"), as required by ICDR Regulations has been prepared by the Management of the Company, which we have initialed for identification purposes only.

Managements' Responsibility for the Statement

4. The preparation of the accompanying Statement, including its contents is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement.
5. The Management is also responsible for ensuring that the Company complies with the requirements of the ICDR Regulations, including those set out below, and the provisions of the Companies Act, 2013 (the "Act") with respect to further issue of capital, and for providing all relevant information to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited:
 - i) Determining the relevant date, being the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue;

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ii) Determination of the minimum price of equity shares being:

Higher of:

- a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or
- b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

Auditor's Responsibility

6. Pursuant to the requirements of Sub paragraph 2 of paragraph 163 of Part III of Chapter V of the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether the Statement setting out the details of the proposed preferential issue of Equity shares and Convertible Warrants to the Investor, as set out in the EGM notice dated July 03, 2020 is in accordance with the requirements of the ICDR Regulations as applicable to the preferential issue of Equity shares and Convertible Warrants.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent than a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:
 - a. Noted the relevant date, being the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue;
 - b. Verified the calculation of the minimum price of the equity shares to be allotted in preferential issue in accordance with pricing formula given in 5(ii) above;
 - c. Obtained and read the statutory registers of the Company as at June 25, 2020 and verified whether the equity shares are fully paid up;
 - d. Obtained and read copy of shareholders resolution dated July 25, 2020 approving proposed preferential issue;
 - e. Obtained confirmation from the registrar and transfer agent of the Company confirming all shares are held in dematerialized form as at June 25, 2020; and
 - f. Conducted relevant management inquiries and obtained necessary representations.

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Conclusion


10. Based on our examination as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that the Statement setting out the details of the proposed preferential issue of Equity shares and Convertible Warrants to the Investor, as set out in the EGM notice dated July 03, 2020 is not in accordance with the requirements of the ICDR Regulations as applicable to the preferential issue of Equity shares and Convertible Warrants.

Restriction on Use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Guidelines. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
12. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of further submission to the stock exchanges and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

UDIN: 20090196AAAAAU4623
Place: Hyderabad
Date: July 21, 2020


N.K. Varadarajan
Partner
Membership Number: 090196