



REPORT OF THE AUDIT COMMITTEE OF THE DHARAMSI MORARJI CHEMICAL
COMPANY LIMITED

Present

- (a) Shri H.T.Kapadia, Director (Chairman of the Audit Committee)
- (b) Shri Laxmikumar Narottam Goculdas, Director
- (c) Shri M.T.Ankleshwaria, Director
- (d) Shri Bimal Lalitsingh Goculdas, Chief Executive Officer
- (e) Shri S.K.Kelkar, M/s KSAiyar & Company, Statutory Auditors
- (f) Shri D.T.Gokhale, Executive Vice President & Company Secretary
- (g) Shri D.K.Sundaram, Chief Finance Officer
- (h) Shri Anilkumar Pillai, Manager- Internal Audit & Corp. Affairs

1. Background

The Company Secretary placed before the Audit Committee, the draft Scheme of Arrangement between Borax Morarji Limited (“BML” or “the Transferor Company”) and The Dharamsi Morarji Chemical Company Limited (“DMCC” or “the Transferee Company”) and their respective Shareholders and creditors under Section 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder (hereinafter referred to as “Scheme”), for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 (“Circular”).

This report is made in order to comply with the requirements of the Circular after considering the following:

- a. Draft Scheme;
- b. Valuation Report dated March 2, 2017 issued by SSPA & Co., Mumbai;
- c. Fairness Opinion on the above valuation dated March 2, 2017 issued by V. B. Desai Financial Services Ltd., Mumbai ;
- d. Audited financial statements of DMCC and BML for the year ending March 31, 2016, March 31, 2015 and March 31, 2014;

2. Proposed Scheme

The Salient features of the draft Scheme are as under:

- a. The Scheme provides amalgamation of BML with DMCC;
- b. The accounting treatment to be followed for the Scheme is in accordance with principles as laid down in the applicable Indian Accounting Standards and the applicable provisions of the Act, and generally accepted accounting principles in India;
- c. Proposed Appointed Date for the scheme will be 1st April, 2016 and
- d. Based on the Share Entitlement Report of an independent valuer, SSPA & Co., the Share Exchange Ratio for the Scheme of Arrangement is as under:

"1 ("One") Equity Share in Transferee Company of INR 10 ("Indian Rupees Ten") each fully paid up for every 2 ("Two") fully paid up equity shares of INR 10 ("Indian Rupees Ten") each in the Transferor Company".

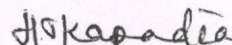
"10 ("Ten") Equity Shares in Transferee Company of INR 10 ("Indian Rupees Ten") each fully paid up for every 108 ("One Hundred and Eight") fully paid up Preference shares of INR 10 ("Indian Rupees Ten") each in the Transferor Company".

3. Recommendation of the Audit Committee

The Audit Committee unanimously recommends the draft Scheme, *inter-alia* taking into consideration valuation report, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.

DATE: March 2, 2017

PLACE: Mumbai


H.T. Kapadia

(Chairman of the Audit Committee)

THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED