



CIN : L99999MH1951PLC008485

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Annexure A-5(i)

REPORT ADOPTED BY THE AUDIT COMMITTEE OF DIL LIMITED ("THE COMPANY") AT ITS MEETING HELD ON THURSDAY THE 21 DAY OF JUNE, 2018, EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION OF FERMENTA BIOTECH LIMITED (THE "TRANSFEROR COMPANY") AND DIL LIMITED (THE "TRANSFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS

Background:

1. A meeting of the Audit Committee of DIL Limited ("the Company") was held on June 21, 2018, to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation of Fermenta Biotech Limited ("FBL" / "Transferor Company") and DIL Limited ("DIL" / "Transferee Company") and their respective shareholders (hereinafter referred to as "Scheme"), for the amalgamation of FBL and DIL ("Amalgamation"), to be implemented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. This report of the Audit Committee is submitted, in order to comply with the requirements of Circular No.CFD/DIL3/CIR/20/17/21 dated March 10, 2017, issued by the Securities and Exchange Board of India ("SEBI").
3. The following documents were placed before the Audit Committee.
 - (a) Draft Scheme;
 - (b) Valuation Report dated June 21, 2018 of N S Kumar & Co., ("the Valuers"), Independent Chartered Accountants, describing the methodology adopted by them in arriving at the share exchange ratio ("Valuation Report");
 - (c) Fairness Opinion dated June 21, 2018 prepared by Keynote Corporate Services Limited, a SEBI Registered Merchant Banker, providing the Fairness Opinion on the share exchange ratio ("Fairness Opinion") as recommended by N S Kumar & Co., the Valuers;
 - (d) Summary of the Valuation Report / Share Exchange Ratio along with the basis of such valuation; and
 - (e) Draft Certificate, initialed by Statutory Auditor of the Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Companies Act, 2013.

Proposed Scheme:

1. The Committee noted the salient features of the Scheme as under:
 - (a) Amalgamation of FBL with DIL in accordance with sections 230 to 232 of the Companies Act, 2013;

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(b) The consideration for the proposed Scheme shall be as follows:

1. Upon the coming into effect of this Scheme and its consideration thereof, the DIL shall without any further application, act or deed, issue and allot ('Share Exchange Ratio'), subject to the provisions of the sub-clause 2 given below:

"100 (Hundred) equity shares of INR. 10/- (Rupees Ten only) each credited as fully paid-up of the Transferee Company for every 1006 (One Thousand Six) equity shares of INR. 10/- (Rupees Ten only) held in the Transferor Company and whose names are recorded in the register of members on the Record Date."

2. Subject to members' approval, the Board of directors of DIL at its meeting held on June 18, 2018 approved: (a) split/sub division of share from face value of INR. 10/- each to face value of INR. 5/- each; and (b) issue of bonus equity shares in the proportion of 1:1, having face value of INR. 5/- each. Accordingly, the number of shares to be issued to the shareholders of FBL will undergo change as follows ('New Share Exchange Ratio'):

"100 (Hundred) equity shares of the Transferee Company of INR 5/- (Rupees Five only) each fully paid up for every 251 (Two Hundred and Fifty-One only) equity shares of the Transferor Company of INR. 10/- (Rupees Ten only) each fully paid up."

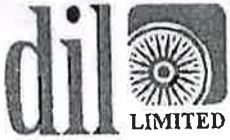
(c) Upon the scheme becoming effective, no shares of DIL shall be allotted in lieu or exchange of its 91.20% holding in FBL and the 91.20% Paid up share capital of FBL shall stand cancelled.

2. The Audit Committee reviewed the draft Scheme, Valuation Report and Fairness Opinion and also noted the rationale and the benefits of the Scheme which, inter-alia, are as follows :

The Transferee Company is holding 91.20% equity stake in the Transferor Company. In order to consolidate and effectively manage the Transferor Company and the Transferee Company in a single entity and to achieve *inter-alia* economies of scale and efficiency, the merger is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

- (a) Amalgamation to be value accretive to the shareholders of the Transferee Company as the shareholders would have directly access to the core business of the Group;
- (b) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value;
- (c) Greater efficiency in cash management of the group and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;





- (d) Improved organizational capability and leadership, arising from the pooling of human capital having diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry;
- (e) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses;
- (f) Reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company;
- (g) To optimally leverage the larger assets base and cash flow of the amalgamated entity;
- (h) Amalgamation will result in the Transferee Company directly controlling and managing the business of Transferor Company which would lead to simplification of the shareholding structure and reduction of shareholding tiers; and
- (i) To meet the covenants for taking loan facility and to avail the incentivised reduction in the interest rates from lenders in respect of the borrowing of the Transferor and Transferee Companies.

Recommendation of the Audit Committee:

The Audit Committee after taking into consideration the Valuation Report and the Fairness Opinion, recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, the Stock Exchange(s) and the SEBI.

For and on behalf of Audit Committee of
DIL Limited

Sanjay Buch
Chairman, Audit Committee

Date: September 12, 2018
Place: Thane.

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For DIL Limited
Srikant N. Sharma
Company Secretary

Fermenta Biotech Limited.

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Annexure A-5/2

REPORT ADOPTED BY THE AUDIT COMMITTEE OF FERMENTA BIOTECH LIMITED ("THE COMPANY") AT ITS MEETING HELD ON THURSDAY THE 21 DAY OF JUNE, 2018, EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION OF FERMENTA BIOTECH LIMITED (THE "TRANSFEROR COMPANY") AND DIL LIMITED (THE "TRANSFEEE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS

Background:

1. A meeting of the Audit Committee of Fermenta Biotech Limited ("the Company") was held on June 21, 2018, to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation of Fermenta Biotech Limited ("FBL" / "Transferor Company") and DIL Limited ("DIL" / "Transferee Company") and their respective shareholders (hereinafter referred to as "Scheme"), for the amalgamation of FBL and DIL with the Company, to be implemented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. The following documents were placed before the Audit Committee.
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 - (d) Summary of the valuation report / Share Exchange Ratio along with the basis of such valuation.

Proposed Scheme:

1. The Committee noted the salient features of the Scheme as under:
 - (a) Amalgamation of FBL with DIL in accordance with sections 230 to 232 of the Companies Act, 2013;
 - (b) The consideration for the proposed Scheme shall be as follows:
 1. Upon the coming into effect of this Scheme and its consideration thereof, the DIL shall without any further application, act or deed, issue and allot ('Share Exchange Ratio'), subject to the provisions of the sub-clause 2 given below:

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For FERMENTA BIOTECH LIMITED


Varadvinayak Khambete
Company Secretary



"100 (Hundred) equity shares of INR. 10/- (Rupees Ten only) each credited as fully paid-up of the Transferee Company for every 1006 (One Thousand Six) equity shares of INR. 10/- (Rupees Ten only) held in the Transferor Company and whose names are recorded in the register of members on the Record Date."

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- (c) Upon the scheme becoming effective, no shares of DIL shall be allotted in lieu or exchange of its 91.20% holding in FBL and the 91.20% Paid up share capital of FBL shall stand cancelled.
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For FERMENTA BIOTECH LIMITED


Valadvayak Kumbeta
Company Secretary

Fermenta Biotech Ltd.

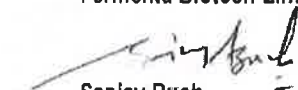


- (e) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses;
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Recommendation of the Audit Committee:

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For and on behalf of Audit Committee of
Fermenta Biotech Limited


Sanjay Buch
 Chairman, Audit Committee

Date: September 12, 2018
Place: Thane.

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For FERMENTA BIOTECH LIMITED


Varadvinayak Khambeta
 Company Secretary

