



**REPORT OF AUDIT COMMITTEE OF DCM LIMITED
RECOMMENDING DRAFT SCHEME OF
AMALGAMATION**

1 Background

The draft Scheme of Amalgamation of DCM Engineering Limited ('DEL') with DCM Limited ('DCM') and their respective shareholders and creditors ('the Scheme') was placed before the Audit Committee at the meeting held on December 8, 2014.

DCM Engineering Limited is a subsidiary company of DCM Limited wherein DCM Limited holds approx. 75.06% of the share capital of DCM Engineering Limited.

As per Securities and Exchange Board of India ('SEBI') Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 (collectively referred to as 'circulars') has amongst other requirements sought a report from the Audit Committee of the listed entity recommending the draft Scheme.

This report of the Audit Committee is provided to comply with the requirement of the aforesaid Circulars after considering the following documents which were placed before the Audit Committee for its recommendation:

- Valuation Report dated December 8, 2014 provided by SSPA & Co., an Independent Chartered Accountants firm;
- Fairness Opinion Report dated December 8, 2014 provided by M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered Category I Merchant Banker;
- Draft Scheme of amalgamation;

2 Proposed Scheme of Amalgamation:

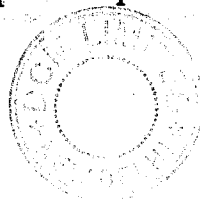
The audit Committee noted that the amalgamation will inter-alia result in:

- (a) Creation of a single entity with better financial strength which would result in improving the competitive position of the businesses of the combined entity;



For DCM LIMITED

Vijendra Tuli
Chairman & Managing Director



R. K. Raina

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- (b) Consolidation of the businesses presently being carried on by the Transferor Company and the Transferee Company would help in diversification of business risks and would also help in cost optimization in the system;
- (c) Combined entity would be able to optimize the manpower resources required for overall administration and statutory compliances in functional areas like finance, administration, legal, secretarial, human resources, etc., thereby resulting in elimination of overlapping activities.

The salient features of the Scheme are as follows:

- The appointed date of the Scheme would be April 1, 2014.
- All assets and liabilities of the Transferor Companies to be transferred to and vested in the Company at book values.
- The Shares directly held by Transferee Company in Transferor Company shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- The Company to issue its shares to the shareholders of DCM Engineering Limited (other than the Transferee Company) as on record date based on share exchange ratio determined by SSPA & Co., Chartered Accountants, Mumbai as under:

Company shall issue and allot 20 equity share of INR 10 each fully paid up for every 77 equity shares of INR 10 each fully paid up held in DCM Engineering Limited.

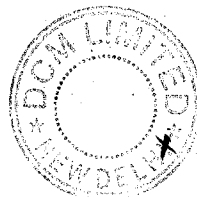
- Equity shares to be issued by DCM to the shareholders of DEL will rank pari passu with the existing equity shares of DCM and will get listed on BSE Limited and National Stock Exchange of India Limited.
- Upon effectiveness of the Scheme, DEL will stand dissolved without winding up.

3 Recommendation of the Audit Committee

After consideration of the draft Scheme, the members of the Audit Committee formed an opinion that the implementation of the proposed Scheme of Amalgamation of DCM Engineering Limited with the Company is in the interest of the Company and its shareholders, creditors and other stakeholders.



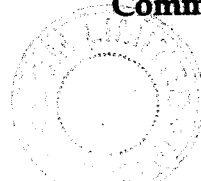
For DCM LIMITED
Titumha T. L.
Chairman & Managing Director



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The Audit Committee approves and recommends the draft scheme, inter alia, taking into consideration the valuation report issued by SSPA & Co., an Independent Chartered Accountants firm and the Fairness Opinion issued by M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered Category I Merchant Banker for favorable consideration by the board of directors, Stock Exchange(s), SEBI and other appropriate authorities.

For and on behalf of Audit
Committee of DCM Limited



Bipin Maira

Bipin Maira
(Chairman of Audit Committee)

Place: New Delhi

Dated: December 8, 2014



For DCM LIMITED

Titendra Tuli

Chairman & Managing Director