

DCM**LIMITED****REPORT OF AUDIT COMMITTEE OF DCM LIMITED
RECOMMENDING DRAFT SCHEME OF ARRANGEMENT****1 Background**

The Scheme of Arrangement ("**Scheme**") providing for demerger of Cotton Textile Business Undertaking of the Company into DCM Nouvelle Limited ("**DCM Nouvelle**" or "**Resulting Company**"), a wholly owned subsidiary of the Company, was placed before the Audit Committee for providing its report recommending the Scheme to the Board of Directors.

This report of the Audit Committee is made in compliance with the requirements of Securities and Exchange Board of India ("**SEBI**") Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 read with SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015. Following documents were placed before the Audit Committee for its recommendation:

- The Share Entitlement Report dated October 14, 2016 provided by Khurana & Singhal, Chartered Accountants
- Fairness Opinion report dated October 14, 2016 provided by M/s RBSA Capital Advisors LLP, a SEBI registered Category I Merchant Banker
- Draft Scheme of Arrangement

2 Proposed Scheme of Arrangement:

The Scheme *inter-alia* provides for the following –

- a) Demerger of the Cotton Textile Business Undertaking of DCM Limited and vesting of the same with DCM Nouvelle with Appointed Date being January 1, 2017;
- b) Issue of shares by DCM Nouvelle to the shareholders of DCM as on the Record Date (as defined in the Scheme) based on the following Share Entitlement Ratio -

1 (one) Equity Share of Rs. 10/- each of DCM Nouvelle, credited as fully paid-up, for every 1 (one) Equity Share of Rs. 10/- each, fully paid-up held in the DCM Limited

The Audit Committee noted that the proposed Scheme will *inter-alia* result in:

- focused business approach being adopted for each business segment along with the ability to chart out independent strategies for each segment;
- opening up of avenues for resizing and inorganic growth opportunities for the business segments;
- providing multiple listing avenues thereby creating an opportunity for shareholders to participate in the business of choice; and

- repositioning businesses in their respective market segments, thereby creating opportunities for value creation for the respective stakeholders.

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For DCM LIMITED

Company Secretary

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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 is in the interest of the Company and its shareholders, creditors and other stakeholders.

The Audit Committee hereby recommends the draft Scheme, Share Entitlement Ratio Report and the Fairness Opinion 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: October 15, 2016

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For ~~DCM LIMITED~~

[Signature]
Company Secretary