

**REPORT OF AUDIT COMMITTEE OF DCM LIMITED RECOMMENDING  
DRAFT AMENDED SCHEME OF ARRANGEMENT**

**1 Background**

Audit Committee of DCM Limited takes note that the Board of Directors of DCM Limited, DCM Realty and Infrastructure Limited, Tiara Investments Holdings Limited and Purearth Infrastructure Limited had approved the scheme of arrangement between Tiara Investments Holdings Limited ("Tiara"), Purearth Infrastructure Limited ("Purearth" or the "Amalgamating Purearth"), DCM Limited ("DCM Ltd." and "Demerged Company") and DCM Realty and Infrastructure Limited ("DCM Realty" or the "Resulting DCM Realty" or the "Amalgamated DCM Realty"), and their respective shareholders and creditors (hereinafter referred to as "Existing Scheme") on October 15, 2016. Post the approval of the Existing Scheme by the Board, the provisions of section 230 to section 232 of the Companies Act, 2013, which provide for the Compromise, Arrangements and Amalgamations, were notified on December 7, 2016 and the rules in relation thereto were notified on December 14, 2016. In terms of the new notification, National Company Law Tribunal ("NCLT") has assumed the jurisdiction of the High Court as the sanctioning authority in relation to the schemes involving Indian companies. The provisions of section 234 of the Companies Act, 2013 which deals with the merger of an Indian company with a foreign company or vice-versa have not been notified yet and hence the jurisdiction for the merger of a foreign company with the Indian company, i.e. the proposed merger of Tiara Investment Holdings Limited into and with Purearth Infrastructure Limited, is not yet transferred to the NCLT. Consequently the jurisdiction for merger of TIARA Investment Holdings Limited into Purearth Infrastructure Limited shall remain with the Hon'ble High Court of Delhi.

Further, in the larger interest of shareholders of DCM Realty and Infrastructure Limited, in addition to the promoters of DCM Limited, all the promoters of Purearth (other than TIARA, which shall stand dissolved upon the effectiveness of the scheme and DCM Limited) have expressed their interest of becoming the promoters of DCM Realty and Infrastructure Limited, subject to the approval of and compliance with conditions, if any, imposed by the SEBI, NSE and BSE Stock Exchanges (as applicable)

Considering the above, the draft amended Scheme of Arrangement of TIARA Investment Holdings Limited, Purearth Infrastructure Limited, DCM Limited and DCM Realty and Infrastructure Limited and their respective shareholders and creditors ('the scheme') was placed before the Audit Committee at its meeting held on February 13, 2017.

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 Valuation report dated February 13, 2017 provided by SSPA & Co., Chartered Accountants,
- Fairness Opinion report dated February 13, 2017 provided by M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered Category I Merchant Banker
- Draft amended Scheme of Arrangement

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For DCM LIMITED

  
Company Secretary

Registered Office :

  
  
e-mail id: [investor@dcmltd.in](mailto:investor@dcmltd.in)

## 2 Proposed Scheme of Arrangement:

Scheme of Arrangement comprises of the following:

- a) Amalgamation of Tiara Investment Holdings Limited into Purearth Infrastructure Limited with appointed date being December 31, 2016;
- b) Demerger of the Real Estate Undertaking of DCM Limited and vesting of the same with DCM Realty and Infrastructure Limited, a wholly owned subsidiary of DCM Limited with appointed date being January 1, 2017;
- c) Amalgamation of Purearth Infrastructure Limited (post step a & b above) into the Resulting Company i.e. DCM Realty and Infrastructure Limited with appointed date being January 1, 2017;

The share exchange ratios for the proposed scheme of arrangement shall be as under:

### A. Merger of TIARA Into PIL:

"5,46,00,000 (Five Crores forty six lacs only) fully paid up Equity Shares of the face value of Rs. 10 (Rupees Ten only) each of Purearth against 5,46,00,000 (Five Crores forty six lacs only) fully paid-up equity shares of Rs. 10 (Ten) each held by Tiara in Purearth as on February 13, 2017 shall be issued and allotted to the equity shareholders of Tiara in proportion to their shareholding in Tiara".

"In the event Tiara holds more than 5,46,00,000 (Five Crores forty six lacs only) fully paid-up equity shares of Purearth (without incurring any additional liability), such additional number of equity shares of Purearth (if any) as may be held by Tiara in Purearth in addition to 5,46,00,000 (Five Crores forty six lacs only) fully paid up equity shares held by Tiara in Purearth as on February 13, 2017 shall also be issued and allotted to the equity shareholders of Tiara, in proportion of their holdings in Tiara"

### B. De-merger of the Real Estate Undertaking of DCM Limited into DCM Realty and Infrastructure Limited:

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

### C. Amalgamation of the Amalgamated Purearth (post Step A & B) into the Resulting DCM Realty:

Issue and allot 100 (One Hundred) equity shares of Rs. 10/- (Rupees Ten only) each as fully paid up shares of the Amalgamated DCM Realty to the shareholders of the eligible Amalgamated Purearth for every 127 (One Hundred and Twenty Seven) equity shares of Rs. 10/- (Rupees Ten only) each fully paid up shares held by the said shareholders of the Amalgamated Purearth (for the avoidance of doubt, also for every 127 (One Hundred and Twenty Seven) equity shares of Rs. 10/- (Indian Rupees Ten only) each fully paid up shares of Amalgamated Purearth deemed to have been issued and allotted to the shareholders of Tiara under Part B of the Scheme).

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

- focused business approach to the respective line of business;
- benefit of financial resources, managerial, technical and marketing expertise of Demerged Company and Purearth which shall be available to the Amalgamated DCM Realty; and
- synergy in operations, cost savings and other benefits resulting from the economies of scale.

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For DCM LIMITED

  
Company Secretary





**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 amended Scheme of Arrangement of TIARA Investment Holdings Limited, Purearth Infrastructure Limited, DCM Limited and DCM Realty and Infrastructure Limited is in the interest of the Company and its shareholders, creditors and other stakeholders.

The Audit Committee hereby recommends the draft amended Scheme and the share exchange ratio 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 Mittal  
(Chairman of Audit Committee)



Place: Roop Nagar, Punjab

Dated: February 13, 2017

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For DCM LIMITED

  
Company Secretary