



Report of Audit Committee recommending draft Scheme of Arrangement

28 January 2014

1. Draft of the Scheme of Arrangement between Dhunseri Petrochem & Tea Limited ("DPTL") and Dhunseri Services Limited ("DSL") and their respective shareholders for (i) demerger of Tea Division of DPTL to DSL and (ii) reorganisation of IT SEZ Division of DPTL by its transfer to Dhanurveda Infrastructure Private Limited ("DIPL") from 1 April 2014 was considered by the Audit Committee in its meeting held on 28 January 2014. The Scheme is subject to approval of the same by the requisite majorities of the members of DPTL, DSL and DIPL and sanction by the Hon'ble High Court at Calcutta. Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court at Calcutta sanctioning the Scheme are filed with the Registrar of Companies.
2. The following documents were placed before the Audit Committee:
 - a. Draft of the Scheme of Arrangement for demerger and reorganisation prepared by Messrs. Khaitan & Co, Advocates.
 - b. Report dated 28 January 2014 of D.K. Chhajjer & Co, Chartered Accountants on the consideration for the demerger and reorganisation.
 - c. Fairness Opinion dated 28 January 2014 of Microsec Capital Limited, Merchant Bankers, on the consideration recommended by D.K. Chhajjer & Co, Chartered Accountants.

The consideration for the demerger and reorganisation has been suggested as under:-

- (a) In consideration of demerger of the Tea Division to DSL, Equity Shares of Rs.10/- each credited as fully paid up in DSL are to be issued and allotted to the shareholders of DPTL in the Share Entitlement Ratio of 1 (One) Equity Shares of Rs.10/- each credited as fully paid up in DSL for every 5 (Five) Equity Shares of Rs.10/- each fully paid up held by them in DPTL; and
 - (b) In consideration of the proposed reorganisation by transfer of the IT SEZ Division to DIPL, (i) 50,00,000 Equity Shares of Rs.10/- each credited as fully paid up in DIPL are to be issued and allotted by DIPL to DPTL and (ii) the net asset value (book value of assets less liabilities) of the IT SEZ Division as on the Appointed Date as reduced by the aggregate face value of the said shares to be issued and allotted to DPTL, is to be paid in cash by DIPL to DPTL within a period of five years from the Effective Date in terms of the Scheme.
3. The Committee has reviewed the Report dated 28 January 2014 of independent Chartered Accountants, Messrs. D.K. Chhajjer & Co. on the entitlement ratio of shares in consideration of the demerger and reorganisation. After appraisal of the methodology and basis followed by the said Chartered Accountants and going through the workings in detail, the Committee is satisfied with the report and suggested consideration for the demerger and reorganisation as being fair and reasonable. The Committee also finds the draft Scheme as placed before it to be in order.
 4. The Committee hereby approves and recommends the draft Scheme.

By order of the Audit Committee

Basu Deb Sen

Member of Audit Committee



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