

REPORT OF THE AUDIT COMMITTEE OF ORICON ENTERPRISES LIMITED**BACKGROUND**

The draft Scheme of Amalgamation of Oricon Properties Private Limited [OPPL] (the Transferor Company) with Oricon Enterprises Limited [OEL] (the Transferee Company) and their respective shareholders ("the Scheme") was placed before the Audit Committee for its consideration and recommendation to the Board of Directors of the Company as required vide SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("Circular").

In view of the said circular, the Audit Committee of the Company considered, discussed and recommended the Scheme and made this report after reviewing the following documents:

1. Draft Scheme of Amalgamation;
2. Audited Financial Statements of OPPL and OEL for the financial years 2013-14, 2014-15 and 2015-16 and Unaudited Financial Statements for the 6 months ended on 30th September, 2016;
3. Report in the matter of amalgamation of OPPL and OEL dated 1st February, 2017 issued by M/s. K.S. Jhaveri & Co., Chartered Accountants;
4. Fairness opinion dated 1st February, 2017 issued by Systematix Capital Services Pvt. Ltd. Mumbai
5. Certificate issued by M/s. Khandelwal Jain & Co, Chartered Accountants, Statutory Auditors of the Company as required under para 1(A)(5)(a) of Annexure I of the Circular, to the effect that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 read with the rules framed thereunder or the Accounting Standards issued by ICAI, as applicable, and other generally accepted accounting principles.

The Audit Committee also took note of the fact that the valuation report in this case is not applicable since it involves the amalgamation of OPPL the wholly owned subsidiary



Company to increase operations and confer a competitive advantage on the entire business. With integrated processes, the Transferee Company can achieve higher scales of operation.

- c) The amalgamation of the operations of the Transferor Company into the Transferee Company will assist the Transferee Company and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- d) The amalgamated company will have the benefit of synergy, optimum use of human relations, expertise, and stability of operations and would help to achieve economies of scale through efficient utilization of resources and facilities.
- e) Strengthened leadership in the Industry, in terms of the asset base, revenues, product range, production volumes and market share of the combined entity. The amalgamated entity will have the ability to leverage on its large asset base and vast pool of intellectual capital, to enhance shareholder value.
- f) Enable the shareholders of Oricon Enterprises Limited to get direct participation in the business of its present wholly owned subsidiary (being Oricon Properties Private Limited)
- g) Simplified group and business structure;

Thus, as a whole, amalgamation of the Transferor Company with the Transferee Company in terms of the Scheme will be beneficial for both the companies, their shareholders, their creditors, employees, customers and all others concerned with the two companies.



RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee recommends the draft Scheme, inter alia, taking into consideration that there would not be any issuance of shares and consequently no valuation process is required, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.

For and on behalf of the Audit Committee of Oricon Enterprises Limited

Sd/-

Sanjay Dosi

Chairman-Audit Committee

Date: 1st February, 2017

Place: Mumbai

