



# Valiant Organics Limited

Regd. Off. : 109, Udyog Kshetra, 1st Floor, Mulund Goregaon Link Road, Mulund (W), Mumbai - 400 080.  
Tel. : 91-22-2591 3767 / 6, 6797 6640 / 5 • Fax : 91-22-2591 3765 • E-mail : info@valiantorganics.com  
Website : www.valiantorganics.com • CIN NO.: L24230MH2005PLC151348

## REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE ON DRAFT SCHEME OF MERGER BY ABSORPTION BETWEEN AMARJYOT CHEMICAL LIMITED ("TRANSFEROR COMPANY" OR "ACL") AND VALIANT ORGANICS LIMITED ("TRANSFEREE COMPANY" OR "VOL") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ("SCHEME").

The Securities and Exchange Board of India ("SEBI") vide its Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as further clarified by Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017, Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 (hereinafter collectively referred to as "Circular") has amongst other requirements, sought a report from Audit Committee of Listed Companies recommending the draft scheme under section 230-232 of the Companies Act, 2013 (Including any statutory modification(s) or re-enactment(s) thereof) ("Act").

In view of the above, members of the Audit Committee at its meeting held on 25<sup>th</sup> march 2018, discussed and recommended the Draft Scheme after considering the following documents:

1. Draft Scheme of Merger by Absorption between Amarjyot Chemical Limited ("Transferor Company" or "ACL") and Valiant Organics Limited ("Transferee Company" or "VOL") and their Respective Shareholders and Creditors;
2. Valuation Report from N. M. Raiji & Co., Independent Chartered Accountants;
3. Fairness Opinion issued by Master Capital Services Limited, on the valuation carried out by N. M. Raiji & Co., Chartered Accountants; and
4. Certificate obtained from the Statutory Auditors of the Company viz. M/s Madan Dedhia & Associates (Chartered Accountants) on the accounting treatment prescribed in the Scheme

Below are the Recommendations of the Audit Committee on the Draft Scheme of Arrangement:

1.	Date	25 <sup>th</sup> March, 2018
2.	Name of the Transferor Company	Amarjyot Chemical Limited (ACL)
3.	Name of the Transferee Company	Valiant Organics Limited (VOL)
4.	Salient Features of the Scheme	<p>i. The rationale of the scheme is as under:</p> <p>a) ACL and VOL both are engaged in the business of manufacturing, buying, selling and exporting of chemicals. ACL is engaged in business of manufacturing and sale of chemicals. VOL is mainly engaged in business of manufacturing and marketing of different types of chlorophenol which is a chemical which has several applications mainly into agro-chemical industry and dyes and dyes intermediates.;</p> <p>b) This Scheme will lead to consolidation of business and assets, synergy of operations and networks of both the Companies. This will help achieve better and more efficient utilization of available resources, benefits of internal economies, diversification to mitigate risks and improving organizational efficiencies;</p> <p>ii. ACL ("Transferor Company") will be merged with VOL</p>



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		<p>("Transferee Company").</p> <p>iii. The appointed date for the Scheme shall be 1<sup>st</sup> day of October, 2017.</p> <p>iv. In consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company /register of beneficial owner with depository on the Record Date, or his /her/its legal heirs, executors or administrators or, as the case may be, successors) ("Share Exchange Ratio"):</p> <p>a) 72 (Seventy Two) fully paid Equity Shares of Rs. 10/- each of VOL and 21 (Twenty One) Optionally Convertible Preference Shares of Rs. 10/- of VOL fully paid up shall be issued and allotted for every 100 (One Hundred) Equity Shares of Rs. 10/- each held in ACL.</p> <p>b) 1 (one) Redeemable Non-cumulative Preference share of Rs.100/- each of VOL shall be issued and allotted for every Compulsorily Redeemable Non-cumulative Preference share of Rs.100/- each held in ACL.</p>
5.	Name of the Independent Chartered Accountant	N. M. Raiji & Co., Chartered Accountants
6.	Details of Audit Committee	The composition of the Audit Committee, is as follows: i. Mr.Dhirajlal Damji Gala – Chairman (Independent Director) ii. Mrs.Jeenal Kenil Savla - Member (Independent Director) iii. Mr. Hemchand Lalji Gala – Member (Managing Director)  Secretary of the Company acts as Secretary to the Committee.
7.	Members Present	i. Mr.Dhirajlal Damji Gala – Chairman (Independent Director) ii. Mrs.Jeenal Kenil Savla - Member (Independent Director) iii. Mr. Hemchand Lalji Gala – Member (Managing Director)
8.	Leave of Absence	Since all members were present, no leave of absence was required to be granted
9.	In Attendance	Mrs. Vyoma Vyas– Company Secretary
10.	By Special Invitation	I. Mr. Arvind Kanji Chheda – CFO
11.	Recommendation on the Draft Scheme of amalgamation and Exchange Ratio taking into consideration the Valuation Report	Based on review of the Scheme of Merger by Absorption between Amarjyot Chemical Limited ("Transferor Company" Or "ACL") and Valiant Organics Limited ("Transferee Company" Or "VOL") and their Respective Shareholders and Creditors, Valuation Report dated March 25, 2018 issued by N. M. Raiji & Co., Independent Chartered Accountants and the Fairness Opinion issued by Master Capital Services Limited, on the valuation, the Audit Committee believes that the Scheme of Merger and Share Exchange Ratio is fair and reasonable.
12.	Summary of reasons for recommendations	I. The Share Exchange Ratio has been arrived on the basis of valuation report dated 25 <sup>th</sup> March, 2018 issued by N. M. Raiji & Co. Chartered



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	<p>Accountants.</p> <ol style="list-style-type: none"><li>2. An independent fairness report of the Merchant Banker on the valuation report is also available.</li><li>3. Auditors of the company have also certified the accounting treatment in the draft scheme of amalgamation to be in compliance with SEBI Regulations and applicable Accounting Standards.</li></ol> <p>In the above circumstances, the Share Exchange Ratio as mentioned in Draft Scheme is fair and reasonable.</p>
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To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission or any information or otherwise.

**CERTIFIED TRUE COPY**

For Valiant Organics Limited

Hemchand Lalji Gala  
Member of the Audit Committee

Place: Mumbai  
Date: 25.03.2018

