



## Audit Committee Report dated 21<sup>st</sup> August 2019

REPORT OF THE AUDIT COMMITTEE OF AXEL POLYMERS LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF DHARA PETROCHEMICALS PRIVATE LIMITED WITH AXEL POLYMERS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, HELD ON 21<sup>st</sup> AUGUST 2019, AT 9.30 AM AT 309, VILLAGE MOKSHI, SANKARDA-SAVLI ROAD, TALUKA SAVLI, DIST. VADODARA 391780, GUJARAT, INDIA.

### MEMBERS:

- |                            |          |
|----------------------------|----------|
| 1. Amol Arvind Samant      | Chairman |
| 2. Jayendra Harshad Desai  | Member   |
| 3. Aarasp Bejan Bodhanwala | Member   |

### 1. Background

- 1.1. A meeting of the Audit Committee was held on 21<sup>st</sup> August 2019, to consider and recommend the draft Scheme of Amalgamation of Dhara Petrochemicals Private Limited ("Transferor Co. or DPPL") with Axel Polymers Ltd ("Transferee Co." or "the Company" or "APL") and their respective shareholders and creditors ("Scheme") under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act which provides for the merger of DPPL into APL
- 1.2. The equity shares of the Company are listed on the BSE Limited. The Company will be filing the Scheme of Amalgamation along with necessary information/documents to the BSE Limited.
- 1.3. The report of Audit Committee is made in order to comply with the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017 read with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 after considering the following:
  - a) Draft Scheme duly initialed by the Company Secretary of the Company for purpose of identification;
  - b) Valuation Report dated 20th August 2019 issued by MSKA & Associates, Chartered Accountants, describing the methodology adopted by them in arriving at the share swap ratio for the said amalgamation;
  - c) Valuation report dated 20th August 2019 issued by BDO Valuation Advisory LLP, the Registered Valuer in compliance with the requirement of the Companies Act, 2013
  - d) Fairness Opinion Report dated 20th August 2019 issued by Capital Square Advisors Private Limited Category-I Merchant Banker registered with SEBI providing the fairness opinion on the share entitlement recommended in the valuation report prepared by MSKA & Associates, Chartered Accountants and;
  - e) Certificate dated 21st August 2019 obtained from the Statutory Auditors of the Company i.e. M/s. Mukund & Rohit Chartered Accountants to the effect that the scheme is in compliance with applicable Accounting Standard specified by the Central Government in section 133 of Companies Act, 2013.

### 2. Salient features of the Scheme

- 2.1. As stated above, the Scheme provides for amalgamation of DPPL into APL. DPPL and APL have been business partners for many years. The Board of Directors of DPPL and APL are of the opinion that the proposed amalgamation of DPPL with APL shall be advantageous to both, DPPL and APL in the following manner:
  - i. The amalgamation will enable consolidation of the business and operations of DPPL with APL which will provide significant impetus to growth by permitting pooling of resources, enable synergies, reduce operational costs, achieve economies of scale, increase operational efficiencies and greater focus and provide expansion opportunities in a consolidated and compliant manner.





# Axel Polymers Limited

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- ii. The amalgamation would bring more productive and optimum utilisation of various resources of the amalgamated company.
  - iii. The proposed amalgamation will lead to a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by DPPL and APL and also avoid duplication of administrative functions and eliminate multiple record-keeping.
  - iv. The amalgamation will lead to combination of funds of the companies. This would strengthen the financial position and ability to raise resources for conducting business.
  - v. The consolidation is also expected to attract investors and strategic partners which would enable further growth of the business.
- 2.2. The proposed amalgamation is in the interest of the shareholders, creditors, employees and other stakeholders in each of the companies.

### 3. Recommendation of Audit Committee

- 3.1. The Audit Committee after due deliberation and due consideration of all the terms of the draft scheme, valuation report, fairness opinion and the specific points mentioned above, recommended the Scheme for favorable consideration by the Board of Directors of the Company.

By Order of Audit Committee

By and Behalf of Axel Polymers Limited

*Amol Arvind Samant*  
Amol Arvind Samant  
Chairman of Audit Committee

Dated: 21.08.2019  
Place: Mokshi

