



DUCON INFRA TECHNOLOGIES LIMITED

(Formerly known as "Dynacons Technologies Limited")

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REPORT ON RECOMMENDATION OF THE AUDIT COMMITTEE OF DUCON INFRA TECHNOLOGIES LIMITED ON THE DRAFT SCHEME OF ARRANGEMENT OF BETWEEN DUCON INFRA TECHNOLOGIES LIMITED AND DUCON TECHNOLOGIES (INDIA) PRIVATE LIMITED.

Members:

Mr. : Member: Viren Shah

Mr. : Member: Pinakee Parikh

Mr. : Member: Harish Shetty

1. Background

Pursuant to the requirement of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 read with the Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, a draft Scheme of Arrangement between Ducon Technologies (India) Private Limited (the "Demerged Company" or "DUCON") and Ducon Infra Technologies Limited (the "Resulting Company" or "DUCON INFRA") and their respective shareholders and creditors was placed before the Audit Committee at its meeting on 29.03.2016 for its review, consideration and recommendation to the Board.

This report of the Audit Committee is made in order to comply with the requirements of the aforesaid Circular(s) after considering the following necessary documents:

- 1) Scheme of Arrangement;
- 2) Report for recommendation of share entitlement ratio dated issued by SSPA & Co. Chartered Accountants and Khimi Kunverji & Co. Chartered Accountants.
- 3) Fairness Opinion dated March 29, 2016 issued by Arihant Capital Markets Limited Independent Merchant Banker registered with SEBI.
- 4) Certificate Dated 22.03.2016 of Auditors of the Company i.e. M/s. Palan & Co., Chartered Accountants, on the Accounting Treatment prescribed in the Scheme.



2. Proposed Scheme

A.) The Audit Committee noted the rationale and the benefits of the scheme of the Arrangement which include inter alia the following:

- a) Re-structuring would result in two independent companies, which would provide opportunities to the respective businesses to attract different set of investors, strategic partners, lenders and other stakeholders.
- b) Enhanced strategic flexibility to build a vibrant industrial platform;
- c) Enable a dedicated management focus and to accelerate growth of the Demerged Undertaking; and
- d) Access to varied sources of funds for the rapid growth of both businesses.

B.) Salient features of the draft scheme are as follows:

- The Scheme provides for (a) transfer of "Demerged Undertaking" (as defined in the Scheme) from Ducon Technologies (India) Private Limited to DuconInfratechnologies Limited.
- The Appointed Date is 01.04.2015.
- For every 25 (Twenty Five) fully paid-up equity share of Rs. 10/- each held by the equity shareholders in Ducon Technologies (India) Private Limited, 66 (Sixty six) fully paid-up equity share of Rs. 1/- each of DuconInfratechnologies Limited.

3. Recommendation of the Audit Committee

The Audit Committee after extensive discussion on the various terms and features of the scheme recommends the draft Scheme of Arrangement and the aforementioned documents including Share Entitlement Ratio Report and the Fairness Opinion for favourable consideration by the Board of Director, Stock Exchange(s), and SEBI. The Audit Committee has authorised the Board of Directors or any such person as authorised by the Board of Directors, to carry out such modifications, alterations and changes in the Scheme of Arrangement as may be expedient or necessary.

By order of the Audit Committee
For Ducon Infratechnologies Limited



Place: Mumbai
Date: 29.03.2016

