



BOMBAY DYEING

REPORT OF THE AUDIT COMMITTEE OF THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED TO BE SUBMITTED TO STOCK EXCHANGE(S) & SEBI

MEMBERS

Mr. R. A. Shah	-	Member (Independent)
Mr. S. S. Kelkar	-	Member (Independent)
Mr. S. M. Palia	-	Member (Independent)
Mr. S. Ragothaman	-	Member (Independent) (Through Video Conferencing)

In Attendance

Mr. Sanjive Arora	-	Company Secretary & Compliance Officer
Mr. Puspamitra Das	-	Chief Financial Officer

Leave of absence was granted to Mr. Ishaat Hussain, Chairman & member of the Committee.

In the absence of Mr. Ishaat Hussain, Chairman of the Audit Committee, the members present unanimously elected Mr. R.A. Shah, to Chair this Meeting.

1. Background

The Company had placed before the Audit Committee a Scheme of Amalgamation ("the Scheme") for the merger of Archway Investment Company Limited ("AICL" or "Transferor Company") with The Bombay Dyeing and Manufacturing Company Limited ("the Company" or "Transferee Company") for recommendation of the Scheme by the Audit Committee to the Board/ Committee of Directors as required vide SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("Circular").

This report of the Audit Committee is made in order to comply with the requirements of the Circular after considering the draft Scheme of amalgamation.

The Committee noted that, whilst the Circular requires the Committee to consider the valuation report for recommending the Scheme, since AICL is a wholly owned Subsidiary of the Company and as a result of the amalgamation, the shares of AICL held by the Company shall stand cancelled with no fresh/further issuance of shares or payment of other consideration by the Company, no valuation process is applicable. A certificate from the Company's Auditors, M/s. Kalyaniwalla & Mistry, certifying that the valuation certificate is not required, was tabled at the Meeting.

2. Proposed Scheme of Amalgamation

The salient features of the Scheme are as under:

- The Scheme provides for merger of AICL, wholly owned subsidiary with the Company;



THE BOMBAY DYEING & MANUFACTURING CO. LTD.

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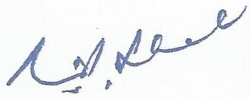
- In the circumstances, as the Transferor Company is a wholly owned subsidiary of the Transferee Company, a consolidation of the Transferor Company and the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital;
- The proposed Scheme aims at unlocking a better value for the public shareholders of the Transferee Company. As the entire undertaking of the Transferor Company shall be transferred to the Transferee Company, the rights and interests of the shareholders or the creditors of the Transferee Company shall not be affected and the Scheme shall not be prejudicial to the interest of the shareholders of the Transferor Company;
- The proposed amalgamation will result in administrative and operational rationalization, reduction in overheads and other expenses and prevent cost duplication. The synergies created by the amalgamation would increase operational efficiency and integrate business functions;
- The Scheme shall take effect from the Appointed Date, i.e. 1st April, 2016.
- In consideration of the amalgamation, no shares of the Transferee Company would be issued as the Transferor Company is a wholly owned subsidiary of the Transferee Company and all the shares held by the Transferee Company in the Transferor Company would be cancelled;
- On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up and without any further act by the parties;

After consideration of the Draft Scheme the members of the Audit Committee are of the opinion that the implementation of the proposed Scheme of Amalgamation between AICL and the Company is in the best interest of the company and its shareholders, creditors and other stakeholders.

3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme for favorable consideration of the Board/Committee of Directors of the Company, Stock Exchange(s) and SEBI.

Date: 8th September, 2016
Place: Mumbai



R. A. Shah
(Member of Audit Committee & Chairman for the said Meeting)

