



Camphor & Allied Products Ltd.

H. O. : Jehangir Bldg., 2nd Floor, 133 M.G. Road, Mumbai - 400001 India
T : 91 22 43214000 F : 91 22 43214099 E : sales@camphor-allied.com
CIN : L17299GJ1972PLC011626

Report of the Audit Committee of Camphor and Allied Products Limited for recommending the scheme of amalgamation of Oriental Aromatics Limited with the Company, meeting held on April 04, 2016.

Members

Mr. Harshvardhan A. Piramal

Chairman / Non-Executive Director

Mr. Prakash V. Mehta

Member / Non-Executive Director

Mr. Dharmil A. Bodani

Member / Managing Director

Mr. Ranjit A. Puranik

Member / Non-Executive Director

Ms. Amruda V. Nair

Member / Non-Executive Director

In Attendance

Mr. Harshvardhan A. Piramal

Chairman / Non-Executive Director

Mr. Ranjit A. Puranik

Member / Non-Executive Director

Mr. Dharmil A. Bodani

Member / Managing Director

1. Background

In Terms of Circular dated 30 November 2015, bearing reference No. CIR/CFD/CMD/16/2015 issued by the Securities and Exchange Board of India ("Circular"), draft Scheme of Amalgamation of Oriental Aromatics Limited ("OAL") with Camphor and Allied Products Limited ("CAPL" / "Company") and their respective shareholders and creditors in terms of provisions of Section 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013, as may be applicable ("Scheme") was placed before the Audit Committee for its consideration and its recommendations, to the board of directors of CAPL.

Mr. Dharmil A. Bodani being interested in the Amalgamation proposal did not participate in this agenda item of the Audit Committee meeting.

The remaining members of the Audit Committee of the Company have discussed the proposal of amalgamation of OAL with the Company and recommend the Scheme vide resolution passed at its meeting held on April 04, 2016 and have made this report, after perusing the following necessary documents:

- a. Draft Scheme;





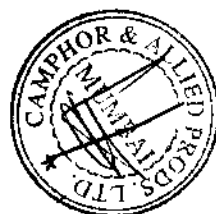
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- b. Valuation Report dated April 04, 2016 issued by M/S Jignesh Goradia & Associates, Chartered Accountants;
- c. Fairness Opinion dated April 04, 2016, issued by Vivro Financial Services Private Limited;
- d. Audited financial statements of CAPL and OAL for the year ending March 31,2015, March 31, 2014 and March 31,2013;
- e. Unaudited Financial Statements of CAPL and OAL for the nine months ended 31st December, 2015;
- f. Certificate dated April 04, 2016 issued by the Statutory Auditors of the Company, Lodha & Co., Chartered Accountants, Mumbai certifying that the accounting treatment contained in the Scheme is in compliance with all the accounting standards specified by the Central Government under Companies Act, 2013 read with the rules framed thereunder and other generally accepted accounting principles.
- g. Pre and Post amalgamation shareholding pattern of the Company.

2. Proposed Scheme:

- a. OAL is engaged in the business of manufacturing of flavours and fragrances in India and abroad, more than four decades and has tremendous experience and expertise in the business. Its custom designed fragrances are found in fine fragrances, soaps, incense sticks, candles, household cleaners and mosquitoes gels. OAL is the promoter and major shareholder, holding 57.66% of the issued, subscribed and paid up equity share capital of the Company.
- b. The Company is engaged in manufacturing of variety of terpene chemicals and other speciality aroma chemicals and its vast product range includes Synthetic Camphor, Terpeneols, Pine Oils, Resins, Astromusk, and several other chemicals finding applications in vast array of industries ranging from Flavours & Fragrances, Pharmaceuticals, Soaps & Cosmetics, Rubber & Tyre, Paints & Varnishes and many more. Some of the materials produced by the Company are raw material for manufacturing of the finished products of OAL.
- c. It will be advantageous to combine the activities and operations into a single company for synergistic linkages and the benefit of financial and other resources of each other.





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- d. OAL intends to reorganize and integrate their operations with the activities of the Company as a part of restructuring process which will result in back ward integration for the business of the Transferor Company
- e. The proposed amalgamation of OAL with CAPL is likely / expected to allow a focused strategy in operations of the business of both the Companies along with faster decision making, which would be in the best interests of CAPL and its shareholders and other stakeholders.
- f. CAPL would be in a position to consolidate operations through optimum utilization of its resources and avoidance of duplication.
- g. The amalgamation may also provide scope for collaboration and expansion of the business of OAL after it is merged with CAPL.
- h. CAPL would also have a larger net-worth base, and greater borrowing capacity, which would provide it a competitive edge over others, especially in view of the increasing competition due to liberalization and globalization, which will be beneficial in more than one ways to the Company, its shareholders and other stakeholders.
- i. The amalgamation will contribute to smooth integration of both the Companies and would benefit the shareholders, employees and other stakeholders of OAL and CAPL.

The salient features of the draft Scheme are, inter alia, as under: -

1. The draft scheme provides for the amalgamation of Oriental Aromatics Limited with Camphor and Allied Products Limited (as defined in the Scheme).
2. The Appointed Date for the draft Scheme is fixed as opening of business hours on April 01, 2016.
3. All the properties/ assets of Oriental Aromatics Limited (as defined in the Scheme) immediately before the amalgamation become the properties /assets of Camphor and Allied Products Limited by virtue of the amalgamation.





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4. All the liabilities being transferred by Oriental Aromatics Limited, immediately before the amalgamation will become the liabilities of Camphor and Allied Products Limited by virtue of the amalgamation.
5. The accounting treatment to be followed for the scheme of amalgamation will be as per accounting standard 14 issued under the Companies (Accounting Standards) Rules, 2006.
6. Based on the Share Entitlement Report of an independent valuer, M/S Jignesh Goradia & Associates, Chartered Accountants, the share exchange ratio for the amalgamation of Oriental Aromatics Limited with Camphor and Allied Products Limited is as under:

1.56(One point Five Six) equity shares of Rs 10/- each of CAPL for every 1 (One) equity share of Rs 10/- each held in OAL.

3. Recommendation of the Audit Committee:

Having considered the Documents, the Audit committee found that draft scheme to be in the best interests of all the stakeholders of the Company and recommended the draft scheme for favorable consideration by the board of directors of the Company, BSE Limited and the Securities and Exchange Board of India.

Date: April 04, 2016
Place: Mumbai

**Certified True Copy
For Camphor & Allied Products Limited**

Harshvardhan A. Piramal



Chairman

Audit Committee