

Independent Auditors' Certificate**The Board of Directors**

Acme Chem Limited
9A, Saket Apartments, 9th Floor
2, Ho Chi Mini Sarani,
Kolkata-700 071

Introduction

1. This Certificate is issued in accordance with the terms of our engagement letter dated August 31, 2020.
2. We, Lodha & Co, Chartered Accountants (Firms ICAI Registration No. 301051E), the statutory auditors of Acme Chem Limited ("the Company") having its registered office at 9A, Saket Apartments, 2, Ho Chi Mini Sarani, Kolkata-700 071 have been requested by the Company to provide a certificate that the accounting treatment proposed in the Draft Scheme of Arrangement ("the Scheme") between Acme Chem Limited ("Acme" or "Demerged Company") and Merchem Limited ("Merchem" or "Resulting Company") and their respective shareholders for demerger of Rubber Chemical Undertaking of Acme to Merchem with effect from April 01, 2019 proposed to be filed before National Company Law Tribunal ("NCLT") by the Company is in conformity with the Accounting standards prescribed under Section 133 of the Companies Act 2013 ("the Act") and/or generally accepted practices or principles followed in India.

Management's Responsibility for the Statement

3. The preparation of the Scheme and related compliances pertaining to the Scheme and with the relevant laws and regulations including the applicable accounting Standards and/or principles or practices followed in India as aforesaid is the responsibility of the Board of Directors of the Companies involved.
4. The Company's Management is also responsible for the designing, implementing and maintaining internal control, policies for the preparation of the books of account and the financial statement of the company ensuring the accuracy and completeness of the accounting records, timely preparation of reliable information as required under Companies Act, 2013, applying an appropriate basis and Accounting Standards relevant and applicable for preparation of the same.
5. The Company's Management is also responsible for ensuring the compliances in relation to the scheme and submission of other related documents as required in terms and with respect to the Scheme.

Auditors' Responsibility

6. It is our responsibility to provide a reasonable assurance whether the accounting treatments proposed in the Scheme are in line with the applicable Accounting Standards prescribed under Section 133 of the Companies Act 2013 ("the Act") and/or generally accepted principles and practices followed in India.
7. There being no accounting standard prescribed under Section 133 of the Companies Act, 2013 dealing with demerger of an undertaking from a company to another company, in order to provide the assurance as stated above. We in order to fulfill the responsibilities as stated in Para 6 above, are required to confirm the proposed accounting-treatment to be in accordance with accepted principles and practices followed in this regards.
8. The accounting treatment as specified in the Scheme under Clause 14 of Part B of Scheme of Arrangement between Acme Chem Limited ("the Demerged Company") and Merchem Limited ("the Resulting Company") and their respective Shareholders reads as follows:
 - a. The values of all assets and liabilities pertaining to the Demerged Undertaking which cease to be assets and liabilities of the Demerged Company, shall be reduced by the Demerged Company at their carrying values and the difference i.e. the excess or shortfall, as the case may be, of the value of transferred assets over the transferred liabilities pertaining to such Undertaking and demerged from the Demerged Company pursuant to the Scheme shall be adjusted from Reserves of the Demerged Company in terms of the Scheme in accordance with applicable Accounting Standards, the Act and generally accepted accounting principles or practices followed in India.





9. The financial statements for the year ended March 31, 2020 have been audited by us, on which we issued an unmodified audit opinion vide our report dated August 22, 2020. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
10. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

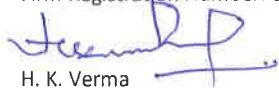
Conclusion

- Based on our examination of the Scheme and according to the information and explanations given to us, we confirm that the accounting treatment to be followed as specified in the scheme is in accordance with the generally accepted accounting practices and principles followed in India and there are no accounting standards which prohibit the treatment so specified and therefore the same is not contrary to the provisions of the Accounting Standards as notified and followed in this respect.

Restriction on Use

- Our work was performed solely to assist you in meeting your responsibilities in relation to filing of the Scheme along with relevant documents with the relevant authorities. Our obligation in respect of this Certificate are entirely separate and our obligation and liability as Auditors are in no way changed or altered by this. Nothing in the Certificate, nor anything said or done in course of or in connection with the services that are subject of this Certificate will extend in duty of care, we may have in our capacity as Auditors of the Company.
- This Certificate has been issued to enable you to comply with the requirement in connection with the filing of the Scheme as stated above. This Certificate should therefore not to be used for any other purpose or by any person other than the addressees of this certificate. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Lodha & Co,
Chartered Accountants
Firm Registration Number: 301051E


H. K. Verma

Partner
Membership No: 055104
UDIN: 20055104AAAADN1551

Place: Kolkata
Dated: September 26, 2020



Independent Auditors' Certificate**The Board of Directors**

Merchem Limited
9E, Saket Apartments, 9th Floor
2, Ho Chi Mini Sarani,
Kolkata-700 071

Introduction

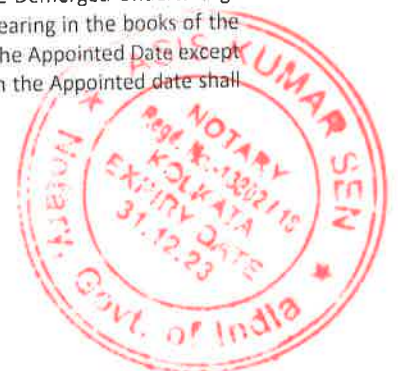
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Management's Responsibility for the Statement

3. The preparation of the Scheme and related compliances pertaining to the Scheme and with the relevant laws and regulations including the applicable accounting Standards and/or principles or practices followed in India as aforesaid is the responsibility of the Board of Directors of the Companies involved.
4. The Company's Management is also responsible for the designing, implementing and maintaining internal control, policies for the preparation of the books of account and the financial statement of the company ensuring the accuracy and completeness of the accounting records, timely preparation of reliable information as required under Companies Act, 2013, applying an appropriate basis and Accounting Standards relevant and applicable for preparation of the same.
5. The Company's Management is also responsible for ensuring the compliances in relation to the scheme and submission of other related documents as required in terms and with respect to the Scheme.

Auditors' Responsibility

6. It is our responsibility to provide a reasonable assurance whether the accounting treatments proposed in the Scheme are in line with the applicable Accounting Standards prescribed under Section 133 of the Companies Act 2013 ("the Act") and/or generally accepted principles and practices followed in India.
7. There being no accounting standard prescribed under Section 133 of the Companies Act, 2013 dealing with demerger of an undertaking from a company to another company, in order to provide the assurance as stated above. We in order to fulfill the responsibilities as stated in Para 6 above, are required to confirm the proposed accounting treatment to be in accordance with accepted principles and practices followed in this regards.
8. The accounting treatment as specified in the Scheme under Clause 14 of Part B of Scheme of Arrangement between Acme Chem Limited ("the Demerged Company") and Merchem Limited ("the Resulting Company") and their respective Shareholders reads as follows:
 - a. the Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertakings vested in it pursuant to this scheme at the respective carrying values as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date except that any amount payable to or receivable from the Demerged company as on the Appointed date shall be cancelled;



- b. The difference, if any, between the values of assets and value of liabilities pertaining to the Demerged Undertaking after adjusting the amount credited as share capital shall be adjusted to the reserves of the Company in accordance with applicable Accounting Standards, and Act and generally accepted accounting principles in India.
9. The financial statements for the year ended March 31, 2020 have been audited by us, on which we issued an unmodified audit opinion vide our report dated August 22, 2020. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
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11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

- Based on our examination of the Scheme and according to the information and explanations given to us, we confirm that the accounting treatment to be followed as specified in the scheme is in accordance with the generally accepted accounting practices and principles followed in India and there are no accounting standards which prohibit the treatment so specified and therefore the same is not contrary to the provisions of the Accounting Standards as notified and followed in this respect.

Restriction on Use

- Our work was performed solely to assist you in meeting your responsibilities in relation to filing of the Scheme along with relevant documents with the relevant authorities. Our obligation in respect of this Certificate are entirely separate and our obligation and liability as Auditors are in no way changed or altered by this. Nothing in the Certificate, nor anything said or done in course of or in connection with the services that are subject of this Certificate will extend in duty of care, we may have in our capacity as Auditors of the Company.
- This Certificate has been issued to enable you to comply with the requirement in connection with the filing of the Scheme as stated above. This Certificate should therefore not to be used for any other purpose or by any person other than the addressees of this certificate. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Lodha & Co,
Chartered Accountants

Firm Registration Number: 301051E

H. K. Verma
Partner
Membership No: 055104

Place: Kolkata
Dated: September 01, 2020

