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STRICTLY PRIVATE & CONFIDENTIAL

Date: March 30, 2017

The Board of Directors
Apcotex Industries Limited
Plot No. 3/1, MIDC Industrial Area,
Taloja, Post Box No. 13,
Raigad - 410 208
Maharashtra

The Board of Directors
Saldhar Investments and Trading Company
Private Limited
NKM International, Hsg 17,
Backbay Reclamation, B C Marg,
Mumbai - 400 020

Re: Proposed amalgamation of Saldhar Investments and Trading Company Private Limited into Apcotex Industries Limited

Dear Sirs,

We have been requested by the management of Apcotex Industries Limited (hereinafter referred to as "Apcotex") and Saldhar Investments and Trading Company Private Limited (hereinafter referred to as "Saldhar"), (collectively referred to as "Companies") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of Saldhar into Apcotex.

1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1. We have been given to understand that in order to *inter alia* simplify the shareholding structure of Apcotex, reduce shareholding tiers for the promoters of Apcotex, it is proposed that Saldhar will amalgamate into Apcotex in accordance with the provisions of Sections 230 to 232 and other applicable provisions of Companies Act 2013 (hereinafter referred to as "Scheme of Amalgamation"). Subject to necessary approvals, Saldhar would be merged with Apcotex, with effect from appointed date of March 31,



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2017 or such other date as may be approved by National Company Law Tribunal ('NCLT').

- 1.2. In this regard, we have been requested to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of Saldhar into Apcotex.

2. BRIEF BACKGROUND OF COMPANIES

2.1. APCOTEX INDUSTRIES LIMITED

2.1.1. Apcotex was established in the year 1980 as a division of Asian Paints (India) Ltd., the largest paint manufacturer in India. Apcotex spun-off as a separate company in 1991 and is headed by Mr. Atul Choksey, Chairman of Apcotex and former Managing Director of Asian Paints. Apcotex is one of the leading producers of Performance Emulsion Polymers in India.

2.1.2. The product range of Apcotex includes VP latex, Carboxylated and Non-Carboxylated SB latexes, Acrylic latexes, Nitrile latex and Synthetic Rubber. The range of Latexes is used, among other applications, for Tyre Cord Dipping, Paper/Board Coating, Carpet Backing, Construction (Concrete Modification, Water Proofing, etc.), Paints, Textile Finishing and Automotive Components. Apcotex's High Styrene Synthetic Rubber finds applications in footwear, automotive components, v-belts, conveyer belts and hoses.

2.1.3. The equity shares of Apcotex are listed on BSE Limited and The National Stock Exchange of India Limited.

2.2. SALDHAR INVESTMENTS AND TRADING COMPANY PRIVATE LIMITED

2.2.1. Saldhar was incorporated on November 12, 1979. The company is involved in the business of Investments in shares and securities. As informed by management, Saldhar currently holds 1,05,98,300 representing 51.1% equity shares of Apcotex.

3. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Annual Report of Saldhar for the financial year (FY) 2015-16.

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- (b) Projected balance sheet of Saldhar as on March 31, 2017 as provided by the management of Saldhar.
- (c) Such other information and explanations as we required and which have been provided by the management of Apcotex and Saldhar.

4. LIMITATIONS

- 4.1. Our recommendation is dependent upon the information furnished to us being complete in all material respects.
- 4.2. This report has been prepared for the Board of Directors of Apcotex and Saldhar solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of Saldhar into Apcotex.
- 4.3. The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of the Companies, and only in connection with the proposed Amalgamation as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Amalgamation as aforesaid, can be done only with our prior permission in writing.

5. BASIS FOR DETERMINATION OF RATIO

- 5.1 We have been informed by the management of Saldhar that they currently hold 1,05,98,300 equity shares in Apcotex. Upon Amalgamation of Saldhar into Apcotex, the shareholders of Saldhar would be entitled to the same number of shares of Apcotex which they own on the effective date of the proposed amalgamation indirectly through their holding in Saldhar. Pursuant to the amalgamation, there would be no change in the paid-up capital of Apcotex.
- 5.2 The cash balance prior to effective date will be utilised to meet the costs, fees and expenses including stamp duties payable on issue of new shares in relation to the proposed amalgamation.



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6. RECOMMENDED RATIO

6.1. Based on above, we recommend a fair equity share exchange ratio as follows:

1,05,98,300 fully paid-up equity shares (face value of INR 5 each) of Apcotex to be issued and allotted to shareholders of Saldhar in the proportion of the number of equity shares held by the shareholders in Saldhar in the event of Amalgamation of Saldhar into Apcotex.

6.2. We believe that the above ratio is fair and equitable considering that all the shareholders of Saldhar are and will, upon amalgamation, remain ultimate beneficial owners of Apcotex in the same ratio (inter-se) as they hold shares prior to the amalgamation and that the interest of other shareholders in Apcotex remains unaffected.

Thanking you,
Yours faithfully,

SSPA & Co.



SSPA & CO.
Chartered Accountants
Firm registration number: 128851W

Signed by Parag Ved, Partner
Membership No. 102432

Place: Mumbai

**Certified True Copy
or Apcotex Industries Limited**

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