

Date: May 16, 2016

The Board of Directors,
 Apcotex Industries Ltd
 Plot No. 3 / 1,
 MIDC Industrial Area,
 Taloja, Post Box No. 13,
 Raigad, Maharashtra - 410208

The Board of Directors,
 Apcotex Solutions India Pvt Ltd
 Plot No. 3 / 1,
 MIDC Industrial Area,
 Taloja, Post Box No. 13 ,
 Raigad, Maharashtra - 410208

Dear Sirs,

Re: Fairness opinion on Certificate issued by M/s. M. B. Vora & Co, Chartered Accountants, for the proposed amalgamation of Apcotex Solutions India Pvt Ltd (formerly known as Omnova Solutions India Pvt Ltd) with Apcotex Industries Ltd.

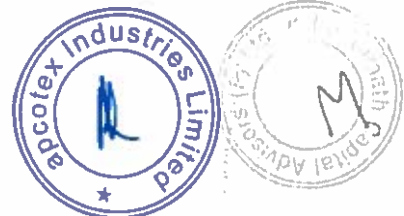
BACKGROUND

Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, we have been requested to issue a fairness opinion on Certificate issued by M/s. M. B. Vora & Co, Chartered Accountants, for the proposed amalgamation of Apcotex Solutions India Pvt Ltd ("ASIPL" or "Transferor Company") with Apcotex Industries Ltd ("AIL" or "Transferee Company")

AIL is a public company incorporated under the Companies Act, 1956 having its registered office at Plot No. 3 / 1, MIDC Industrial Area, Taloja, Post Box No. 13, Raigad, Maharashtra - 410208. It is one of the leading producers of Performance Emulsion Polymers in India. Its product range includes VP latex, Carboxylated and Non-Carboxylated SB latexes, Acrylic latexes, Nitrile latex and Synthetic Rubber. Its range of Latexes is used, among other applications, for

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Tyre Cord Dipping, Paper/Board Coating, Carpet Backing, Construction (Concrete Modification, Water Proofing, etc.), Paints, Textile Finishing and Automotive Components. AIL's High Styrene Synthetic Rubber finds applications in footwear, automotive components, v-belts, conveyer belts and hoses.

AIL's world-class manufacturing plants are strategically located at Taloja, just a few kilometers from the port city and commercial capital Mumbai on the west coast of India. The manufacturing facilities incorporate state-of-the-art emulsion polymerization technology controlled by sophisticated DCS control systems to ensure fine control over operating parameters. AIL is listed on both National Stock Exchange of India Limited and BSE Ltd.

ASIPL is a private company incorporated under the Companies Act, 1956 having its registered office at Plot No. 3 / 1, MIDC Industrial Area, Taloja, Post Box No. 13, Raigad, Maharashtra - 410208. It is the only producer of Nitrile Rubber in India and only the second producer of High Styrene Rubber after AIL. Its production facility is located at Valia, Gujarat. AIL has acquired 100% of the equity capital of ASIPL in February 2016 and ASIPL is a Wholly Owned Subsidiary (WOS) of AIL.

The management of AIL is considering amalgamation of its subsidiary ASIPL with itself with effect from the appointed date i.e. March 31, 2016.

Shareholding Pattern of AIL as on March 31, 2016 (Transferee Company)

Particulars	Pre		Post	
	No of Shares	% Holdings	No of Shares	% Holdings
Promoters	1,20,00,225	57.87%	1,20,00,225	57.87%
Public	87,37,759	42.13%	87,37,759	42.13%
Total	2,07,37,984	100.00%	2,07,37,984	100.00%

SOURCES OF INFORMATION

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- Certificate issued by M/s M. B. Vora & Co, Chartered Accountants, dated May 16, 2016;
- Draft Scheme of Amalgamation of ASIPL with AIL under section 391 to 394 of the Companies Act, 1956;
- Audited financial statements of AIL for the year ended March 31, 2015;
- Audited financial statements of ASIPL for the year ended November 30, 2015;

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- Latest Shareholding Patterns of AIL and ASIPL (Pre and Post amalgamation);
- Memorandum of Association and Articles of Association of AIL and ASIPL;

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

FAIRNESS OPINION

With reference to the above and based on the information and explanation provided by the management of AIL and ASIPL, and after analyzing the Draft Scheme of Amalgamation, we understand that ASIPL is a wholly owned subsidiary of AIL and thus no shares shall be issued by AIL as consideration for the proposed amalgamation and there is no change in shareholding pattern of AIL pursuant to the amalgamation.

Accordingly, no valuation process is applicable to the Scheme. Thus in our opinion, we state that the certificate dated May 16, 2016 issued by M/s M. B. Vora & Co, Chartered Accountants, appears to be fair and reasonable.

EXCLUSIONS AND LIMITATIONS

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by AIL and ASIPL for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of AIL and ASIPL.

We have solely relied upon the information provided to us by AIL and ASIPL. We have not reviewed any books or records of AIL and ASIPL.

We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of AIL and ASIPL and neither express any opinion with respect thereto nor accept any responsibility therefor.

We have not made any independent valuation or appraisal of the assets or liabilities of AIL and ASIPL. In particular we do not express any opinion as to the value of assets of AIL and ASIPL, whether at current market prices or in future.

We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by AIL and ASIPL for the purpose of this opinion.

We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of AIL and ASIPL with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.

We understand that the managements of AIL and ASIPL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that AIL and ASIPL may have contemplated.

Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving AIL and ASIPL or any of its assets, nor did we negotiate with any other party in this regard.

It is understood that this letter is solely for the benefit of confidential use by the Board of Directors of AIL and ASIPL for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by SEBI and it shall not be valid for any other purpose. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose, we will not be liable for any consequences thereof.

The fee for our service is not contingent upon the results of the Fairness Opinion. This opinion is subject to the laws of India.


Valuation, as it is said, is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices lead to varying values arrived at by experts which, at times, may differ by larger margin. We express no opinion whatever and make no recommendation at all as to AIL's and ASIPL's underlying decision to effect to the proposed Amalgamation or as to how the holders of equity shares or secured or unsecured creditors of AIL and ASIPL should vote at their respective meetings held in connection with the




proposed Amalgamation. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Amalgamation. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of AIL and ASIPL will trade following the announcement of the proposed Amalgamation or as to the financial performance of AIL and ASIPL following the completion of the proposed Amalgamation.

In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Pantomath or its associates, directors or employees by any third party, AIL and ASIPL and their affiliates shall indemnify them.

For Pantomath Capital Advisors Private Limited


Madhu Lunawat
Executive Director



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