



March 30, 2017

The Board of Directors

**Saldhar Investments And Trading Company
Private Limited**

N K Mehta International House
178 Backbay Reclamation
Babubhai M Chinai Marg
Mumbai 400020 Maharashtra

The Board of Directors

Apcotex Industries Limited

Plot No.3/1, MIDC Industrial Area,
P.O. Taloja,
Dist. Raigad 410 208,
Maharashtra

Dear Sirs,

Re: Fairness Opinion Report on the Valuation Report issued by M/s. SSPA & CO, Chartered Accountant, in connection with the proposed amalgamation of Saldhar Investments and Trading Company Private Limited with Apcotex Industries Limited pursuant to Scheme of Amalgamation of Saldhar Investments and Trading Company Private Limited with Apcotex Industries Limited and their Respective Shareholders (the "Scheme").

1. BACKGROUND

- 1.1. 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. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015) we have been requested to issue a fairness opinion on Valuation Report issued by M/s. SSPA & Co, Chartered Accountant, for the recommendation of Share Exchange Ratio for the proposed amalgamation of Saldhar Investments And Trading Company Private Limited ("Saldhar" or "Transferor Company") with Apcotex Industries Limited ("Apcotex" or "Transferee Company").
- 1.2. M/s. Saldhar Investments And Trading Company Private Limited (hereinafter referred to as "Saldhar" or "Transferor Company") was incorporated on 12th Nov 1979 under the provisions of Companies Act, 1956, having its registered office in Mumbai, Maharashtra. Saldhar is registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India. Saldhar does not accept any public deposits and is mainly engaged in the business of investments in mutual funds and quoted securities.
- 1.3. M/s. Apcotex Industries Limited (hereinafter referred to as "Apcotex" or "Transferee Company") was incorporated on 12th March 1986 under the provisions of Companies Act, 1956, having its

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Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)

Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai - 400051

Email: info@pantomathgroup.com

Website: www.pantomathgroup.com | CIN: U74120MH2013PTC248061 | Tel:022-6194 6700/724 | Fax:022-26598690

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registered office in Raigad, Maharashtra. The equity shares of Apcotex are currently listed on BSE Limited and National Stock Exchange Limited. Apcotex is one of the leading producers of performance emulsion polymers in India.

1.4. The management of Apcotex and Saldhar are considering the amalgamation of Saldhar with Apcotex, with effect from the Appointed Date i.e. March 31, 2017 for the rationale as provided in the Draft Scheme of Amalgamation.

1.5. The above scheme of amalgamation is proposed under section 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

2. SOURCE OF INFORMATION

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

- 2.1. Valuation Report issued by M/s. SSPA & Co, Chartered Accountant dated March 30, 2017.
- 2.2. Draft Scheme of Amalgamation of Saldhar with Apcotex under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- 2.3. Audited financial statements of Apcotex for the year ended March 31, 2016;
- 2.4. Audited financial statements of Saldhar for the year ended March 31, 2016;
- 2.5. Projected balance sheet of Saldhar as on March 31, 2017 as provided by the management of Saldhar;
- 2.6. Latest shareholding patterns of Saldhar and Apcotex (Pre Amalgamation);
- 2.7. Memorandum of Association and Articles of Association of Saldhar and Apcotex; and
- 2.8. Other relevant information and documents for the purpose of this engagement.

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

3. VALUER'S RECOMMENDATION

As stated in the valuation report, Saldhar 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.

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Valuer has recommended a 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.

4. RATIONALE AND CONCLUSION

In the circumstances, having regard to the relevant factors and on the basis of information and explanations given to us, in our view, the proposed Share Exchange Ratio as recommended by M/s. SSPA & Co, Chartered Accountant, which forms the basis for the proposed amalgamation, appears to be fair and reasonable.

5. EXCLUSIONS AND LIMITATIONS

- 5.1. 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 Saldhar and Apcotex 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 Saldhar and Apcotex.
- 5.2. We have solely relied upon the information provided to us by Saldhar and Apcotex. We have not reviewed any books or records of Saldhar and Apcotex.
- 5.3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Saldhar and Apcotex and neither express any opinion with respect thereto nor accept any responsibility therefor.
- 5.4. We have not made any independent valuation or appraisal of the assets or liabilities of Saldhar and Apcotex. In particular we do not express any opinion as to the value of assets of Saldhar and Apcotex, whether at current market prices or in future.
- 5.5. 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 Saldhar and Apcotex for the purpose of this opinion.

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5.6. 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 Saldhar and Apcotex 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.

5.7. We understand that the managements of Saldhar and Apcotex 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.

5.8. 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 Saldhar and Apcotex or any of its assets, nor did we negotiate with any other party in this regard.

5.9. It is understood that this letter is solely for the benefit of confidential use by the Board of Directors of Saldhar and Apcotex for the purpose of facilitating companies to comply with Regulation

37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier Circular CIR/CID/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.

5.10. The fee for our service is not contingent upon the results of the proposed amalgamation. This opinion is subject to the laws of India.

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5.11. 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 Saldhar's and Apcotex's underlying decision to effect to the proposed Amalgamation or as to how the holders of equity shares or secured or unsecured creditors of Saldhar and Apcotex 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 amalgamation 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 Apcotex will trade following the announcement of the proposed Amalgamation or as to the financial performance of Saldhar and Apcotex following the completion of the proposed Amalgamation.

5.12. 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, Saldhar and Apcotex and their affiliates shall indemnify them.

For Pantomath Capital Advisors Private Limited



Madhu Kumar

Executive Director

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