



apcotex industries limited

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REPORT OF THE AUDIT COMMITTEE OF APCOTEX INDUSTRIES LTD ("THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF SALDHAR INVESTMENTS AND TRADING COMPANY PRIVATE LIMITED WITH APCOTEX INDUSTRIES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 IN THEIR MEETING HELD ON 31ST MARCH 2017

Members Present at the Meeting

Manubhai Patel	Chairman
Kamlesh Vikamsey	Member
Girish Choksey	Member
Priyamvada Bhumkar	Member

In attendance

Abhiraj Choksey – Managing Director
Anand V Kumashi – Company Secretary

Background:

The Committee was provided with a draft scheme of amalgamation for its review and consideration. The Scheme is with regard to proposed amalgamation of Saldhar Investments And Trading Company Private Limited ('Saldhar') with Apcotex Industries Limited ('Apcotex') and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, of the Companies Act, 2013.

The report is made in order to comply with the requirements of the SEBI circular No CFD/DIL3/CIR/2017/21 dated March 10, 2017, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 after considering inter alia the following:

- Draft Scheme of Amalgamation;
- Valuation Report dated 30th March, 2017 issued by M/s SSPA & Co, Chartered Accountants recommending the Share Entitlement / Exchange Ratio;
- Fairness Opinion Report dated 30th March, 2017 issued by M/s. Pantomath Capital Advisors Pvt. Ltd., Category-I, Merchant Banker;
- Certificate from the Statutory Auditors of the Company i.e. M/s Kalyaniwalla & Mistry, Chartered Accountants, confirming that the Scheme is in compliance with the applicable accounting standards.

Proposed Scheme of Amalgamation:

- The Audit Committee noted the objective and the benefits of the Scheme which inter-alia, is as follows:
 - Saldhar forms part of the promoter group of Apcotex. It presently holds 1,05,98,300 equity shares in Apcotex constituting 51.11% of Apcotex's paid up share capital. Pursuant to the amalgamation shareholders of Saldhar viz. the promoters of Saldhar (who are also promoters of Apcotex), shall hold shares in Apcotex.



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Authorised Signatory

MSS

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CORPORATE OFFICE : N. K. M. International House, 178, Backbay Reclamation, Babubhai M. Chinai Marg, Mumbai - 400 020, Maharashtra, India.
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CIN NO. L99999MH1986PLC039199



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- b This will lead not only to simplification of shareholding structure and reduction of shareholding tier but also demonstrate the promoter group's direct commitment and engagement with Apcotex.
 - c The amalgamation would result in more effective utilization of resources of both Saldhar and Apcotex, including pooling of financial resources of Saldhar and Apcotex, leading to more effective and centralized management of funds, greater economies of scale and reduction in administrative expenses, which are presently being multiplied being separate entities.
 - d For the better and more economic and efficient management, control and running of the business of the companies concerned, it is considered desirable and expedient to amalgamate Saldhar with Apcotex in the manner and on the terms and conditions stated in this Scheme of Amalgamation.
 - e Pursuant to the amalgamation, there would be no increase in the promoter shareholding of Apcotex. The promoters would continue to hold the same percentage of shares in Apcotex, pre and post amalgamation of Saldhar in Apcotex.
- 2 The proposed appointed date for the purpose of the Scheme will be 31st March 2017, or such other date as the National Company Law Tribunal ('NCLT'), Mumbai Bench may direct or approve under the relevant provisions of the Companies Act, 2013.
 - 3 The Audit Committee reviewed the Valuation Report and noted that the Valuation Report recommended the Share Entitlement / Exchange Ratio for proposed amalgamation, as under:

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.
 - 4 Further, the Fairness Opinion Report confirmed that the Share Entitlement / Exchange Ratio in the Valuation Report is fair to the shareholders of Saldhar and Apcotex.

Recommendation of the Audit Committee:

The Audit Committee recommends the draft Scheme of Amalgamation between Saldhar Investments And Trading Company Private Limited and Apcotex Industries Limited and their respective shareholders for favorable consideration by the Board of Directors of Apcotex, the Bombay Stock Exchange Limited (BSE), the National Stock Exchange of India Limited (NSE) and Securities Exchange Board of India (SEBI).

Manubhai Patel

Manubhai Patel
DIN: 00001662

Chairman of the Audit Committee
Apcotex Industries Limited

Date: 31st March 2017
Mumbai
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or apcotex Industries Limited

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