

Recommendation of SHARE ENTITLEMENT RATIO (SHARE EXCHANGE RATIO)

for the purpose of

Scheme of Arrangement u/s 230 and 232 of the Companies Act, 2013

AMONGST

ACME CHEM LIMITED

AND

MERCHEM LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

With effect from 1st April 2019

Valuer

CA SANJAY JHAJHARIA, FCA; ACS

Registered Valuer (Securities or Financial Assets)

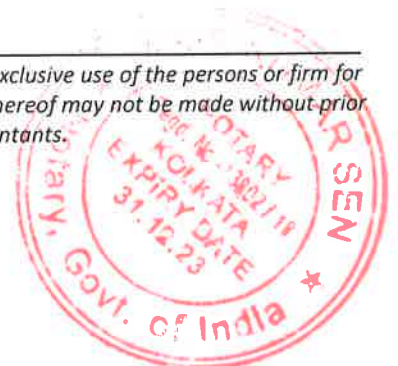
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On this



28/08

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Registered Valuer (Securities or Financial Assets)
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August 31st, 2020

To,

The Board of Directors of:

1. **ACME CHEM LIMITED**
9A, Saket Apartment
2, Ho-Chi Minh Sarani,
Kolkata – 700 071
West Bengal, India

2. **MERCHEM LIMITED**
9A, Saket Apartment
2, Ho-Chi Minh Sarani,
Kolkata – 700 071
West Bengal, India

Re: Recommendation of Share Entitlement Ratio (Share Exchange Ratio) for the purpose of Scheme of Arrangement under Sections 230 and 232 of the Companies Act, 2013 for demerger of the demerged undertaking i.e. Rubber Chemical Division of ACME CHEM LIMITED (the “Demerged Company”) into MERCHEM LIMITED (the “Resulting Company”)

Dear Sirs,

I refer to your letter dated 26th August, 2020 and subsequent discussions I had with you wherein you have requested me for my assistance in determining the share entitlement ratio (share exchange ratio) for the purpose of demerger of the demerged undertaking i.e. Rubber Chemical Division of ACME CHEM LIMITED (the “ACL” or “Demerged Company”) into MERCHEM LIMITED (the “ML” or “Resulting Company”) by a Scheme of Arrangement under Sections 230 and 232 of the Companies Act, 2013 (“Scheme”).



As per the terms of engagement, I give my report as under:

1. SCOPE AND PURPOSE OF THE REPORT

- 1.1. **Acme Chem Limited (the "ACL")**, is a leading manufacturer of Fine and Performance Chemicals for Rubber Industry. ACL has also invested in various properties and shares & securities.
- 1.2. **Merchem Limited (the "ML")**, is a manufacturer of various chemicals for the rubber based industries and all other activities revolve around the said business. It has 3 factories out of which, 1 factory is located in Gujarat and 2 factories are located in Ernakulam.
- 1.3. ML was referred to NCLT under the Insolvency & Bankruptcy Code (IBC) by the secured creditors of the Company. The NCLT, vide its order dated 23rd January, 2019 approved the acquisition of ML by ACL for a total consideration of Rs. 115.25 Crore. ACL subscribed to 100% of the Equity Share Capital of ML for an aggregate amount of Rs. 0.71 Crore and provided additional fund of Rs. 114.54 Crore as loan in March 2019. Consequent to above, ML became a wholly owned subsidiary of ACL w.e.f. 19th March 2019 and continues to be so.
- 1.4. The aforesaid acquisition of ML by ACL was stepping stone for acquiring the Rubber Chemical Business of ML. Given that ACL and ML are into similar line of Rubber Chemical Business, the commercial objective for acquiring ML was to consolidate the Rubber Chemical Business of ACL and ML into a single entity to reap various benefits like synergies in operational process, easy market accessibility, unified platform for growth, access to customer base, entering new product line, cost effectiveness etc.
- 1.5. As mentioned above, given that ACL is engaged into various business segment and the objective for acquisition of ML was to consolidate the Rubber Chemical Business of ACL and ML into a single entity, due to various commercial reasons, it is proposed to demerge the Rubber Chemical Business of ACL into ML. The key objective for carrying-out the demerger is that the Rubber Chemical Business of ACL and ML to be consolidated into a single entity (i.e. ML) and ACL can specialise and focus on other business segments.
- 1.6. Consequently, the respective Board of Directors of the Companies have propounded the Scheme of Arrangement and have accordingly proposed the demerger of the demerged undertaking i.e. Rubber Chemical Division of ACL into ML by a Scheme of Arrangement under Sections 230 and 232 and other applicable provisions, if any, of the Companies Act, 2013 (the "Scheme"). The scheme is proposed to be made effective from 1st April, 2019.
- 1.7. In this connection, I have been appointed to recommend a share exchange ratio ("Share Exchange Ratio") for the said proposed arrangement. Since the scheme is proposed to



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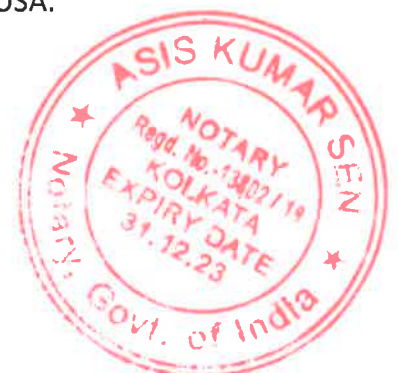
be effective from 1st April, 2019, I have considered the date of valuation as 31st March, 2019 (“Valuation Date”).

- 1.8. The Scheme will neither impose any additional burden on the shareholders of the Demerged Company, nor will it adversely affect the interests of any of the shareholders or creditors of the Demerged Company and Resulting Company. Further, the Scheme is only with regard to Demerger of Rubber Chemical Business undertaking to the Resulting Company and is not an arrangement with the creditors of any of the entities involved.
- 1.9. In the following paragraphs, I have summarized my recommendations of Share Exchange Ratio together with the limitations on my scope of work.

2. BACKGROUND INFORMATION

2.1 ACME CHEM LIMITED :

- (i) **Acme Chem Limited** (hereinafter referred to as “**ACL**” or “**Demerged Company**”), is a public limited company bearing CIN – U24118WB1992PLC055994, incorporated under the Companies Act, 1956, on 21st July, 1992. The Corporate Office of the Company is situated at 9A Saket Apartment, 2 Ho-Chi Minh Sarani, Kolkata – 700 071, West Bengal, India.
- (ii) ACL is primarily engaged into three line of business segments (i.e. manufacture and supply of rubber chemical, real estate and treasury operations). ACL manufactures the range of Performance Rubber Chemicals that are utilised in different stages of rubber processing, which includes Accelerators, Anti-degradants, Antioxidants, Retarders, Peptizers, Process Aids, Dry Bonding Agents, Antistick Agents etc.
- (iii) The major customers of ACL include MRF Limited, TVS Tyres, JK Tyre & Industries Limited, Metzeler, Trelleborg, Fenner India Limited, Ansell Limited, ATG Tire, Balkrishna Industries Limited, Ceat Tyres Limited, Goodyear India Limited, Continental India Limited, Apollo Tyres Limited, Malhotra Rubber Limited etc.
- (iv) The Company also exports its products to various countries including Germany, Canada, France, Brazil, Netherlands, Turkey, Slovenia, Israel, Venezuela, Thailand, Malaysia, Indonesia, Sri Lanka, Bangladesh, Iran, China & USA.



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(v) The Authorized and paid up Share Capital of the Company is as under:

Particulars	Amount (in Rs)
Authorised Share Capital	
60,00,000 Equity shares of Rs. 10/- each	6,00,00,000
TOTAL	6,00,00,000
Issued, Subscribed and Paid-up Share Capital	
58,60,000 Equity Shares of Rs. 10/- each	5,86,00,000
TOTAL	5,86,00,000

(vi) The Paid Up Equity Share Capital of ML as on 31st March 2019 was 58,60,000 Equity shares of Rs. 10/- each aggregating to Rs. 5,86,00,000/-

2.2 MERCHEM LIMITED :

- (i) **Merchem Limited** (hereinafter referred to as “ML” or “Resulting Company”), is a public limited company bearing CIN – U24299KL1994PLC007681, incorporated under the Companies Act 1956, on 31st January, 1994. The Corporate Office of the Company is situated at 9E Saket Apartment, 2 Ho-Chi Minh Sarani, Kolkata – 700 071, West Bengal, India.
- (ii) ML is primarily engaged in the business of manufacture and supply of rubber chemicals and all other activities revolve around the said business. Apart from chemicals used in Rubber Industries, it also has a range of other products which can be used in agriculture, water treatment etc. The product range includes accelerators, antioxidants / anti-degradants, processing aids, anti-ozonants / antiflex-cracking agents, water treatment chemicals, sulphur donors and agrochemical intermediaries.
- (iii) The operations of the company were suspended for a long period of time as it incurred losses and its net worth got eroded. The Company defaulted in making payments to financial and operational creditors and Corporate Insolvency Resolution Process was initiated against the Company.



- (iv) As per the Resolution Plan approved by the NCLT, ACL has agreed to a total investment of Rs. 28,100 Lakh into ML of which a) Rs. 11,525 Lakhs was to be used for repayment of existing liabilities of ML including insolvency resolution costs, secured financier creditors & workmen dues, operational creditors, statutory dues & payment to existing Preference & equity shareholders; b) Rs. 8,475 Lakhs for acquisition of new equipment, repairs, replacement of stolen / missing items, augmentation of capacity, interest, operating expenses post acquisition and till COD and working capital margin; and c) Rs. 8,100 lakhs comprising fund and non-fund based limit for working capital requirement.
- (v) The Authorized and paid up Share Capital of the Company is as under:

Particulars	No. of Shares	FV (Rs.)	Amount (Rs.)
<u>Authorised Share Capital</u>			
Equity Shares	1,20,00,000	10	12,00,00,000
Preference Shares	28,00,000	100	28,00,00,000
			40,00,00,000
<u>Issued and Subscribed Share Capital</u>			
Equity Shares	87,06,701	10	8,70,67,010
7% Non-Cumulative Optionally Convertible Redeemable Preference Shares	28,00,000	100	28,00,00,000
			36,70,67,010
<u>Paid up Share Capital</u>			
Fully Paid up Equity Shares	7,06,701	10	70,67,010
Partly paid up shares (Paid up Rs. 5/- each)	80,00,000		4,00,00,000
7% Non-Cumulative Optionally Convertible Redeemable Preference Shares	28,00,000	100	28,00,00,000
			32,70,67,010

- (vi) The Paid Up Equity Share Capital of ML as on 31st March 2019 was 7,06,701 Equity shares of Rs. 10/- each aggregating to Rs. 70,67,010/-
- (vii) 100% of the equity and preference shares of ML are held by ACL

3. SOURCES OF INFORMATION

3.1 The sources of information, which have been furnished to me by the Companies, are as under:



- a) Memorandum and Articles of Association of ACL and ML;
- b) Audited financial statements of ACL and ML as on 31st March, 2019 and 31st March, 2020;
- c) Segment reporting of Acme Chem Limited for the year ended 31st March, 2019 segregating the financials into Rubber Chemical Division and Other Division comprising of Investments & Real Estate.
- d) Draft Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013;
- e) The shareholding of ACL and ML as on 31st March, 2019 and current date;
- f) Master Data of ACL and ML from the website of the Ministry of Corporate Affairs;
- g) Discussions with the Management;
- h) Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available.
- i) Other relevant details regarding the Companies such as their history, and other relevant information and data, including information in the public domain.

3.2 I have also obtained necessary explanations and information, which I believed were relevant to the present exercise, from the management and executives of the Companies.

4. OBJECTS OF ARRANGEMENT

The rationale and objects as per the Scheme are as under:

2.1 *This Scheme is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the Companies, their respective shareholders, creditors, lenders, consumers and employees. The rationale for the Scheme is set out below:*

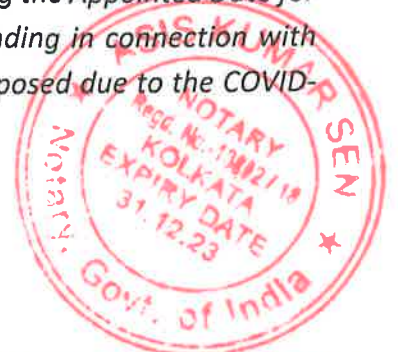
- a) *ACL is primarily engaged into three lines of business (i.e. manufacture and supply of rubber chemical, real estate and treasury operations). ML is primarily engaged in the business of manufacture and supply of rubber chemicals and all other activities revolve around the said business;*
- b) *ML was admitted to the Corporate Insolvency Resolution Process vide order of the National Company Law Tribunal, Chennai Bench dated 15th January, 2018 under the provision of Insolvency and Bankruptcy Code, 2016. Pursuant to the initiation of the Corporate Insolvency Resolution Process and owing to*



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the enormous potential for greater synergies and value enhancement of all stakeholders, ACL submitted its resolution plan for the resolution of ML and was selected as the highest compliant resolution applicant by the committee of creditors constituted under the Insolvency and Bankruptcy Code, 2016. The resolution plan of ACL was subsequently approved by the National Company Law Tribunal, Chennai Bench vide order dated 23rd January, 2019. Pursuant to the approval given by National Company Law Tribunal, Chennai Bench, ACL acquired 100% shares of ML on 19th March 2019. Presently, ML is the wholly owned subsidiary of ACL;

- c) The aforesaid acquisition of ML by ACL was a stepping stone for acquiring the Rubber Chemical Business of ML. Given that ACL and ML are into similar line of Rubber Chemical Business, the commercial objective for acquiring ML was to invest necessary human resources and financial capital to revive ML and turnaround its operations so as to contribute significantly to the society and government by putting the natural resources to best use and contributing significantly to direct and indirect employment and income generation opportunities in the region and thereby to reap various benefits like synergies in operational process, easy market accessibility, unified platform for growth, access to customer base, entering new product line, cost effectiveness, location advantage, etc.
- d) As mentioned above, given that ACL is engaged into various lines of business including Rubber Chemical and ML is primarily engaged in the business of manufacture and supply of rubber chemicals, to consolidate the Rubber Chemical Business of ACL and ML into a single entity with objective as mentioned below, it is proposed to demerge the Rubber Chemical Business of ACL into ML. The key objective for carrying-out the demerger is that the Rubber Chemical Business of ACL and ML to be consolidated into a single entity (i.e. ML) and ACL can specialise and focus on other business.
- e) The Appointed Date for the demerger has been made 1st April, 2019, i.e. the beginning of the immediate following financial year after acquiring control of ML effective 19th March, 2019. After acquisition of ML and on settlement against all the liabilities of ML in terms of the approved resolution plan, balances of all assets and liabilities of ML were restated by the current management in terms of the said plan in the financial statements for the year ended 31st March, 2019, drawn by the current management of the company. Accordingly, both financials and revival of operations of ML taken up a new shape and started afresh effective 1st April, 2019 being the Appointed Date for the proposed demerger. Due to certain appeals pending in connection with the acquisition of ML and also due to restrictions imposed due to the COVID-



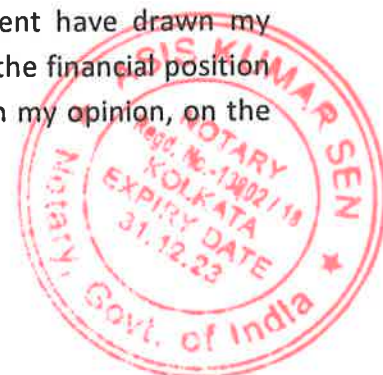
19 pandemic, the companies were unable to approve this Scheme of Arrangement earlier.

2.2 Consequently, the respective Board of Directors (defined below) of the Companies have propounded this Scheme and have accordingly proposed the Demerger of the Demerged Undertaking through the Scheme.

2.3 The Scheme will neither impose any additional burden on the shareholders of the Demerged Company, nor will it adversely affect the interests of any of the shareholders or creditors of the Demerged Company and Resulting Company. Further, the Scheme is only with regard to Demerger of Rubber Chemical Business undertaking to the Resulting Company and is not an arrangement with the creditors of any of the entities involved.

5. EXCLUSIONS AND LIMITATIONS

- 5.1** My report is subject to the scope limitations detailed herein. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein and in the context of the purpose for which it is made.
- 5.2** I have carried out a desktop analysis of the financial information and underlying management assumptions provided by managements of ACL and ML (“Management”) for the Valuation. This information has been solely relied upon by me for the valuation of the Business.
- 5.3** I have based my analysis on the historical audited balance sheet of both the Companies for the financial year ending 31st March, 2019. Any changes in the assumptions or methodology used to consolidate the financial statements may significantly impact my analysis and therefore the valuation.
- 5.4** My work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Companies referred to in this report. I have not investigated or otherwise verified the data provided. Accordingly, I do not express any opinion or offer any form of assurance regarding its accuracy and completeness. I assume no responsibility for any errors in the above information furnished by the Companies and their impact on the present exercise.
- 5.5** I am not responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report.
- 5.6** This report is issued on the understanding that the Management have drawn my attention to all the matters, which they are aware of concerning the financial position of ML / ACL and any other matter, which may have an impact on my opinion, on the



Share Exchange Ratio for the proposed Scheme. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 5.7 My report is not, nor should it be construed as my opining or certifying the compliance of the proposed Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed Scheme.
- 5.8 This Report is prepared on the basis of the sources of information made available to me by the management of both ACL and ML. I have relied upon the written representation provided by the Management that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

6. VALUATION STANDARDS

My analysis and report are in conformity with the "ICAI Valuation Standards" (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards / guidelines of the IVS, my report specifically complies with:

- IVS 102 – Valuation Bases
- IVS 103 – Valuation Approaches and Methods
- IVS 201 – Scope of Work, Analyses and Evaluation
- IVS 202 – Reporting and Documentation
- IVS 301 – Business Valuation

7. VALUATION BASE, APPROACH AND METHODOLOGY

The standard of value is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the businesses were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill.



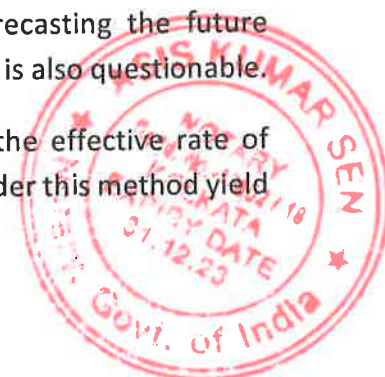
This exercise may be carried out using various methodologies, the relative emphasis of each often varying with.

- Whether the entity is listed on a stock exchange
- Industry to which the Company belongs
- Past track record of the business and the case with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorized as follows:

- a. **Net Asset Value Approach:** Under 'Net Asset Value' approach, the values of the businesses / Companies are determined by dividing the value of net assets of a company by the number of shares. The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The Net Asset value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.
- b. **Market Approach:** Under the "Market" approach, the market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. In the present case, the equity shares of the Companies are not listed on stock exchange. Hence, the Market Approach has not been considered.
- c. **Income Approach:** Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business. Since this approach requires projecting and forecasting the future income and capitalizing the same at a guess rate, its accuracy is also questionable.

Under the Profit Earning Capacity Value Method, yield is the effective rate of return on investments which is invested by the investors. Under this method yield



may be valued as per earning yield method or as per dividend yield method. Under earning yield method, profit is ascertained on the basis of past average profit for last 3 years; thereafter, capitalized value of profit is determined on the basis of normal rate of return, and, the same (capitalized value of profit) is divided by the number of shares in order to find out the value of each share. Under dividend yield method, Valuation of shares may be made either (a) on the basis of total amount of dividend, or (b) on the basis of percentage or rate of dividend. The Companies in question have not declared any dividend in last year(s).

Valuation of shares is a result of combination of various factors and attendant circumstances related to the business which is being valued. There can be no single method of share valuation which may be universally applicable. Valuation is an exercise, which is influenced to a great extent by effecting factors and thus is not exact science or a pure mathematical exercise. The valuer has to further depend upon his judgment and imagination to decide about the discounting / capitalization rates to be applied for the valuation.

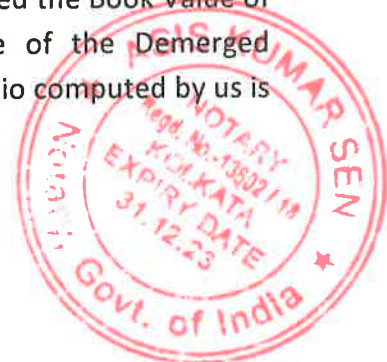
In the present analysis where the proposal is for demerger, what is relevant is not the determination of the absolute values of the shares of the companies / business separately but the determination of the relative values of the shares / business of the Companies. It is similar to a barter system where relatives are required. I have determined such relative values as reported herein accordingly as on the Valuation Date of 31st March, 2019.

Keeping in mind the context and purpose of this report and in accordance with the ICAI Valuation Standard 102, I have considered the Participant Specific Value as the Valuation Base and As-is-where-is basis as the Premise of Value.

Participant Specific Value means the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

As-is-where-is Basis means the value of the asset is determined as per the existing use of the asset which may or may not be its highest and best use.

Considering the fact that ML is the wholly owned subsidiary of ACL, all the current shareholders of Demerged Company ACL are and will, upon the sanction of the Draft Scheme, be the ultimate beneficial economic owners of the Resulting Company ML. Any share exchange ratio adopted for the purpose of said Demerger will not impact the ultimate beneficial interest of any shareholder. We have considered the Book Value of the Demerged Undertaking for arriving at the relative value of the Demerged Undertaking for the proposed transaction. The share exchange ratio computed by us is based on the desired capital structure of the Management.



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8. VALUATION CONCLUSION

Based on the aforementioned, the valuation of the Companies and the share exchange ratio has been determined as under:

8.1 The Valuation of the demerged undertaking i.e. Rubber Chemical Division of ACME CHEM LIMITED has been arrived at as under:

Particulars	Book Value (Rs. in Lakhs)
ASSETS	
Tangible & Intangible Assets	767.60
Capital Work In Progress	82.92
Long Term Loans & Advances	11819.62
Deferred Tax	91.79
Other Non-Current Assets	36.57
Inventories	2249.83
Trade Receivables	4649.86
Cash & Cash Equivalents	255.97
Short Term Loans & Advances	89.75
Other Current Assets	22.35
TOTAL ASSETS (A)	20066.26
LIABILITIES	
Long Term Borrowings	11652.04
Long Term Provisions	10.16
Other Non-Current Liabilities	166.14
Short Term Borrowings	3774.26
Trade Payables	915.96
Other Current Liabilities	185.33
Short Term Provisions	21.55
TOTAL LIABILITIES (B)	16725.44
C) NET VALUE (A-B)	3340.82



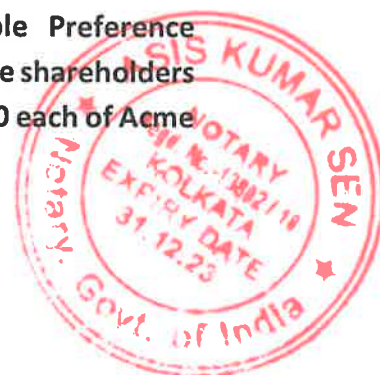
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8.2 The Valuation of MERCHEM LIMITED has been arrived at as under:

Particulars	Book Value (Rs. In Lakhs)
ASSETS	
Tangible & Intangible Assets	2921.52
Capital Work In Progress	5719.37
Long Term Loans & Advances	94.61
Other Non-Current Assets	40.37
Inventories	36.00
Cash & Cash Equivalents	174.96
Short Term Loans & Advances	163.99
Other Current Assets	96.65
TOTAL ASSETS (A)	9247.47
LIABILITIES	
Long Term Borrowings	11452.75
Trade Payables	232.59
Other Current Liabilities	81.20
TOTAL LIABILITIES (B)	11766.54
(C) NET VALUE (A-B)	(-) 2519.07

- 8.3** The Net Value of ML is negative. As per the Companies Act, 2013 the shares of a company cannot be issued at a discount.
- 8.4** The management intends to issue 7% Non-Cumulative Optionally Convertible Redeemable Preference Shares (OCRPS) of the Nominal Value of Rs. 100/- each for the proposed Demerger. These shares are convertible fully or partly into Equity Shares at the Fair Value of the Equity Shares at the time of conversion. However, in case of non-exercise of option to convert these Preference Shares, the shares are compulsorily redeemable at par within a period of 10 years commencing from the date of allotment of such shares. Accordingly, I have considered the value of OCRPS to be issued by the Resulting Company at the Nominal Value of Rs. 100/- each.
- 8.5** Based on the desired capital structure by the Management, I recommend the following share exchange ratio for the proposed Demerger,

“570 Non-Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 100 each of Merchem Limited to be issued to the shareholders of Acme Chem Limited for every 1,000 equity shares of Rs. 10 each of Acme Chem Limited held by them”



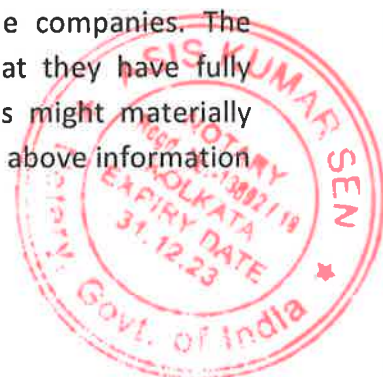
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9. DISTRIBUTION OF REPORT

This Report is prepared for the Management of ML and ACL and may be produced before the shareholders, creditors, respective Registrar of Companies, Hon'ble National Company Law Tribunal and any other Government authorities in connection with the proposed Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013. It is not to be used, referred to, or distributed for any other purpose without my written permission. While due care has been exercised in carrying out the engagement, I shall not accept any responsibility or liability to other persons to whom my Report may have been shown or into whose hands in may come. Such parties are advised to carry out their own independent assessment or to obtain professional advice before taking relevant decisions.

10. CAVEATS AND DISCLAIMERS:

- 10.1** My Report is subject to the scope limitations detailed hereinafter. As such the Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.
- 10.2** For arriving at Share Exchange Ratio, I was provided with both written and verbal information including market, technical, financial and operating data. I however, have evaluated the information provided to me by the Companies through in depth enquiry, analysis and review but at the same time my work does not constitute an audit, due diligence or certification of the historical financial statements of the Companies and business undertakings referred to in this Report. Through the above evaluation, nothing has come to my attention, to indicate that the information provided was materially misstated or incorrect or would not afford reasonable grounds upon which to base the Report. I do not imply and it should not be construed that I have verified any of the information provided to me by the Management. I am of the opinion that my verbal enquiry could not have better conclusion had there been a more extensive examination of the same. I have not analysed the accuracy of the audited Financial Statements of the Companies and undertakings. Accordingly, I are unable to and do not express an opinion on the accuracy of any financial information referred to in this Report. My conclusion is based on the assumption, forecasts and other information given by / on behalf of the companies. The management of both the companies has indicated to me that they have fully understood that any omissions, inaccuracies or misstatements might materially affect my results. I assume no responsibility for any errors in the above information



furnished by ML and ACL and their impact on the present exercise. I also, assume no responsibility for technical information furnished to me by all the companies and believe the same to be reliable.

- 10.3** My scope is limited to expression of my view on the proposed Share Exchange Ratio and its impact on the economic interest of the shareholders of ML and ACL. The Report should not be construed as, my opinion or certifying the compliance of the proposed scheme with the provisions of any law including the Companies Act 2013, FEMA, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from proposed arrangement. This Report is issued on the understanding that Management has drawn my attention to all the matters which they are aware of concerning the financial position of the companies and undertakings and any other matter, which may have an impact on my opinion, on the Share Exchange Ratio including and significant changes that have taken place or are likely to take place in the financial position of the companies and undertakings in connection with the proposed arrangement. Share Exchange Ratio analysis and results are also specific to the date of this report. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report. It may not be valid for any other purpose or as at any other date. It may also not be valid if done on behalf of any other entity.
- 10.4** Please note that the valuation of a business or an enterprise, its equity shares or its equity options is not an exact science and ultimately depends upon what the enterprises or shares might be worth to an independent investor or buyer. Therefore, there is no indisputable single Share Exchange Ratio based on the information available to me and within the scope and constraints of my engagement letter, others may have a different opinion. The Client acknowledges and agrees that the final responsibility for determination of the Share Exchange Ratio for the proposed arrangement and factors other than my Report need to be taken into account in determining such ratio; these will include the Client's assessment of the proposed arrangement and may include the input of other professional advisors.
- 10.5** The fee for the Report is not contingent upon the results reported.
- 10.6** The Valuation is also based on market values of assets as on the valuation date.
- 10.7** This Report does not address the relative merits of the proposed arrangement as compared with any other alternative business transaction, or other alternatives, or whether or not such alternative could be achieved or are available. The valuation of shares made by me is only indicative as the value at which shares shall be exchanged shall depend on the parties themselves. Any decision by the Clients regarding whether or not to proceed with the proposed arrangement shall rest solely with the Clients. I owe responsibility to only the Boards of Directors of the companies that have retained me and nobody else. I do not accept any liability to any third party in relation to the issue of this Report.



- 10.8** Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed arrangement exercise. In addition, I express no opinion or recommendation as to how the shareholders / creditors of the companies should vote at any meeting(s) to be held in connection with the proposed arrangement.
- 10.9** I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other person to the Clients. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients, their directors, employees or agents. In no circumstances shall my liability as a Valuer, relating to the services provided in connection with the engagement set out in this Report, shall exceed the amount paid to me in respect of the fees charged by me for these services.
- 10.10** I do not accept any liability to any third party in relation to the issue of the Report and my Report is conditional upon an express indemnity from the Companies in my favour holding me and my office harmless from and against any cost, damage, expense and other consequences in connection with the provision of this Report. It is clarified that the Report is not a fairness opinion under any of the stock exchange / listing regulations. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.
- 10.11** My conclusion on the reasonableness of Share Exchange Ratio assumes that the assets and liabilities of the amalgamated entities remain intact as of the date of forming such opinion on Share Exchange Ratio.
- 10.12** I have relied upon the information, data and explanations given to me by the Management of ML and ACL for the purposes of opining on the Share Exchange Ratio in connection with proposed arrangement.

CA. SANJAY JHAJHARIA

Registered Valuer (Securities or Financial Assets)

Registration No. IBBI/RV/06/2019/11595

UDIN: 20053940AAAA CI8522



Kolkata, Dated: 31st August 2020

