



*Recommendation of fair share exchange
ratio for the proposed amalgamation of
Suremi Trading Private Limited and
**Sushripada Investments Private
Limited with NOCIL Limited***

30th January 2020

Rashmi Shah FCA | Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10240

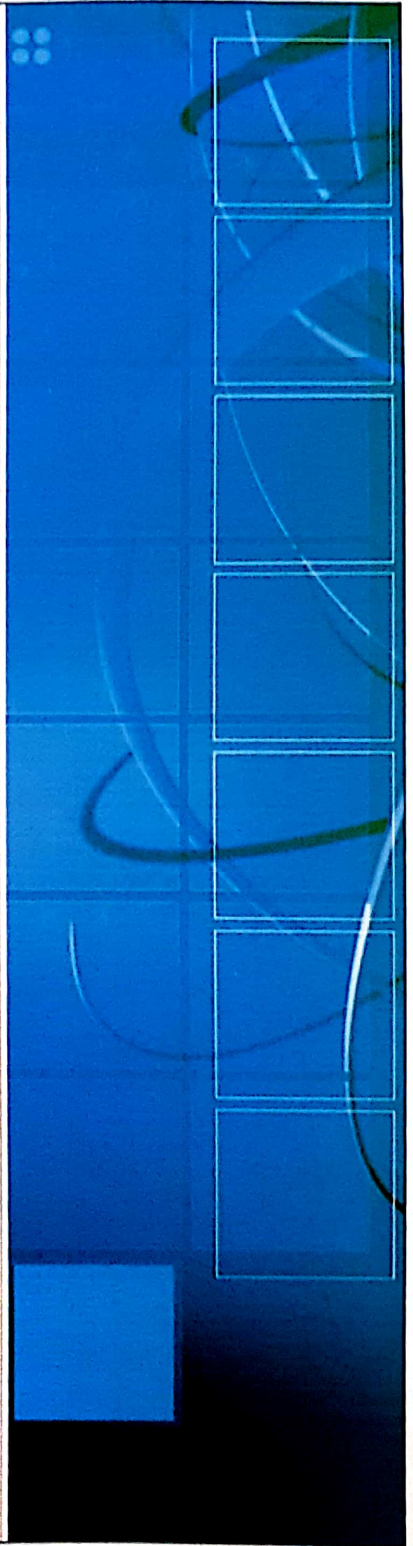
For R V SHAH & ASSOCIATES

Chartered Accountants

5F/D, The Malad Industrial Estate, Malad West, Mumbai - 400 064

Mobile: +91 98202 99754 • Landline: +91 22 2886 2594

E-mail: rashmi@rvs-ca.com



Recommendation of fair share exchange ratio for the proposed merger

To, The Board of Directors NOCIL Limited Mafatlal House, Backbay Reclamation, Mumbai – 400 020	
To, The Board of Directors Suremi Trading Private Limited D-1, Sindhu House, 4th Floor, Nanabhai Lane, Fort, Mumbai – 400 020	To, The Board of Directors Sushripada Investments Private Limited Mafatlal House, Backbay Reclamation, Mumbai – 400 020

Recommendation of fair share exchange ratio for the proposed amalgamation of Suremi Trading Private Limited and Sushripada Investments Private Limited with NOCIL Limited

We refer to our discussions whereby we have been requested by the management of Suremi Trading Private Limited, Sushripada Investments Private Limited and NOCIL Limited (hereinafter collectively referred to as the 'Management') to issue a report containing recommendation of fair share exchange ratio for the proposed amalgamation of Suremi Trading Private Limited (hereinafter referred to as 'STPL') and Sushripada Investments Private Limited (hereinafter referred to as 'SIPL') with NOCIL Limited (hereinafter referred to as 'NOCIL' or the 'Transferee Company') (hereinafter referred to as the 'Amalgamation'). STPL, SIPL and NOCIL are hereinafter collectively referred to as the 'Companies'.

We have been given to understand that in order to inter alia simplify the shareholding structure of NOCIL and reduction of shareholding tiers, it is proposed that STPL and SIPL will amalgamate into NOCIL 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, STPL and SIPL would be amalgamated with NOCIL, with effect from the appointed date of October 01, 2020 (hereinafter referred to as 'Proposed Transaction'). As a consideration for the Proposed Transaction, shareholders of STPL and SIPL would be issued equity shares of NOCIL.

In this regard, Rashmi Shah FCA, Registered Valuer with IBBI Registration No. IBBI/RV/06/2018/10240 ('RVS' or 'We' or 'Us'), has been requested to issue a report containing recommendation of fair share exchange ratio for the Proposed Transaction as on January 30, 2020 ('Valuation Date').

Rashmi Shah FCA

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10240

For R V Shah & Associates
Chartered Accountants
Membership No.: 123478
FRN: 133958W
ICAI UDIN: 20123478AAAAAH2913



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Engagement Background

Pursuant to a Scheme of Amalgamation of Suremi Trading Private Limited (hereinafter referred to as 'STPL' or 'Transferor 1') and Sushripada Investments Private Limited (hereinafter referred to as 'SIPL' or 'Transferor 2') with NOCIL Limited (hereinafter referred to as 'NOCIL' or the 'Transferee Company'), Rashmi Shah FCA, Registered Valuer with IBBI Registration No. IBBI/RV/06/2018/10240 ('RVS'), has undertaken valuation to determine the fair share exchange ratio relating to the proposed merger of the Transferor Companies with NOCIL. The Appointed Date as proposed by the Management of the companies is 1st October 2020.

Jurisdictional National Company Law Tribunal's ('NCLT') permission has to be obtained for sanction of the merger. Consequently, this report is prepared for submission to the NCLT, using a fair basis for arriving at the share exchange ratio.

The Scheme of Amalgamation is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.



Corporate Overview – NOCIL Limited

NOCIL is a part of the AMG (Arvind Mafatlal Group) of Industries, a well-known Business House of India having diversified business interests.

NOCIL commenced rubber chemicals production in the year 1975. Situated in a designated 'Chemicals Zone' about 40 km away from Mumbai City, NOCIL is currently the largest rubber chemicals manufacturer in India with state of art technology for the manufacture of rubber chemicals.

The standalone revenue from operations of the Transferee Company for the financial year ended March 31, 2019 was INR 1,04,290 lakhs and the issued, subscribed and fully paid-up equity share capital of the Transferee Company as at March 31, 2019 was INR 16,542 lakhs.

The equity shares of NOCIL are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

Corporate Overview – Suremi Trading Private Limited

STPL is a private limited company incorporated on 10th May 1978 and has its registered office at D-1, Sindhu House, 4th Floor, Nanabhai Lane, Fort, Mumbai – 400 020.

STPL is engaged in the business of trading in fabrics and granting of loans and advances and holding investments in various types of securities.

As informed by the Management, 2,07,72,170 equity shares constituting 12.54% of the total paid-up equity share capital of NOCIL is held by STPL as on the Valuation Date.

STPL has 53,179 equity shares of INR 10 each and 9,84,000 0.01% Non-Cumulative Compulsorily Convertible Preference Shares ('CCPS') of INR 10 each outstanding as on the Valuation Date. As informed by the management of STPL, each CCPS of STPL is convertible into one equity share of STPL of INR 10 each.



Corporate Overview – Sushripada Investments Private Limited

SIPL is a private limited company having its registered office at Mafatlal House, Backbay Reclamation, Mumbai – 400 020.

SIPL, is a Mafatlal Group entity engaged in the business of trading of goods and holds investments in equity shares.

As informed by the Management, 89,60,880 Equity Shares constituting 5.41% of the total paid-up equity share capital of NOCIL is held by SIPL as on the Valuation Date.

SIPL has 30,644 equity shares of INR 100 each and 6,99,998 0.01% Non-Cumulative Compulsorily Convertible Preference Shares of INR 100 each outstanding as on the Valuation Date. As informed by the management of SIPL, each CCPS of SIPL is convertible into one equity share of SIPL of INR 100 each.



Rationale for Valuation

STPL and SIPL as on the date of this report holds 2,07,72,170 and 89,60,880 equity shares respectively of face value of INR 10 each fully paid-up of NOCIL. Further, STPL and SIPL may before the effective date, acquire additional equity shares of face value of INR 10 each fully paid-up of NOCIL (including by way of purchases on floor of Stock Exchanges) without incurring any additional liability. Upon the effective date, pursuant to amalgamation of STPL and SIPL with NOCIL, the entire shareholding of STPL and SIPL in NOCIL will be cancelled and the shareholders of STPL and SIPL would be issued same number of fully paid-up equity shares of NOCIL, which they own indirectly through their holding in STPL and SIPL respectively on the effective date. Pursuant to the amalgamation, there would be no change in the paid-up share capital of NOCIL. As mentioned above, post-amalgamation the shareholders of STPL and SIPL will hold the same number of shares as STPL and SIPL respectively hold in NOCIL. Consequently, there is no impact on the shareholding pattern of other shareholders of NOCIL and therefore no valuation of NOCIL and of STPL and SIPL is required.

Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except same number of shares of NOCIL being issued to the shareholders of STPL and SIPL respectively in lieu of shares held by STPL and SIPL in NOCIL respectively (which will get cancelled). Thus, for every fresh issue of share of NOCIL to the shareholders of STPL and SIPL, there is a corresponding cancellation of an existing NOCIL share as held by STPL and SIPL respectively. Also, there would be no change in the aggregate promoters' shareholding in NOCIL and it shall not affect the interest of other shareholders of NOCIL.

Accordingly, valuation approaches as indicated in the format as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

The management / shareholders of STPL and SIPL have given an undertaking that the cash / bank balance and liquid investments in the books of STPL and SIPL respectively immediately prior to effective date will be utilised to meet the costs, fees, charges, taxes including duties, levies and all other expenses (including stamp duties payable on issue of new shares) in relation to the proposed amalgamation. No value has been attributed to surplus assets, if any. Further in the event STPL / SIPL is unable to bear any such expenses due to lack of sufficient funds (including cash / bank balance and liquid investment) in STPL / SIPL, the shareholders of STPL / SIPL will bear such expenses. Thus, NOCIL will not bear any expenses pursuant to the amalgamation.



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- Further, we understand that the shareholders of STPL and SIPL shall indemnify and hold harmless NOCIL for losses, liabilities, costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by NOCIL which may devolve on NOCIL on account of proposed amalgamation of STPL and SIPL with NOCIL but would not have been payable by NOCIL otherwise, in the form and manner as may be agreed amongst NOCIL and the shareholders of STPL and SIPL respectively. Thus, NOCIL will not bear any loss, liabilities, cost, charges and expenses due to any such disputes or litigations pursuant to the amalgamation.



Share exchange ratio recommendation

Based on the above in the event of amalgamation of STPL and SIPL with NOCIL, we recommend a fair share exchange ratio as follows:

“2,07,72,170 equity shares of the face value of INR 10 each fully paid-up of NOCIL shall be issued and allotted as fully paid up to the equity shareholders of STPL and compulsorily convertible preference shareholders of STPL in the proportion of their holding in STPL”

“89,60,880 equity shares of the face value of INR 10 each fully paid-up of NOCIL shall be issued and allotted as fully paid up to the equity shareholders of SIPL and compulsorily convertible preference shareholders of SIPL in the proportion of their holding in SIPL.”

In case STPL or SIPL acquires additional equity shares of face value of INR 10 each fully paid-up of NOCIL before the effective date without incurring any additional liability, such additional number of equity shares of face value of INR 10 each fully paid-up of NOCIL shall also be issued and allotted to the shareholders of STPL and SIPL respectively in proportion of the number of equity shares and compulsorily convertible preference shares held by the shareholders of STPL and SIPL in STPL and SIPL respectively.

Valuation Approach	NOCIL		STPL		SIPL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA	NA	NA
Relative value per share	NA		NA		NA	

NA = Not Adopted / Not Applicable

Limiting Conditions

- The valuation is based on information provided to us by the Management. Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or after material time-lag from the valuation date. Also, it may not be valid if done on behalf of any other entity.
- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The valuation report was prepared for the purpose of complying with specified provisions and the stated Valuation Purpose and is for the confidential use of the Client only. Its suitability and applicability of any other use has not been checked by us. Neither the valuation report nor its contents may be disclosed to any third party or referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, any public communication, loan agreement or other agreement or document given to third parties without our prior written consent. We retain the right to deny permission for the same.
- In accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
- We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the valuation subject's activities and the assets being valued at the Valuation Date. Therefore, we will accept no responsibility for any error or omission in the Report arising from incorrect or incomplete information provided by the Management. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable. We may however in no way be held responsible for completeness, accuracy, etc. for the data provided to us.
- The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters -



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- Matters of a legal nature, including issues of legal title and compliance with local laws, and
- Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Company.
- The valuation analysis and result are governed by concept of materiality.
- The opinion(s) rendered in the Report only represent the opinion(s) based upon information furnished by you and others on your behalf and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the directors of the company who have retained us and nobody else.
- We do not accept any liability to any third party in relation to the issue of this valuation report.
- The Report is not for anybody to make any investment into the valuation subject nor meant to assist anybody for any transaction purpose (for which expert opinion needs to be obtained) nor as to how the voting should be conducted in any meeting. The Report is purely for compliance with requirements of the Companies Act, 2013 and the Rules made thereunder. This report has been prepared for a very specific purpose. Thus, this valuation report cannot be used for any other purpose apart from what is mentioned herein.
- We will not be held responsible to anybody in relation to this report. We understand that the contents of the report have been reviewed in detail before we issued the final signed report.
- We are not responsible to update this report subsequent to the date mentioned in this report because of any material event or any event that could have a bearing on our valuation analysis.
- We have not assessed the commercial reasons behind the transaction and have only determined the fair share exchange ratio.



Sources of Information

The following sources of information have been utilized in conducting the valuation as provided to us by the Management of the Companies:

- Audited financial statements of STPL, SIPL and NOCIL for FY 2018-19.
- Draft Scheme of Amalgamation.
- Business and Corporate Profile
- Other background information provided through emails, word documents or during discussions
- Discussions with the Management

In addition to the above, we have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation. We have obtained a general representation from the Management confirming that they have provided us with all the relevant information, knowledge, supporting documents and confirmations completely and correctly and that no material information has been concealed or withheld or misrepresented to us.

