

**STRICTLY PRIVATE & CONFIDENTIAL**

January 30, 2020

**The Board of Directors**  
**NOCIL Limited**  
Mafatlal House,  
Backbay Reclamation,  
Mumbai – 400 020.

**The Board of Directors**  
**Suremi Trading Private Limited**  
D-1, Sindhu House, 4th Floor,  
Nanabhai Lane, Fort,  
Mumbai – 400 020.

**The Board of Directors**  
**Sushripada Investments Private Limited**  
Mafatlal House,  
Backbay Reclamation,  
Mumbai – 400 020.

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

Dear Sir(s) / Madam(s),

We refer to the engagement letter dated January 06, 2020, 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'.

**1. SCOPE AND PURPOSE OF THIS REPORT**

- 1.1 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.

- 1.2 In this regard, we have been requested to issue a report containing recommendation of fair share exchange ratio for the Proposed Transaction as on January 29, 2020 ('Valuation Date').

## **2. BACKGROUND**

### **2.1 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 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').

### **2.2 SUREMI TRADING PRIVATE LIMITED**

STPL is a private limited company incorporated on 10 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.





**2.3 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.

**3. SSPA & CO., CHARTERED ACCOUNTANTS**

SSPA & Co. (herein after referred to as 'the firm' or 'SSPA') is established by Mr. Sujal Shah and Mr. Parag Ved, who have carried out valuations and advised large corporates in the past for Mergers, Demergers, Business Restructuring, etc.

The services provided by the firm cover a range of Corporate Consultancy Services.

**4. SOURCES OF INFORMATION**

For the purpose of this exercise, we have relied upon the following sources of information as provided by the Management:

- (a) Audited financial statements of STPL, SIPL and NOCIL for FY 2018-19.
- (b) Draft Scheme of Amalgamation.
- (c) Such other information and explanations as required and which have been provided by the Management including Management Representations.

**5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

- 5.1. This 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 herein and in the context of the purpose for which it is made.



- 5.2. This report has been prepared for the Board of Directors of NOCIL, STPL and SIPL solely for the purpose of recommending a fair share exchange ratio for the proposed amalgamation of STPL and SIPL with NOCIL.
- 5.3. The Management has represented that the Companies have clear and valid title of assets. No investigation on STPL's and SIPL's claim to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid.
- 5.4. For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Companies / auditors is that of the respective Companies. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management that they have not omitted any relevant and material facts about the respective Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis / conclusions. Our work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.
- 5.5. The fee for the engagement and this report is not contingent upon the results reported.
- 5.6. This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory / statutory authority as may be required under any law.
- 5.7. Our report is not, nor should it be construed as us opining or certifying the compliance of the proposed amalgamation 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 amalgamation.
- 5.8. Any person / party intending to provide finance / divest / invest in the shares / convertible instruments / business of the Companies shall do so after seeking their own





professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

- 5.9. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / the Companies and our work and our finding shall not constitute a recommendation as to whether or not the Management / the Companies should carry out the transaction.
- 5.10. This Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.11. SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the valuation.

## **6. BASIS FOR DETERMINATION OF FAIR SHARE EXCHANGE RATIO**

- 6.1. 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.



- 6.2. 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.

- 6.3. 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.
- 6.4. 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.





**7. CONCLUSION - RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO**

7.1. 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.

Method of Valuation	NOCIL		STPL		SIPL	
	Value per Share (INR)	Weights	Value per Share (INR)	Weights	Value per Share (INR)	Weights
Asset approach	NA	NA	NA	NA	NA	NA
Income approach	NA	NA	NA	NA	NA	NA
Market approach	NA	NA	NA	NA	NA	NA
<b>Relative Value Per Share</b>	<b>NA</b>		<b>NA</b>		<b>NA</b>	

NA = Not Applied / Applicable

As mentioned in para 7.1 above, we recommend a fair equity share exchange ratio as follows:  
2,07,72,170 and 89,60,880 equity shares (face value of INR 10 each fully paid-up) of NOCIL to be issued and allotted to equity shareholders and compulsorily convertible preference shareholders of STPL and SIPL respectively in proportion of their holding in STPL and SIPL respectively.

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.



- 7.2. We believe that the above ratio is fair and equitable considering that all the shareholders of STPL and SIPL are and will, upon amalgamation, remain ultimate beneficial owners of NOCIL in the same ratio (inter-se) as they hold shares of NOCIL through STPL and SIPL respectively prior to the amalgamation and that as mentioned hereinabove the interest of other shareholders in NOCIL remains unaffected.

Thanking you,  
Yours faithfully,

*Sujal Shah*



**SSPA & Co.**

**Chartered Accountants**

Firm Registration number: 128851W

Signed by: **Sujal Shah, Partner**

Membership Number: 045816

UDIN: 20045816AAAAAD4877

Place: Mumbai

Date: January 30, 2020