

VIVRO**Vivro Financial Services Private Limited**

Regd. Office :

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www.vivro.net

Date: January 28, 2020

To,
The Board of Directors
Meghmani Organics Limited
Plot 184,
Phase II-GIDC,
Vatva, Ahmedabad,
Gujarat - 382445

To,
The Board of Directors
Meghmani Finechem Limited
CH/1, CH/2, GIDC Industrial Estate,
Dahej,
Bharuch,
Gujarat - 392130

To,
The Board of Directors
Meghmani Organochem Limited
1st 2nd 3rd FL, Nr. Raj Bungalow,
Nr. Safal Profitaire, Prahlad Nagar,
Satellite, Ahmedabad,
Gujarat - 380015

Subject: Fairness Opinion on the recommendation of Share Entitlement Ratio issued by Mr. Jigar Shah, Registered Valuer, for the proposed Demerger of the Agrochemical and Pigment Undertaking of Meghmani Organics Limited into Meghmani Organochem Limited and Merger of Remaining Business Undertaking of Meghmani Organics Limited with Meghmani Finechem Limited as per Composite Scheme of Arrangement in terms of SEBI Circular CFD/DIL3/CIR/2017/21 under regulations 11, 37 and 94 of the extant SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meghmani Organics Limited, incorporated on January 2, 1995, is engaged in the business of manufacturing and selling of Pigment and Agrochemicals products. It is also engaged in the business of trading in chemical products (hereinafter referred to as 'the Transferor Company', 'MOL1', 'Demerged Company', or 'the Company'). Meghmani Finechem Limited, incorporated on September 11, 2007, is engaged in manufacturing and selling of Chloro Alkali and its derivatives Caustic - Chlorine, Chloromethane and Caustic Potash (hereinafter referred to as 'the Transferee Company', or 'MFL'). MFL is a subsidiary of MOL1, wherein MOL1 currently holds 57.16% of the equity shares of MFL. Meghmani Organochem Limited, incorporated on October 15, 2019, is a wholly owned subsidiary of Meghmani Organics Limited and has the main object of manufacturing and selling of Pigment and Agro Chemicals (hereinafter referred to as 'the Resulting Company', or 'MOL2').

The Board of Directors of each of the above mentioned Companies are considering a Composite Scheme of Arrangement (hereinafter referred to as 'the Scheme') by way of Demerger of the Agrochemical and Pigment Undertaking of MOL1 into MOL2 and Merger of Remaining Business Undertaking of MOL1 with MFL (Terms not defined herein carry the meaning as per the Scheme).

The Valuation for the Share Entitlement Ratio has been carried out in respect of Demerger of the Agrochemical and Pigment Undertaking of MOL1 into MOL2 and Merger of Remaining Business Undertaking of MOL1 with MFL on a going concern basis, by Mr. Jigar Shah, Registered Valuer, registered with Insolvency and Bankruptcy Board of India (IBBI Registration: IBBI/RV/06/2019/10657) holding a valid Certificate of Practice issued by ICAI RVO ("Valuer"), vide Valuation Report dated January 28, 2020.

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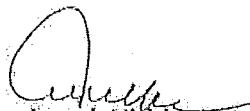
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Accordingly, Meghmani Organics Limited has appointed Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration No. INM000010122 (hereinafter referred to as 'Vivro', 'we', 'us', 'our'), vide an Engagement Letter dated May 15, 2019 to issue a Fairness Opinion Report on the Share Entitlement Ratio recommended by Mr. Jigar Shah, Registered Valuer, registered with Insolvency and Bankruptcy Board of India (IBBI Registration: IBBI/RV/06/2019/10657) holding a valid Certificate of Practice issued by ICAI RVO ("Valuer"), vide its Valuation Report dated January 28, 2019.

This Fairness Opinion Report is issued in terms of CFD/DIL3/CIR/2017/21 under regulations 11, 37 and 94 of the extant SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In connection with the same, please find attached the Fairness Opinion issued by us.

For, Vivro Financial Services Private Limited


Jayesh Vithani
Sr. Vice President



Date: January 28, 2020

Place: Ahmedabad



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FAIRNESS OPINION
IN THE MATTER OF SCHEME OF ARRANGEMENT
BETWEEN
MEGHMANI ORGANICS LIMITED,
MEGHMANI FINCHEM LIMITED AND
MEGHMANI ORGANOCEM LIMITED

STRICTLY PRIVATE AND CONFIDENTIAL

Prepared By:

VIVRO

Vivro Financial Services Private Limited

Vivro House,
11, Shashi Colony,
Opp. Suvidha Shopping Center, Paldi,
Ahmedabad-380007



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1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1 The Board of Directors of each of the above mentioned Companies are considering a Composite Scheme of Arrangement (hereinafter referred to as 'the Scheme') by way of the Demerger of the Agrochemical and Pigment Undertaking of MOL1 into MOL2 ("Demerger) and the Merger of Remaining Business Undertaking of MOL1 with MFL ("Merger").
- 1.2 The Demerger and Merger are on a going concern basis pursuant to a Composite Scheme of Arrangement under sections 230 to 232 of the Companies Act, 2013 ('the Scheme').
- 1.3 Pursuant to the Scheme, upon Demerger of the Agrochemical and Pigment Undertaking of MOL1 into MOL2, the shareholders of MOL1 shall receive equity shares MOL2 as a consideration and upon Merger of Remaining Business Undertaking of MOL1 with MFL, the shareholders of MOL1 shall receive equity shares of MFL as a consideration.
- 1.4 We understand that the appointed date of the Scheme is April 1, 2020.
- 1.5 For the aforesaid purpose, the Companies have appointed Mr. Jigar Shah, Registered Valuer, to submit a Report recommending the Share Entitlement Ratio for the transaction of the Demerger and the Merger, to be placed before the Board of Directors of the Companies.
- 1.6 The scope of our services is to issue a Fairness Opinion on the report issued by the Valuer recommending a Share Entitlement Ratio for the transaction of the Demerger and the Merger, in accordance with generally acceptable professional standards.
- 1.7 This report is our deliverable on this engagement. This report may be used for the purpose of complying with the requirements of the regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SEBI Circular CFD/DIL3/CIR/2017/21 and for submission to such other regulatory and statutory authorities in connection with the Scheme.
- 1.8 Our scope of work only includes forming an opinion on the fairness of the recommendation of the Valuer on the Share Entitlement Ratio arrived at for the purpose of Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se.
- 1.9 Our report is prepared solely for the purpose outlined hereinabove. The distribution of this report shall hence be restricted to the Companies, Shareholders, SEBI, Stock Exchange and such other regulatory bodies required to give effect to the Scheme, including but not limited to Registrar of Companies and National Company Law Tribunal. This report shall not be relied upon by any other person for any other purpose whatsoever and the Companies agree to this fact.

Jigar Shah



1.10 This report is subject to the scope, assumptions, exclusions, limitations and disclaimers 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.



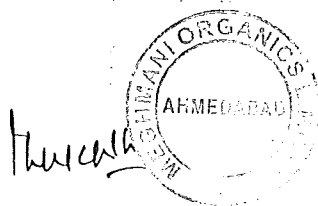
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2. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of the Companies for the purpose of this report:

- 2.1 Valuation Report of Mr. Jigar Shah, Registered Valuer, dated January 28, 2020;
- 2.2 Memorandum and Articles of Association of MOL1, MFL and MOL2;
- 2.3 Brief History, Present Activities, Business Profile, Shareholding Pattern of MOL1, MFL and MOL2;
- 2.4 Audited financial statements of MOL1 and MFL for the year ended March 31, 2019 and March 31, 2018;
- 2.5 Proposed Draft Scheme of Arrangement between MOL1, MFL and MOL2 and their respective shareholders & creditors, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchange;
- 2.6 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion.

The Companies have been provided with the opportunity to review the draft fairness opinion report (excluding our opinion on the Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.



3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 3.1 This Fairness Opinion Report ('Report') is prepared by Vivro Financial Services Private Limited on the basis of information, documents, papers and explanations given by the Management, officers and staff of the Companies.
- 3.2 In preparing the Report, Vivro has relied upon and assumed without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Companies. Vivro has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.
- 3.3 Our work does not constitute an audit or certification or due diligence of the past financials of the Companies and we have relied upon the information provided to us by the Companies as regards such working results.
- 3.4 Forward looking statements and financial projections certified and provided by the management of the Companies have been considered in this valuation process. We have not carried out any independent due diligence or verification of the projected financial performance provided by the Companies nor corroborated the information provided by the company from any third party source or any industry information for the purpose of arriving at valuation of equity shares of the Company. No assurance regarding the accuracy, reasonableness, or completeness of any such statements and projections is made by us herein. Actual performance and results may invariably differ from expectations and these differences may be material
- 3.5 As informed by the management of the Companies, there are no contingent liabilities other than those disclosed in the audited financial statements for the year ended March 31, 2019, which are expected to devolve or contingent assets with the Companies and there are no surplus / non-operating assets in the Companies as of the date of this Report beyond those captured in this Report.
- 3.6 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies. As implied by the financial statements, the Company is assumed to have those legal rights to the assets and be subject to those claims represented by the liabilities presented in its financial statements. No investigation was undertaken to confirm these legal rights or claims.
- 3.7 Publicly available information deemed relevant for the purpose of the analysis contained in this Report has also been used. Accordingly, this report is based on our interpretation of the information provided by the Companies as well as its representatives and advisors, to date.



- 3.8 Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein in this report.
- 3.9 This report should not be construed as any accounting, tax or legal advice to the Companies or any of its affiliates by Vivro.
- 3.10 Vivro does not hold any specific interest in the Company, nor does Vivro have any conflict of interest with the Company:
- 3.11 This Report does not constitute solvency opinion or an investment recommendation and should not be construed as such either for making or divesting investment.
- 3.12 This Report is furnished strictly on confidential basis. Neither this Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.
- 3.13 The fee for this engagement is not contingent upon the results reported and fairness opinion provided by Vivro.
- 3.14 This Report, its contents and the results herein (i) are specific to the purpose of report agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are the prevailing financial, economic and other conditions in general and industry trends in particular as in effect on, and the written and oral information made available to us till the date of this report. Events occurring after this date may affect this report and we do not assume any obligation to update, revise or reaffirm this report.

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4. BACKGROUND OF THE COMPANIES

4.1 MEGHMANI ORGANICS LIMITED (MOL1)

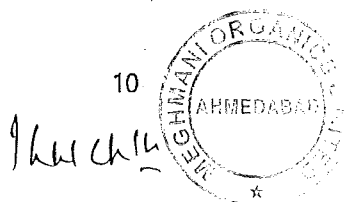
MOL1 is a public company incorporated under the provisions of the Companies Act, 1956 on January 2, 1995 bearing Corporate Identification Number L24110GJ1995PLC024052, having Registered Office at Plot 184, Phase-II, GIDC, Vatva, Ahmedabad, Gujarat – 382445. MOL1 is engaged in the business of manufacturing and selling of Pigment and Agrochemicals products. It is also engaged in the business of trading in chemical products. The equity shares of MOL1 are listed on National Stock Exchange of India Limited (NSE), BSE Limited (BSE) as well as the Singapore Depository Shares (SDS) are listed on Singapore Exchange Limited (SGX). The shareholding pattern of MOL1 (Face value: Rs. 1) as on date, is as follows:

Particulars	Number of Equity Shares	%Total
Promoter Shareholding	122,905,590	48.33%
Public Shareholding	118,516,431	46.60%
Custodian Shares	12,892,190	5.07%
Total Shares	254,314,211	100.00%

4.2 MEGHMANI FINECHEM LIMITED (MFL)

MFL is a public company incorporated under the provisions of the Companies Act, 1956 on September 11, 2007 bearing Corporate Identification Number U24100GJ2007PLC051717, having registered office at CH/1, CH/2, GIDC Industrial Estate, Dahej, Bharuch, Gujarat – 392130. MFL is engaged in manufacturing and selling of Chloro Alkali and its derivatives Caustic – Chlorine, Chloromethane and Caustic Potash. MFL is a subsidiary of MOL1, wherein MOL1 currently holds 57.16% of the equity shares of MFL. The shareholding pattern of MFL, (Face value: Rs. 10) as on date, is as follows:

Particulars	Number of Equity Shares	%Total
Promoter Shareholding	23,545,985	57.16%
Public Shareholding	17,647,129	42.84%
Total Shares	41,193,114	100.00%



4.3 **MEGHMANI ORGANOCEM LIMITED (MOL2)**

MOL2 is a public company incorporated under the provisions of the Companies Act, 1956 on October 15, 2019 bearing Corporate Identification Number U24299GJ2019PLC110321, having registered office at 1st 2nd 3rd FL, Nr. Raj Bunglow, Nr. Safal Profitaire, Prahlad Nagar, Satellite Ahmedabad, Gujarat – 380015. MOL2 is a wholly owned subsidiary of Meghmani Organics Limited has the main object of manufacturing and selling of Pigment and Agro Chemicals. The shareholding pattern of MOL2, (Face value: Rs. 10) as on date, is as follows:

Particulars	Number of Equity Shares	%Total
Promoter Shareholding	50,000	100.00%
Total Shares	50,000	100.00%

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5. VALUER'S RECOMMENDATION

- 5.1 The fair basis of Composite Scheme of Arrangement has been determined after taking into consideration all the factors and methodologies as mentioned by the Valuer in its valuation report, dated January 28, 2020. Their scope of work was, inter alia, to carry out the valuation of equity shares of MOL1 and MFL to determine the Share Entitlement Ratio for the proposed Composite Scheme of Arrangement.
- 5.2 The Share Entitlement Ratio has been arrived at on the basis of relative valuation of the equity shares of the Companies based on methodology as explained in the valuation report of Valuer, dated January 28, 2020 and various qualitative factors relevant to each Company and the business dynamics as well as growth potential of the businesses of the companies, and also having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 5.3 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined in the valuation report, dated January 28, 2020 issued by Mr. Jigar Shah, Registered Valuer it has been recommended by the Valuer that the Share Entitlement Ratio for the Scheme shall be as follows:

Demerger of the Agrochemical and Pigment Undertaking of MOL1 into MOL2

"1" (One) Equity Share of Rs. 1/- each fully paid up of MOL2 for every 1 (One) Equity Share of Rs. 1/- each fully paid up of MOL1."

Merger of Remaining Business Undertaking of MOL1 with MFL

"94" (Ninety Four) Equity Shares of Rs. 10/- each fully paid up of MFL for every 1,000 (One Thousand) Equity Shares of Rs. 1/- each fully paid up of MOL1."


J. K. Shah



6. CONCLUSION

Pursuant to and subject to the foregoing, we believe that the proposed Share Entitlement Ratio as is recommended by Mr. Jigar Shah, Registered Valuer, for the proposed Composite Scheme of Arrangement is fair.

For, Vivro Financial Services Private Limited


Jayesh Vithlani
Sr. Vice President





Date: January 28, 2020

Place: Ahmedabad