CIRCULAR DATED 28 DECEMBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

HARDCOPIES OF THE ELECTION FORM FOR DISPOSAL PROCEEDS AND THE RELEVANT TAX DOCUMENTS WILL BE DESPATCHED TO DEPOSITORY SHARES HOLDERS. CASH ELECTORS WHO FAIL TO DELIVER THE TAX DOCUMENTS TOGETHER WITH THE ELECTION FORM WITHIN THE ELECTION PERIOD WILL NOT RECEIVE ANY DISPOSAL PROCEEDS AND WILL INSTEAD RECEIVE THE CONSIDERATION SHARES.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

If you have sold or transferred all your Depository Shares in the capital of Meghmani Organics Limited ("**Company**") you should immediately inform the purchaser or transferee or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Scheme Meeting and accompanying Voting Instruction Form) may be accessed via SGXNet.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular. The approval in-principle by the SGX-ST, which is subject to the conditions as reproduced in full in paragraph 3.9 of this Circular, is not to be taken as an indication of the merits of the Scheme and Delisting, the Company and/or its subsidiaries.

MEGHMANI ORGANICS LIMITED

(Company Registration No. L24110GJ1995PLC024052)
(Incorporated as a limited liability company in India)

CIRCULAR TO DEPOSITORY SHARES HOLDERS IN RELATION TO

EXIT OFFER IN RELATION TO DELISTING OF SINGAPORE DEPOSITORY SHARES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT UNDER SECTIONS 230 TO 232 AND SECTION 66 OF THE INDIAN COMPANIES ACT, 2013

Independent Financial Adviser in respect of the Exit Offer in connection with the Scheme

RHT CAPITAL PTE. LTD.

(Company Registration No.: 201109968H)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Voting Instruction Form	:	14 January 2021 at 12.30 p.m. (Singapore Time)
Last date and time to pre-register online to attend the Scheme Meeting	:	13 January 2021 at 12.30 p.m. (Singapore Time)
Date and time of Scheme Meeting	:	28 January 2021 at 12.30 p.m. (Singapore Time)
Place of Scheme Meeting	:	The Scheme Meeting will be held by electronic means.

This Circular has been made available on SGXNet. **A printed copy of this Circular will NOT be despatched to Depository Shares holders.**

In view of the massive outbreak of the COVID-19 pandemic where social distancing is a norm to be followed, the Government of India, Ministry of Corporate Affairs has allowed the Scheme Meeting to be conducted through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and has dispended the personal presence of the Shareholders at the Scheme Meeting. Depository Shares holders should refer to the Notice of Scheme Meeting in this Circular for details on how to participate in the Scheme Meeting.

Depository Shares holders should note that the Company may make further changes to its Scheme Meeting arrangements as the situation evolves. Depository Shares holders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNet.

TABLE OF CONTENTS

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

"Agrochemical and Pigment Business"	:	The business, assets and undertakings of the Company pertaining to the manufacture and sale of pigments and agrochemical products, including OCRPS issued by New ListCo 2 to the Company
"AIP"	:	The approval in-principle received by the Company from the SGX-ST on 6 September 2019 in relation to the Scheme and Delisting
"Amalgamation"	:	The amalgamation of the Trading Business with New ListCo 2, as more particularly detailed in paragraph 3.4 of the Circular
"Board of Directors"	:	The Board of Directors of the Company
"BSE"	:	BSE Limited
"Cash Elector(s)"	:	Depository Shares holder(s) who wish to elect to receive the Disposal Proceeds
"Chloro-Alkali and its Derivatives Business"	:	The manufacture and sale of Chloro-Alkali and its derivatives carried on by New ListCo 2
"Circular"	:	This circular to Shareholders dated 28 December 2020
"Company"	:	Meghmani Organics Limited
"Consideration Shares"	:	New ListCo 1 Consideration Shares and New ListCo 2 Consideration Shares
"Custodian"	:	DBS Bank India Limited, a banking company incorporated under the Indian Companies Act with corporate identity number U65999DL2018FLC329236 and having its registered office at Ground Floor Nos.11 & 12, Capitol Point, Baba Kharak Singh Marg, Connaught Place, Delhi 110 001, India, and having its Mumbai branch office at Express Towers, Block III, Ramnath Goenka Marg, Nariman Point, Mumbai 400021
"Delisting"	:	The delisting of the Depository Shares from the SGX-ST pursuant to the Scheme
"Demerger"	:	The demerger of the Agrochemical and Pigment Business from the Company and transfer into New ListCo 1, as more particularly detailed in paragraph 3.2 of the Circular
"Depository Shares"	:	Singapore Depository Shares issued by the Company representing the underlying Equity Shares for listing on the SGX-ST
"Directors"	:	The directors of the Company for the time being
"Disposal Proceeds"		The net proceeds from the disposal of the Consideration Shares of Cash Electors on the secondary market of the Indian Stock Exchanges after the deduction of all costs and expenses incurred in such disposal

"Disposal Period"		60 calendar days of the close of the Election Period
"Election Form"	:	The relevant form of election of Disposal Proceeds which will be sent to Depository Shares holders in due course after the Scheme has taken effect and the shares of New ListCo 1 and New ListCo 2 have been listed, traded and quoted on the Indian Stock Exchanges
"Election Period"	:	60 calendar days from the date of listing of the shares of New ListCo 1 and New ListCo 2 on the Indian Stock Exchanges
"EPS"	:	Earnings per Equity Share
"Equity Shares"	:	Shares of Re. 1 each in the capital of the Company
"Exit Offer"	:	The cash exit offer made to the Depository Shares holders in consideration of their Depository Shares in connection with the Delisting
"Foreign Depository Bank"	:	DBS Nominees (Private) Limited, a company incorporated under the laws of Singapore and having registered office at 12, Marina Boulevard, Marina Bay Financial Centre, Singapore (018982), being the depository for the Depository Shares
"FY"	:	Financial year ended 31 March
"Group"	:	The Company and its subsidiaries, and "**Group Company**" shall mean any one of them
"Guaranteed Amount"	:	S$0.72 per Depository Share
"IFA"	:	RHT Capital Pte. Ltd., the Singapore independent financial adviser to opine on whether the financial terms of the Exit Offer is fair and reasonable
"IFA Letter"	:	The letter from the IFA setting out its advice to the Directors as set out in Appendix I to this Circular
"Independent Valuation"	:	The independent valuation of the Equity Shares undertaken by the Independent Valuer, further details of which are set out in the Valuation Report
"Independent Valuer"	:	Vivro Financial Services Private Limited
"Indian Companies Act"	:	The Companies Act, 2013 of India, the rules and regulations made thereunder and includes any statutory modifications, amendments or re-enactment thereof for the time being in force
"Indian Income Tax Act"	:	The Income Tax Act, 1961 of India, the rules and regulations made thereunder and includes any statutory modifications, amendments or re-enactment thereof for the time being in force
"Indian Registrar of Companies"	:	Registrar of Companies, Gujarat
"Indian Regulatory Authorities"	:	All Indian governmental and regulatory authorities, including the SEBI, NCLT, RBI and the Indian Stock Exchanges

DEFINITIONS

"Indian Stock Exchanges"	:	NSE and BSE
"Information Meeting"	:	The information meeting to be held by the Company by electronic means for the Depository Shares holders on 11 January 2021 at 12.30 p.m. prior to the Scheme Meeting in India, further details of which are set out in paragraph 9 of this Circular
"IRAS"	:	Inland Revenue Authority of Singapore
"Last Market Day"	:	28 January 2020, being the last Market Day on which the Depository Shares were traded on the SGX-ST prior to the meeting of the Directors to approve the Scheme Announcement
"Latest Practicable Date"	:	21 December 2020, being the latest practicable date prior to the date of this Circular
"Listing Manual"	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NCLT"	:	National Company Law Tribunal, Ahmedabad Bench
"NCLT Order"	:	The vesting order of the NCLT dated 2 December 2020 sanctioning the Scheme
"New ListCo 1"		Meghmani Organochem Limited, a wholly-owned subsidiary of the Company
"New ListCo 1 Consideration Shares"	:	The fully paid up equity shares of Re. 1 each in the share capital of New ListCo 1 to be issued to the Shareholders (including Depository Shares holders) pursuant to the Scheme
"New ListCo 2"	:	Meghmani Finechem Limited, a 57.16% material subsidiary of the Company
"New ListCo 2 Consideration Shares"	:	The fully paid up equity shares of the face value of Rs. 10 each in the share capital of New ListCo 2 to be issued to the Shareholders (including Depository Shares holders) pursuant to the Scheme
"Notice of Scheme Meeting"	:	Notice of Scheme Meeting set out in pages 38 to 40 of this Circular
"NSE"	:	National Stock Exchange of India Limited
"NTA"	:	Net tangible assets
"OCRPS"	:	210,919,871 optionally convertible and redeemable preference shares of Rs. 10 each fully paid up issued by New ListCo 2 and held by the Company
"RBI"	:	Reserve Bank of India
"Record Date"	:	The date to be fixed by the Board of Directors or committee thereof for the purposes of determining the Shareholders to whom Consideration Shares would be issued

"Registrar and Share Transfer Agent"	:	Link Intime India Private Limited
"Relevant Withholding Tax"	:	10.92% (for a corporate entity) and 11.96% (for an individual), or such other rates as per the prevailing income tax laws in India
"Scheme"	:	The composite scheme of arrangement under Sections 230 to 232 read with Section 66 of the Indian Companies Act, between the Company, New Listco 1, New Listco 2 and each of their respective shareholders and creditors (as may be amended, modified and/or supplemented from time to time)
"Scheme Announcement"	:	The announcement dated 29 January 2020 issued by the Company in relation to the Scheme and Delisting
"Scheme Conditions"	:	The following conditions precedent: (a) approvals of all the Indian Regulatory Authorities; (b) approval-in-principle from the SGX-ST for the Scheme and Delisting; (c) approval of the Scheme Resolution by (i) three-fourths in value and majority in number of Shareholders, voting in person or by proxy at the Scheme Meeting and (ii) the majority of the public shareholders (as defined under Rule 2 of the Securities Contract (Regulations) Rules, 1957 of India) of the Company as required by SEBI; and (d) sanction of the Scheme by NCLT, and lodgement of the NCLT Order with the Indian Registrar of Companies, whereupon the Scheme will become effective
"Scheme Document"	:	The Scheme document between the Company, New Listco 1 and New Listco 2 and each of their respective shareholders and creditors in relation to the Scheme and Delisting (as may be amended, modified and/or supplemented from time to time)
"Scheme Meeting"	:	The meeting of the Shareholders of the Company to be convened in India pursuant to NCLT Order to approve the Scheme and the Delisting, and any adjournment thereof, notice of which is set out on pages 38 to 40 of this Circular
"Scheme Resolution"	:	The resolution to be proposed at the Scheme Meeting to approve the Scheme
"SEBI"	:	The Securities and Exchange Board of India established under the provisions of the Securities and Exchange Board of India Act
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"SFA"	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNet"	:	The system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shareholders"	:	Equity Shares holders (including Depository Shares holders)

"Singapore Share Registrar"	:	Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd)
"Substantial Shareholder"	:	A Shareholder who has an interest in not less than 5% of the issued Equity Shares
"Tax Documents"	:	The following documents: (a) a declaration in the prescribed form stating that they do not have any business connection with or permanent establishment in India and they hold such shares as capital assets and not as business assets; (b) Form 10F, being a declaration in a form prescribed by the Indian tax authorities stating that they reside in Singapore and is therefore covered under the Double Taxation Avoidance Agreement made between Singapore and India; (c) a certificate of tax residency from the IRAS; and (d) such other forms as notified by Indian tax authority from time to time.
"Trading Business"	:	The business, assets, liabilities and undertakings of the Company pertaining to trading in chemical products which has synergy with Chloro-Alkali and its Derivatives Business including the Company's investment in the equity shares of New ListCo 2, excluding the Agrochemical and Pigment Business
"Valuation Report"	:	The valuation report dated 16 October 2020 issued by the Independent Valuer to determine the fair value of the Equity Shares as at 28 January 2020 in connection with the Exit Offer, as set out in Appendix II of this Circular
"Voting Instruction Form"	:	The instrument appointing the Foreign Depository Bank to act as proxy for the Scheme Meeting as set out in this Circular
"VWAP"	:	The volume weighted average price
"S$" and "cents"	:	Singapore dollars and cents respectively
"Rs" and "Re"	:	Indian Rupees and Indian Rupee respectively
"%" or "per cent"	:	Percentage or per centum

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Indian Companies Act, the SFA, the Listing Manual or any modification thereof and used in this Circular shall have the same meaning assigned to it thereunder, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the figures included in this Circular (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

For the purposes of this Circular, Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company in relation to Singapore law.

LETTER TO DEPOSITORY SHARES HOLDERS

MEGHMANI ORGANICS LIMITED

(Company Registration No. L24110GJ1995PLC024052)
(Incorporated as a limited liability company in India)

Board of Directors
Mr. Jayantilal Patel *(Executive Chairman)*
Mr. Ashish Soparkar (*Managing Director*)
Mr. Natwarlal Patel *(Managing Director)*
Mr. Ramesh Patel *(Executive Director)*
Mr. Anand Patel *(Executive Director)*
Ms. Urvashi Shah *(Independent Director)*
Mr. Manubhai Patel (*Independent Director)*
Mr. Bhaskar Rao (*Independent Director*)
Mr. Liew Ching Seng (*Independent Director*)
Prof.(Dr.) Ganapati Yadav *(Independent Director)*

Registered Office
Plot No. 184 (Phase II),
G.I.D.C. Industrial Estate,
Vatva,
Ahmedabad - 382 445

28 December 2020

To: The Depository Shares holders of the Company

Dear Sir/Madam

EXIT OFFER IN RELATION TO DELISTING OF SINGAPORE DEPOSITORY SHARES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO THE PROPOSED COMPOSITE SCHEME OF ARRANGEMENT UNDER SECTIONS 230 TO 232 AND SECTION 66 OF THE INDIAN COMPANIES ACT, 2013

1. INTRODUCTION

1.1 On 29 January 2020, the Company announced the cash exit offer in relation to the proposed delisting of the Depository Shares from the SGX-ST ("**Delisting**") pursuant to a composite scheme of arrangement under Sections 230 to 232 read with Section 66 of the Indian Companies Act, between Meghmani Organics Limited ("**Company**"), Meghmani Organochem Limited, Meghmani Finechem Limited and each of their respective shareholders and creditors ("**Scheme**"), to restructure its existing business divisions to create enhanced values for the benefit of its Shareholders. A copy of the Scheme Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 The Board of Directors seeks Shareholders' approval in respect of the resolution to be proposed at the Scheme Meeting to approve the Scheme ("**Scheme Resolution**"). The Scheme Meeting will be held on 28 January 2021 at 12.30 p.m. (Singapore Time) in accordance with the directions issued by the National Company Law Tribunal, Ahmedabad Bench ("**NCLT**"), by Video Conferencing (VC) or Other Audio Visual Means (OAVM), notice of which is set out on pages 38 to 40 of this Circular.

1.3 The purpose of this Circular is to provide Depository Shares holders with the information relating to, and to seek approval of the Depository Shares holders in respect of the Scheme Resolution.

2. INFORMATION ON THE COMPANY, NEW LISTCO 1 AND NEW LISTCO 2

2.1 Company

The Company was incorporated in India on 2 January 1995 and together with its subsidiaries (collectively "**Group**") are principally engaged in the manufacture and sale of pigments and agrochemical products, trading in chemical products and manufacture and sale of Chloro-Alkali and its derivatives.

The Company has listing status on three (3) international bourse, namely, primary listing on the SGX-ST since August 2004 (on which Depository Shares are traded) and secondary listing on National Stock Exchange of India Limited ("**NSE**") since June 2007 and BSE Limited ("**BSE**") since June 2007 (collectively the "**Indian Stock Exchanges**") (on which Equity Shares of the Company are traded).

The Company's share capital comprises Equity Shares of Re. 1 each. The Equity Shares are listed, traded and quoted on the Indian Stock Exchanges. For purpose of listing, trading and quotation on SGX-ST, the Equity Shares are packaged as Depository Shares, which represent ownership interests in Equity Shares, and are evidenced by a global Depository Share issued by DBS Nominees (Private) Limited ("**Foreign Depository Bank**"). The Equity Shares underlying the Depository Shares are in turn kept with DBS Bank India Limited ("**Custodian**").

As at the Latest Practicable Date, the Company has issued an aggregate of 254,314,211 Equity Shares of Re. 1 each fully paid up, which are listed on the Indian Stock Exchanges. This includes 24,924,880 Depository Shares, representing ownership in 12,462,440 Equity Shares (as each Depository Share is equivalent to 0.5 Equity Share), which are listed and outstanding on the SGX-ST, and constitute approximately 4.90% of the total number of issued Equity Shares.

The Equity Shares listed on the NSE and BSE are fungible. The Equity Shares are traded on NSE and BSE at almost the same price subject to negligible differences. However, the price of the Equity Shares on the Indian Stock Exchanges and the price of the Depository Shares on the SGX-ST are independent as currency, trading volumes and other various factors are different. Depository Shares holders have the same rights as Equity Shares holders, and are entitled to vote in general meetings of the Company via giving instructions to the Foreign Depository Bank, which will attend such general meetings to observe the proceedings as well as vote in accordance with the instructions of the Depository Shares holders.

2.2 **New ListCo 1**

Meghmani Organochem Limited ("**New ListCo 1**") was incorporated in India on 15 October 2019 and is a wholly-owned subsidiary of the Company.

New ListCo 1 has been incorporated for the purposes of carrying on the Agrochemical and Pigment Business of the Company (further details of which are set out in paragraph 3.1 of this Circular) following the Demerger (further details of which are set out in paragraph 3.2 of this Circular) pursuant to the Scheme.

As at the Latest Practicable Date, New ListCo 1 has issued an aggregate of 50,000 equity shares of Rs. 10 each fully paid up.

<u>Management of New ListCo 1</u>

The board of directors of New ListCo 1 consists of five (5) non-executive directors, comprising Mr Jayantilal Patel, Mr Ashishbhai Soparkar, Mr Natwarlal Patel, Mr Rameshbhai Patel and Mr Anandhbai Patel, all of whom are also Directors of the Company.

Mr Jayantilal Patel and Mr Ashishbhai Soparkar each has more than 45 years experience in the dyes and pigments industry and more than 25 years experience in the agrochemicals industry. Mr Natwarlal Patel and Mr Rameshbhai Patel each has more than 42 years experience in the dyes and pigments industry and more than 26 years experience in the agrochemicals industry. Mr Anandhbhai Patel has more than 18 years experience in the pigments industry.

The management team of New ListCo 1 has a combined experience of more than 208 years in the pigments industry and more than 102 years in the agrochemicals industry. The management team have been instrumental in setting the business direction for the

Agrochemical and Pigment Business of the Company since incorporation, and they will continue to guide New ListCo 1 in the expansion of the Agrochemical and Pigment Business with their experience and technical expertise.

2.3 **New ListCo 2**

Meghmani Finechem Limited ("**New ListCo 2**") was incorporated in India on 11 September 2007 and is a 57.16% material subsidiary of the Company.

New ListCo 2 is engaged in the manufacture and sale of Chloro-Alkali and its derivatives ("**Chloro-Alkali and its Derivatives Business**").

As at the Latest Practicable Date, New ListCo 2 has issued an aggregate of 252,112,985 shares, comprising 210,919,871 optionally convertible and redeemable preference shares of Rs. 10 each fully paid up ("**OCRPS**") and 41,193,114 equity shares of Rs. 10 each fully paid up. The OCRPS is issued to the Company. The equity shares of New ListCo 2 are held by the Company (57.16%) and the remaining 42.84% shareholding of New ListCo 2 is held by 21 individual shareholders, which includes the Directors of the Company as set out in paragraph 6.1 of this Circular and their family members.

<u>Management of New ListCo 2</u>

The board of directors of New ListCo 2 consists of Mr Maulik Patel (Chairman and Managing Director), Mr Kaushal Soparkar (Managing Director and CEO), Mr Ankit Patel (Whole-time/Executive Director), Mr Karana Patel (Whole-time/Executive Director), Mr Darshan Patel (Whole-time/Executive Director), Mr Balkrishna Thakkar (Independent Director), Ms Nirali Parikh (Independent Woman Director) and Mr Manubhai Patel (Independent Director).

Mr Maulik Patel has experience of around 14 years in the Caustic-Chlorine & its derivative industry. Mr Kaushal Soparkar, Mr Ankit Patel and Mr Darshan Patel each has 13 years of experience in the chemical industry. Mr Karana Patel has 8 years of experience in the agrochemicals industry. Mr Balkrishna Thakkar is a practicing chartered accountant having more than 45 years of experience in the audit and taxation field. Ms Nirali Parikh has 6 years of experience as a financial advisor and visiting lecturer in the field of finance and marketing. Mr Manubhai Patel was associated with the Zydus group of companies as Chief Financial Officer for 37 years and has in-depth experience and expertise in the field of foreign exchange, treasury and credit management.

2.4 **Prospects, Future Plans and Risk Factors of the Company, New ListCo 1 and New ListCo 2**

The COVID-19 pandemic has been ongoing for several months, with the number of cases still rising in many parts of the world, causing unprecedented global disruption. The operations of the Group were impacted due to shutdown of plants and offices following a nationwide lockdown. The Group continues with its operations in a phased manner in line with directives from the authorities. Following the Group's evaluation of the impact of COVID-19 on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions, there was no material impact and adjustments required on its financial results as at the end of its latest financial year as at 31 March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Group continues to monitor any material changes to future economic conditions and its impact (if any).

The Group expects a rising export contribution from Indian companies to the global agrochemical industry attributable to the ongoing US-China trade war and the advanced pesticide technical and formulation research capabilities of Indian companies. In addition, given the current rising raw material prices from China, the Group's backward integrated facilities puts for the agrochemical industry puts it in an advantageous position.

World demand for pigment products is expected to grow steadily, driven primarily by increasing demand from various applications such as packaging inks, textiles, paints and coatings, construction, and plastics. The changes happening in the Chinese chemical industry is likely to provide potential for the growth of exports of pigment products to the USA, Germany, China, Brazil, Italy and others. In India, the domestic economy is on a strong growth path. This growth is expected to result in increased consumption of products which use pigments.

The Group also expects more opportunities for its Chloro-Alkali and its Derivatives Business, driven by the increased application of Alkalis products as basic building blocks in aluminium, paper, textile and plastic industries.

Notwithstanding the above, the Group's short-term challenges include continuing to perform in markets that are doing well, and managing costs efficiently for the more challenging markets in the meantime. Nevertheless, the Group is confident that its adaptable operations are more than adept to combat the near to mid-term market uncertainties.

The Group plans to diversify the Agrochemical and Pigment Business further with the addition of new pigments. For example, regulatory approvals and infrastructure have been put in place for expansion in the pigment division at the Group's Dahej facility. The strategy of New ListCo 1 is to continue to focus on strengthening the domestic presence of the Agrochemical and Pigment Business and to enhance the global market share of the Agrochemical and Pigment Business by tapping the prevailing market opportunities in growing end-user industries.

The Group plans to expand the Chloro-Alkali and its Derivatives Business by a planned capital expenditure of Rs 10.35 billion involving multiple projects. Such projects include (i) a Chloromethane project commissioned in Q1 of FY2020 which enables the in-house accessibility of Chlorine to improve cost-optimization and higher profitability, (ii) a Hydrogen Peroxide project which is likely to be commissioned in Q2 of FY2021 as Hydrogen Peroxide is widely used in the pharma and agrochemicals industry and (iii) a Caustic Soda capacity expansion to increase the captive power plant capacity. In addition, the Group has plans for setting up India's first Epichlorohydrin project and a new CPVC Resin project.

The discussion on the prospects and future plans of the Group as set out above are subject to certain risks. Please refer to Appendix III of this Circular entitled "Risk Factors" for further details.

3. SCHEME

3.1 Overview

The Scheme comprises mainly as follows:

(a) the demerger of the business, assets and undertakings of the Company pertaining to the manufacture and sale of pigments and agrochemical products, including OCRPS issued by the New ListCo 2 to the Company ("**Agrochemical and Pigment Business**") and its transfer into New ListCo 1 ("**Demerger**") in consideration of which New ListCo 1 will issue and allot new shares to the Shareholders in proportion to their respective shareholdings;

(b) the amendment of the terms of the OCRPS issued by New ListCo 2 and held by the Company;

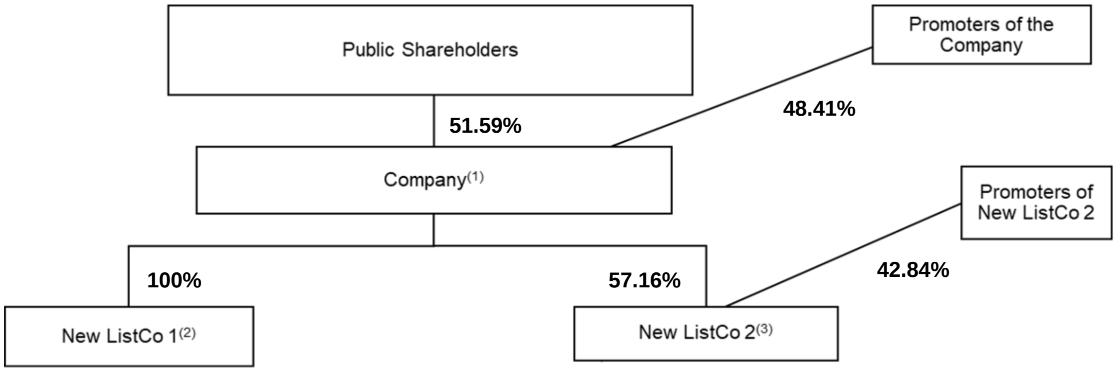
(c) the amalgamation of the business, assets, liabilities and undertakings of the Company pertaining to trading in chemical products which has synergy with Chloro-Alkali and its Derivatives Business including the Company's investment in the equity shares of New ListCo 2, excluding the Agrochemical and Pigment Business ("**Trading Business**") with New ListCo 2 ("**Amalgamation**"), in consideration of which New ListCo 2 will issue and allot new shares to the Shareholders in proportion to their respective shareholdings;

(d) the automatic dissolution of the Company; and

(e) the cash exit offer to be made to Depository Shares holders in connection with the Delisting of the Depository Shares from the SGX-ST ("**Exit Offer**").

A diagram illustrating the holding structure of the Company before and after the Scheme is as follows:

Before the Scheme



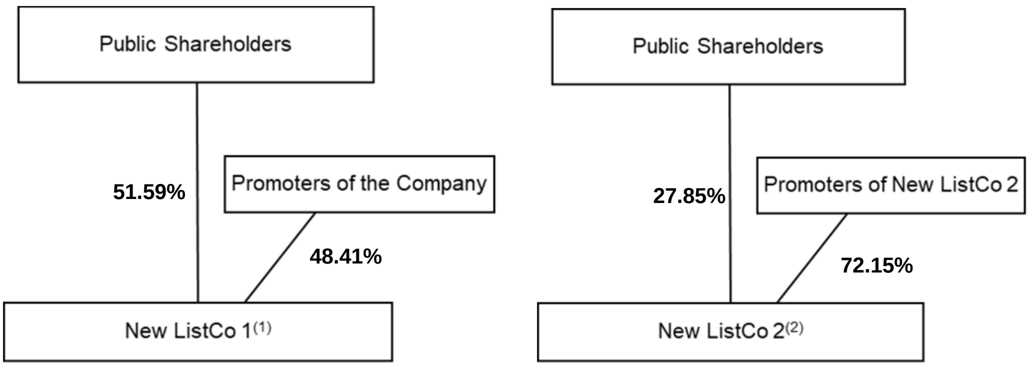
Notes:

(1) The Company carries on the Agrochemical and Pigment Business and Trading Business.

(2) New ListCo 1 currently does not carry on any business.

(3) New Listco 2 carries on the Chloro-Alkali and its Derivatives Business.

After the Scheme



Notes:

(1) New ListCo 1 will carry on the Agrochemical and Pigment Business.

(2) New ListCo 2 will carry on the Chloro-Alkali and its Derivatives Business and Trading Business.

(3) The Company will be automatically dissolved and cease to exist.

3.2 **Demerger**

Pursuant to the Demerger, it is envisaged, amongst others:

(a) the face value of each equity share of New ListCo 1 will be sub-divided from Rs. 10 to Re. 1;

(b) New ListCo 1 shall issue and allot one (1) fully paid up equity share of Re. 1 each in the share capital of New ListCo 1 ("**New ListCo 1 Consideration Shares**") for every one (1) fully paid up Equity Share of Re. 1 each in the share capital of the Company to the Shareholders (including Depository Shares holders) whose name appears in the register of members of the Company on the Record Date. Further, all the equity shares held by the Company in New ListCo 1 shall be cancelled. By way of illustration, a Depository Shares holder which holds 2,000 Depository Shares (representing ownership in 1,000 Equity Shares) will be issued and allotted 1,000 New ListCo 1 Consideration Shares; and

(c) New ListCo 1 Consideration Shares shall be listed and admitted to trading on the Indian Stock Exchanges, pursuant to the Scheme and in compliance with the applicable regulations and the requirements of Securities and Exchange Board of India ("**SEBI**").

3.3 **Amendment of the terms of the OCRPS**

3.3.1 OCRPS of Rs. 2,109,198,710 were issued by New ListCo 2 to the Company pursuant to the order passed by the NCLT dated 11 February 2019 under the scheme of arrangement amongst Meghmani Agrochemicals Private Limited (a then wholly owned subsidiary of the Company) ("**MAPL**") and New ListCo 2 and their respective shareholders and creditors. In the aforesaid scheme of arrangement, MAPL was merged into New ListCo 2. Pursuant to the merger, New ListCo 2 issued the OCRPS to the shareholders of MAPL being the Company. As at the date hereof, the OCRPS has not been redeemed.

3.3.2 Upon the Scheme taking effect, the terms of the OCRPS (which form part of the Agrochemical and Pigment Business) shall be amended such that the terms relating to compulsory conversion of OCRPS into equity shares of New ListCo 2 if redemption of the OCRPS does not take place within 20 years are removed. The reason for such amendment of the terms of the OCRPS is to avoid any cross holdings of equity shares or convertible securities between New ListCo 1 and New ListCo 2 as pursuant to the Scheme, each entity will be independently listed on the Indian Stock Exchanges. Accordingly, the OCRPS are converted into redeemable preference shares ("**RPS**") which have the following terms:

Particulars	RPS	OCRPS
Face value	Rs. 10 per share	Rs. 10 per share
Dividend rate	8% p.a.	8% p.a.
Accumulation of dividend	Cumulative	Cumulative
Tenure	Redeemable at any time within a period of 20 years from the date of allotment[1]	Redeemable or Convertible at any time within a period of 20 years from the date of allotment
Right to exercise the option of redemption	New ListCo 2 shall have the right to exercise the option of early redemption	New ListCo 2 shall have the right to exercise the option of early redemption
Redemption terms	RPS shall be redeemed at the face value	In case redemption does not happen within 20 years, it will be compulsorily converted into equity shares as per conversion formula mentioned below
Conversion Terms	-	Conversion Formula: Number of equity shares to be issued = 10 equity shares for every 125 OCRPS Redemption Value:

[1] In the event that the RPS are not redeemed after 20 years, the right of New ListCo 2 to redeem the RPS will lapse.

		OCRPS shall be redeemed at face value

The conversion of OCRPS to RPS will not have a material impact on the valuation of the Company and will not have a material impact on the Group financially.

3.4 **Amalgamation of Trading Business of the Company with New ListCo 2**

Pursuant to the Amalgamation, it is envisaged, amongst others:

(a) the Trading Business of the Company will by operation of law be owned by New ListCo 2;

(b) New ListCo 2 shall issue and allot 94 fully paid up equity shares of the face value of Rs. 10 each in the share capital of New ListCo 2 ("**New ListCo 2 Consideration Shares**") for every 1,000 fully paid up Equity Share of Re. 1 each in the share capital of the Company, fractional entitlements of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer, to the Shareholders (including Depository Shares holders) whose name appears in the register of members of the Company on the Record Date. Further, all the equity shares held by the Company in New ListCo 2 shall be cancelled. By way of illustration, a Depository Shares holder which holds 2,000 Depository Shares (representing ownership in 1,000 Equity Shares) will be issued and allotted 94 New ListCo 2 Consideration Shares, while a Depository Shares holder which holds 1,200 Depository Shares (representing ownership in 600 Equity Shares) will be issued and allotted 56 New ListCo 2 Consideration Shares after rounding; and

(c) New ListCo 2 Consideration Shares shall be listed and admitted to trading on the Indian Stock Exchanges, pursuant to the Scheme and in compliance with the applicable regulations and the requirements of SEBI.

3.5 **Dissolution of the Company**

On the Scheme becoming effective in accordance with its terms, the Company shall be dissolved automatically in accordance with the provisions of Sections 230 to 232[2] of the Indian Companies Act.

3.6 **Cash Exit Offer in connection with Delisting of the Depository Shares from the SGX-ST**

Details of the cash Exit Offer to be made by the Company in connection with the Delisting of the Depository Shares from the SGX-ST are set out in paragraph 4 below.

3.7 **Rationale for the Scheme**

The Scheme will result in the following benefits:

(a) It would create enhanced value for the Shareholders through potential unlocking of value through listing of both the businesses (i.e. "Agrochemical and Pigment Business" and "Chloro-Alkali and its Derivatives Business") on the Indian Stock Exchanges. Chloro-Alkali and its Derivatives Business is currently carried on by the unlisted subsidiary of the Company, being New ListCo 2.

(b) The restructuring would allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with New ListCo 1 and New ListCo 2.

[2] Section 232(3)(d) of the Indian Companies Act, which facilitates transfer of the entire business of a transferor company to a transferee company(ies), provides for the Company to dissolve automatically without winding up.

(c) Since both the businesses (i.e. "Agrochemical and Pigment Business" and "Chloro-Alkali and its Derivatives Business") are having separate growth trajectories, the Scheme would enable both the businesses to pursue their growth opportunities and offer investment opportunities to potential investors.

(d) The Scheme would enable the Company to delist its Depository Shares listed on SGX-ST. Currently, the Depository Shares holders hold approximately 4.90% of the total number of issued Equity Shares. Further, the Depository Shares are thinly traded on the SGX-ST. The Delisting of the Depository Shares from the SGX-ST will enable the Company to cut down substantial administrative and compliance costs. On the other hand, Depository Shares holders would also be able to exit at a substantial premium as compared to the market price of the Depository Shares quoted on the SGX-ST.

(e) The Scheme would provide opportunity to the Shareholders of the Company to directly participate in Chloro-Alkali and its Derivatives Business through New ListCo 2.

(f) The Scheme would enable Shareholders to hold investments in the businesses with different investment characteristics, which best suit their investment strategies and risk profiles.

(g) The Scheme would enable management to have a greater and enhanced focus on the management of Chloro-Alkali and its Derivatives Business for exploiting opportunities.

3.8 **Conditions Precedent of the Scheme**

The Scheme is subject to the fulfilment or waiver (as the case may be) of the following conditions precedent ("**Scheme Conditions**"):

(a) approvals of all the Indian governmental and regulatory authorities, including the SEBI, NCLT, Reserve Bank of India ("**RBI**") and the Indian Stock Exchanges ("**Indian Regulatory Authorities**");

(b) approval-in-principle ("**AIP**") from the SGX-ST for the Scheme and Delisting;

(c) approval of the Scheme Resolution[3] by (i) three-fourths in value and majority in number of Shareholders, voting in person or by proxy at the Scheme Meeting; and (ii) the majority of the public shareholders (as defined under Rule 2 of the Securities Contract (Regulations) Rules, 1957 of India) of the Company as required by SEBI; and

(d) sanction of the Scheme by NCLT, and lodgement of the vesting order of the NCLT dated 2 December 2020 sanctioning the Scheme ("**NCLT Order**") with the Indian Registrar of Companies.

The Scheme becomes effective upon the later of: (i) the last of the Scheme Conditions being satisfied, or (ii) the completion of filing of all necessary authenticated or certified copies of the NCLT Order with the Indian Registrar of Companies by the Company, New ListCo 1 and New ListCo 2, whereupon it shall be deemed to come into legal operation on 1 April 2020 (or such date as may be fixed or approved by the NCLT or such other competent authority).

As at the Latest Practicable Date, only the Scheme Condition under paragraph 3.8(b) has been satisfied. Further details in relation to the satisfaction of the Scheme Condition under paragraph 3.8(b) is set out in paragraph 3.9 of this Circular.

3.9 **SGX-ST approval in-principle**

[3] As Rule 1308(2) of the Listing Manual of the SGX-ST, which provides that Rule 1307 does not apply to a delisting pursuant to a scheme of arrangement, is applicable, none of the Shareholders will need to abstain from voting on the Scheme Resolution.

On 6 September 2019, the Company received the AIP in respect of the Scheme and the Delisting, subject to the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) successful listing of New ListCo 1 and New ListCo 2 on the Indian Stock Exchanges;

(c) appointment of an independent financial adviser based in Singapore and licensed by the Monetary Authority of Singapore opining that the Guaranteed Amount offered to the Depository Shares holders is fair and reasonable; and

(d) the Company holding an information meeting for Depository Shares holders in Singapore ahead of the Scheme Meeting in India and making arrangements such as video conferencing or webcast to enable Depository Shares holders to follow the proceedings during the Scheme Meeting in India.

3.10 **Scheme Document**

Depository Shares holders should read this Circular in conjunction with the Scheme Document which sets out the full terms and conditions of the Scheme in compliance with Sections 230 to 232 read with Section 66 of the Indian Companies Act. In the event of any inconsistency or conflict between the terms of this Circular and the Scheme Document, the terms set out set out in the Scheme Document shall prevail.

4. CASH EXIT OFFER IN RELATION TO DELISTING OF DEPOSITORY SHARES FROM THE SGX-ST

As the Scheme will result in the cessation of the Company and the Delisting of the Depository Shares from the SGX-ST, the Company will comply with Rule 1309 of the Listing Manual of the SGX-ST ("**Listing Manual**"), which provides that if an issuer is seeking to delist from the SGX-ST:

(a) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must (i) be fair and reasonable; and (ii) include a cash alternative as the default alternative; and

(b) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

Rule 1307 of the Listing Manual which provides that the SGX-ST may agree to an application by an issuer to delist from the SGX-ST if:

(a) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and

(b) the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Offeror Concert Party Group must abstain from voting on the resolution,

does not apply to the Company in the context of the Delisting via the Scheme, pursuant to Rule 1308(2) of the Listing Manual of the SGX-ST which provides that Rule 1307 does not apply to a delisting pursuant to a scheme of arrangement.

4.1 **Cash Alternative**

Accordingly, the Company will provide a cash alternative to Depository Shares holders who do not wish to receive New ListCo 1 Consideration Shares and New ListCo 2 Consideration Shares (collectively, "**Consideration Shares**") by appointing the Custodian to give instructions to a broker to dispose all of their Consideration Shares on the secondary market upon listing of the same on the Indian Stock Exchanges, and paying the net proceeds from such disposal to the Foreign Depository Bank for further distribution to the Cash Electors (as defined in paragraph 4.2 of this Circular) in the same proportion as their entitlements after the deduction of all costs and expenses incurred in such disposal which will be borne by the Cash Electors on a pro-rata basis ("**Disposal Proceeds**"). For the avoidance of doubt, Depository Shares holders are not allowed to opt to dispose either of the New ListCo 1 Consideration Shares or the New ListCo 2 Consideration Shares only and all of their Consideration Shares will be disposed, and none of the Company, New ListCo 1 or New ListCo 2 will be bearing the costs incurred in relation to such disposal. The net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax (as defined in paragraph 4.2 of this Circular) will be determined and paid to the Cash Electors.

In the event the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is less than S$0.72 per Depository Share ("**Guaranteed Amount**"), each of New ListCo 1 and New ListCo 2 undertakes to and will jointly and severally pay to the Cash Elector the difference, such that the Cash Elector will receive the Guaranteed Amount, in compliance with Rule 1309 of the Listing Manual which requires the Exit Offer to be fair and reasonable. Please refer to paragraph 4.3 of the Circular for details in relation to the Guaranteed Amount.

4.2 **Election Form and Tax Documents**

Depository Shares holders as at the Record Date to be announced will be entitled, at their election, after the Scheme has taken effect and the shares of New ListCo 1 and New ListCo 2 are listed, traded and quoted on the Indian Stock Exchanges, to dispose all of their Consideration Shares on the secondary market of the Indian Stock Exchanges and receive the net Disposal Proceeds.

The relevant form of election of Disposal Proceeds will be sent to Depository Shares holders in due course after the Scheme has taken effect and the shares of New ListCo 1 and New ListCo 2 have been listed, traded and quoted on the Indian Stock Exchanges ("**Election Form**"). A Depository Shares holder who wishes to make such election must do so within 60 calendar days ("**Election Period**") from the date of listing of the shares of New ListCo 1 and New ListCo 2 on the Indian Stock Exchanges.

Depository Shares holders who wish to elect to receive the Disposal Proceeds must deliver to the Company the following documents (collectively "**Tax Documents**") together with the Election Form, within the Election Period:

(a) a declaration in the prescribed form stating that they do not have any business connection with or permanent establishment in India and they hold such shares as capital assets and not as business assets.

This form will be sent to Depository Shares holders together with the Election Form;

(b) Form 10F, being a declaration in a form prescribed by the Indian tax authorities stating that they reside in Singapore and is therefore covered under the Double Taxation Avoidance Agreement made between Singapore and India.

This form will also be sent to Depository Shares holders together with the Election Form;

(c) a certificate of tax residency from the Inland Revenue Authority of Singapore ("**IRAS**").

This certificate may be obtained by the Depository Shares holders by applying online at *www.iras.gov.sg*; and

(d) such other forms as notified by Indian tax authority from time to time, (each a "**Cash Elector**").

The Tax Documents are required as Indian tax authorities would otherwise impose withholding tax of up to 43.68% (for a corporate entity) and 35.88% (for an individual) on the Disposal Proceeds, or such other rates as per the prevailing income tax laws in India.

With the Tax Documents, the withholding tax will be significantly reduced to 10.92% (for a corporate entity) and 11.96% (for an individual), or such other rates as per the prevailing income tax laws in India ("**Relevant Withholding Tax**").

Cash Electors who fail to deliver the Tax Documents will not receive any Disposal Proceeds and will instead receive the Consideration Shares. Depository Shares holders with any query / requiring any assistance in relation to submission of the Tax Documents may contact the Company by emailing ir@meghmani.com.

4.3 **Guaranteed Amount**

After the close of the Election Period, the Company will proceed to effect the disposal of the Consideration Shares within 60 calendar days ("**Disposal Period**") of the close of the Election Period. The net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax will be determined and paid to the Cash Electors within 12 business days of the close of the Disposal Period.

In the event the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is less than the Guaranteed Amount of S$0.72 per Depository Share, each of New ListCo 1 and New ListCo 2 undertakes to and will jointly and severally pay to the Cash Elector the difference, such that the Cash Elector will receive the Guaranteed Amount, in compliance with Rule 1309 of the Listing Manual which requires the Exit Offer to be fair and reasonable.

None of New ListCo 1 and New ListCo 2 will be liable for any such top up where the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is equal to or more than the Guaranteed Amount, as the Cash Electors will retain such excess proceeds in such an event.

The Guaranteed Amount of S$1.44 per Equity Share (or the Guaranteed Amount of S$0.72 per Depository Share) represents a premium over the NAV per Share of the Company based on its latest audited financials as at 31 March 2020 and the exchange rate as at the Latest Practicable Date, further details of which are set out in Section 6.2 of the IFA Letter.

The Guaranteed Amount of S$0.72 per Depository Share represents a premium over the current trading prices of the Depository Shares as at the Latest Practicable Date. The Guaranteed Amount represents the following premia over certain historical market prices of the Depository Shares as set out below:

	Description	**Depository Share Price(1)(2) (S$)**	**Premium of Guaranteed Amount over the Depository Share Price (%)**
(a)	Last traded price of the Depository Shares on the SGX-ST on 28 January 2020, being the last market day on which the Depository Shares were traded on the SGX-ST prior to the meeting of the Directors to approve the Scheme Announcement ("**Last Market Day**")	0.580	24.1
(b)	Volume weighted average price ("**VWAP**") for the 1-month period up to and including the Last Market Day	0.507	42.0

	Description	Depository Share Price(1)(2) (S$)	Premium of Guaranteed Amount over the Depository Share Price (%)
(c)	VWAP for the 3-month period up to and including the Last Market Day	0.476	51.3
(d)	VWAP for the 6-month period up to and including the Last Market Day	0.514	40.1
(e)	VWAP for the 12-month period up to and including the Last Market Day	0.524	37.4

Notes:

(1) Rounded to the nearest three (3) decimal places.

(2) The figures set out in this paragraph are based on the daily adjusted VWAP, as extracted from Bloomberg L.P. as at the Last Market Day.

The highest and lowest closing prices of the Depository Shares on the SGX-ST (as reported by Bloomberg L.P.) during the twelve month period up to and including the Last Market Day are S$0.68 and S$0.42, respectively. The Guaranteed Amount represents a premium of 5.9% over such highest closing price and a premium of 71.4% over such lowest closing price.

Further details, including detailed reasons on how the Guaranteed Amount is fair and reasonable, is set out in paragraph 7.2 of the Circular.

Independent Valuation

In connection with the Exit Offer, the Company has commissioned Vivro Financial Services Private Limited ("**Independent Valuer**") to undertake an independent valuation of the Equity Shares ("**Independent Valuation**").

In arriving at the Independent Valuation, the Independent Valuer had adopted the market approach, which is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities, such as a business. The Independent Valuer had determined that the market approach was most suitable to reflect the Independent Valuation of the Equity Shares as the Equity Shares were considered frequently traded on the NSE and in accordance with regulations of the SEBI, frequently traded shares are valued as per market price methods.

The detailed approach adopted by the Independent Valuer is set out below:

Approach adopted by Independent Valuer	Weightage (%)	Value per Share (Rs)
Based on the VWAP of the Shares on NSE for a period of 60 trading days immediately preceding the relevant date on 28 January 2020	50.0	58.18
Higher of: (i) the average of the weekly high and low of the VWAP of the Shares on NSE during the 26 weeks preceding the relevant date on 28 January 2020; or (ii) the 2 weeks preceding the relevant date on 28 January 2020	50.0	63.21
Weight average valuation		**60.70**

The Independent Valuer had arrived at an Independent Valuation of Rs 60.70 per Share as at the 28 January 2020, being the Market Day immediately preceding the date of the Scheme

Announcement. Based on an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date, the Independent Valuation is approximately S$1.10 per Share, and the Guaranteed Amount per Equity Share of S$1.44 represents a premium of 30.9% over the Independent Valuation of the Equity Share.

Depository Shares holders should read the valuation report dated 16 October 2020 ("**Valuation Report**") issued by the Independent Valuer carefully, in particular, the terms of reference, key assumptions and critical factors. A copy of the Valuation Report is appended to this Circular as Appendix II.

Non-Applicability of the Singapore Code on Take-overs and Mergers

The Company has consulted the Securities Industry Council on the applicability of the Singapore Code on Take-overs and Mergers and has been guided that the said code does not apply in the context of the Scheme as it does not involve the acquisition of voting rights nor is there an identifiable offeror.

4.4 Consideration Shares

Depository Shares holders who do not wish to elect to receive any Disposal Proceeds and instead wish to receive all their relevant Consideration Shares need not fill in the Election Form nor provide any Tax Documents, as they will automatically receive the Consideration Shares, which will be held by the Custodian on behalf of the Depository Shares holders. As the Consideration Shares are held by the Custodian, any trading of the Consideration Shares will be effected by the Custodian and not the individual Depository Shares holders.

To facilitate implementation of the Scheme, the Company will temporarily suspend any deposit of Equity Shares of the Company for the creation of Depository Shares until the completion or lapsing of the Scheme (as applicable).

5. FINANCIAL EFFECTS

The financial effects of the Scheme on the net tangible assets ("**NTA**") per Equity Share and the earnings per Equity Share ("**EPS**") of the Group, New ListCo 1 and New ListCo 2 are set out below.

The financial effects which have been prepared based on the Group's audited consolidated financial statements for the most recently completed financial year ended 31 March 2020 ("**FY2020**"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group, New ListCo 1 and New ListCo 2 after the Scheme.

5.1 Share Capital

	Before the Scheme	After the Scheme	
	Company(1)	New ListCo 1	New ListCo 2
Authorised equity share capital (Rs)	370,000,000	255,000,000	5,731,287,960(2)
Number of issued equity shares	254,314,211	254,314,211	41,552,665(3)
Paid up share capital (Rs)	254,314,211	254,314,211	415,526,650

Notes:

(1) The Company is automatically dissolved pursuant to the Scheme and ceases to exist thereafter.

(2) Includes preference share capital of Rs. 4,526,287,960.

(3) Pursuant to the Amalgamation, all the equity shares held by the Company in New ListCo 2 will be cancelled and new equity shares in New ListCo 2 will be issued to Shareholders based on the exchange ratio of 94 equity shares of New ListCo 2 for every 1,000 Equity Shares of the Company.

5.2 **NTA**

For illustrative purposes only, the NTA as at 31 March 2020, assuming the Scheme takes effect on such date, would be as follows:

	Before the Scheme	After the Scheme	
	Group	New ListCo 1	New ListCo 2
NTA (SGD '000[4])	214,753[1]	170,406	78,661
Number of equity shares	254,314,211	254,314,211	41,552,665[2]
NTA per Equity Share (SGD[4])	0.84	0.67	1.89
NTA per 1,000 Equity Shares (SGD[4])	844	670	178[3]

Notes:

(1) This refers to NTA attributable to Shareholders which is calculated based on NTA less non-controlling interests. Before the Scheme, the NTA attributable to non-controlling interests is S$34,314,000. After the Scheme, there is no NTA attributable to non-controlling interests since the holding-subsidiary relationship between the Company and New ListCo 2 ceases to exist after the Scheme. For the avoidance of doubt, the NTA attributable to Shareholders both before the Scheme (on a consolidated basis) and after the Scheme (in respect of both New ListCo 1 and New ListCo 2) is S$253,506,000.

(2) Pursuant to the Amalgamation, all the equity shares held by the Company in New ListCo 2 will be cancelled and new equity shares in New ListCo 2 will be issued to Shareholders based on the exchange ratio of 94 equity shares of New ListCo 2 for every 1,000 Equity Shares of the Company.

(3) The NTA of New ListCo 2 per 1,000 Equity Shares of the Company of S$178 is derived by multiplying S$1.89 with 94, based on the exchange ratio of 94 equity shares of New ListCo 2 for every 1,000 Equity Shares of the Company.

(4) Based on an exchange rate of S$1.00 : Rs 55.16 as at the Latest Practicable Date.

5.3 **EPS**

For illustrative purposes only, the EPS for FY2020, assuming the Scheme takes effect from 1 April 2019, would be as follows:

	Before the Scheme	After the Scheme	
	Group	New ListCo 1	New ListCo 2
Net profit attributable to Shareholders (SGD '000 [4])	43,536[1]	31,692	20,704
Weighted average no. of equity shares used in the computation of basic EPS	254,314,211	254,314,211	41,552,665[2]
Basic EPS (SGD[4])	0.17	0.12	0.50

EPS per 1,000 Equity Shares (SGD[4])	171	125	47[3]

Notes:

(1) This refers to net profit attributable to Shareholders which is calculated based on net profit less non-controlling interests. Before the Scheme, the net profit attributable to non-controlling interests is S$8,859,000. After the Scheme, there is no net profit attributable to non-controlling interests since the holding-subsidiary relationship between the Company and New ListCo 2 ceases to exist after the Scheme. For the avoidance of doubt, the net profit attributable to Shareholders both before the Scheme (on a consolidated basis) and after the Scheme (in respect of both New ListCo 1 and New ListCo 2) S$52,396,000.

(2) Pursuant to the Amalgamation, all the equity shares held by the Company in New ListCo 2 will be cancelled and new equity shares in New ListCo 2 will be issued to Shareholders based on the exchange ratio of 94 equity shares of New ListCo 2 for every 1,000 Equity Shares of the Company.

(3) The EPS of New ListCo 2 per 1,000 Equity Shares of the Company of S$47 is derived by multiplying S$0.50 with 94, based on the exchange ratio of 94 equity shares of New ListCo 2 for every 1,000 Equity Shares of the Company.

(4) Based on an exchange rate of S$1.00 : Rs 55.16 as at the Latest Practicable Date.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1 Directors' and Substantial Shareholders' shareholdings in the Company

The table below sets out the Directors' and Substantial Shareholders' interests in the Company as at the Latest Practicable Date.

	As at the Latest Practicable Date[(1)]			
	Number of Equity Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**%[(1)]**
Directors				
Mr Jayantilal Patel	18,024,390	10,571,137	28,595,527	11.24
Mr Ashishbhai Soparkar	25,440,396	24,91,540	27,931,936	10.98
Mr Natwarlal Patel	20,739,850	11,811,380	32,551,230	12.80
Mr Rameshbhai Patel	15,885,567	5,115,451	21,001,018	8.26
Mr Anandbhai Patel	7,893,200	34,95,105	11,388,305	4.48
Substantial Shareholders (other than Directors)				
Nil	-	-	-	-

<u>Notes</u>:

(1) Based on 254,314,211 issued Equity Shares as at the Latest Practicable Date.

6.2 Interest of Directors and Substantial Shareholders in the Scheme

Save as disclosed in this Circular and save for their interests arising by way of their shareholdings in the Group and/or directorships in the Group, as the case may be, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Scheme.

7. ADVICE OF THE IFA IN RELATION TO THE EXIT OFFER IN CONNECTION WITH THE SCHEME

7.1 Independent Financial Adviser

Pursuant to the condition set out in paragraph 3.9(c), the Company has appointed RHT Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to opine on whether the Guaranteed Amount of S$0.72 per Depository Share offered to the Depository Shares holders is fair and reasonable. A copy of the IFA Letter dated 28 December 2020 is set out in Appendix I of this Circular. Depository Shares holders are advised to read and consider the IFA Letter in its entirety.

7.2 IFA's Advice

Information relating to the advice of the IFA to the Directors in relation to the Exit Offer in connection with the Scheme and the key factors it has taken into consideration have been extracted from Section 7 of the IFA Letter (and reproduced below), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated. Depository Shares holders are advised to read the following extract in conjunction with, and in the context of the full text of the IFA Letter.

"***Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Exit Offer are, on balance, FAIR AND REASONABLE.***

We wish to highlight that as each Depository Share is equivalent to 0.5 Share, this translates the Guaranteed Amount of S$0.72 per Depository Share into S$1.44 per Share. We have used the Guaranteed Amount of S$0.72 when we make references to Depository Shares and S$1.44 when making references to Shares. For instance, references to the Guaranteed Amount of S$0.72 are made when comparing against, inter alia, trading prices of the Depository Shares on the SGX-ST while references to S$1.44 per Share are made when comparing against, inter alia, the NAV per Share. ***Shareholders should refer to the Guaranteed Amount of S$0.72 for each Depository Share when considering whether or not to accept the Exit Offer.***

We consider the financial terms of the Exit Offer, on balance, to be ***FAIR****, after taking into consideration the following factors:*

(a) Market quotation and trading liquidity of the SDS:

<u>*Market quotation of the SDS*</u>

(i) The Guaranteed Amount represents a premium of approximately 24.1% over the VWAP of the Depository Shares of S$0.58 on 14 January 2020, being the Last Traded Day before the release of the Announcement;

(ii) the Guaranteed Amount represents a premium of approximately 42.0%, 51.6%, 40.1% and 37.4% over the VWAPs of the Depository Shares for 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the Announcement respectively;

(iii) during the Period Under Review prior to the release of the Announcement, the Depository Shares have traded between a low of S$0.42 and a high of S$0.68. The Guaranteed Amount represents a premium of S$0.30 (or 71.4%) over the lowest transacted price of the Depository Shares and a premium of S$0.04 (or 5.9%) over the highest transacted price of the Depository Shares;

(iv) the Guaranteed Amount represents a premium of approximately 17.1% over the VWAP of the Depository Shares of S$0.615 for the period after the release of the Announcement to the Latest Practicable Date;

(v) for the period after the release of the Announcement to the Latest Practicable Date, the Depository Shares have traded between a low of S$0.40 and a high of S$0.71. The Guaranteed Amount represents a premium of S$0.32 (or 80.0%) over the lowest transacted price of the Depository Shares and a premium of S$0.01 (or 1.4%) over the highest transacted price of the Depository Shares; and

(vi) the Guaranteed Amount represents a premium of 2.9% over the VWAP of the Depository Shares of S$0.70 as at the Latest Practicable Date.

(b) Independent Valuation:

The Guaranteed Amount per Share of S$1.44 represents a premium of 30.9% over the Independent Valuation of the Share.

(c) Comparison with Comparable Companies:

(i) The P/E ratio of the Group implied by the Guaranteed Amount of 8.4 times is within the range but below the mean and median of the weighted average P/E ratios of the Comparable Companies;

(ii) the EV/EBITDA ratio of the Group implied by the Guaranteed Amount of 5.7 times is within the range but below the mean and median of the weighted average EV/EBITDA ratios of the Comparable Companies;

(iii) the P/NAV ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NAV ratios of the Comparable Companies; and

(iv) the P/NTA ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NTA ratios of the Comparable Companies.

(d) Comparison with Delisting Transactions:

(i) The premium implied by the Guaranteed Amount of 24.1% over the last transacted price of the Depository Shares prior to the Announcement Date is within the range, below the mean but above the median of the corresponding premium of the Delisting Transactions;

(ii) the premium implied by the Guaranteed Amount of 42.0%, 51.6% and 40.1% over the VWAPs for the 1-month, 3-month and 6-month periods up to and including the Last Traded Day prior to the Announcement Date respectively is within the range and above the mean and median of the corresponding premium of the Delisting Transactions; and

(iii) the P/NAV ratio of the Group of 1.7 times as implied by the Guaranteed Amount is within the range of P/NAV ratios of the Selected Comparable Transactions and above the mean and median of P/NAV ratios of the Delisting Transactions.

*We consider the financial terms of the Exit Offer to be, on balance, **REASONABLE**, after taking into consideration the following factors:*

(a) Trading Liquidity of the Depository Shares:

(i) During the Period Under Review prior to the release of the Announcement, the Depository Shares were traded on 31 days out of a total of 261 market days. The average daily trading volume of the Depository Shares for the 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the release of the Announcement represent 0.1%, 0.1%, 0.1% and 0.1% of the free float of the Depository Shares respectively; and

(ii) *for the period after the release of the Announcement and up to the Latest Practicable Date, the average daily trading volume on the Depository Shares was approximately 31,000 Shares, representing 0.2% of the free float of the Depository Shares.*

(b) *The Depository Shares have never closed at or above the Guaranteed Amount during the Period Under Review;*

(c) *the Depository Shareholder has the option of receiving Consideration Shares which are publicly traded and remain as a Shareholder, which allows potential upside returns from capital appreciation of the Consideration Shares and dividends which may be declared on the Consideration Shares;*

(d) *the Guaranteed Amount represents a minimum amount Depository Shareholders may receive, and there are potential upside of the Disposal Proceeds being more than the Guaranteed Amount;*

(e) *the Depository Shares in issue represents only 4.9% of the Company's total issued Shares;*

(f) *the completion of the Scheme will result in the delisting of the Depository Shares on the SGX-ST; and*

(g) *the Company's commentary on the market outlook as set out in the FY2020 financial results of the Company.*

Accordingly, we advise the Directors to recommend that Depository Shareholders ACCEPT the Exit Offer."

8. DIRECTORS' RECOMMENDATIONS

The Board of Directors, having fully considered, *inter alia*, the rationale and the terms of the Scheme, and the advice given by the IFA in the IFA Letter set out in Appendix I of this Circular, are of the opinion that the Scheme is in the best interests of the Company. Accordingly, they recommend that Depository Shares holders vote in favour of the Scheme Resolution to approve the Scheme as set out in the Notice of Scheme Meeting.

In giving the above recommendations, the Directors have not taken into consideration nor had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Depository Shares holder. As different Depository Shares holders would have different investment objectives and profiles, the Directors recommend that any individual Depository Shares holder who may require specific advice in relation to his investment objectives, portfolio and/or Depository Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Information Meeting

Ahead of the Scheme Meeting in India, the Company will be holding an information meeting by electronic means for the Depository Shares holders on 11 January 2021 at 12.00 p.m. (Singapore Time) ("**Information Meeting**").

Depository Shares holders will be able to ask questions at the Information Meeting "live" during the audio-visual webcast or audio-only stream. Depository Shares holders may also send any questions ahead of the Information Meeting to ir@meghmani.com by the cut-off date and time of 6 January 2021 at 12.00 p.m. (Singapore Time).

In order to pre-register for the Information Meeting, Depository Shares holders must follow the following steps:

(1) By emailing Mr Kamlesh Dinkerray Mehta at the following email no later than 12.00 p.m. (Singapore Time) on 6 January 2021: kamlesh.mehta@meghmani.com with your name, email address, NRIC number and contact number.

(2) Upon authentication of their status as Depository Shares holders, authenticated Depository Shares holders will receive email instructions on how to access the webcast and audio feed of the Information Meeting by 8 January 2021.

Depository Shares holders who do not receive an email by 12.00 p.m. (Singapore Time) on 8 January 2021, but who have registered by the registration deadline, should contact the Singapore Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), for assistance at (65) 6236 3550 / 3555 or ir@meghmani.com.

9.2 Arrangements for Scheme Meeting

Arrangements have been put in place to allow Depository Shares holders to participate at the Scheme Meeting in India as follows:

(a) Video Conferencing and Other Audio Visual Means

The Company will conduct the proceedings of the Scheme Meeting through video conferencing or other audio visual means and Shareholders will not be able to attend the Scheme Meeting in person. The video conferencing of the Scheme Meeting is a one-way proceeding, save that during the question and answer session, registered Shareholders will be allowed to ask the chairman of the Scheme Meeting questions. Shareholders may also send any questions ahead of the Scheme Meeting to ir@meghmani.com by the cut-off date and time of 13 January 2021 at 12.30 p.m. (Singapore Time).

Depository Shares holders should refer to the Notice of Scheme Meeting for details on how to participate in the Scheme Meeting. Any queries with regards to attending the Scheme Meeting as an observer should be directed to Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) on or before 13 January 2021 at 12.30 p.m. (Singapore Time) at 80 Robinson Road, #11-02 Singapore 068898 at (65) 6236 3550 / 3555 or ir@meghmani.com.

(b) Voting

Depository Shares holders will not be able to vote online at the Scheme Meeting. Depository Shares holders (whether individual or corporate) must vote by proxy only and appoint **only the Foreign Depository Bank** to act as proxy and direct the vote at the Scheme Meeting. Each Depository Shares holder (whether individual or corporate) appointing the Foreign Depository Bank as proxy must give specific instructions as to his manner of voting, or abstention from voting, failing which the appointment will be treated as invalid.

All Depository Shares holders are encouraged to complete, sign and return the enclosed **Voting Instruction Form** attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach by post to Meghmani Organics Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1597 Singapore 903147, not later than **14 January 2021 at 12.30 p.m. (Singapore Time)**. Depository Shares holders may contact the Singapore Share Registrar at (65) 6236 3550 / 3555 or ir@meghmani.com to request for a hardcopy of the Voting Instruction Form to be sent to an address in Singapore by ordinary post at their own risk, up to three (3) Market Days prior to 14 January 2021.

Depository Shares holders who wish to appoint the Foreign Depository Bank as their proxy should approach their respective relevant intermediaries or agent banks to submit their votes no later than **5 January 2021**, being (7) working days before the cut-off date of the submission of the Voting Instruction Form.

As the Company may make further changes to its Scheme Meeting arrangements as the situation evolves, Depository Shares holders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNet.

9.3 Timetable summary of deadlines for Information Meeting and Scheme Meeting

A timetable summarising the deadlines for the Information Meeting and the Scheme Meeting is set out below:

Date/time	**Event**
5 January 2021	Deadline for Depository Shares holders to appoint Foreign Depository Bank as proxy to submit votes
6 January 2021 at 12.00 p.m. (Singapore Time)	Last date and time to pre-register online to attend the Information Meeting and to send questions for Information Meeting
11 January 2021 at 12.00 p.m. (Singapore Time)	Date and time of Information Meeting
13 January 2021 at 12.30 p.m. (Singapore Time)	Last date and time to pre-register online to attend the Scheme Meeting and to send questions for Scheme Meeting
14 January 2021 at 12.30 p.m. (Singapore Time)	Last date and time for lodgement of Voting Instruction Form
28 January 2021 at 12.30 p.m. (Singapore Time)	Date and time of Scheme Meeting

10. NO DESPATCH OF PRINTED COPIES OF CIRCULAR, NOTICE OF SCHEME MEETING AND VOTING INSTRUCTION FORM

No printed copies of this Circular, the Notice of Scheme Meeting and the Voting Instruction Form in respect of the Scheme Meeting will be despatched to Depository Shares holders.

A copy of this Circular, the Notice of Scheme Meeting and the Voting Instruction Form have been uploaded on SGXNet.

A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet.

Shareholders are advised to read the Circular carefully in order to decide whether they should vote in favour of or against the Scheme Resolution in relation to the Scheme to be tabled at the Scheme Meeting.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Scheme and Delisting, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in Appendix I of this Circular, and the references to its name in the form and context in which it appears in this Circular.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report in Appendix II of this Circular, and the references to its name in the form and context in which it appears in this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time, copies of the following documents will be available at the office of the Singapore Share Registrar at 80 Robinson Road, #11-02, Singapore 068898 for inspection from the date of this Circular up to and including the date of the Scheme Meeting:

(a) the Scheme Document;

(b) the annual report of the Company for FY2020 and unaudited financial statements of the Company for the period ended 30 September 2020;

(c) the IFA Letter as set out in Appendix I of this Circular;

(d) the Valuation Report as set out in Appendix II of this Circular;

(e) the letters of consent referred to in paragraph 12 of this Circular; and

(f) the copies of the observation letters dated 4 September 2020 issued by the Indian Stock Exchanges.

A copy of the Scheme Document may be made available during the same period upon request by a Depository Shares holder by emailing the Company via the following email ir@meghmani.com. Depository Shares holders will be required to provide their full name, identification details and address for authentication purposes.

Yours faithfully
MEGHMANI ORGANICS LIMITED

For and on behalf of the Board of Directors
Kamlesh Dinkerray Mehta
Company Secretary

APPENDIX I – IFA LETTER

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
6 Raffles Quay, #24-02
Singapore 048580

28 December 2020

To: The Directors of Meghmani Organics Limited

Mr Jayantilal Patel	(Executive Chairman)
Mr Ashish Soparkar	(Managing Director)
Mr Natwarlal Patel	(Managing Director)
Mr Ramesh Patel	(Executive Director)
Mr Anand Patel	(Executive Director)
Ms Urvashi Shah	(Independent Director)
Mr Manubhai Patel	(Independent Director)
Mr Bhaskar Rao	(Independent Director)
Mr Liew Ching Seng	(Independent Director)
Prof (Dr) Ganapati Yadav	(Independent Director)

Dear Sirs,

EXIT OFFER IN RELATION TO THE DELISTING OF SINGAPORE DEPOSITORY SHARES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO THE PROPOSED COMPOSITE RESTRUCTURING SCHEME OF ARRANGEMENT OF THE COMPANY UNDER SECTIONS 230 TO 232 AND SECTION 66 OF THE INDIAN COMPANIES ACT, 2013

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 28 December 2020 ("**Circular**") issued by the Company to the shareholders of the Company ("**Shareholders**") shall have the same meaning herein. For the purpose of this letter ("**Letter**"), unless otherwise stated, where applicable, we have used the foreign exchange rates of S$1.00:Rs. 55.16 as at the Latest Practicable Date (as defined herein), as extracted from Bloomberg L.P. and is provided solely for information only.*

1. INTRODUCTION

On 29 January 2020 ("**Announcement Date**"), the directors ("**Directors**") of Meghmani Organics Limited ("**Company**", together with its subsidiaries, "**Group**") announced ("**Announcement**") that the Company intends to undertake a proposed composite restructuring scheme of arrangement under Sections 230 to 232 and Section 66 of the Indian Companies Act, 2013 ("**Scheme**"), pursuant to which, the Company would:

(i) incorporate a new wholly-owned subsidiary in India, Meghmani Organochem Limited ("**New Listco 1**") and transfer the business assets and undertakings of the Company pertaining to the manufacture and sale of pigments and agrochemical products, including the 210,919,871 optionally convertible and redeemable preference shares of Rs. 10 each fully paid up issued by the Company's 57.16% principal subsidiary, Meghmani Finechem Limited ("**New Listco 2**") and held by the Company ("**Agrochemical and Pigment Business**") to New Listco 1, and in consideration, New Listco 1 would issue new shares in New Listco 1 to equity shareholders of the Company ("**Shareholders**"), including holders of Singapore Depository Shares issued by the Company ("**Depository Shares**") representing the underlying equity shares in the capital of the Company ("**Shares**"), in proportion to their respective shareholdings; and

(ii) amalgamate the business, assets, liabilities and undertakings of the Company pertaining to trading in chemical products which has synergy with the manufacture and sale of Chloro-Alkali and its derivatives carried on by New Listco 2 (“**Chloro-Alkali and its Derivatives Business**”), including the Company’s investment in the equity shares of New Listco 2, excluding the Agrochemical and Pigment Business (“**Trading Business**”) with the New Listco 2 (“**Amalgamation**”), in consideration of which Shareholders will receive new shares in New Listco 2 in proportion to their respective shareholdings.

Upon completion of the Scheme, the Company would be wounded up and each of New Listco 1 and New Listco 2 would be listed and traded on the National Stock Exchange of India (“**NSE**”) and BSE Limited (“**BSE**”, collectively with NSE “**Indian Stock Exchanges**”).

The Company would provide a cash alternative option to holders of the Depository Shares (“**Depository Shareholders**”) who do not wish to receive consideration shares in New Listco 1 and New Listco 2 (“**Consideration Shares**”) by appointing a securities custodian and agent to dispose all their Consideration Shares on the secondary market upon listing of the same on the Indian Stock Exchanges, and paying the net proceeds from such disposal, after the deduction of all costs and expenses incurred in such disposal which will be borne by the Depository Shareholders who wish to opt to receive the Disposal Proceeds (“**Cash Electors**”) on a pro-rata basis (“**Disposal Proceeds**”), to DBS Nominees (Private) Limited, being the depository bank appointed by the Company, for further distribution to the Cash Electors.

In the event the net Disposal Proceeds after deduction of the relevant withholding tax as imposed by the Indian tax authorities (“**Relevant Withholding Tax**”) is less than S$0.72 per Depository Share (“**Guaranteed Amount**”), each of the Company, New Listco 1 and New Listco 2 will jointly and severally pay to the Cash Elector the difference, such that the Cash Elector will receive the Guaranteed Amount.

As the Scheme will result in the cessation of the Company and the delisting of the Depository Shares from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Delisting**”), the Company will comply with Rule 1309 of the Listing Manual of the SGX-ST (“**Listing Manual**”), pursuant to which it will make a cash exit offer to the Depository Shareholders in consideration of their Depository Shares in connection with the Delisting (“**Exit Offer**”) and appoint an independent financial adviser (“**IFA**”) to advise and provide an opinion as to whether the Exit Offer is fair and reasonable.

In connection with the Exit Offer, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA to advise the Directors for the purposes of making their recommendation to Shareholders in respect of the Exit Offer.

This Letter sets out, *inter alia*, our views and evaluation of the financial terms of the Exit Offer, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Scheme and the Exit Offer, and the recommendation of the Directors and it is to be despatched to Shareholders in relation to the Scheme and the Exit Offer.

2. TERMS OF REFERENCE

We have been appointed to advise the Directors on the financial terms of the Exit Offer in connection with the Scheme. We have confined our evaluation to the financial terms of the Exit Offer and have not taken into account the commercial risks and/or commercial merits of the Scheme and/or the Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long term merits of the Scheme and/or Exit Offer or on the future prospects of the Company and/or the Group or the method and terms by which the Exit Offer is made or any other alternative methods by which the Exit Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We are not authorised, and we have not solicited, any indications of interest from any third party with respect to the Shares (including the Depository Shares). We are therefore not addressing the relative merits of the Exit Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders, including Depository Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Exit Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company ("**Management**"), the Directors, the Company's solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Scheme and/or the Exit Offer, the Company and/or the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Exit Offer and reaching our conclusions thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). We have, however, been furnished with a summary of the valuation report dated 16 October 2020 ("**Valuation Report**") prepared by Vivro Financial Services Private Limited ("**Independent Valuer**") to determine the fair value of the Shares ("**Independent Valuation**") as at 28 January 2020, being the day prior to the Announcement Date, which the Company has commissioned in connection with the Exit Offer and on which we have placed sole reliance on for such valuation.

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to Valuation Report for such assets appraisal and have not made any independent verification of the contents thereof. We have nevertheless made enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy or reliability of the Valuation Report. The Directors have represented that they had reviewed the Valuation Report to understand the assumptions used by the Independent Valuer and the information relied upon by the Independent Valuer in arriving at the Independent Valuation. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Independent Valuer are reasonable and confirmed that the Independent Valuer has been provided with information that to the best of their knowledge or belief is true, complete as per request and accurate in all respects and that there is no other information or fact, the omission of which would render the assumptions used by the Independent Valuer to be untrue, inaccurate or incomplete in any respect or misleading.

We will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have not relied upon any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the financial terms of the Exit Offer.

Our analysis and our opinion as set out in this Letter are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 21 December 2020 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Exit Offer which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder (including each Depository Shareholder). As each Shareholder (including Depository Shareholder) would have different investment objectives and profiles, we would advise the Directors to recommend that any individual Shareholder (including Depository Shareholder) who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Exit Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion in respect of the Exit Offer, as set out in Section 7 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY

The Company was incorporated in India on 2 January 1995 and has listing status on three (3) international bourse, primary listing on the SGX-ST since 10 August 2004, on which the Depository Shares are traded and secondary listing on NSE and BSE since 28 June 2007, on which the Shares of the Company are traded.

The Group is principally engaged in the Agrochemical and Pigment Business and the Chloro-Alkali and its Derivatives Business.

As at the Latest Practicable Date, the Company has issued an aggregate of 254,314,211 Shares of Rs. 1 each fully paid up, which are listed on the Indian Stock Exchanges. This includes 24,924,880 Depository Shares, representing ownership in 12,462,440 Shares (as each Depository Share is equivalent to 0.5 Share), which are listed and outstanding on the SGX-ST, and constitute approximately 4.9% of the total number of issued share capital of the Company of 254,314,211 Shares.

3.1 Information on New Listco 1

New Listco 1 was incorporated in India on 15 October 2019 and is a wholly-owned subsidiary of the Company. New Listco 1 was incorporated for the purposes of carrying on the Agrochemical and Pigment Business of the Company following the transfer of Agrochemical and Pigment Business to the New Listco1 pursuant to the Scheme.

As at the Latest Practicable Date, New Listco 1 has issued an aggregate of 50,000 equity shares, of Rs. 10 each fully paid up.

3.2 Information on New Listco 2

New Listco 2 was incorporated in India on 11 September 2007 and is a 57.16% material subsidiary of the Company. New Listco 2 is engaged in the Chloro-Alkali and its Derivatives Business.

As at the Latest Practicable Date, New Listco 2 has issued an aggregate of 252,112,985 shares, comprising 210,919,871 optionally convertible and redeemable preference shares ("**OCRPS**") of Rs. 10 each fully paid up and 41,193,114 equity shares of Rs. 10 each fully paid up. The OCRPS is issued to the Company. 57.16% of the equity shares of New Listco 2 are held by the Company while the remaining 42.84% of the equity shares of New Listco 2 are held by 21 individual shareholders, which includes the Directors of the Company and their family members, further details of which is set out in Section 6.1 of the Circular for further details.

4. DETAILS OF THE SCHEME

4.1 Overview of the Scheme

An overview of the Scheme which has been set out in Section 3.1 of the Circular is extracted and reproduced in italics below:

"***3.1 Overview***

The Scheme comprises mainly as follows:

*(a) the demerger of the business, assets and undertakings of the Company pertaining to the manufacture and sale of pigments and agrochemical products, including OCRPS issued by the New ListCo 2 to the Company ("**Agrochemical and Pigment Business**") and its transfer into New ListCo 1 ("**Demerger**") in consideration of which New ListCo 1 will issue and allot new shares to the Shareholders in proportion to their respective shareholdings;*

(b) the amendment of the terms of the OCRPS issued by New ListCo 2 and held by the Company;

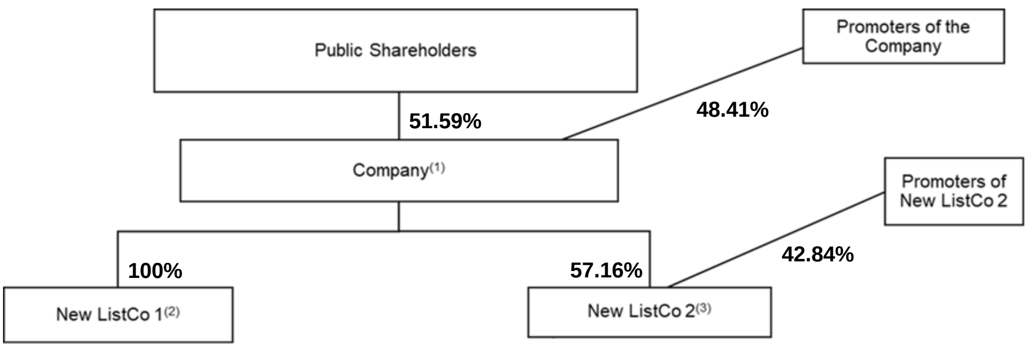
*(c) the amalgamation of the business, assets, liabilities and undertakings of the Company pertaining to trading in chemical products which has synergy with Chloro-Alkali and its Derivatives Business including the Company's investment in the equity shares of New ListCo 2, excluding the Agrochemical and Pigment Business ("**Trading Business**") with New ListCo 2 ("**Amalgamation**"), in consideration of which New ListCo 2 will issue and allot new shares to the Shareholders in proportion to their respective shareholdings;*

(d) the automatic dissolution of the Company; and

*(e) the cash exit offer to be made to Depository Shares holders in connection with the delisting of the Depository Shares from the SGX-ST ("**Exit Offer**").*

A diagram illustrating the holding structure of the Company before and after the Scheme is as follows:

<u>Before the Scheme</u>



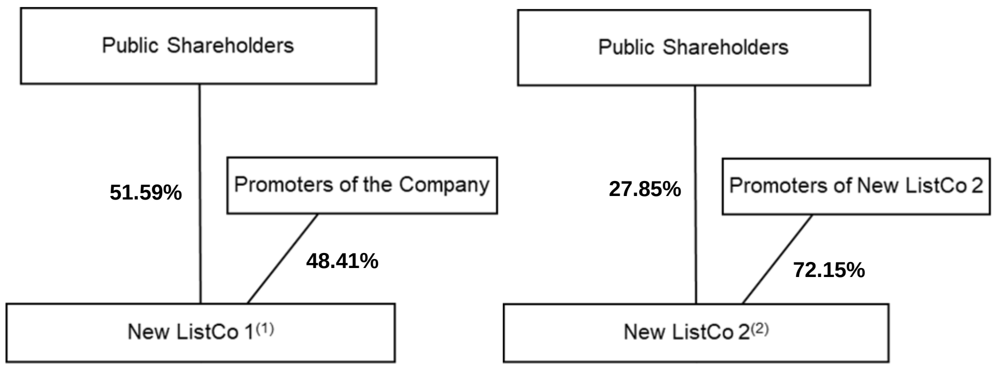
Notes:

(1) The Company carries on the Agrochemical and Pigment Business and Trading Business.

(2) New ListCo 1 currently does not carry on any business.

(3) New Listco 2 carries on the Chloro-Alkali and its Derivatives Business.

<u>After the Scheme</u>



Notes:

(1) New ListCo 1 will carry on the Agrochemical and Pigment Business.

(2) New ListCo 2 will carry on the Chloro-Alkali and its Derivatives Business and Trading Business.

(3) The Company will be automatically dissolved and cease to exist."

4.2 Demerger

The details on the demerger of the Agrochemical and Pigments Business and its transfer into New Listco 1 which has been set out in Section 3.2 of the Circular is extracted and reproduced in italics below:

"***3.2 Demerger***

Pursuant to the Demerger, it is envisaged, amongst others:

(a) the face value of each equity share of New ListCo 1 will be sub-divided from Rs. 10 to Re. 1;

*(b) New ListCo 1 shall issue and allot one (1) fully paid up equity share of Re. 1 each in the share capital of New ListCo 1 ("**New ListCo 1 Consideration Shares**") for every one (1) fully paid up Equity Share of Re. 1 each in the share capital of the Company to the Shareholders (including Depository Shares holders) whose name appears in the register of members of the Company on the Record Date. Further, all the equity shares held by the Company in New ListCo 1 shall be cancelled. By way of illustration, a Depository Shares holder which holds 2,000 Depository Shares (representing ownership in 1,000 Equity Shares) will be issued and allotted 1,000 New ListCo 1 Consideration Shares; and*

*(c) New ListCo 1 Consideration Shares shall be listed and admitted to trading on the Indian Stock Exchanges, pursuant to the Scheme and in compliance with the applicable regulations and the requirements of Securities and Exchange Board of India ("**SEBI**").*"

4.3 Amendment of the terms of the OCRPS

The details on the amendments of the terms of the OCRPS which has been set out in Section 3.3 of the Circular is extracted and reproduced in italics below:

"***3.3 Amendments of the terms of the OCRPS***

*3.3.1 OCRPS of Rs. 2,109,198,710 were issued by New ListCo 2 to the Company pursuant to the order passed by the NCLT dated 11 February 2019 under the scheme of arrangement amongst Meghmani Agrochemicals Private Limited (a then wholly owned subsidiary of the Company) ("**MAPL**") and New ListCo 2 and their respective shareholders and creditors. In the aforesaid scheme of arrangement, MAPL was merged into New ListCo 2. Pursuant to the merger, New ListCo 2 issued the OCRPS to the shareholders of MAPL being the Company. As at the date hereof, the OCRPS has not been redeemed.*

*3.3.2 Upon the Scheme taking effect, the terms of the OCRPS (which form part of the Agrochemical and Pigment Business) shall be amended such that the terms relating to compulsory conversion of OCRPS into equity shares of New ListCo 2 if redemption of the OCRPS does not take place within 20 years are removed. The reason for such amendment of the terms of the OCRPS is to avoid any cross holdings of equity shares or convertible securities between New ListCo 1 and New ListCo 2 as pursuant to the Scheme, each entity will be independently listed on the Indian Stock Exchanges. Accordingly, the OCRPS are converted into redeemable preference shares ("**RPS**") which have the following terms:*

Particulars	*RPS*	*OCRPS*
Face value	*Rs. 10 per share*	*Rs. 10 per share*
Dividend rate	*8% p.a.*	*8% p.a.*
Accumulation of dividend	*Cumulative*	*Cumulative*
Tenure	*Redeemable at any time within a period of 20 years from the date of allotment*[1]	*Redeemable or Convertible at any time within a period of 20 years from the date of allotment*
Right to exercise the option of redemption	*New ListCo 2 shall have the right to exercise the option of early redemption*	*New ListCo 2 shall have the right to exercise the option of early redemption*
Redemption terms	*RPS shall be redeemed at the face value*	*In case redemption does not happen within 20 years, it will be compulsorily converted into equity shares as per conversion formula mentioned below*
Conversion Terms	-	*Conversion Formula:* *Number of equity shares to be issued = 10 equity shares for every 125 OCRPS* *Redemption Value:* *OCRPS shall be redeemed at face value*"

[1] In the event that the RPS are not redeemed after 20 years, the right of New ListCo 2 to redeem the RPS will lapse.

We note that the conversion of OCRPS to redeemable preference shares will not have a material impact on the valuation of the Company and will not have a material impact on the Group financially.

4.4 Amalgamation

The details on the Amalgamation which has been set out in Section 3.4 of the Circular is extracted and reproduced in italics below:

"***3.4 Amalgamation of Trading Business of the Company with New Listco 2***

Pursuant to the Amalgamation, it is envisaged, amongst others:

(a) the Trading Business of the Company will by operation of law be owned by New Listco 2;

*(b) New ListCo 2 shall issue and allot 94 fully paid up equity shares of the face value of Rs. 10 each in the share capital of New ListCo 2 ("**New ListCo 2 Consideration Shares**") for every 1,000 fully paid up Equity Share of Re. 1 each in the share capital of the Company, fractional entitlements of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer, to the Shareholders (including Depository Shares holders) whose name appears in the register of members of the Company on the Record Date. Further, all the equity shares held by the Company in New ListCo 2 shall be cancelled. By way of illustration, a Depository Shares holder which holds 2,000 Depository Shares (representing ownership in 1,000 Equity Shares) will be issued and allotted 94 New ListCo 2 Consideration Shares, while a Depository Shares holder which holds 1,200 Depository Shares (representing ownership in 600 Equity Shares) will be issued and allotted 56 New ListCo 2 Consideration Shares after rounding; and*

(c) New ListCo 2 Consideration Shares shall be listed and admitted to trading on the Indian Stock Exchanges, pursuant to the Scheme and in compliance with the applicable regulations and the requirements of SEBI."

4.5 Rationale of the Scheme

The rationale of the Scheme which has been set out in Section 3.7 of the Circular is extracted and reproduced in italics below:

"***3.7 Rationale for the Scheme***

The Scheme will result in the following benefits:

(a) It would create enhanced value for the Shareholders through potential unlocking of value through listing of both the businesses (i.e. "Agrochemical and Pigment Business" and "Chloro-Alkali and its Derivatives Business") on the Indian Stock Exchanges. Chloro-Alkali and its Derivatives Business is currently carried on by the unlisted subsidiary of the Company, being New ListCo 2.

(b) The restructuring would allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with New ListCo 1 and New ListCo 2.

(c) Since both the businesses (i.e. "Agrochemical and Pigment Business" and "Chloro-Alkali and its Derivatives Business") are having separate growth trajectories, the Scheme would enable both the businesses to pursue their growth opportunities and offer investment opportunities to potential investors.

(d) *The Scheme would enable the Company to delist its Depository Shares listed on SGX-ST. Currently, the Depository Shares holders hold approximately 4.90% of the total number of Issued Equity Shares. Further, the Depository Shares are thinly traded on the SGX-ST. The Delisting of the Depository Shares from the SGX-ST will enable the Company to cut down substantial administrative and compliance costs. On the other hand, Depository Shares holders would also be able to exit at a substantial premium as compared to the market price of the Depository Shares quoted on the SGX-ST.*

(e) *The Scheme would provide opportunity to the Shareholders of the Company to directly participate in Chloro-Alkali and its Derivatives Business through New ListCo 2.*

(f) *The Scheme would enable Shareholders to hold investments in the businesses with different investment characteristics, which best suit their investment strategies and risk profiles.*

(g) *The Scheme would enable management to have a greater and enhanced focus on the management of Chloro-Alkali and its Derivatives Business for exploiting opportunities.*"

4.6 Conditions precedent of the Scheme

The Scheme Conditions which has been set out in Section 3.8 of the Circular is extracted and reproduced in italics below:

"***3.8 Conditions Precedent of the Scheme***

*The Scheme is subject to the fulfilment or waiver (as the case may be) of the following conditions precedent ("**Scheme Conditions**"):*

(a) *approvals of all the Indian governmental and regulatory authorities, including the SEBI, NCLT, Reserve Bank of India ("**RBI**") and the Indian Stock Exchanges ("**Indian Regulatory Authorities**");*

(b) *approval-in-principle ("**AIP**") from the SGX-ST for the Scheme and Delisting;*

(c) *approval of the Scheme Resolution*[3] *by (i) three-fourths in value and majority in number of Shareholders, voting in person or by proxy at the Scheme Meeting; and (ii) the majority of the public shareholders (as defined under Rule 2 of the Securities Contract (Regulations) Rules, 1957 of India) of the Company as required by SEBI; and*

(d) *sanction of the Scheme by NCLT, and lodgement of the vesting order of the NCLT dated 2 December 2020 sanctioning the Scheme ("**NCLT Order**") with the Indian Registrar of Companies.*

The Scheme becomes effective upon the later of: (i) the last of the Scheme Conditions being satisfied, or (ii) the completion of filing of all necessary authenticated or certified copies of the NCLT Order with the Indian Registrar of Companies by the Company, New ListCo 1 and New ListCo 2, whereupon it shall be deemed to come into legal operation on 1 April 2020 (or such date as may be fixed or approved by the NCLT or such other competent authority).

As at the Latest Practicable Date, only the Scheme Condition under paragraph 3.8(b) has been satisfied. Further details in relation to the satisfaction of the Scheme Condition under paragraph 3.8(b) is set out in paragraph 3.9 of this Circular."

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[3] As Rule 1308(2) of the Listing Manual of the SGX-ST, which provides that Rule 1307 does not apply to a delisting pursuant to a scheme of arrangement, is applicable, none of the Shareholders will need to abstain from voting on the Scheme Resolution.

4.7 SGX-ST approval-in-principle

On 6 September 2019, the Company received the approval-in-principle ("**AIP**") in respect of the Scheme and the Delisting, subject to the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) successful listing of New ListCo 1 and New ListCo 2 on the Indian Stock Exchanges;

(c) appointment of an IFA based in Singapore and licensed by the Monetary Authority of Singapore opining that the Guaranteed Amount offered to the Depository Shareholders is fair and reasonable; and

(d) the Company holding an information meeting for the Depository Shareholders in Singapore ahead of the meeting of the Shareholders of the Company to be convened in India to approve the Scheme and the Delisting, pursuant to the vesting order of the NCLT dated 2 December 2020 sanctioning the Scheme ("**Scheme Meeting**") in India and making arrangements such as video conferencing or webcast to enable Depository Shareholders to follow the proceedings during the Scheme Meeting in India.

5. DETAILS OF THE DELISTING AND EXIT OFFER

As set out in Paragraph 1 above, the Scheme will result in the delisting of the Depository Shares from the SGX-ST. In accordance with Rule 1309 of the Listing Manual, the Company will be making an Exit Offer to the Depository Shareholders, further details of which is set out in Section 4 of the Circular. The key terms of the Exit Offer are also summarised below.

5.1 Consideration Shares

By default, the Company would issue Consideration Shares to Depository Shareholders who did not elect to receive any Disposal Proceeds and/or did not provide certain requisite tax documents ("**Tax Documents**") together with the relevant form(s) for the election of Disposal Proceeds after the Scheme has taken effect and the shares of the New Listco 1 and New Listco 2 have been listed, traded and quoted on the Indian Stock Exchanges ("**Election Form**").

The Consideration Shares will be held by DBS Nominees (Private) Limited, being the depository for the Depository Shares, on behalf of the Depository Shareholders who will be receiving the Consideration Shares.

5.2 Cash alternative

The Company would provide a cash alternative to Depository Shareholders who do not wish to receive Consideration Shares by appointing a securities custodian and agent to dispose all their Consideration Shares on the secondary market of the Indian Stock Exchanges upon listing of the Consideration Shares on the Indian Stock Exchanges, and paying the net Disposal Proceeds to the Cash Electors after deduction of the Relevant Withholding Tax.

For the avoidance of doubt, Depository Shares holders are not allowed to opt to dispose either of the New ListCo 1 Consideration Shares or the New ListCo 2 Consideration Shares only and all of their Consideration Shares will be disposed, and none of the Company, New ListCo 1 or New ListCo 2 will be bearing the costs incurred in relation to such disposal.

The Company, New Listco 1 and New Listco 2 undertakes to the Cash Electors that they will receive at least Guaranteed Amount per Depository Share.

5.3 Guaranteed Amount

After the close of the Election Period, the Company will proceed to effect the disposal of the Consideration Shares within 60 calendar days ("**Disposal Period**") of the close of the Election Period (as defined herein). The net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax will be determined and paid to Cash Electors within 12 business days of the close of the Disposal Period.

In the event the net Disposal Proceeds after deduction of the Relevant Withholding Tax is less than the Guaranteed Amount of S$0.72 per Depository Share, each of the Company, New Listco 1 and New Listco 2 will jointly and severally pay to the Cash Elector the difference, such that the Cash Elector will receive the Guaranteed Amount, in compliance with Rule 1309 of the Listing Manual which requires the Exit Offer to be fair and reasonable. Should the Disposal Proceeds exceed the Guaranteed Amount, Cash Electors will retain the excess Disposal Proceeds above the Guaranteed Amount.

None of the Company, New Listco 1 and New Listco 2 will be liable for any such top up where the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is equal to or more than the Guaranteed Amount, as the Cash Electors will retain such excess proceeds in such an event.

5.4 Election form and tax documents

Depository Shareholders are entitled, at their election, after the Effective Date and after the Consideration Shares are listed, traded and quoted on the Indian Stock Exchanges, to dispose all or part of their Consideration Shares on the secondary market of the Indian Stock Exchanges and receive the Disposal Proceeds.

The relevant form of election of Disposal Proceeds will be sent to the Depository Shareholders in due course after the Effective Date and after the Consideration Shares are listed, traded and quoted on the Indian Stock Exchanges. A Depository Shareholder who wishes to make such election must deliver the Tax Documents within 60 calendar days from the date of listing of the Consideration Shares on the Indian Stock Exchanges ("**Election Period**").

To receive the Disposal Proceeds, Cash Electors would need to deliver the Tax Documents, details of which are set out in Section 4.2 of the Circular, together with the Election Form within the Election Period.

We wish to highlight that Cash Electors who fail to deliver the Tax Documents within the Election Period will not receive any Disposal Proceeds, and will instead receive the Consideration Shares.

6. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In our assessment of the financial terms of the Exit Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our assessment of the Exit Offer:

(a) Market quotation and trading liquidity of the Depository Shares;

(b) Historical financial performance and position of the Group;

(c) Independent Valuation;

(d) Comparison with the weighted average valuation ratios of selected comparable companies listed on the Indian Stock Exchanges which are broadly comparable to the Group;

(e) Comparison with recently completed delisting transactions ("**Delisting Transactions**") on the SGX-ST; and

(f) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST, the Indian Stock Exchanges and other publicly available information as at the Latest Practicable Date or as provided by the Company where relevant. RHTC makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

6.1 Market quotation and trading liquidity of the Shares

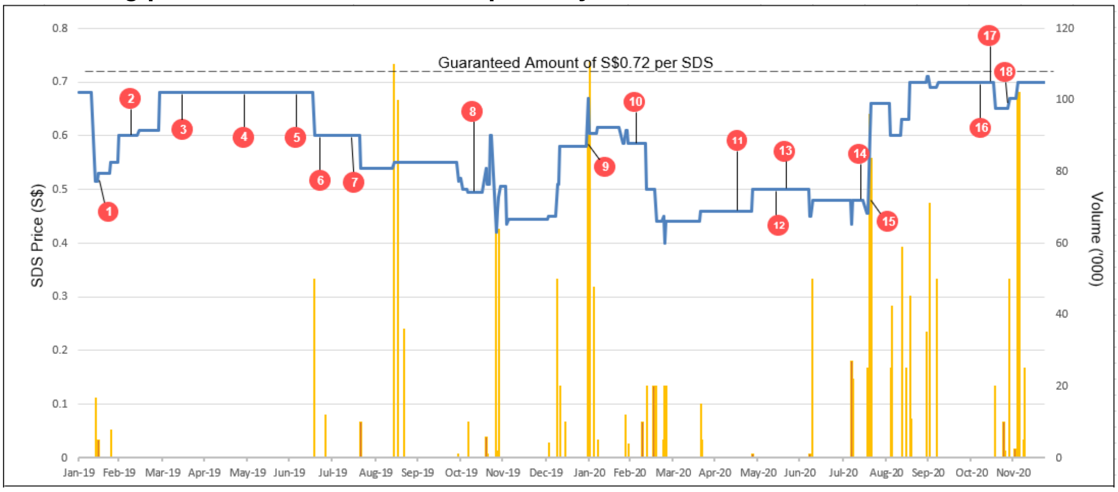
We have compared the Guaranteed Amount against the historical market price performance of the Depository Shares and considered the historical trading volume over the observation periods as discussed below.

We have compared the Guaranteed Amount against the historical market price performance of the Depository Shares and considered the historical trading volume of the Shares from 30 January 2019, being approximately a 12-month period prior to the Announcement Date and up to the Latest Practicable Date ("**Period Under Review**").

Trading price chart of the Depository Shares for the Period Under Review

We set out below a chart showing the Guaranteed Amount relative to the daily last transacted prices and trading volume of the Depository Shares for the Period Under Review.

Trading price and volume of the Depository Shares for the Period Under Review



Source: *Bloomberg L.P.*

Significant announcements

(1) **12 February 2019**: The Company announced its third quarter financial results for the financial period ended 31 December 2018.

(2) **8 March 2019**: The Company declared an interim dividend of Rs. 0.30 per Depository Share for the financial year ended 31 March ("**FY**") 2019, with payment to be made on 27 March 2019.

(3) **12 April 2019**: The Company announced that pursuant to the Scheme being approved by NCLT, New Listco 2 had issued and allotted as consideration to the Company: (i) 8% non-convertible compulsorily redeemable preference shares ("**NCRPS**") worth Rs. 221.70 Crore, which has been fully redeemed by New Listco 2; and (ii) 8% optionally convertible redeemable preference shares worth Rs. 210.09 Crore, which will be redeemed over a period of time. The Company has utilised proceeds from the redemption of the NCRPS to repay certain outstanding loans.

(4) **27 May 2019**: The Company announced its unaudited financial results for FY2019.

(5) **3 July 2019**: The Company announced its audited financial results for FY2019.

(6) **22 July 2019**: The Company declared a final dividend of Rs. 0.20 per Depository Share for FY2019, with payment to be made on 5 August 2019. However, on 23 July 2019, the Company withdrew the announcement and issued a second announcement stating that the final dividend for FY2019 would be paid on 7 August 2019 instead.

(7) **13 August 2019**: The Company announced its first quarter financial results for the financial period ended 30 June 2019.

(8) **11 November 2019**: The Company announced its half year financial results for the financial period ended 30 September 2019.

(9) **29 January 2020**: The Company announced its third quarter financial results for the financial period ended 31 December 2019 and also released the Announcement in relation to the Scheme.

(10) **4 March 2020**: The Company declared an interim dividend of Rs. 0.50 per Depository Share for FY2020, with payment to be made on 24 March 2020.

(11) **14 May 2020**: The Company announced its unaudited financial results for FY2020.

(12) **15 June 2020**: The Company announced the impact of COVID-19 on its business, where the operations of the Company's plants had resumed at approximately 30% to 40% capacity. The Company announced that it had initiated a series of necessary steps to reduce its overheads, including a voluntary pay cut by the executive Directors of the Company for FY2021.

(13) **19 June 2020**: The Company announced that New Listco 2 had set up a forward integration project to manufacture chlorinated poly vinyl chloride which is expected to commence commercial production in early FY2022 to FY2023.

(14) **10 August 2020**: The Company announced its first quarter financial results for the financial period ended 30 June 2020 and the commencement of commercial production of hydrogen peroxide by New Listco 2.

(15) **19 August 2020**: The Company announced its audited financial results for FY2020.

(16) **4 November 2020**: The Company announced that New Listco 2 would been expanding the capacity of its existing caustic soda plant and upgrade an existing captive power plant for its chloralkali and derivatives complex, which is expected to increase revenue by Rs. 250 Cr per annum once they are operational by March 2022.

(17) **11 November 2020**: The Company announced its half year financial results for the financial period ended 30 September 2020.

(18) **27 November 2020**: The Company announced that it had commenced commercial production of two plants on 25 November 2020, which will increase total production capacity of herbicides and is expected to increase revenue by Rs. 150 Cr per annum/

From the trading price chart of the Depository Shares above, we note that during the Period Under Review, the Depository Shares had traded in the range between S$0.42 and S$0.70. We note that the Depository Shares are thinly traded during the Period Under Review.

Prior to the Announcement, the Depository Shares were last traded on 14 January 2020, being the last trading day prior to the release of the Announcement ("**Last Traded Day**"). The last traded price of the Depository Shares on the Last Traded Day was S$0.58. Following the Announcement, the trading price of the Depository Shares increased slightly.

However, it decreased subsequently due to the COVID-19 pandemic, where the Company had announced that its plants were operating at only about 30% to 40% capacity.

The trading prices of the Depository Shares subsequently increased sharply and recovered following announcement of the Company's audited financial results for FY2020. The Depository Shares had never closed at or above the Guaranteed Amount during the Period Under Review.

After the Announcement Date and up to the Latest Practicable Date, the Shares had not traded above the Guaranteed Amount. As at the Latest Practicable Date, the Depository Shares were last transacted at S$0.70.

Market statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Depository Shares for the Period Under Review.

	Highest traded price (S$)	Lowest traded price (S$)	VWAP[(1)] (S$)	Premium of Guaranteed Amount over VWAP (%)	Number of traded days	Average daily traded volume[(2)] ('000)	Average daily traded volume as a percentage of free float[(3)] (%)
Prior to the Announcement Date							
Last 1 month	0.580	0.440	0.507	42.0	4	20	0.1
Last 3 months	0.600	0.420	0.475	51.6	17	14	0.1
Last 6 months	0.600	0.420	0.514	40.1	22	22	0.1
Last 12 months	0.680	0.420	0.524	37.4	31	19	0.1
As at 14 January 2020, being the Last Traded Day before the Announcement Date	0.580	0.580	0.580	24.1	1	10	0.1
After the Announcement Date to the Latest Practicable Date							
After the Announcement Date and up to the Latest Practicable Date	0.710	0.400	0.615	17.1	45	31	0.2
As at the Latest Practicable Date	0.700	0.700	0.700	2.9	1	25	0.2

Sources: *Bloomberg L.P. and RHTC calculations*

Notes:

(1) The volume-weighted average price ("**VWAP**") is calculated based on the turnover divided by volume of the Depository Shares as extracted from Bloomberg L.P..

(2) The average daily trading volume of the Depository Shares was computed based on the total volume of Depository Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Depository Shares) during that period.

(3) Free float refers to the Depository Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 15.4 million Depository Shares representing approximately 61.88% of the issued Shares as at the Latest Practicable Date.

Based on the above, we observe the following with regards to the price performance of the Depository Shares:

(a) The Guaranteed Amount represents a premium of approximately 24.1% over the VWAP of the Depository Shares of S$0.58 on 14 January 2020, being the Last Traded Day before the release of the Announcement;

(b) the Guaranteed Amount represents a premium of approximately 42.0%, 51.6%, 40.1% and 37.4% over the VWAPs of the Depository Shares for 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the Announcement respectively;

(c) during the Period Under Review prior to the release of the Announcement, the Depository Shares have traded between a low of S$0.42 and a high of S$0.68. The Guaranteed Amount represents a premium of S$0.30 (or 71.4%) over the lowest transacted price of the Depository Shares and a premium of S$0.04 (or 5.9%) over the highest transacted price of the Depository Shares;

(d) the Guaranteed Amount represents a premium of approximately 17.1% over the VWAP of the Depository Shares of S$0.615 for the period after the release of the Announcement to the Latest Practicable Date;

(e) for the period after the release of the Announcement to the Latest Practicable Date, the Depository Shares have traded between a low of S$0.40 and a high of S$0.71. The Guaranteed Amount represents a premium of S$0.32 (or 80.0%) over the lowest transacted price of the Depository Shares and a premium of S$0.01 (or 1.4%) over the highest transacted price of the Depository Shares; and

(f) the Guaranteed Amount represents a premium of 2.9% over the VWAP of the Depository Shares of S$0.70 as at the Latest Practicable Date.

We observe the following with regards to the trading liquidity of the Depository Shares:

(a) During the Period Under Review prior to the release of the Announcement, the Depository Shares were traded on 31 days out of a total of 261 market days. The average daily trading volume of the Depository Shares for the 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the release of the Announcement represent 0.1%, 0.1%, 0.1% and 0.1% of the free float of the Depository Shares respectively; and

(b) for the period after the release of the Announcement and up to the Latest Practicable Date, the average daily trading volume on the Depository Shares was approximately 31,000 Shares, representing 0.2% of the free float of the Depository Shares.

Summary

In summary, the Guaranteed Amount is a premium to the trading prices of the Depository Shares during the Period Under Review. While the trading price of the Depository Shares has increased, especially following the release of the Announcement, we note that the trading price of the Depository Shares has never closed at or above the Guaranteed Amount during the Period Under Review.

However, we note that the Depository Shares are thinly traded and have low trading volume during the Period Under Review, which renders the Depository Shares illiquid for investors who wish to undertake transactions in larger amounts of Depository Shares.

Depository Shareholders should note that there is no assurance that the market prices of the Depository Shares would remain at the current prevailing level, and that the past trading performance of the Depository Shares should not in any way be relied upon as an indication or a promise of its future trading performance.

6.2 Historical financial performance and position of the Group

For the purpose of evaluating the financial terms of the Exit Offer, we have considered the audited financial results of the Group for FY2018, FY2019 and FY2020.

Financial performance of the Group

The following summary of the financial information should be read in conjunction with the full text of the Group's audited financial statements for FY2018, FY2019 and FY2020, including the notes thereto.

		Audited	
(Rs. in Lakhs)	**FY2018**	**FY2019**	**FY2020**
Revenue from operations	1,84,317.01	2,08,795.85	2,19,118.12
Other income	3,032.67	3,320.38	5,610.23
Total income	1,87,349.68	2,12,116.23	2,24,728.35
Cost of materials consumed	88,524.48	1,08,891.28	1,12,817.34
Purchase of stock-in-trade	3,114.92	5,687.38	3,990.64
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(607.87)	(11,283.36)	7,071.09
Excise duty on sale of goods	3,984.61	-	-
Employee benefits expense	9,980.94	12,249.03	12,867.23
Finance costs	3,987.14	5,599.21	4,257.27
Depreciation and amortisation expenses	9,477.26	9,725.94	8,858.82
Other expenses	36,204.21	38,804.01	38,961.65
Total expenses	1,54,665.69	1,69,673.49	1,88,824.04
Profit before exceptional items and tax	32,683.99	42,224.74	35,904.31
Exceptional items	(112.52)	(1,586.78)	-
Profit before tax	32,571.47	40,855.96	35,904.31
Current tax	7,222.60	10,654.56	8,340.34
Adjustment of tax relating to earlier years	113.54	(61.52)	(273.02)
Deferred tax charge / (credit) - net	1,443.62	726.20	(1,064.53)
Total tax expenses	8,779.76	11,319.24	7,002.79
Profit for the year attributable to:			
Owners of the Company	17,132.18	25,127.25	24,014.64
Non-controlling interests	6,660.53	4,409.47	4,886.88
Total profit for the year	23,792.71	29,536.72	28,901.52

Sources: *Audited financial statements for FY2018, FY2019 and FY2020 of the Company*

FY2018 vs FY2019

Revenue of the Group increased by Rs. 24,478.84 Lakhs or 13.3% from Rs. 1,84,317.01 Lakhs in FY2018 to Rs. 2,08,795.85 Lakhs in FY2019. This was mainly attributed to the increase in export sales, offset by a decrease in domestic sales.

Correspondingly, cost of materials consumed had increased by Rs. 20,366.8 Lakhs or 23.0% from Rs. 88,524.48 Lakhs in FY2018 to Rs. 1,08,891.28 Lakhs in FY2019.

The purchase of stock-in-trade increased by Rs. 2,572.46 Lakhs from Rs. 3,114.92 Lakhs in FY2018 to Rs. 5,687.38 Lakhs in FY2019. The changes in inventories of finished goods, work-in-progress and stock-in-trade decreased by Rs. 10,675.49 Lakhs from FY2018 to FY2019. There was no excise duty on sale of goods recorded in FY2019 while in FY2018, the Company recorded excise duty on sale of goods amounting to Rs 3,984.61 Lakhs.

Employee benefit expense increased by Rs. 2,268.09 Lakhs from Rs. 9,980.94 Lakhs in FY2018 to Rs. 12,249.03 Lakhs in FY2019.

Finance costs increased by Rs. 1,612.07 Lakhs from Rs. 3,987.14 Lakhs in FY2018 to Rs. 5,599.21 Lakhs in FY2019

The exceptional item of expenses amounting to Rs. 112.52 Lakhs in FY2018 was due to the loss incurred by the Group in a fire at the manufacturing facility of the Company. In FY2019, the exceptional item of income amounting to Rs. 1,586.78 Lakhs was due to the loss incurred in a fire at a manufacturing facility of the Company.

As a result of the above, the Group's profit before tax increased by Rs. 8,284.49 Lakhs or 25.4% from Rs. 32,571.47 Lakhs in FY2018 to Rs. 40,855.96 Lakhs in FY2019. Correspondingly, total tax expenses were increased by Rs. 2,539.48 Lakhs or 28.9% from Rs. 8,779.76 Lakhs in FY2018 to Rs. 11,319.24 Lakhs in FY2019.

Accordingly, profit for the year attributable to owners of the Company increased by Rs. 7,995.07 Lakhs or 46.7% from Rs. 17,132.18 Lakhs in FY2018 to Rs. 25,127.25 Lakhs in FY2019.

FY2019 vs FY2020

Revenue of the Group increased by Rs. 10,322.27 Lakhs or 4.9% from Rs. 2,08,795.85 Lakhs in FY2019 to Rs. 2,19,118.12 Lakhs in FY2020. This was mainly attributed to the increase in export sales and domestic sales.

Correspondingly, cost of materials consumed had increased by Rs. 3,926.06 Lakhs or 3.6% from Rs. 1,08,891.28 Lakhs in FY2019 to Rs. 1,12,817.34 Lakhs in FY2020.

The purchase of stock-in-trade decreased by Rs. 1,696.74 Lakhs from Rs. 5,687.38 Lakhs in FY2019 to Rs. 3,990.64 Lakhs in FY2020. The changes in inventories of finished goods ,work-in-progress and stock-in-trade increased by Rs. 18,354.45 Lakhs from FY2018 to FY2019.

Employee benefit expense increased by Rs. 618.20 Lakhs from Rs. 12,249.03 Lakhs in FY2019 to Rs. 12,867.23 Lakhs in FY2020.

Finance costs decreased by Rs. 1,341.94 Lakhs from Rs. 5,599.21 Lakhs in FY2019 to Rs. 4,257.27 Lakhs in FY2020 due to the repayment of term loans.

The exceptional item of income recorded in FY2019 of Rs. 1,586.78 recorded was due to a fire at a manufacturing facility of the Company. No exceptional items were recorded in FY2020

As a result of the above, the Group’s profit before tax decreased by Rs. 4,951.65 Lakhs or 12.1% from Rs. 40,855.96 Lakhs in FY2019 to Rs. 35,904.31 Lakhs in FY2020. Correspondingly, total tax expenses decreased by Rs. 4,316.45 Lakhs or 38.1% from Rs. 11,319.24 Lakhs in FY2019 to Rs. 7,002.79 Lakhs in FY2020.

Accordingly, profit for the year attributable to owners of the Company decreased by Rs. 1,112.61 Lakhs or 4.4% from Rs. 25,127.25 Lakhs in FY2019 to Rs. 24,014.64 Lakhs in FY2020.

Financial position of the Group

A summary of the audited financial position of the Group as at 31 March 2020 is set out below:

(Rs. in Lakhs)	Audited As at 31 Mar 2020
Current assets	
Inventories	35,160.74
Trade receivables	53,051.97
Cash and cash equivalents	858.95
Other bank balances	63.35
Loans	57.15
Other financial assets	3,693.90
Other current assets	4,795.32
Total current assets	**97,681.38**
Non-current assets	
Property, plant and equipment	90,636.95
Capital work-in-progress	78,735.60
Other intangible assets	2,009.37
Intangible assets under development	438.90
Investments – Financial assets	57.21
Other financial assets	1430.59
Income tax assets, net	863.16
Other non-current assets	1,838.92
Total non-current assets	**1,76,010.70**
Total assets	**2,73,692.08**
Current liabilities	
Borrowings	18,697.92
Trade payables	27,473.38
Other financial liabilities	28,681.99
Other current liabilities	3,911.88
Provisions	18.17
Current tax liabilities, net	1,807.85
Total current liabilities	**80,591.19**
Non-current liabilities	
Borrowings	47,386.83
Other financial liabilities	1,131.33
Provisions	1,302.36
Deferred tax liabilities, net	3,446.71
Total non-current liabilities	**53,267.23**

(Rs. in Lakhs)	Audited As at 31 Mar 2020
Equity	
Equity share capital	2,543.14
Other equity	1,18,362.85
Equity attributable to Shareholders of the Company	1,20,905.99
Non-controlling interests	18,927.67
Total equity	**1,39,833.66**
Total liabilities and equity	**2,73,692.08**

As at 31 March 2020	
Net asset value ("NAV") (Rs. in Lakhs)	**1,20,905.99**
NAV (S$'000) [(1)]	**219,185**
Net tangible assets ("NTA") (Rs. in Lakhs)	**1,18,457.72**
NTA (S$'000) [(1)]	**214,747**
Number of Shares outstanding as at the Latest Practicable Date	**254,314,211**
NAV per Share (S$) [(1)]	**0.86**
NTA per Share (S$) [(1)]	**0.84**
Implied Guaranteed Amount per Share (S$)	**1.44**
Premium of the Guaranteed Amount over the NAV per Share (%) [(1)]	**67.1**
Premium of the Guaranteed Amount over the NTA per Share (%) [(1)]	**70.5**
Price-to-NAV ("P/NAV") ratio as implied by the Guaranteed Amount (times) [(1)]	**1.7**
Price-to-NTA ratio ("P/NTA") as implied by the Guaranteed Amount (times) [(1)]	**1.7**

Source: *Audited financial statement for FY2020 of the Company*

Note:

(1) Based on an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date.

Assets of the Group

As at 31 March 2020, the assets of the Group of Rs. 2,73,692.08 Lakhs comprised mainly: (i) property, plant and equipment of Rs. 90,636.95 Lakhs; (ii) capital work-in-progress of Rs. 78,735.60 Lakhs; (iii) trade receivables of Rs. 53,051.97 Lakhs; and (iv) inventories of Rs. 35,160.74 Lakhs, representing approximately 33.1%, 28.8%, 19.4% and 12.8% of the Group's total assets respectively.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. As at 31 March 2020, the property, plant and equipment of the Group comprised mainly plant and machinery of Rs. 59,848.62 Lakhs and building of Rs. 23,568.68 Lakhs.

Capital work-in-progress

As at 31 March 2020, the capital work-in-progress of the Group amounted to Rs 78,735.60 Lakhs and comprised mainly expenditure for the plant and machineries and buildings in the course of construction.

Trade receivables

As at 31 March 2020, the trade and other receivables of the Group amounted to Rs 53,051.97 Lakhs. Trade receivables are non-interest bearing and are generally on 30 to 180 days' terms.

Inventories

As at 31 March 2020, inventories of the Group amounted to Rs. 35,160.74 Lakhs. Inventories are measured at the lower of cost or net realisable value. Cost is determined on a moving weighted average basis.

Liabilities of the Group

The corresponding liabilities of the Group of Rs. 1,33,858.42 Lakhs comprised mainly: (i) borrowings of Rs. 66,084.75 Lakhs; (ii) other financial liabilities of Rs. 29,813.32 Lakhs; and (iii) trade payables of Rs. 27,473.38 Lakhs, representing approximately 49.4%, 22.3% and 20.5% of the Group's total liabilities respectively.

Borrowings

As at 31 March 2020, the borrowings of the Group amounted to Rs. 66,084.75 Lakhs. The borrowings are term loan facilities from banks, which are secured by first pari passu charge on specific movable and immovable fixed assets of the Company.

Other financial liabilities

As at 31 March 2020, other financial liabilities of the Group amounted to Rs. 29,813.32 Lakhs and are carried at amortised cost. It comprises mainly the current maturities of non-current borrowings of Rs. 12,922.97 Lakhs, payables for capital goods of Rs. 8,463.40 Lakhs and employee benefits payable of Rs. 2,926.14 Lakhs.

Other trade payables

As at 31 March 2020, other trade payables of the Group amounted to Rs. 27,473.38 Lakhs, which are non-interest bearing and are normally settled on 30-360 days terms.

NAV and NTA of the Group

Accordingly, the NAV of the Group as at 31 March 2020 was Rs. 1,20,905.99 Lakhs, representing NAV per Share of S$0.86 based on 254,314,211 Shares as at the Latest Practicable Date and an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date. After deducting the intangible assets, the NTA of the Group was Rs. 1,18,457.72 Lakhs, representing NTA per Share of S$0.84.

The Guaranteed Amount of S$1.44 per Share represents a premium of 67.1% over the NAV per Share and premium of 70.5% over the NTA per Share of the Group and values the Group at a P/NAV ratio and P/NTA ratio of approximately 1.7 times respectively.

In our assessment of the financial terms of the Exit Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 March 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV or NTA of the Group as at 31 March 2020.

In respect of the above, we have sought the following confirmations from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

(a) save as disclosed in this Letter, there are no material differences between realisable values of Group's assets and their respective book values as at the Latest Practicable Date which would have material impact on the NAV or NTA of the Group as at 31 March 2020;

(b) there are no other contingent liabilities, bad or doubtful debts or material events as at the Latest Practicable Date which would likely have a material impact on the NAV or NTA of the Group as at 31 March 2020;

(c) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Company and Group as at 31 March 2020;

(d) there are no other intangible assets as at the Latest Practicable Date and which ought to be disclosed in the statement of financial position of the Group in accordance with the Indian (Generally Accepted Accounting Principles) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 31 March 2020; and

(e) there are no material acquisitions or disposals of assets by the Group between 31 March 2020 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

6.3 Independent Valuation

In connection with the Exit Offer, the Company has commissioned the Independent Valuer to undertake an Independent Valuation of the Shares.

In arriving at the Independent Valuation, the Independent Valuer had adopted the market approach, which is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities, such as a business. The Independent Valuer had determined that the market approach was most suitable to reflect the Independent Valuation of the Shares as the Shares were considered frequently traded on the NSE and in accordance with regulations of the Securities and Exchange Board of India, frequently traded shares are valued as per market price methods.

The detailed approach adopted by the Independent Valuer is set out below:

Approach adopted by Independent Valuer	**Weightage (%)**	**Value per Share (Rs.)**
Based on the VWAP of the Shares on NSE for a period of 60 trading days immediately preceding the relevant date on 28 January 2020	50.0	58.18
Higher of: (i) the average of the weekly high and low of the VWAP of the Shares on NSE during the 26 weeks preceding the relevant date on 28 January 2020; or (ii) the 2 weeks preceding the relevant date on 28 January 2020	50.0	63.21
Weight average valuation		**60.70**

The Independent Valuer had arrived at an Independent Valuation of Rs. 60.70 per Share as at the Valuation Date. Based on an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date, the Independent Valuation is approximately S$1.10 per Share, and the Guaranteed Amount per Share of S$1.44 represents a premium of 30.9% over the Independent Valuation of the Share.

We recommend the Directors to advise the Depository Shareholders to read the Valuation Report carefully, in particular, the terms of reference, key assumptions and critical factors.

6.4 Comparison with the weighted average valuation ratios of selected comparable companies listed on the Indian Stock Exchanges which are broadly comparable to the Group

The Group is principally engaged in the Agrochemical and Pigment Business and the Chloro-Alkali and its Derivatives Business. In assessing the financial terms of the Exit Offer, we have attempted to compare various valuation ratios of the Group implied by the Guaranteed Amount with companies which are listed on the SGX-ST and are engaged in, *inter alia*, the Agrochemical and Pigment Business and Chloro-Alkali and its Derivatives Business. However, we have not been able to find such companies listed on the SGX-ST.

In view of the foregoing, we have expanded our comparison to include companies which are listed on the Indian Stock Exchanges that are principally engaged in *inter alia*, the Agrochemical and Pigment Business and Chloro-Alkali and its Derivatives Business ("**Comparable Companies**"). For the purposes of our evaluation on the financial terms of the Exit Offer, we have therefore compared the valuation ratios of the Group implied by the Guaranteed Amount to the weighted average valuation ratios of the Comparable Companies, which are weighted based on the percentage contribution of the Agrochemical and Pigment Business and Chloro-Alkali and its Derivatives Business to the consolidated earnings, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), NAV and NTA of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the Indian Stock Exchanges, which we may consider to be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-earnings ("**P/E**") ratio	P/E ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders. The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. The P/E ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders. As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("**EV/EBITDA**") ratio	EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents. EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the P/E ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.
P/NAV ratio	NAV refers to consolidated NAV, which are the total assets of a company less total liabilities. P/NAV refers to the ratio of a company's share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.
P/NTA ratio	NTA refers to consolidated net tangible assets, which are the total assets of a company less total liabilities, as well as intangible assets, and excludes, where applicable, minority or non-controlling interests. P/NTA refers to the ratio of a company's share price divided by NTA per share. The P/NTA ratio represents an asset-based relative valuation which takes into consideration the NTA backing of a company. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.

Agrochemical and Pigment Business

We set out below a brief summary of the Comparable Companies which are broadly comparable to the Agrochemical and Pigment Business ("**Agrochemical and Pigment Business Comparable Companies**"):

Agrochemical and Pigment Business Comparable Companies	Business description	Financial year ended
Rallis India Limited ("**Rallis India**")	Rallis India Limited manufactures and exports chemicals and allied products. Through its subsidiaries, the company produces pesticides, fertilizers, textiles and garments, marine products and leather tanning materials. The company also provides farm advisory services.	31 March 2020
Bharat Rasayan Ltd. ("**Bharat Rasayan**")	Bharat Rasayan Ltd. manufactures and distributes pesticides and agrochemicals for crop protection and pharmaceutical intermediates. The company has manufacturing facilities located throughout India.	31 March 2020
Sudarshan Chemical Industries Limited ("**Sudarshan Chemical**")	Sudarshan Chemical Industries Limited manufactures color pigments, which are used in paints, printing inks, plastics, rubber artist materials, and textile printing. The company and its subsidiaries also manufactures a basic range of pesticides.	31 March 2020
Insecticides India Limited ("**Insecticides India**")	Insecticides India Limited manufactures and distributed plant protection chemicals and household pesticides. The company's products include insecticides, fungicides, weedicides, herbicides, plant growth regulators, and household pesticides.	31 March 2020
Asahi Songwon Colours Limited ("**Asahi Songwon**")	Asahi Songwon Colors Limited manufactures phthalocyanine pigments. The company produces pigment green 7 and pigment blues.	31 March 2020
Poddar Pigments Limited ("**Poddar Pigments**")	Poddar Pigments Limited manufactures color and additive masterbatches for dyeing plastics and related materials.	31 March 2020

Source: *Bloomberg L.P.*

The valuation ratios of the Agrochemical and Pigment Business Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Agrochemical and Pigment Business Comparable Companies	Market Capitalisation (S$'million)	P/E(1) (times)	EV/EBITDA(2) (times)	P/NAV(3) (times)	P/NTA(3) (times)
Rallis India (4)	937.1	29.8	17.8	3.7	4.3
Bharat Rasayan (4)	683.7	24.4	15.9	6.7	6.7
Sudarshan Chemical (4)	572.6	24.7	14.5	5.3	5.5
Insecticides India (4)	166.9	10.6	6.6	1.3	1.3
Asahi Songwon (4)	50.6	12.2	8.9	1.4	1.4
Poddar Pigments (4)	34.1	8.8	5.5	1.0	1.0
Max		**29.8**	**17.8**	**6.7**	**6.7**
Min		**8.8**	**5.5**	**1.0**	**1.0**
Mean		**18.4**	**11.5**	**3.2**	**3.4**
Median		**18.3**	**11.7**	**2.5**	**2.8**

Sources: *Bloomberg L.P., annual reports and announcements of the Agrochemical and Pigment Business Comparable Companies and RHTC calculations*

Notes:

(1) The P/E ratios of the Agrochemical and Pigment Business Comparable Companies are calculated based on their respective audited earnings as set out in their latest published audited results.

(2) The EV of the Agrochemical and Pigment Business Comparable Companies are calculated based on: (i) their market capitalisation; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available published audited results. The EBITDAs are calculated based on the latest published audited results of the respective Agrochemical and Pigment Business Comparable Companies.

(3) The P/NAV and P/NTA ratios of the Agrochemical and Pigment Business Comparable Companies are calculated based on their respective NAV and NTA values as set out in their latest published audited results.

(4) The reporting currency of the Agrochemical and Pigment Business Comparable Companies is Indian Rupees. The exchange rate used for conversion to S$1.00:Rs. 55.16 as at the Latest Practicable Date.

Chloro-Alkali and its Derivatives Business

We set out below a brief summary of the Comparable Companies which are broadly comparable to the Chloro-Alkali and its Derivatives Business ("**Chloro-Alkali and its Derivatives Business Comparable Companies**"):

Chloro-Alkali and its Derivatives Business Comparable Companies	Business description	Financial year ended
Gujarat Alkalies and Chemicals Limited ("**Gujarat Alkalies**")	Gujarat Alkalies and Chemicals Limited manufactures chlor-alkalies and other chemicals. The company's products include caustic soda, hydrochloric acid, phosphoric acid, potassium carbonate, hydrogen peroxide, chlorine gas and hydrogen gas. The company also manufactures chloromethanes, caustic flakes, sodium cyanide and sodium ferrocyanide.	31 March 2020
DCM Shriram Industries Ltd. ("**DCM Shriram**")	DCM Shriram Industries Ltd. produces diverse products. The company makes fertilizers, chemicals, cement, silk fabrics, textiles and PVC components.	31 March 2020
TGV SRAAC Limited ("**TGV SRAAC**")	TGV SRAAC Limited manufactures and exports a wide range of chemical products. The company produces chlor-alkali, castor derivatives, chloromethanes, toilet soap, and fatty acids. TGV SRAAC serves manufacturing, export, pharma and health care, power, infrastructure, hospitality, and educational sectors worldwide.	31 March 2020

Source: *Bloomberg L.P.*

The valuation ratios of the Chloro-Alkali and its Derivatives Business Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Chloro-Alkali and its Derivatives Business Comparable Companies	Market Capitalisation (S$'million)	P/E[(1)] (times)	EV/EBITDA[(2)] (times)	P/NAV[(3)] (times)	P/NTA[(3)] (times)
Gujarat Alkalies [(4)]	460.9	7.7	4.1	0.6	0.6
DCM Shriram [(4)]	55.1	3.2	5.2	0.5	0.5
TGV SRAAC [(4)]	52.1	6.0	4.4	0.5	0.5
Max		**7.7**	**5.2**	**0.6**	**0.6**
Min		**3.2**	**4.1**	**0.5**	**0.5**
Mean		**5.6**	**4.5**	**0.5**	**0.5**
Median		**6.0**	**4.4**	**0.5**	**0.5**

Sources: *Bloomberg L.P., annual reports and announcements of the Chloro-Alkali and its Derivatives Business Comparable Companies and RHTC calculations*

Notes:

(1) The P/E ratios of the Chloro-Alkali and its Derivatives Business Comparable Companies are calculated based on their respective audited earnings as set out in their latest published audited results.

(2) The EV of the Chloro-Alkali and its Derivatives Business Comparable Companies are calculated based on: (i) their market capitalisation; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available published audited results. The EBITDAs are calculated based on the latest published audited results of the respective Chloro-Alkali and its Derivatives Business Comparable Companies.

(3) The P/NAV and P/NTA ratios of the Chloro-Alkali and its Derivatives Business Comparable Companies are calculated based on their respective NAV and NTA values as set out in their latest published audited results.

(4) The reporting currency of the Chloro-Alkali and its Derivatives Business Comparable Companies is Indian Rupees. The exchange rate used for conversion to S$1.00:Rs. 55.16 as at the Latest Practicable Date.

Weighted average valuation ratios of the Comparable Companies

We set out below the percentage contribution of the Agrochemical and Pigment Business and Chloro-Alkali and its Derivatives Business in terms of the consolidated earnings and EBITDA, NAV and NTA as at 31 March 2020:

Business segments of the Group	Profit after tax attributable to Shareholders of the Company (%)	EBITDA (%)	NAV (%)	NTA (%)
Agrochemical and Pigment Business	77.5	62.7	82.9	82.9
Chloro-Alkali and its Derivatives Business	22.5	37.3	17.1	17.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

Accordingly, we have weighed the valuation ratios of the Comparable Companies based on the above percentage contribution of each business segments to the consolidated earnings, EBITDA, NAV and NTA of the Group as at 31 March 2020, and compared them against the valuation ratios of the Group implied by the Guaranteed Amount:

Weighted average valuation ratios	P/E (times)	EV/EBITDA (times)	P/NAV (times)	P/NTA (times)
Max	24.8	13.1	5.6	5.6
Min	7.6	5.0	0.9	0.9
Mean	15.5	8.9	2.8	2.9
Median	15.5	9.0	2.2	2.4
Group (implied by the Guaranteed Amount)	**8.4**(1)	**5.7**(1)	**1.7**(1)	**1.7**(1)

Note:

(1) The reporting currency of the Group is Indian Rupees. The exchange rate used for conversion to S$1.00:Rs. 55.16 as at the Latest Practicable Date.

Based on the above, we observe that:

(a) The P/E ratio of the Group implied by the Guaranteed Amount of 8.4 times is within the range but below the mean and median of the weighted average P/E ratios of the Comparable Companies;

(b) the EV/EBITDA ratio of the Group implied by the Guaranteed Amount of 5.7 times is within the range but below the mean and median of the weighted average EV/EBITDA ratios of the Comparable Companies;

(c) the P/NAV ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NAV ratios of the Comparable Companies; and

(d) the P/NTA ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NTA ratios of the Comparable Companies.

We wish to highlight that there may be significant differences between valuations of Shares trading on the SGX-ST and other exchanges. Such cross-border valuation statistics are subject to differing macroeconomic variables and investors' sentiments. For illustration purposes, according to Bloomberg LP, based on trading prices as at the Latest Practicable Date and the reported trailing 12 months earnings as at 31 March 2020, the NSE Nifty 500 Index, representing the top 500 companies on the NSE, is trading at a P/E ratio of 34.2 times while the S&P BSE 500 Index, representing the top 500 companies on the BSE, is trading at a P/E ratio of 34.6 times. In comparison, the Straits Times Index, representing the top 30 companies on the SGX-ST, is trading at a P/E ratio of 12.0 times.

In addition, we wish to highlight the following:

(a) As highlighted above, there are limitations in the Comparable Companies being directly comparable to the Group and that any comparison made serves only as an illustrative guide for the Depository Shareholders. Also, the list of Comparable Companies is by no means exhaustive; and

(b) the evaluation of the Exit Offer in relation to selected valuation statistics of the Comparable Companies that are broadly comparable to the Group, as set out above, forms part of the range of considerations used in our assessment of the financial terms of the Exit Offer. Our conclusion and recommendation, after taking into account all such considerations, are set out in Paragraph 7 below and should be read in conjunction with, and in the context of, the entirety of this Letter.

6.5 Comparison with recently completed Delisting Transactions on the SGX-ST

In assessing the reasonableness of the Exit Offer, we have compared the financial statistics implied by the Guaranteed Amount with those of selected recently completed Delisting Transactions of companies listed on the SGX-ST which were announced in the 3-year period prior to the Announcement Date (collectively, "**Selected Comparable Transactions**").

We wish to highlight that the list of companies set out under the Delisting Transactions are not directly comparable with the Group in terms of business activities, market capitalisation, scale of operations, accounting policies, financial performance, future prospects and other relevant criteria. Each Delisting Transaction must be judged on its own commercial and financial merits. We also wish to highlight that the list of Delisting Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) respective offer prices over the prevailing trading prices of companies in the list of Delisting Transactions depends on various factors, *inter alia*, prevailing market conditions and sentiments, type of transactions resulting in a delisting, the presence of competing bids for the company and attractiveness and profitability of the company's business and assets. Therefore, the comparison of the Exit Offer with the Delisting Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect the perceived market valuation of the Group.

Delisting Transactions	Date of announcement	Type of transaction	Premium / (discount) of respective offer prices over / (to): Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	Price-to-NAV (times)
Auric Pacific Group Limited	7 Feb 17	Voluntary Conditional Cash Offer	13.4	17.8	23.8	35.8	1.2[(1)]
Global Premium Hotels Limited	23 Feb 17	Voluntary Unconditional Cash Offer	14.1	18.5	21.7	23.3	0.5[(2)]
CWT Limited	9 Apr 17	Voluntary Conditional General Offer	13.1	16.5	14.8	15.3	1.5[(3)]
Nobel Design Holdings Ltd	2 May 17	Mandatory Unconditional Cash Offer	8.5	9.4	15.9	18.6	0.7[(4)]
Changtian Plastic & Chemical Limited	29 May 17	Voluntary Unconditional Cash Offer	45.3	46.6	48.2	49.6	0.4[(5)]
China Flexible Packaging Holdings Limited	19 Jun 17	Voluntary Unconditional Cash Offer	23.2	24.3	28.2	43.5	0.6[(6)]
Global Logistics Properties Limited	14 Jul 17	Scheme of Arrangement	25.2	67.3	72.4	76.0	1.1[(7)]
GP Batteries International Limited	11 Aug 17	Voluntary Conditional Offer	62.5	62.9	62.7	61.1	0.8[(8)]
Poh Tiong Choon Logistics Limited	20 Sep 17	Voluntary Conditional Cash Offer	1.6	32.5	43.2	48.7	3.1[(9)]
Cogent Holdings Limited	3 Nov 17	Voluntary Conditional Cash Offer	5.2	6.3	12.7	20.3	3.6[(10)]
CWG International Ltd	28 Dec 17	Voluntary Conditional Cash Offer	27.5	29.1	29.1	30.9	0.7[(11)]
Tat Hong Holdings Ltd[(12)]	21 Sep 17	Voluntary Conditional Cash Offer	42.9	47.5	49.1	40.3	0.7[(13)]
LTC Corporation Limited	9 Feb 18	Voluntary Conditional Cash Offer	44.5	45.4	44.3	43.4	0.6[(14)]

Delisting Transactions	Date of announcement	Type of transaction	Premium / (discount) of respective offer prices over / (to): Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	Price-to-NAV (times)
Lee Metal Group Ltd[15]	21 Feb 18	Voluntary Conditional Cash Offer	2.4	14.1	21.4	26.5	1.1[16]
Wheelock (Singapore) Properties Limited	19 Jul 18	Mandatory Unconditional General Offer	22.7	29.0	22.7	17.8	0.8[17]
Keppel Telecommunications & Transportation Ltd	27 Sep 18	Scheme of Arrangement	40.4	39.9	34.7	27.8	1.2[18]
M1 Limited	27 Sep 18	Voluntary Conditional General Offer	26.4	29.9	29.0	21.8	3.9[19]
Cityneon Holdings Limited	29 Oct 18	Mandatory Unconditional Cash Offer	4.1	6.9	11.9	15.7	4.5[20]
PCI Limited[21]	4 Jan 19	Scheme of Arrangement	28.9	44.0	47.1	50.9	2.0[22]
Declout Limited[23]	7 Jan 19	Voluntary Conditional Cash Offer	18.2	28.7	47.7	52.9	1.0[24]
Courts Asia Limited	18 Jan 19	Voluntary Unconditional Cash Offer	34.9	35.8	34.0	23.5	0.6[25]
Kingboard Copper Foil Holdings Limited	4 Apr 19	Voluntary Unconditional Cash Offer	9.1	16.1	25.3	27.4	0.9[26]
800 Super Holdings Limited	6 May 19	Voluntary Conditional Cash Offer	16.1	30.6	31.2	25.3	1.8[27]
Memtech International Ltd.	14 May 19	Voluntary Conditional Cash Offer	23.9	31.5	31.6	35.7	1.1[28]
Boardroom Limited	15 May 19	Voluntary Unconditional Cash Offer	14.3	18.9	16.1	17.6	2.0[29]
Raffles United Holdings Ltd.[30]	1 Jul 19	Mandatory Unconditional Cash Offer	(1.5)	0.0	22.0	16.1	0.3[31]

Delisting Transactions	Date of announcement	Type of transaction	Premium / (discount) of respective offer prices over / (to): Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	Price-to-NAV (times)
Delong Holdings Limited[32]	29 Jul 19	Voluntary Conditional Cash Offer	16.5	18.6	19.0	20.5	0.6[33]
Star Pharmaceutical Holdings Limited	5 Aug 19	Mandatory Unconditional Cash Offer	157.1[34]	160.1[34]	176.1[34]	186.6[34]	0.8[35]
PS Group Holdings Ltd.	20 Aug 19	Voluntary Conditional General Offer	195.0[36]	266.5[36]	267.6[36]	267.6[36]	0.6[37]
San Teh Ltd	5 Sep 19	Voluntary Conditional Cash Offer	81.8	90.5	83.0	84.2	0.4[38]
PACC Offshore Services Holdings Ltd.	4 Nov 19	Voluntary Conditional Cash Offer	97.2	108.7[39]	95.5	69.3	1.0[40]
Avic International Maritime Holdings Limited[41]	11 Nov 19	Voluntary Conditional Cash Offer	37.6	66.7	65.6	65.9	1.2[42]
Min			1.6	6.3	11.9	15.3	0.3
Max			195.0	266.5	267.6	267.6	4.5
Mean			28.3	33.6	37.7	37.9	1.3
Median			23.9	29.5	31.2	30.9	0.9
Group (implied by the Guaranteed Amount)	**29 Jan 20**		**24.1**	**42.0**	**51.6**	**40.1**	**1.7**[43]

Notes:

(1) Based on the revalued NAV as at 31 December 2016.

(2) Based on the revalued NAV as at 31 December 2016.

(3) Based on unaudited NAV as at 30 June 2017.

(4) Based on the unaudited NAV as at 31 March 2017.

(5) Based on the revalued NAV as at 31 March 2017.

(6) Based on the revalued NAV as at 30 April 2017.

(7) Based on the revalued NAV as at 30 June 2017.

(8) Based on the revalued NAV as at 30 June 2017.

(9) Based on the unaudited NAV as at 30 June 2017.

(10) Based on unaudited NAV as at 30 September 2017.

(11) Based on the unaudited NAV as at 31 December 2017.

(12) On 21 September 2017, Tat Hong Holdings Limited ("**Tat Hong**") announced that it had been approached by certain parties in connection with a potential transaction. The market premium in the table above were computed based on the share prices for the period(s) prior to and including 21 September 2017, being the last undisturbed trading date.

(13) Based on the unaudited NAV as at 31 December 2017.

(14) Based on the revalued NAV as at 31 December 2017.

(15) On 11 November 2017, Lee Metal Group Ltd ("**Lee Metal**") announced that it had received an unsolicited approach in connection with a potential transaction. The market premium in the table above were computed based on the share prices for the period(s) prior to and including 10 November 2017, being the last undisturbed trading date.

(16) Based on the unaudited NAV as at 31 March 2018.

(17) Based on the revalued NAV as at 30 June 2018.

(18) Based on the unaudited NAV as at 30 June 2018.

(19) Based on the unaudited NAV as at 30 September 2018.

(20) Based on the unaudited NAV as at 30 September 2018.

(21) On 18 September 2018, PCI Limited ("**PCI**") announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premium in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date.

(22) Based on the unaudited NAV as at 31 December 2018.

(23) Declout Limited had a significant stake in Procurri Corporation Limited ("**Procurri**") and had treated and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. The market premium in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date.

(24) Based on the unaudited pro forma NAV as at 30 September 2018.

(25) Based on the unaudited pro forma NAV as at 15 January 2019.

(26) Based on the revalued NAV as at 31 December 2018.

(27) Based on the unaudited NAV as at 31 March 2019.

(28) Based on the unaudited NAV as at 31 March 2019.

(29) Based on the adjusted NAV as at 31 March 2019.

(30) On 1 July 2019, a mandatory unconditional cash offer was made for all the issued shares in Raffles United Holdings Ltd. and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premium/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of the trading of the shares on 14 August 2019 following the loss of free float.

(31) Based on the unaudited NAV as at 30 June 2019.

(32) On 27 September 2018, the voluntary conditional cash offer for the issued shares of Delong Holdings Limited was announced. On 11 October 2018, it was announced that the offer was withdrawn in accordance with Rule 4 of the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore. The market premium in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last unaffected trading day.

(33) Based on the unaudited NAV as at 30 June 2019.

(34) Excluded as statistical outliers in the mean and median computations in relation to the premium of the respective offer prices over: (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month, 6-month and 12-month period prior to the announcement.

(35) Based on the revalued NAV as at 30 June 2019.

(36) Excluded as statistical outliers in the mean and median computations in relation to the premium of the respective offer prices over: (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the announcement.

(37) Based on the revalued NAV as at 30 June 2019.

(38) Based on the adjusted NAV as at 30 June 2019.

(39) Excluded as statistical outlier in the mean and median computations in relation to the premium of the respective offer price over the relevant VWAP for the 1-month period prior to the announcement.

(40) Based on the revalued NAV as at 30 September 2019.

(41) The VWAP is calculated based on the 1-month, 3-month, 6-month and 12-month period prior to the release of the pre-conditional offer announcement on 27 August 2019.

(42) Based on the unaudited NAV as at 30 September 2019.

(43) Based on the NAV and NTA of the Group as at 31 March 2020 and an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date, as detailed in Paragraph 6.2 above.

Based on the above, we note the following:

(a) The premium implied by the Guaranteed Amount of 24.1% over the last transacted price of the Depository Shares prior to the Announcement Date is within the range, below the mean but above the median of the corresponding premium of the Delisting Transactions;

(b) the premium implied by the Guaranteed Amount of 42.0%, 51.6% and 40.1% over the VWAPs for the 1-month, 3-month and 6-month periods up to and including the Last Traded Day prior to the Announcement Date respectively is within the range and above the mean and median of the corresponding premium of the Delisting Transactions; and

(c) the P/NAV ratio of the Group of 1.7 times as implied by the Guaranteed Amount is within the range of P/NAV ratios of the Selected Comparable Transactions and above the mean and median of P/NAV ratios of the Delisting Transactions.

6.6 Other relevant considerations

(i) Option of Depository Shareholder to receive Consideration Shares or Disposal Proceeds;

(ii) upside potential of Disposal Proceeds;

(iii) percentage of Depository Shares to the overall issued Shares;

(iv) implications of the Scheme on Depository Shareholders; and

(v) commentary in FY2020 financial results of the Company.

6.6.1 Option of Depository Shareholder to receive Consideration Shares or Disposal Proceeds

By default, the Company would issue Consideration Shares to Depository Shareholders. However, Depository Shareholders have the option to elect and receive the Disposal Proceeds in lieu of the Consideration Shares.

The Consideration Shares will remain listed on the Indian Stock Exchange and will be publicly traded. Depository Shareholders who opt for the Consideration Shares will be able to remain vested in the equity of the Group, which allows for potential upside returns from capital appreciation of the Consideration Shares and dividends which may be declared on the Consideration Shares.

The listing status of the Consideration Shares will also provide a public market and an avenue for Shareholders to liquidate the Consideration Shares at any time.

6.6.2 Upside potential of Disposal Proceeds

The Guaranteed Amount of S$0.72 per Depository Share represents a minimum amount Depository Shareholders may receive from the Disposal Proceeds, net of the Relevant Withholding Tax which will be borne by the Company.

The actual net proceeds from the disposal of the Consideration Shares by the securities custodian and agent appointed by the Company on the secondary market of the Indian Stock Exchanges, after deduction of the Relevant Withholding Tax, may be more than the Guaranteed Amount. Accordingly, Depository Shareholders will receive such Disposal Proceeds, which may be higher than the Guaranteed Amount.

Nonetheless, the Guaranteed Amount ensures that Depository Shareholders will receive no less than S$0.72 per Depository Share. Should the Disposal Proceeds exceed the Guaranteed Amount, Cash Electors will be able to retain the excess Disposal Proceeds above the Guaranteed Amount.

6.6.3 Percentage of Depository Shares to the overall issued Shares

As set out in Paragraph 3 above, the 24,924,880 Depository Shares currently in issue, which represents ownership in 12,462,440 Shares (as each Depository Share is equivalent to 0.5 Share), and constitute approximately 4.9% of the total number of issued share capital of the Company of 254,314,211 Shares.

6.6.4 Implications of the Scheme on Depository Shareholders

As set out in Paragraph 1 above, the completion of the Scheme will result in the cessation of the Company and the delisting of the Depository Shares from the SGX-ST. Accordingly, Depository Shareholders will not be able to trade their Depository Shares on the SGX-ST, where trading is denominated in Singapore dollars and local taxation rules apply.

6.6.5 Commentary in FY2020 financial results of the Company

We note the following commentary in relation to the COVID-19 pandemic set out in the Company's FY2020 financial results, the relevant portion of which have been extracted and reproduced in italics below:

"***<u>Covid-19 pandemic impact on Indian Economy:-</u>***

"….India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the coronavirus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown. Abrupt stoppage of urban activity could lead to a steep fall in consumption of non-essential goods. Around 37% of regular wage / salaried employees in urban areas are informal workers, who will face uncertain income.

However after the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May, CRISIL announced that this will perhaps be India's worst recession since independence. State Bank of India research estimates a contraction of over 40% in the GDP in Q1 FY21. The contraction will not be uniform, rather it will differ according to various parameters such as state and sector.

Global Economy

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by -3% in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario – which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound – the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support. (Source: IMF website).

Growth in East Asia and Pacific region is projected to fall to 0.5% in 2020, the lowest rate since 1967, reflecting disruptions caused by the pandemic. Economic activity in the East Asia and Pacific (except China) is forecast to contract by 1.2% in 2020 before rebounding to 5.8% in 2021."

In addition, we also note that, the Company has indicated that in its outlook for FY2021, its business operations may be impacted due to the COVID-19 pandemic. As set out in the Company's announcement dated 15 June 2020, the operations of the Company's plants had resumed at approximately 30% to 40% capacity following lockdowns arising from the COVID-19 pandemic.

We also note the following commentary set out in the Company's FY2020 financial results in relation to the industry outlook, the relevant portion of which have been extracted and reproduced in italics below:

"***PIGMENT: INDUSTRY STRUCTURE: -***

The global dyes and pigments market size is projected to reach USD 54.64 billion by 2026, exhibiting a CAGR of 4.9% during the forecast period. Increasing demand for ink for diverse applications will be a central growth driver for this market, shares Fortune Business Insights in its report, titled "Dyes and Pigment Market Size, Share & Industry Analysis, By Type (Dyes, {Reactive, Disperse, Vat, Acid, and Others}, and Pigment {Inorganic, and Organic}), By End-use Industry (Textiles, Leather, Paper, Paints & Coatings, Plastics, Printing Inks, and Others), and Regional Forecast, 2019-2026"….

*…**Market Driver***

Rapid Urbanization Worldwide to Fuel the Market

The Dyes and Pigments market growth is premised on the fact that there is a rising demand for these ingredients in the paints and coatings industry. The growth of this industry is based on the escalating demand for these materials from the residential and commercial spaces across the globe. One of the major factors causing the proliferation of such spaces is rapid urbanization around the world.

According to the UN Department of Economic and Social Affairs (DESA), roughly two-third of the global population will be living in urban areas by 2050, jumping by 13% from current levels. More importantly, around 90% of this jump will be witnessed in the developing nations of Africa and Asia, where the process of urbanization is getting further intensified by steady economic growth. As a result, expansion of residential and commercial areas in these countries will stoke the demand for Dyes and Pigments during the forecast period.

Asia-Pacific to Offer Promising Growth Prospects for the Market

With a market size of USD 15.05 billion in 2018, Asia-Pacific is set to dominate the Dyes and Pigments market share in the coming years. The main factor propelling the market in this region is the expanding middle-class in India and China, which is increasingly demanding higher value textiles, plastics, and other products, thereby augmenting the uptake of dyes and pigments. Furthermore, countries in Asia-Pacific, mainly China, India, Bangladesh, and Vietnam, lead the world production of textiles and with greater investments in the textile industry, their production capacity has risen substantially in the past few years. With the majority of these products being exported to Europe and North America, the demand for dyes and pigments is surging in the developed countries…

*…**Agrochemical Market***

The global Agrochemicals market is estimated to reach US$ 281.7 Bn at the end of forecast period, while growing at a CAGR of 4.9%, by value. Rising demand for pesticides and increasing consumption of agrochemicals as a liquid form are some of the key factors are expected to boost the demand for agrochemicals in the global market.

Huge opportunity for generic pesticides players:

Agrochemical worth $6.3 billion are going off patent between 2014 – 2020 and as per the Enigma Report 19 more agrochemical active ingredients (Ais) will lose patent protection between 2019 – 2026, approximately 70 mixture products will lose the patent protection. With so many products coming off patent, industry players have the opportunity to choose the right off-patent/generic Active ingredients or their product development strategies.

India Agrochemical Industry

The agrochemicals industry has played a great role since first green revolution to transform India's ship-to mouth economy to a farm-to ship economy. At an estimated size of 2.8 Billion USD in 2019, Indian agrochemicals is the second largest and a fast-growing segment in the Indian agri-input industry.

Use of agrochemicals contributes not only to healthy growth of crops but also to improve farm work efficiency and stable supply of tasty agricultural produce. The onset of agrochemicals era transformed Indian agriculture from food deficient to food surplus country. Going ahead, increase in agricultural yields itself will contribute ~60% towards the vision of doubling farmer income by 2025 (NITI Aayog). Doubling of farmer income will result in a significant increase in rural disposable income and hence spending, which is integral to push economic growth.

Also, exports of agrochemicals in India have been growing at a CAGR of 12.8% during 2014-18. Furthermore, agrochemicals worth 4.1 Billion USD will be off patent by 2020, which will further boost Indian generic agrochemical production ability. Therefore, agrochemicals industry, through increase in yields and contribution to exports will play a major role in achieving the vision of 5 Trillion USD economy.

Indian pesticides market is expected to reach INR 316 billion by 2024, growing at CAGR of 8.1% between 2019-2024. The significance of pesticides has been rising over the last few decades catalysed by the requirement to enhance the overall agricultural production and the need to safeguard adequate food availability for the continuously growing population in the country. In India, pests and diseases, on an average eat away around 20-25% of the total food produced.

Key growth driver of pesticides:

- *Due to increasing urbanisation levels, per capita arable land has been reducing in recent years and expected to reduce further in coming years. Driven by rising population levels, food demand is expected to continue increasing in the coming years and pesticides to play a key role in increasing the average crop yields.*
- *Government initiatives and incentives to provide credit facilities to farmers due to covid outbreak, is expected to provide a strong boost to the pesticides industry. Increasing availability, low interest rates on farm loan and farm loans waivers are expected to encourage farmers to use more pesticides in order to improve yields.*
- *Increasing awareness of pesticides among farmers.*
- *The penetration levels of pesticides in India are significantly lower than other major countries such as the US and China and world average. This indicates that the market for pesticides is still unpenetrated in India….*

*…**Chloro Alkali & Its Derivatives – Chlor Alkali Industry***

Globally, Chlor-alkali market represents one of the largest chemical industries. Chlor-alkali market is expected to reach $124.6 billion by 2022, growing at CAGR of 6.8% between 2016-2022. The market is broadly categorised into three segments namely Caustic Soda (NaOH), Chlorine & Soda Ash, which are collectively known as Chlor-alkali chemicals. The main application areas of Chlor-Alkali chemicals are in soap & detergent industry, paper and pulp, textiles, water treatment, plastic industry, industrial solvents, alumina, pharmaceuticals etc.

Indian Chlor-alkali Industry:

The Indian alkali industry is regarded by global peers as among the most efficient, eco-friendly and progressive industries. It is to the industry's credit that its constituent units had taken a unified stand to move ahead of other countries in phasing out mercury and adopting the latest energy-efficient and eco-friendly membrane cell technology for producing caustic soda.

Despite increase in capacity, industry is continuously operating above 80% and demand remains higher than the production. Caustic soda capacity expected to increase by 329,450 MTPA (up by 8.5%) and 205,950 MTPA (up by 4.9%) during FY 19 and FY 20 respectively.

Significant growth potential for Alkali and Chlor-Vinyl industry in the next 5 years as the alkalis are the basic building blocks that find application in product of everyday use including aluminium, paper, textile and plastic. With growing aspirations of a rising middle class, higher disposable income and currently low level of penetration, demand for these products is bound to grow.

There is a vast untapped market, which will significantly drive demand. India has one of the lowest per capita consumption of 1.9 kg caustic soda, 2.3 kg soda ash and 2.0 kg PVC compared to 32.0 kg, 28.0 kg and 12.7 Kg in the US and 12 Kg, 11 Kg and 10 Kg in China for Caustic Soda, Soda Ash and PVC respectively."

7. OPINION

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(a) Market quotation and trading liquidity of the SDS:

Market quotation

(i) The Guaranteed Amount represents a premium of approximately 24.1% over the VWAP of the Depository Shares of S$0.58 on 14 January 2020, being the Last Traded Day before the release of the Announcement;

(ii) the Guaranteed Amount represents a premium of approximately 42.0%, 51.6%, 40.1% and 37.4% over the VWAPs of the Depository Shares for 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the Announcement respectively;

(iii) during the Period Under Review prior to the release of the Announcement, the Depository Shares have traded between a low of S$0.42 and a high of S$0.68. The Guaranteed Amount represents a premium of S$0.30 (or 71.4%) over the lowest transacted price of the Depository Shares and a premium of S$0.04 (or 5.9%) over the highest transacted price of the Depository Shares;

(iv) the Guaranteed Amount represents a premium of approximately 17.1% over the VWAP of the Depository Shares of S$0.615 for the period after the release of the Announcement to the Latest Practicable Date;

(v) for the period after the release of the Announcement to the Latest Practicable Date, the Depository Shares have traded between a low of S$0.40 and a high of S$0.71. The Guaranteed Amount represents a premium of S$0.32 (or 80.0%) over the lowest transacted price of the Depository Shares and a premium of S$0.01 (or 1.4%) over the highest transacted price of the Depository Shares; and

(vi) the Guaranteed Amount represents a premium of 2.9% over the VWAP of the Depository Shares of S$0.70 as at the Latest Practicable Date.

Trading Liquidity

(i) During the Period Under Review prior to the release of the Announcement, the Depository Shares were traded on 31 days out of a total of 261 market days. The average daily trading volume of the Depository Shares for the 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the release of the Announcement represent 0.1%, 0.1%, 0.1% and 0.1% of the free float of the Depository Shares respectively; and

(ii) for the period after the release of the Announcement and up to the Latest Practicable Date, the average daily trading volume on the Depository Shares was approximately 31,000 Shares, representing 0.2% of the free float of the Depository Shares.

(b) Historical financial performance and position of the Group:

The NAV of the Group as at 31 March 2020 was Rs. 1,20,905.99 Lakhs, representing NAV per Share of S$0.86 based on 254,314,211 Shares as at the Latest Practicable Date and an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date. After deducting the intangible assets, the NTA of the Group was Rs. 1,18,457.72 Lakhs, representing NTA per Share of S$0.84.

The Guaranteed Amount of S$1.44 per Share represents a premium of 67.1% over the NAV per Share and premium of 70.5% over the NTA per Share of the Group and values the Group at a P/NAV ratio and P/NTA ratio of approximately 1.7 times respectively.

(c) Independent Valuation:

The Independent Valuer had arrived at an Independent Valuation of Rs. 60.70 per Share as at the Valuation Date. Based on an exchange rate of S$1.00:Rs. 55.16 as at the Latest Practicable Date, the Independent Valuation is approximately S$1.10 per Share, and the Guaranteed Amount per Share of S$1.44 represents a premium of 30.9% over the Independent Valuation of the Share.

(d) Comparison with Comparable Companies:

(i) The P/E ratio of the Group implied by the Guaranteed Amount of 8.4 times is within the range but below the mean and median of the weighted average P/E ratios of the Comparable Companies;

(ii) the EV/EBITDA ratio of the Group implied by the Guaranteed Amount of 5.7 times is within the range but below the mean and median of the weighted average EV/EBITDA ratios of the Comparable Companies;

(iii) the P/NAV ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NAV ratios of the Comparable Companies; and

(iv) the P/NTA ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NTA ratios of the Comparable Companies.

(e) Comparison with Delisting Transactions:

(i) The premium implied by the Guaranteed Amount of 24.1% over the last transacted price of the Depository Shares prior to the Announcement Date is within the range, below the mean but above the median of the corresponding premium of the Delisting Transactions;

(ii) the premium implied by the Guaranteed Amount of 42.0%, 51.6% and 40.1% over the VWAPs for the 1-month, 3-month and 6-month periods up to and including the Last Traded Day prior to the Announcement Date respectively is within the range and above the mean and median of the corresponding premium of the Delisting Transactions; and

(iii) the P/NAV ratio of the Group of 1.7 times as implied by the Guaranteed Amount is within the range of P/NAV ratios of the Selected Comparable Transactions and above the mean and median of P/NAV ratios of the Delisting Transactions.

(f) Other relevant considerations:

(i) Option of Depository Shareholder to receive Consideration Shares or Disposal Proceeds;

(ii) upside potential of Disposal Proceeds;

(iii) percentage of Depository Shares to the overall issued Shares;

(iv) implications of the Scheme on Depository Shareholders; and

(v) commentary in FY2020 financial results of the Company.

Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Exit Offer are, on balance, FAIR AND REASONABLE.

We wish to highlight that as each Depository Share is equivalent to 0.5 Share, this translates the Guaranteed Amount of S$0.72 per Depository Share into S$1.44 per Share. We have used the Guaranteed Amount of S$0.72 when we make references to Depository Shares and S$1.44 when making references to Shares. For instance, references to the Guaranteed Amount of S$0.72 are made when comparing against, *inter alia*, trading prices of the Depository Shares on the SGX-ST while references to S$1.44 per Share are made when comparing against, *inter alia*, the NAV per Share. **Shareholders should refer to the Guaranteed Amount of S$0.72 for each Depository Share when considering whether or not to accept the Exit Offer.**

We consider the financial terms of the Exit Offer, on balance, to be **FAIR**, after taking into consideration the following factors:

(a) Market quotation and trading liquidity of the SDS:

<u>Market quotation of the SDS</u>

(i) The Guaranteed Amount represents a premium of approximately 24.1% over the VWAP of the Depository Shares of S$0.58 on 14 January 2020, being the Last Traded Day before the release of the Announcement;

(ii) the Guaranteed Amount represents a premium of approximately 42.0%, 51.6%, 40.1% and 37.4% over the VWAPs of the Depository Shares for 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the Announcement respectively;

(iii) during the Period Under Review prior to the release of the Announcement, the Depository Shares have traded between a low of S$0.42 and a high of S$0.68. The Guaranteed Amount represents a premium of S$0.30 (or 71.4%) over the lowest transacted price of the Depository Shares and a premium of S$0.04 (or 5.9%) over the highest transacted price of the Depository Shares;

(iv) the Guaranteed Amount represents a premium of approximately 17.1% over the VWAP of the Depository Shares of S$0.615 for the period after the release of the Announcement to the Latest Practicable Date;

(v) for the period after the release of the Announcement to the Latest Practicable Date, the Depository Shares have traded between a low of S$0.40 and a high of S$0.71. The Guaranteed Amount represents a premium of S$0.32 (or 80.0%) over the lowest transacted price of the Depository Shares and a premium of S$0.01 (or 1.4%) over the highest transacted price of the Depository Shares; and

(vi) the Guaranteed Amount represents a premium of 2.9% over the VWAP of the Depository Shares of S$0.70 as at the Latest Practicable Date.

(b) Independent Valuation:

The Guaranteed Amount per Share of S$1.44 represents a premium of 30.9% over the Independent Valuation of the Share.

(c) Comparison with Comparable Companies:

(i) The P/E ratio of the Group implied by the Guaranteed Amount of 8.4 times is within the range but below the mean and median of the weighted average P/E ratios of the Comparable Companies;

(ii) the EV/EBITDA ratio of the Group implied by the Guaranteed Amount of 5.7 times is within the range but below the mean and median of the weighted average EV/EBITDA ratios of the Comparable Companies;

(iii) the P/NAV ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NAV ratios of the Comparable Companies; and

(iv) the P/NTA ratio of the Group implied by the Guaranteed Amount of 1.7 times is within the range but below the mean and median of the weighted average P/NTA ratios of the Comparable Companies.

(d) Comparison with Delisting Transactions:

(i) The premium implied by the Guaranteed Amount of 24.1% over the last transacted price of the Depository Shares prior to the Announcement Date is within the range, below the mean but above the median of the corresponding premium of the Delisting Transactions;

(ii) the premium implied by the Guaranteed Amount of 42.0%, 51.6% and 40.1% over the VWAPs for the 1-month, 3-month and 6-month periods up to and including the Last Traded Day prior to the Announcement Date respectively is within the range and above the mean and median of the corresponding premium of the Delisting Transactions; and

(iii) the P/NAV ratio of the Group of 1.7 times as implied by the Guaranteed Amount is within the range of P/NAV ratios of the Selected Comparable Transactions and above the mean and median of P/NAV ratios of the Delisting Transactions.

We consider the financial terms of the Exit Offer to be, on balance, **REASONABLE**, after taking into consideration the following factors:

(a) Trading Liquidity of the Depository Shares:

(i) During the Period Under Review prior to the release of the Announcement, the Depository Shares were traded on 31 days out of a total of 261 market days. The average daily trading volume of the Depository Shares for the 1-month, 3-month, 6-month and 12-month periods during the Period Under Review prior to the release of the Announcement represent 0.1%, 0.1%, 0.1% and 0.1% of the free float of the Depository Shares respectively; and

(ii) for the period after the release of the Announcement and up to the Latest Practicable Date, the average daily trading volume on the Depository Shares was approximately 31,000 Shares, representing 0.2% of the free float of the Depository Shares.

(b) The Depository Shares have never closed at or above the Guaranteed Amount during the Period Under Review;

(c) the Depository Shareholder has the option of receiving Consideration Shares which are publicly traded and remain as a Shareholder, which allows potential upside returns from capital appreciation of the Consideration Shares and dividends which may be declared on the Consideration Shares;

(d) the Guaranteed Amount represents a minimum amount Depository Shareholders may receive, and there are potential upside of the Disposal Proceeds being more than the Guaranteed Amount;

(e) the Depository Shares in issue represents only 4.9% of the Company's total issued Shares;

(f) the completion of the Scheme will result in the delisting of the Depository Shares on the SGX-ST; and

(g) the Company's commentary on the market outlook as set out in the FY2020 financial results of the Company.

Accordingly, we advise the Directors to recommend that Depository Shareholders ACCEPT the Exit Offer.

We would advise the Directors to consider highlighting that there are no assurances that the market prices of the Depository Shares after the close of the Exit Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

We have prepared this Letter pursuant to Rule 1309(2) of the Listing Manual as well as for the use of the Directors in connection with and for the purpose of their consideration of the financial terms of the Exit Offer. The recommendation made by the Directors to the Depository Shareholders in relation to the Exit Offer shall remain the sole responsibility of the Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

Date: October 16, 2020

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

Dear Sir,

Subject: Valuation Report for the valuation of the equity shares of Meghmani Organics Limited, for opining on the price for Exit Offer on delisting of Singapore Depository Shares ('SDS'), on The Singapore Exchange Securities Trading Limited (SGX-ST)

Meghmani Organics Limited (hereinafter referred to as 'MOL', 'the Company') incorporated on January 2, 1995 under the Companies Act, 1956, is engaged in the business of manufacturing and selling Pigments & Agrochemicals products, as well as in the business of trading in chemical products and other allied products. The Company was primarily listed on the SGX-ST on August 10, 2004. For the purpose of listing, trading and quotation on SGX-ST, the Equity Shares are packaged as Singapore Depository Shares ('SDS'), which represent ownership interests in Equity Shares, and are evidenced by a global SDS issued by DBS Bank ('Depository Bank'). 1 SDS is equivalent to 0.5 Equity Shares. Subsequently, the Company came out with an Initial Public Offer (IPO) in India and was listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) on June 28, 2007. At present SDS representing 1,28,92,190 equity shares are listed on SGX-ST, comprising around 5.1% shareholding of the Company. As on January 28, 2020, the price per SDS on SGX is SGD 0.58 per SDS.

The Company proposes to delist SDS from SGX and hence, pursuant to Rules 1305 to 1309 of Chapter 13 (Trading Halt, Suspension and Delisting) Part IV (Delisting) of the SGX Listing Rulebook, a Company seeking delisting from SGX shall have to provide an exit offer to shareholders and holders of any other classes of listed securities to be delisted. Such a Company seeking delisting is also required to appoint an Independent Financial Adviser ("IFA") to advise on the exit offer and the IFA must opine that the exit offer is fair and reasonable.

Accordingly, the Company has through an engagement letter dated July 29, 2019 (hereinafter referred to as the 'Engagement Letter') appointed Vivro Financial Services Private Limited, a Category I Merchant Banker registered with SEBI having a Registration Number INM000010122, (herein referred as "Vivro", 'we', 'us', 'our',), as an Independent Valuer, to provide an opinion on the fair value of equity shares to the Board of Directors of the Company and issue a Valuation Report thereto.

1. SCOPE AND PURPOSE OF THE REPORT

1.1. The purpose of this Valuation Report is to provide an opinion on the fair value of equity shares of the Company to the Board of Directors of the Company. This report may also be relied upon by the IFA appointed by the Company to enable them to form an opinion on whether the exit offer offered by the Board of Directors of the Company is fair and reasonable.

1.2. The scope of our services is to estimate the fair value of equity shares of the Company using market accepted valuation methods and issue a valuation report thereto, to be placed before the Board of Directors of the Company. This report is only to facilitate the Board of Directors determine the exit price and should not be construed as our opinion on the exit price to be offered by the Board of Directors nor should it be construed as a determination of a fair and reasonable exit price which is to be determined by the Board of Directors.

1.3. This report is our deliverable to this engagement.

1.4. 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.

2. SOURCES OF INFORMATION

Vivro has relied on the following information made available by the Company for the purpose of this report:

2.1. Memorandum and Articles of Association of the Company;

2.2. Brief History, Present Activities, Business Profile, Shareholding Pattern of the Company;

2.3. Consolidated Audited Financial Statements of the Company for the years ended March 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015;

2.4. Such other information and explanations as required and which have been provided by the management of the Company, which were considered relevant for the purpose of carrying out this valuation analysis and preparing this Report.

3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

3.1. This Valuation Report ('Report') has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Report is restricted for the purpose indicated in the Engagement Letter. This restriction does not preclude the Company from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report.

3.2. This Report is presented to the Board of Directors as an estimate of the fair value of equity shares of the Company. This report is only to facilitate the Board of Directors determine the exit price and should not be construed as our opinion on the exit price to be offered by the Board nor should it be construed as a determination of a fair and reasonable exit price which is to be determined by the IFA appointed by the Company.

3.3. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by / on behalf of the Company.

3.4. In preparing this Report, we have relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Company. We have therefore relied upon all specific information as received. As informed by the management of the company, all transactions with related parties are on arm's length basis and for the projected period these are expected to continue as the same. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

3.5. This Report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are necessarily based on the written and oral information made available to us by the management of the Company as on date of this Report. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

3.6. We owe responsibility only under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Company or their directors, employees or agents.

3.7. We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context.

3.8. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Company. Our report is subject to the scope and 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.

3.9. We have not provided any accounting, tax or legal advice to the Company or any of its affiliates neither are we required to in terms of the Engagement Letter.

3.10. We have not reviewed the legal compliance and process for the structure and flow of the transaction, except to the extent as required for the legal requirement and purpose of this valuation, neither are we required to do so in terms of the Engagement Letter.

3.11. We have not examined the tax implication of present transaction neither are we required to in terms of the Engagement Letter.

3.12. We have not revalued any asset, nor physically verified any asset of the Company neither are we required to in terms of the Engagement Letter.

3.13. This Report does not constitute a fairness opinion, solvency opinion, or an investment recommendation and should not be construed as such either for making or divesting investment.

3.14. The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the Company.

3.15. The actual market price achieved may be higher or lower than our estimate of the value depending upon the circumstances of the transaction and the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.

3.16. This Company should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this Report can only be regarded as relevant as at the valuation date.

3.17. This Report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded / reflected in the financials provided to us.

3.18. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost / professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.

3.19. We are independent of the Company and hold no specific interest in the Company or its assets, nor do we have any conflict of interest with the Company.

3.20. The fee for this engagement is not contingent upon the results reported and valuation arrived at by us.

3.21. This Report is furnished on strictly confidential basis. Neither this Valuation Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.

3.22. This Report is not a recommendation of the exit offer price but our opinion on the fair value of the equity shares of the Company.

4. BRIEF DETAILS OF THE COMPANY

4.1. The Company 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, India – 382445, engaged in the business of manufacturing and selling Pigments & Agrochemicals products, as well as in the business of trading in chemical products and other allied products.

4.2. The equity shares of the Company are listed on NSE and BSE. SDS issued by the Company are listed on SGX-ST.

4.3. The shareholding pattern of the Company as on September 30, 2019 is as under:

Particulars	Equity Shares	Shareholding (%)
Promoters	12,29,30,280	48.3%
Public	11,84,91,741	46.6%
Custodian (Global SDRs)	1,28,92,190	5.1%
Total	**25,43,14,211**	**100.0%**

4.4. The standalone financials as on March 31, 2019 and September 2019 are as follows:

Standalone Balance Sheet of the Company

Particulars (Rs. In Lakhs)	September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
ASSETS		
1) Non-Current Assets		
(i) Property, plant and equipment	43,636.45	42,779.18
(ii) Capital Work in Progress	5,828.00	4,442.48
(iii) Other Intangible Assets	1,880.37	1,152.05
(iv) Intangible Assets under Development	383.02	491.27
(v) Investments in Subsidiaries	18,246.55	18,246.55
(vi) Investments	57.41	57.41
(vii) Other Financial Assets	557.31	559.70
(viii) Non-Current Tax Assets	663.30	681.89
(ix) Other Non-Current Assets	2,132.08	1,133.29
Total Non-Current Assets	**73,384.49**	**69,543.83**
2) Current Assets		
(i) Inventories	34,249.14	36,360.80
(ii) Trade receivables	35,271.63	35,412.38
(iii) Cash and cash equivalents	818.63	177.16
(iv) Bank Balance other than above	49.85	136.25
(v) Loans	34.38	22.99
(vi) Other Financial Assets	3,556.14	4,069.29
(vii) Current Tax Assets	-	278.85
(viii) Other current assets	4,233.08	4,365.21
Total Current Assets	**83,397.90**	**80,813.93**
Total Assets	**1,56,782.39**	**1,50,357.76**

Particulars (Rs. In Lakhs)		September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
EQUITIES AND LIABILITIES			
3)	Shareholder's Funds		
(i)	Equity Share capital	2,543.14	2,543.14
(ii)	Other Equity	88,966.20	81,253.44
Total Equity		**91,509.34**	**83,796.58**
4)	Non-Current liabilities		
(i)	Long Term Borrowings	6,768.38	8,527.45
(ii)	Other Financial Liabilities	747.47	-
(iii)	Provisions	801.66	648.68
(iv)	Deferred tax liabilities (net)	2,948.79	4,088.78
Total non-current liabilities		**11,266.30**	**13,264.91**
5)	Current liabilities		
(i)	Borrowings	13,934.49	19,957.32
(ii)	Trade Payables	29,252.26	21,881.30
(iii)	Other Financial Liabilities	8,030.98	8,567.90
(iv)	Other current liabilities	558.46	918.66
(v)	Short Term Provisions	591.22	591.22
(vi)	Current Tax Liabilities	1,639.34	1,379.87
Total current liabilities		**54,006.75**	**53,296.27**
Total Equity and liabilities		**1,56,782.39**	**1,50,357.76**

Standalone Profit Loss Statement of the Company

Particulars (Rs. In Lakhs)		September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
1)	**Total Income**		
(i)	Revenue from operations	84,154.30	1,41,042.00
(ii)	Other Income	1,903.91	3,882.19
2)	**Total Expenses**		
(i)	Cost of Material Consumed	47,489.78	87,954.61
(ii)	Purchase of Stock in Trade	2,601.44	4,162.57
(iii)	Changes in Inventories	3,680.68	(11,040.20)

Particulars (Rs. In Lakhs)	September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
(iv) Employee Benefit Expenses	4,303.33	7,486.37
(v) Other Expenses	14,094.36	29,251.99
3) Earnings before interest, tax, depreciation, amortisation (EBITDA)	**11,984.71**	**23,226.66**
(i) Finance Cost	1,163.69	4,589.20
(ii) Depreciation and amortisation expense	2,340.75	4,629.04
4) Profit before Tax	**10,384.18**	**17,890.61**
5) Exceptional Items	-	(4,328.51)
6) Tax expense		
Current tax	2,501.98	5,390.00
Deferred tax	(1,119.08)	33.84
Adjustment of tax	-	(73.79)
7) Profit for the period/year	**9,001.28**	**16,869.07**
Other Comprehensive Income	(62.17)	(90.08)
8) Total Comprehensive Income	8,939.11	16,778.99

4.5. The consolidated financials as on March 31, 2019 and September 2019 are as follows:

Consolidated Balance Sheet of the Company

Particulars (Rs. In Lakhs)	September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
ASSETS		
1) Non-Current Assets		
(i) Property, plant and equipment	89,619.41	72,504.68
(ii) Capital Work in Progress	56,805.68	51,267.31
(iii) Other Intangible Assets	2,339.83	1,152.05
(iv) Intangible Assets under Development	383.02	491.27
(v) Investments	57.41	57.41
(vi) Other Financial Assets	906.72	1,045.17
(vii) Deferred tax Assets	-	28.06
(viii) Non-Current Tax Assets	1,120.53	1,030.30

Particulars (Rs. In Lakhs)		September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
(ix)	Other Non-Current Assets	7,277.36	2,964.36
Total Non-Current Assets		**1,58,509.96**	**1,30,540.61**
2) Current Assets			
(i)	Inventories	39,587.95	41,093.90
(ii)	Investments	6,190.13	-
(iii)	Trade receivables	41,489.52	43,135.33
(iv)	Cash and cash equivalents	7,142.38	13,329.63
(v)	Bank Balance other than above	49.85	136.25
(vi)	Loans	64.29	58.62
(vii)	Other Financial Assets	3,631.34	4,176.66
(viii)	Current Tax Assets	-	278.85
(ix)	Other current assets	4,770.72	4,925.99
Total Current Assets		**1,02,926.18**	**1,07,135.23**
Total Assets		**2,61,436.14**	**2,37,675.84**
EQUITIES AND LIABILITIES			
3) Shareholder's Funds			
(i)	Equity Share capital	2,543.14	2,543.14
(ii)	Other Equity	1,10,561.90	97,816.89
(iii)	Non-Controlling Interest	18,324.05	14,923.82
Total Equity		**1,31,519.09**	**1,15,283.85**
4) Non-Current liabilities			
(i)	Long Term Borrowings	48,746.59	45,061.50
(ii)	Other Financial Liabilities	1,920.66	781.31
(iii)	Provisions	995.14	760.25
(iv)	Deferred tax liabilities (net)	4,082.79	5,041.81
Total non-current liabilities		**55,745.18**	**51,644.87**
5) Current liabilities			
(i)	Borrowings	14,274.37	20,193.94
(ii)	Trade Payables	31,856.54	25,193.51
(iii)	Other Financial Liabilities	24,953.69	22,171.09
(iv)	Other current liabilities	834.68	1,177.65
(v)	Short Term Provisions	596.23	596.23
(vi)	Current Tax Liabilities	1,656.36	1,414.70

Particulars (Rs. In Lakhs)	September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
Total current liabilities	**74,171.87**	**70,747.12**
Total Equity and liabilities	**2,61,436.14**	**2,37,675.84**

Consolidated Profit Loss Statement of the Company

Particulars (Rs. In Lakhs)	September 30, 2019 (Unaudited Limited Reviewed)	March 31, 2019 (Audited)
1) Total Income		
(i) Revenue from operations	**1,14,861.20**	**2,08,795.85**
(ii) Other Income	2,166.05	3,320.38
2) Total Expenses		
(i) Cost of Material Consumed	60,052.35	1,08,891.28
(ii) Purchase of Stock in Trade	2,063.95	5,687.38
(iii) Changes in Inventories	3,111.26	(11,283.36)
(iv) Employee Benefit Expenses	6,911.56	12,467.47
(v) Other Expenses	18,185.83	38,585.57
3) Earnings before interest, tax, depreciation, amortisation (EBITDA)	**24,536.25**	**54,447.51**
(i) Finance Cost	1,341.78	5,599.21
(ii) Depreciation and amortisation expense	4,389.12	9,725.94
4) Profit before Tax	**20,971.40**	**42,442.74**
5) Exceptional Items	-	1,586.78
6) Tax expense		
Current tax	4,343.34	10,654.56
Deferred tax	(901.99)	(1,814.53)
Adjustment of tax	-	(61.52)
MAT Credit	-	2,540.73
7) Profit for the period/year	**17,530.05**	**29,536.72**
Other Comprehensive Income	(77.19)	(105.51)
8) Total Comprehensive Income	17,452.86	29,431.21

5. METHODS OF VALUATION

5.1. In order to arrive at the fair value of the enterprise, there are three traditional approaches which can be considered:

5.1.1 Market approach:

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

5.1.2 Income approach:

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

5.1.3 Asset approach:

The Asset approach seeks to determine the equity value of a Company based on the estimated fair values, as may be applicable, of its assets and liabilities represented in its financial statements. It indicates the value of business by adjusting the assets and liabilities.

5.2. The valuation exercise and selection of valuation bases depend on but not limited to, the following:

- nature of the asset to be valued;
- scope and purpose of the valuation engagement;
- valuation date/ measurement date;
- intended purpose of the valuation;
- applicable standard of value;
- applicable premise of value;
- assumptions and limiting conditions;
- applicable governmental regulations;
- availability of adequate inputs or information and its reliability;
- strengths and weakness of each valuation approach and method; and

- Valuation approach/method considered by market participants.

The equity shares of the Company, reflecting its standalone and consolidated operations, are listed on nationwide stock exchanges in India, BSE and NSE. Under extant SEBI regulations, frequently traded shares are valued as per market price methods while infrequently traded shares are valued using methods such as book value, comparable trading multiples and such other methods as may be applicable to the Company being valued. Equity shares of a Company are considered frequently traded if the traded turnover on any stock exchange during the twelve calendar months preceding the relevant date is at least ten per cent of the total number of shares of such class of shares of the Company. The equity shares of the Company have a trading turnover of 193,575,642 equity shares on NSE in the preceding 12 months from January 28, 2020, which is the valuation date, against a total number of equity shares of 254,314,211, and hence the equity shares are frequently traded. Accordingly, we have considered it appropriate to value the equity shares of the Company using the Market Approach of Valuation to estimate the fair value of the equity shares of the Company.

MARKET PRICE METHOD

The market price of an equity share as quoted on stock exchange, which is frequently traded, is normally considered as the fair value of equity shares of the company, subject to the element of speculative support that may be inbuilt in the value of shares. As the equity shares of the Company are frequently traded, the fair value of the equity shares of the Company is determined based on its market price considering the weighted average of (i) The volume-weighted average market price of the equity shares for a period of 60 trading days immediately preceding the relevant date and (ii) Higher of the average of the weekly high & low of the volume weighted average market price of the equity shares quoted on the recognised stock exchange during the 26 weeks preceding the relevant date OR during 2 weeks preceding the relevant date. As the trading volume of the equity shares is higher on NSE, the equity market data from NSE has been considered for the purpose of the calculation. Annexure A provides the weighted average calculation of the market price and Annexure B provides the detailed calculation under both the above methods in arriving at the market price.

6. BASIS OF THE FAIR VALUE OF EQUITY SHARES

6.1. The fair value of equity shares of the Company has been arrived at based on the methodologies explained herein and various qualitative factors relevant to the Company and the business dynamics and growth potential of the business of the Company, having regard to information base, key underlying assumptions and limitations. As represented to us by the management of the Company, the fair value of its assets and liabilities as on date has not undergone any change since the valuation date

6.2. In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the Valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.

7. CONCLUSION

On the basis of the valuation methodology and basis for determining discussed above, we estimate the fair value of equity shares of the Company as on **January 28, 2020** to be **Rs. 60.70 per share.**

For, Vivro Financial Services Private Limited,

Jayesh Vithlani
Sr. Vice President
Date: October 16, 2020
Place: Ahmedabad

Annexure A

Valuation Working

Approach	Weightage (%)	Value Per Share (Rs.)
The volume-weighted average market price of the equity shares on NSE for a period of 60 trading days immediately preceding the relevant date (January 28, 2020)	50%	58.18
Higher of the average of the weekly high & low of the volume weighted average market price of the equity shares quoted on NSE during the 26 weeks preceding the relevant date OR during 2 weeks preceding the relevant date (January 28, 2020)	50%	63.21
Weighted Average Valuation		**60.70**

Annexure B

Week	Start Date	End Date	High	Low	Average
1	1/22/2020	1/28/2020	66.29	62.56	64.43
2	1/15/2020	1/21/2020	63.23	60.77	62.00
3	1/8/2020	1/14/2020	63.21	58.60	60.91
4	1/1/2020	1/7/2020	58.00	55.45	56.73
5	12/25/2019	12/31/2019	58.50	49.70	54.10
6	12/18/2019	12/24/2019	49.16	48.99	49.08
7	12/11/2019	12/17/2019	50.20	47.80	49.00
8	12/4/2019	12/10/2019	50.86	49.53	50.20
9	11/27/2019	12/3/2019	53.27	50.82	52.05
10	11/20/2019	11/26/2019	53.08	52.24	52.66
11	11/13/2019	11/19/2019	57.63	53.32	55.48
12	11/6/2019	11/12/2019	58.13	55.57	56.85
13	10/30/2019	11/5/2019	55.16	52.00	53.58
14	10/23/2019	10/29/2019	52.08	49.87	50.98
15	10/16/2019	10/22/2019	52.37	51.27	51.82
16	10/9/2019	10/15/2019	50.80	49.22	50.01
17	10/2/2019	10/8/2019	50.13	48.89	49.51
18	9/25/2019	10/1/2019	57.76	52.67	55.22
19	9/18/2019	9/24/2019	60.27	56.82	58.55
20	9/11/2019	9/17/2019	60.54	54.02	57.28
21	9/4/2019	9/10/2019	49.78	44.34	47.06

Week	Start Date	End Date	High	Low	Average
22	8/28/2019	9/3/2019	46.64	44.13	45.39
23	8/21/2019	8/27/2019	46.64	42.86	44.75
24	8/14/2019	8/20/2019	48.23	46.96	47.60
25	8/7/2019	8/13/2019	50.11	47.94	49.03
26	7/31/2019	8/6/2019	49.52	47.78	48.65
27	7/24/2019	7/30/2019	54.53	51.41	52.97
28	7/17/2019	7/23/2019	60.27	54.04	57.16
29	7/10/2019	7/16/2019	62.65	59.47	61.06
30	7/3/2019	7/9/2019	65.45	61.45	63.45
31	6/26/2019	7/2/2019	65.26	63.65	64.46
32	6/19/2019	6/25/2019	63.83	61.50	62.67
33	6/12/2019	6/18/2019	66.71	62.15	64.43
34	6/5/2019	6/11/2019	67.44	65.36	66.40
35	5/29/2019	6/4/2019	71.52	66.67	69.10
36	5/22/2019	5/28/2019	70.42	62.91	66.67
37	5/15/2019	5/21/2019	63.56	59.93	61.75
38	5/8/2019	5/14/2019	62.81	60.00	61.41
39	5/1/2019	5/7/2019	66.78	63.81	65.30
40	4/24/2019	4/30/2019	67.06	64.41	65.74
41	4/17/2019	4/23/2019	65.55	63.17	64.36
42	4/10/2019	4/16/2019	67.80	60.89	64.35
43	4/3/2019	4/9/2019	61.77	60.15	60.96

Week	Start Date	End Date	High	Low	Average
44	3/27/2019	4/2/2019	62.83	60.80	61.82
45	3/20/2019	3/26/2019	65.94	60.99	63.47
46	3/13/2019	3/19/2019	65.76	60.36	63.06
47	3/6/2019	3/12/2019	66.24	62.47	64.36
48	2/27/2019	3/5/2019	60.88	50.91	55.90
49	2/20/2019	2/26/2019	52.21	50.11	51.16
50	2/13/2019	2/19/2019	52.19	50.81	51.50
51	2/6/2019	2/12/2019	53.89	44.68	49.29
52	1/30/2019	2/5/2019	54.75	51.28	53.02

i) Weighted Average Price of 26 weeks (Rs.)	52.80
ii) Weighted Average Price of 2 weeks (Rs.)	63.21
Higher of i) and ii)	**63.21**

Total Turnover (For 52 Weeks) on NSE (Rs.)	3,525,693,974
Total Volume (For 52 Weeks) on NSE	60,595,848
Volume Weighted Average Market Price (Rs.)	**58.18**

To the best of the Directors' knowledge and belief as at the Latest Practicable Date, the risk factors that are material to Depository Shares holders in making an informed judgment on the Consideration Shares (save for those which have already been disclosed to the general public) are set out below. Depository Shares holders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular before deciding whether to receive the Consideration Shares. New ListCo 1 and/or New ListCo 2 could be affected by a number of risks that may relate to the industries and countries in which New ListCo 1 and/or New ListCo 2 operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein.

The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect New ListCo 1 and/or New ListCo 2's operations. If any of the following considerations and uncertainties develop into actual events, the business, financial condition, results of operations and prospects of New ListCo 1 and/or New ListCo 2 could be materially and adversely affected. In such event, the trading price of the Consideration Shares could decline due to any of these considerations and uncertainties, and Depository Shares holders and investors may lose all or part of their investments in the Consideration Shares.

This Circular contains forward-looking statements relating to events that involve risks and uncertainties. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular.

RISKS RELATING TO NEW LISTCO 1 AND/OR NEW LISTCO 2'S BUSINESS AND OPERATIONS

New ListCo 1 and New ListCo 2 are exposed to risks in respect of epidemics, pandemics and natural or other calamities, including COVID-19.

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of COVID-19, Avian Flu H5N1, Severe Acute Respiratory Syndrome, Ebola, Middle East respiratory syndrome coronavirus, etc.) that escalates into a regional or global epidemic or pandemic may have an adverse impact on New ListCo 1 and/or New ListCo 2's businesses.

In particular, the outbreak of the novel strain of coronavirus (i.e. COVID-19) has spread globally and triggered a global economic downturn and global economic contraction, which has had an impact on the Group's businesses. COVID-19 had disrupted the Group's businesses due to lockdown and other emergency measures imposed by the governments. The operations of the Group were impacted due to shutdown of plants and offices following a nationwide lockdown. The Group continues with its operations in a phased manner in line with directives from the authorities.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy. There is significant uncertainty as to the duration of the pandemic and its impact on the economies which New ListCo 1 and/or New ListCo 2 operates in, which is likely to affect New ListCo 1 and/or New ListCo 2's financial performance in the upcoming financial years.

In addition, the spread of viruses or other disease outbreaks could result in disruptions and delays in the production processes of New ListCo 1 and/or New ListCo 2 if any of them are required to shut down its production facilities due to any employee being affected or suspected of being infected with viruses or diseases. This would result in longer lead time for production and delay delivery to the customers of New ListCo 1 and/or New ListCo 2. Failure to meet customers' expectations could damage the reputation of New ListCo 1 and/or New ListCo 2 and may, as a result, lead to loss of business and affect their ability to attract new businesses, and could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

New ListCo 1 and New ListCo 2 are dependent on their key management team for continued success and growth.

New ListCo 1 and New ListCo 2's success depend on their ability to attract, recruit and retain quality employees and attributes their success to the leadership and contributions of New ListCo 1's and New ListCo 2's management team. In particular, New ListCo 1 and New ListCo 2 rely heavily on their management team for their business vision, management skills, technical expertise, experience in the industry and working relationships with many of New ListCo 1 and New ListCo 2's clients and counterparts. Their continued success is, therefore, dependent to a large extent on their ability to retain key management personnel who have extensive experience in their respective industries and who are responsible for formulating and implementing the growth, corporate development and overall business strategies of New ListCo 1 and New ListCo 2. New ListCo 1 and/or New ListCo 2's inability to retain, or successfully attract and recruit where necessary, members of their key management team, other key employees and staff will adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

New ListCo 1 and New ListCo 2 are dependent on the political, economic, regulatory and social conditions in the countries in which they operate and in which they intend to expand their businesses.

The Group sells its products to customers from various countries, including North America, Europe, Central and Latin America, and Asia-Pacific. As a result, the business and future growth of New ListCo 1 and New ListCo 2 are dependent on the political, economic, regulatory and social conditions of the various countries. Any change in the policies implemented by the governments of any of these countries which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to their businesses could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

In relation to the Agrochemical and Pigment Business, the agrochemical products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold. New ListCo 1 will need to comply with specific qualitative standards (such as the amount of purities and impurities present in the agrochemicals products) and permitted toxicity levels set by the local and overseas authorities in order to obtain the necessary product registration before the agrochemical products can be manufactured and distributed. There is no assurance that New ListCo 1 will be able to obtain the necessary product registration for the new agrochemical products or for the existing agrochemical products in new markets. Further, any changes in such qualitative standards and permitted toxicity levels could result in the prohibition of the sale of New ListCo 1's products, a loss in product registration status, higher costs being incurred for compliance with the new registration requirements, or failure to obtain registration for New ListCo 1's new agrochemical products or its agrochemical products in new markets. In addition, the Chloro-Alkali and its Derivatives Business can get affected by new capacity additions and dumping of Caustic Soda from neighbouring countries hurting Electrochemical Unit (ECU) realizations. The occurrence of any of these events could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

New ListCo 1 and New ListCo 2's business, financial condition, results of operations and prospects may be adversely affected by exchange rate instability.

New ListCo 1 and New ListCo 2 are incorporated in India and their reporting currency is in Rs. The Group's presence in multiple countries exposes it to foreign currency revenue, and the Group realizes foreign currency gain or loss based on depreciation or appreciation of the US Dollar.

Any currency exchange gain or loss resulting from the translation is recognised as other comprehensive income or loss and accumulated in the foreign currency translation reserve, under equity. If the resulting translation differences are significant, they may adversely affect the results and shareholders' fund position of New ListCo 1 and/or New ListCo 2. In addition, the computation of bank covenants and debt ratios may also be affected.

The sales and profitability of New ListCo 1 and New ListCo 2 may be adversely affected by delivery and production disruptions of raw materials supplies and fluctuations in raw material prices.

Delivery disruptions for various reasons including weather conditions such as typhoons and floods, and events such as political turmoil, social unrest and strikes would lead to delayed or lost deliveries of products or raw materials of New ListCo 1 and/or New ListCo 2.

A disruption in raw materials supply would affect New ListCo 1 and/or New ListCo 2's production schedule. In the event of any disruption of supply of raw materials and New ListCo 1 and/or New ListCo 2 is unable to procure an alternative supply on a timely basis or at similar prices, New ListCo 1 and/or New ListCo 2's sales and profitability may be adversely affected. Weather conditions such as typhoons and floods may also affect their delivery to customers. In the event that New ListCo 1 and/or New ListCo 2 are required to compensate their customers for losses arising from such delay which may be significant, this could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

Drastic changes and continuous fluctuations in the prices of key raw materials can pose critical challenges to the growth of New ListCo 1 and/or New ListCo 2. In the event of any significant increase in the prices of these raw materials, the profitability of New ListCo 1 and/or New ListCo 2 may be adversely affected if any of them is unable to pass on fully such increase in the prices of these raw materials to its customers.

New ListCo 1's business is vulnerable to seasonal fluctuations.

The demand by domestic customers for New ListCo 1's agrochemical products is affected by rainfall and fluctuations in weather conditions and adverse weather conditions in India, such as droughts and typhoons or other natural calamities like fires, floods and earthquakes. In addition, should there be any significant decline in the prices of New ListCo 1's agrochemical products, this could adversely affect New ListCo 1 business, financial condition and results of operations.

Moreover, should India experience a bad monsoon, certain of New ListCo 1's domestic customers, specifically its distributors and agents in India who purchase agrochemical products for sale to farmers, may encounter difficulties in collection from the farmers, and may be unable to fulfil their payment obligations to New ListCo 1 on a timely basis.

New ListCo 1 and New ListCo 2 operate in a highly competitive industry.

New ListCo 1 and New ListCo 2 operate in a competitive environment as their products are produced by a large number of other producers. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record.

Besides international producers, there are several competitors in India selling similar products as the New ListCo 1 and New ListCo 2. There is however no assurance that New ListCo 1 and New ListCo 2 will continue to compete successfully in future. Some of the competitors of New ListCo 1 and New ListCo 2 may be able to price their products more attractively or may be able to distribute their products more effectively through establishing better distribution networks, or may have greater access to capital and greater manufacturing, research and development, marketing and other resources than New ListCo 1 and New ListCo 2. The inability of New ListCo 1 and/or New ListCo 2 to remain competitive will adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

Should there be a significant increase in global competition in the products that New ListCo 1 and/or New ListCo 2 manufactures, or if New ListCo 1 and/or New ListCo 2 is unable to stay relevant in the global arena, this will adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

The production operations of New ListCo 1 and New ListCo 2 are subject to environmental and health-related laws and regulations in India, and compliance with such laws and regulations may be costly.

The Group's production operations are subject to laws and regulations, in particular, environmental and health-related laws and regulations in India. Under these laws and regulations, the Group is required to control the use of, as well as restrict the discharge or disposal of hazardous or environmentally objectionable by-products of the Group's production process.

If New ListCo 1 and/or New ListCo 2 breaches or fails to comply with these laws and regulations, penalties or fines may be imposed on either of them. Their directors and officers responsible for such breach or non-compliance may also be subject to imprisonment. Further, New ListCo 1 and/or New ListCo 2's manufacturing licence(s) may be suspended, withdrawn or terminated in the event of such breach or non-compliance, thereby disrupting their production operations. Should these penalties or fines be significant or should any of their manufacturing licences be suspended, withdrawn or terminated, this could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

If there are new regulations or laws imposed, New ListCo 1 and/or New ListCo 2 may incur additional expenditure or costs to comply with such new laws or regulations. Where such expenditure or costs are significant, the profitability of New ListCo 1 and/or New ListCo 2 will be adversely affected.

New ListCo 1 and New ListCo 2 are subject to product liability exposure and public liability exposure

New ListCo 1 and/or New ListCo 2 may be exposed to potential claims in relation to the quality and use of some of its products. In particular, the improper use of agrochemical products may result in personal injury or death. There is no assurance that product liability claims will not arise owing to the nature of the businesses of New ListCo 1 and New ListCo 2. Defending any product liability claim will not only incur substantial legal costs but may also divert management's attention away from running of the businesses. Further, any judgment or finding adverse to New ListCo 1 and/or New ListCo 2 on such claim will harm their reputation, and could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

New ListCo 1 and/or New ListCo 2 may be exposed to public liability claims as they deal with products which are made from chemicals that are combustible and flammable. In the event that any accident occurs, New ListCo 1 and/or New ListCo 2 may incur clean-up costs or may be liable to pay damages for, *inter alia*, personal injuries or loss of or damage to property suffered by the public or other third party. In the event that the insurance of New ListCo 1 and/or New ListCo 2 does not adequately cover their liability arising from such accidents, this could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

New ListCo 1 and/or New ListCo 2 may expect to incur significant capital expenditure in the future in connection with each of their growth plans and therefore may require additional financing in the future.

New ListCo 1 and/or New ListCo 2 may expect to incur significant capital expenditure in the future in connection with each of their growth plans to increase production capacity and therefore may require additional financing for additional equipment. Such expenditure is likely to be made in advance of increased sales and there can be no assurance that the revenues of New ListCo 1 and/or New ListCo 2 will increase after such expenditure. Any failure to increase revenues after these expenditures could reduce their profitability.

In addition, New ListCo 1 and/or New ListCo 2 may need to obtain additional debt or equity financing to fund their capital expenditure. Additional debt financing may be required which, if obtained, may (i) limit their ability to pay dividends or require them to seek consent for the payment of dividends, (ii) increase their vulnerability to general adverse economic and industry conditions, (iii) limit their ability to pursue their growth plans, (iv) require them to dedicate a substantial portion of their cash flow from operations to payments on their debt thereby reducing the availability of their cash flow to fund capital expenditure, working capital and other general corporate purposes, and/or (v) limit their flexibility in planning for, or reacting to, changes in their business and industry.

There can be no assurance that New ListCo 1 and/or New ListCo 2 will be able to obtain additional financing on terms that are acceptable to them or at all.

New ListCo 1 and/or New ListCo 2's future strategic plans may not be commercially successful.

New ListCo 1 and New ListCo 2 intend to expand their operations locally and overseas and such expansion plans may involve increasing exports of their products to overseas markets, such as the US, Europe and the Middle East. New ListCo 1 and/or New ListCo 2 may also explore the setting up of new offices, expansion of current facilities, joint ventures and/or the acquisition of companies that are complementary to their existing businesses. However, there can be no assurance that the increase in exports to overseas markets will not result in increased default by customers in those markets, and New ListCo 1 and/or New ListCo 2 may not be able to effectively identify or pursue target companies for acquisitions, and even if it completes such acquisitions, failure to successfully integrate the target companies could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations.

There is no assurance that such future plans will be commercially successful. Such future plans may be expensive and New ListCo 1 and/or New ListCo 2 may be unable to secure the necessary financing to implement these plans, which, in turn, may divert the management's attention and expose the business to unforeseen liabilities or risks associated with entering new markets or new businesses.

RISKS RELATING TO INVESTMENTS IN INDIAN COMPANIES

New ListCo 1 and New ListCo 2 are incorporated in India, and a substantial portion of their assets and employees are located in India. Consequently, the financial performance and the market price of the Consideration Shares will be affected by changes in exchange rates and controls, interests rates, government policies, including taxation policies, as well as political, social and economic developments affecting India.

If social and civil unrest and regional hostilities increase, the businesses of New ListCo 1 and New ListCo 2 could suffer.

India has from time to time experienced civil unrest within its own borders and hostilities with neighboring countries. The consequences of any armed conflicts are unpredictable, and could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations or Depository Shares holders' investment in the Consideration Shares.

Political instability or a change in economic liberalisation and deregulation policies could seriously harm business and economic conditions in India generally and the business of New ListCo 1 and New ListCo 2, as well as the prices of the Consideration Shares.

Since 1991, the Indian government has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for the Consideration Shares. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in the Consideration Shares could change as well due to policy changes effected by current or future governments. Such changes in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations or Depository Shares holders' investment in the Consideration Shares.

Indian court proceedings may be lengthy.

India has a parliamentary democracy with a common law system. The court processes in India may be length. In the event that there is a dispute involving New ListCo 1 or New ListCo 2, delays in the legal processes in the Indian courts could potentially affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations or Depository Shares holders' investment in the Consideration Shares.

A slowdown in economic growth in India could cause the business of New ListCo 1 and/or New ListCo 2 to suffer.

Past slowdowns in economic growth in India have harmed Indian industries, including the Agrochemical and Pigment Business, the Trading Business and the Chloro-Alkali and its Derivatives Business. India's trade relationships with other countries can also influence Indian economic conditions. The performance and the growth of the businesses of New ListCo 1 and/or New ListCo 2 are dependent on the health of the overall Indian economy to the extent of the proportion of the sales which is derived from customers in India. Any future slowdown in the Indian economy could adversely affect New ListCo 1 and/or New ListCo 2's business, financial condition and results of operations or Depository Shares holders' investment in the Consideration Shares.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in public announcements, press releases and oral statements that may be made by the Company or its Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding New ListCo 1’s and/or New ListCo 2’s expected financial position, operating results, business strategy, plans and future prospects of New ListCo 1’s and/or New ListCo 2’s industry are forward-looking statements. These forward-looking statements, including but not limited to, statements as to New ListCo 1’s and/or New ListCo 2’s revenue and profitability, prospects, future plans and other matters discussed in this Circular regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause New ListCo 1’s and/or New ListCo 2’s actual and/or future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks (both known and unknown), uncertainties and other factors that may cause New ListCo 1’s and/or New ListCo 2’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Circular, undue reliance must not be placed on these statements. New ListCo 1’s and/or New ListCo 2’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither the Company nor any other person represents or warrants that New ListCo 1’s and/or New ListCo 2’s actual future results, performance or achievements will be as discussed in those forward-looking statements.

In light of the ongoing uncertainties in the global financial markets and its contagion effect on the real economy, any forward-looking statements contained in this Circular must be considered with significant caution and reservation.

Further, the disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with any applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency. Where such developments, events or circumstances occur after the issuance of this Circular or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same on the SGXNET.

NOTICE OF SCHEME MEETING

MEGHMANI ORGANICS LIMITED
(Company Registration No. L24110GJ1995PLC024052)
(Incorporated as a limited liability company in India)
("**Company**")

Registered Office: Plot No. 184 (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad - 382 445

NOTICE OF SCHEME MEETING

NOTICE IS hereby given that by an order dated **2 December 2020** ("**Order**"), the Ahmedabad Bench of the National Company Law Tribunal ("**NCLT"**) has directed that a meeting of Shareholders of the Company ("**Scheme Meeting**") be convened and held on **28 January 2021 at 12.30 p.m. (Singapore Time)** through Video Conferencing or Other Audio Visual Means ("**VC/OAVM**"), for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed composite scheme of arrangement in the nature of Demerger of Agrochemical and Pigment Business of the Company to Meghmani Organochem Limited; and amalgamation of the Trading Business undertaking of the Company with Meghmani Finechem Limited and their respective shareholders and creditors.

This Notice of Scheme Meeting has been made available on SGXNet. A printed copy of this Notice will NOT be despatched to Depository Shares holders.

All capitalised terms used in this Notice of Scheme Meeting which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Circular dated 28 December 2020 issued by the Company to the Depository Shares holders.

SCHEME RESOLUTION

Shareholders are requested to consider the following resolution and if thought fit, to pass with requisite majority, with or without modification(s):

RESOLVED THAT:

(a) pursuant to the provision of Sections 230 to 232 read with Section 66 of the Indian Companies Act, 2013 and other applicable provisions of the Indian Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and subject to compliance with various Securities and Exchange Board of India (SEBI) Regulations including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the observation letters issued by BSE Limited and National Stock Exchange of India Limited dated 4 September 2020 respectively, and other applicable laws/regulations/rules and the sanction of the National Company Law Tribunal, Ahmedabad bench ("**NCLT**" or "**Tribunal**") and/or such other competent authority, as may be applicable, and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme Document between the Company, Meghmani Organochem Limited and Meghmani Finechem Limited and their respective shareholders and creditors ("**Scheme**"), which *inter alia* envisages Demerger of Agrochemical and Pigment Business of the Company to Meghmani Organochem Limited, on a going concern basis; Change of terms of OCRPS issued by Meghmani Finechem Limited and amalgamation of Trading Business undertaking of the Company with Meghmani Finechem Limited, on a going concern basis, consequential de-listing of Singapore Depository Shares of the Company at Singapore Exchange Securities Trading Limited and for matters consequential, supplemental and/or otherwise integrally connected therewith as per the terms and conditions mentioned in the Scheme, be and is hereby approved; and

(b) the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

By Order of the Board
Mukesh Khandwala
Chairman of the Scheme Meeting
28 December 2020

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic where social distancing is a norm to be followed, the Government of India; Ministry of Corporate Affairs has allowed the Scheme Meeting to be conducted through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and has dispended the personal presence of the shareholders at the Scheme Meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 prescribing the procedures and manner of conducting the Scheme Meeting through VC/ OAVM. In terms of the said circulars, the Scheme Meeting of the Shareholders will be held through VC/OAVM. Shareholders can attend and participate in the Scheme Meeting through VC/OAVM only. The Shareholders are requested not to visit the Corporate Office / Registered Office to attend the Scheme Meeting.

2. Printed copies of the Scheme Document will not be sent to the Shareholders.

3. The detailed procedure for participation in the Scheme Meeting through VC/OAVM is available at the Company's website www.meghmani.com.

4. The Shareholders can join the Scheme Meeting through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Scheme Meeting by following the procedure mentioned in the Notice of Scheme Meeting. The facility of participation at the Scheme Meeting through VC/OAVM is available for 1,000 Shareholders on a first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the Scheme Meeting without restriction on account of a first come first served basis.

5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Shareholders in respect of the business to be transacted at the Scheme Meeting. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a Shareholder using remote e-voting as well as the e-voting system on the date of the Scheme Meeting will be provided by CDSL.

6. Scheme Meeting convened through VC/OAVM is in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

7. The attendance of Shareholders attending the Scheme Meeting through VC/OAVM will be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.

8. The email address regarding any query / assistance for participation in the Scheme Meeting through VC/ OAVM is ir@meghmani.com.

9. The Notice of Scheme Meeting can also be accessed from the websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at www.nseindia.com and www.bseindia.com respectively and the Scheme

Meeting Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) www.evotingindia.com.

10. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the Shareholders is not available for this Scheme Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Pursuant to Section 112 and Section 113 of the Companies Act, 2013, representatives of the Body Corporates are entitled to attend the Scheme Meeting through VC/OAVM and cast their votes through e-voting.

11. The Register of Members and Share Transfer Books of the Company will remain closed from 21 January 2021 to 28 January 2021 (both days inclusive) for the purpose of Scheme Meeting.

12. The voting rights of the Shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on 21 January 2021.

13. The Company has appointed Mr. K.J.Shah – Practising Company Secretary to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the Scheme Meeting, in a fair and transparent manner.

14. Shareholders holding shares in electronic form and in physical form are hereby informed that the shareholders desirous of either registering bank particulars or changing bank particulars already registered against their respective folios are requested to write to the Registrar and Share Transfer Agent.

15. To prevent fraudulent transactions, Shareholders are advised to exercise due diligence and notify the Company of any change in address or demise of any Shareholders as soon as possible. Shareholders are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Shareholders holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.

17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice of Scheme Meeting will be available for inspection in electronic mode by sending an e-mail to helpdesk@meghmani.com**.**

18. Shareholders desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 (Seven) days before the date of the Scheme Meeting so that the information required may be made available at the Scheme Meeting.

19. The Company is pleased to provide Shareholders with the facility to exercise their right to vote at the Scheme Meeting by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

20. Since the Scheme Meeting will be held through VC/OAVM, the Route Map is not annexed in this Notice of Scheme Meeting.

By Order of the Board
K D Mehta
Company Secretary
28 December 2020

VOTING INSTRUCTION FORM

SCHEME MEETING – 28 JANUARY 2021
VOTING INSTRUCTION FORM ("VIF")
SINGAPORE DEPOSITORY SHARES ("Depository Share") OF MEGHMANI ORGANICS LIMITED (THE "COMPANY")

NAME AND ADDRESS	SECURITIES ACCOUNT NUMBER
LAST DATE AND TIME FOR RETURN OF THIS VIF ("**SPECIFIED DATE**") 12.30 P.M. (Singapore Time) on 14 January 2021	*(A) NUMBER OF Depository Share TO WHICH THIS VIF RELATES

To: Meghmani Organics Limited

Dear Sirs

Pursuant to the notice of the Scheme Meeting ("**Scheme Meeting**") of the Company issued by the Company, I/we hereby wish to exercise my/our voting rights in relation to my/our Depository Share.

1. I/We authorise and direct you to earmark:

   (i) the number of Depository Share as may be standing to the credit of my/our Securities Account as at the Specified Date; or
   (ii) the number of Depository Share as may be set out in * (A) above

   (whichever is the lesser) and to transfer such Depository Share to the "available" balance of my/our Securities Account so that such Depository Share cannot be traded until the conclusion of the Scheme Meeting or the adjourned Scheme Meeting as may be notified to CDP by the Company.

2. *Please tick whichever is applicable*

(a) ❑ I/We hereby instruct DBS Nominees (Private) Limited or its nominee to vote my Depository Share as earmarked in accordance with paragraph 1 above, in the manner as indicated in paragraph 4 below.

(b) ❑ I/We hereby instruct DBS Nominees (Private) Limited or its nominee to vote my Depository Share as earmarked in accordance with paragraph 1 above, in the manner as indicated in paragraph 4 below. and I/we also wish to attend the Scheme Meeting as an observer to the proceedings at the Scheme Meeting. I/We acknowledge that by attending the Scheme Meeting as an observer, I/ we shall not be entitled to vote thereat.

3. I/We acknowledge and agree that I/we will not trade in the Depository Share earmarked by CDP in accordance with my authorisation and request herein until the conclusion of the Scheme Meeting or the adjourned Scheme Meeting as notified by the Company to CDP and that should I/we dispose of such Depository Share prior to the conclusion of the Scheme Meeting and such trade settles on or before the date of the Scheme Meeting or the adjourned Scheme Meeting, buy-in procedures will be carried out in accordance with the CDP Clearing Rules.

4. *Please tick whether you wish to vote for or against or wish to abstain from voting for each resolution as indicated in paragraph 2(a) above*

ITEM OF BUSINESS	**FOR**	**AGAINST**	**ABSTAIN**
Scheme Resolution			

Date	Name(s) and Capacity of Official(s) Signing (if Depositor is a corporation)	Signature of Depositor/Joint Depositors (For Corporation, authorized signatories of Depositor and, where appropriated, its Common Seal to be affixed in accordance with its Memorandum and Articles)

Notes:

1. This Voting Instruction Form ("**VIF**") duly completed and executed, is to be returned by the Direct Account Holder or Depository Agent to Meghmani Organics Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1597 Singapore 903147 by 12.30 p.m. (Singapore Time) on 14 January 2021 ("**Specified Date**") only if the Direct Account Holder or Depository Agent wishes to exercise its voting rights with respect to the Singapore Depository Shares ("**Depository Share**"). You do not have to return this VIF if you do not wish to exercise voting rights with respect to the Depository Shares or attend the Scheme Meeting as an observer.

2. The Direct Account Holder or Depository Agent may contact Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at (65) 6236 3550 / 3555 or ir@meghmani.com to request for a hardcopy of this VIF to be sent to an address in Singapore by ordinary post at their own risk, up to three (3) Market Days prior to the Specified Date.

3. The Direct Account Holder or Depository Agent should tick the box for the resolution proposed at the Scheme Meeting. If no specific direction as to voting is marked for any resolutions, the Direct Account Holder or Depository Agent shall be deemed to have abstained for the resolution.

4. If a Direct Account Holder or Depository Agent wishes to give voting instructions on the Depository Share, this VIF must be signed by the Direct Account Holder or Depository Agent or his/her/its attorney duly authorised in writing or if the Direct Account Holder or Depository Agent is a corporation, executed under its common seal or under the hand of its attorney duly authorised in writing. In the case of joint Direct Account Holders, all joint Direct Account Holders must sign this VIF. The power of attorney or other appointing the attorney or a notarially/duly certified copy thereof must be attached to this VIF if it is signed by an attorney.

5. Any queries with regards to attending the Scheme Meeting as an observer should be directed to Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) on or before 13 January 2021 at 12.30 p.m. (Singapore Time) at 80 Robinson Road, #11-02 Singapore 068898 at (65) 6236 3550 / 3555 or ir@meghmani.com.

6. The Company and CDP shall be entitled to reject any VIF, which is incomplete, improperly completed or illegible, or where the true intentions of the Depositor(s) are not ascertainable from the instructions of the Depositor(s) specified on any VIF. It is the Depositor(s)' responsibility to ensure that this VIF is properly completed in all respects. Any decision to reject this Depositor Proxy Form on the grounds that it is incomplete, improperly completed or illegible is final and binding and neither the Company, CDP nor Tricor Barbinder Share Registration Services accepts any responsibility for the consequences of such a decision.

7. Failure of the Depositor(s) to provide the Securities Account Number will be deemed to be an incomplete VIF, and CDP, on behalf of the Company, is entitled (but not obliged) to disregard your instruction.