

June 13, 2013

Board of Directors
Amines & Plasticizers Ltd
PLOT No D 21 D 21A, MIDC,
Turbhe, Navi Mumbai - 400705

Sub: Fairness Opinion on the Scheme of Amalgamation

Dear Sir(s),


Please find enclosed the fairness opinion on the scheme of amalgamation of APL Engineering Services Private Limited ('AESPL') with Amines And Plasticizers Limited ('APL').

Trust you find the same in order.

Thanking you,

Yours truly,

For Inventure Merchant Banker Services Private Limited


Authorized Signatory



FAIRNESS OPINION

On the Scheme of Amalgamation of

APL ENGINEERING SERVICES PRIVATE LIMITED

with

AMINES AND PLASTICIZERS LIMITED

By

INVENTURE

MERCHANT BANKER SERVICES PVT. LTD.

2nd Floor, Viraj Tower
Nr. Andheri Flyover (North End)
Western Express Highway
Andheri (East), Mumbai – 400 069
Maharashtra, India

SEBI Registration No: INM000012003

June 12, 2013

Notice to Reader

This report is done by Inventure Merchant Banker Services Private Limited ("Inventure") solely for the purpose of giving a fairness opinion on the scheme of amalgamation of **APL Engineering Services Private Limited** ('AESPL') with **Amines And Plasticizers Limited** ('APL'). This report is not to be used, circulated, quoted otherwise than for the purpose stated herein. This report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without Inventure's written consent.

For the purpose of this assignment, Inventure has relied on the data, information and explanation provided to it by the Company and Inventure has not tried to evaluate the accuracy thereof.

Inventure's work does not constitute certification or due diligence of the past working results and Inventure has relied upon the information provided to it as set out in audited and working results.

Inventure has not carried out any physical verification of the assets and liabilities of the company and takes no responsibility on the identification of such assets and liabilities.

The valuation of this company has been carried out solely for the purpose of giving a fair value opinion for issue of securities and may not be applicable or referred to or quoted in any other context.

For Inventure Merchant Banker Services Private Limited


Authorised Signatory



1. Introduction and Scope of Assignment

APL Engineering Services Private Limited ('AESPL') ('Transferor Company') is a private limited company in which Amines And Plasticizers Limited ('APL') ('Transferee Company') is has an equity stake to the extent of 100%. With increasing operations, the management of APL believes, it is no longer feasible to have fragmented entities for similar line of businesses; and instead, it is far more beneficial, technically, economically and financially to have all operations consolidated under one entity. In this regard, the management of APL proposes to merge AESPL with APL.

In this connection, we have been engaged by the management of AESPL to express our opinion (Fairness Opinion) on the Scheme of Amalgamation of AESPL with APL.

APL was incorporated under the Indian Companies Act, 1956, having its registered office at Poal And Enclave, C/o. Pranati Builders Private Limited, Principal J. B. Road, Chenikuthi, Guwahati-781 003, Assam. The Company was incorporated under the provisions of the Companies Act, 1956, as a Public limited company vide Certificate of Incorporation No. L24229AS1973PLC001446 dated 5th September, 1973 issued by the Registrar of Companies, Assam at Shillong.

APL is engaged in the business of production of Ethanolamines, Alkyl Alkanolamines, Plasticizers, Morpholine, Alkyl Morpholines and Gas Treating Solvents. One of the business activities of Amines & Plasticizers Limited is to erect pilot plants, Fabrication works and other Engineering works for its customers.

AESPL was incorporated under the Companies Act, 1956, having its registered office at D/6, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai-400 018, Maharashtra. The Company was incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation No. U28910MH2008PTC179777 dated 7th March, 2008 issued by the Registrar of Companies, Maharashtra at Mumbai.

AESPL is engaged in providing services for integrated design, engineering, procurement, construction, installation and project management for all types of engineering projects, including taking up heavy fabrication jobs from external as well as Parent Company.

The report has been prepared for the purpose of submission to the SEBI to obtain the requisite approvals for the proposed amalgamation.



2. Exclusions and Limitations

- During the course of work we have relied upon the past audited financials and working results as provide to us.
- Our valuation exercise and conclusions reached by us are dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve us performing audit tests for the purpose of expressing an opinion on the accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our report.
- We have prepared our report based on the information provided to us. We have not visited the offices of APL or AESPL for verification purpose.
- Our report will not be offered to any section of the public to subscribe for or purchase any securities in or assets or liabilities of any company or business.
- This report is prepared with a limited purpose/ scope as identified/ stated earlier and will be confidential being for use only to which it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.



3. SCHEME OF AMALGAMATION

Scheme of Amalgamation as provided to us is attached as annexure with this report.

Our opinion is based on the aforesaid scheme and rationale for amalgamation as provided to us.

The proposed Scheme of Amalgamation would result in business synergy and consolidation of business activities of these companies with a stronger asset base. The proposed amalgamation would enable pooling of physical, financial and human resources of these Companies for the most beneficial utilization of these factors in the combined entity. It will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth of their businesses. The Transferee Company will utilize the skilled manpower and technical expertise of Transferor Company for creating technical facilities, customer care and other support services for its business. Further, Transferee Company has two running plants which require continuous maintenance, upgradation of various structural/design of its plants. APL Engineering Services Private Limited with its trained staff can easily take up these jobs thereby saving lot of cost, time and money. Thus, the Transferee Company will be immensely benefited by the proposed merger.

The shareholders of the Transferee Company would enjoy a larger and trained man power base and other resultant benefits of the combined entity. The resulting amalgamated company will be able to participate more vigorously and profitably in the competitive market scenario. By amalgamation of the Wholly Owned Subsidiary into the Transferee Company, the said Scheme of Amalgamation will have beneficial impact on the Transferee Company and its shareholders, employees, other stakeholders and all concerned.

Since the Transferor Company is wholly owned subsidiary of the Transferee Company, no shares will be issued by the Transferee Company pursuant to this Scheme. For the purpose of proposed amalgamation, intercompany holdings will be eliminated as these shares get cancelled as a result of amalgamation.

Accounting Treatment

As provided in the Scheme, the following shall be the accounting treatment:

Upon the Scheme becoming effective, amalgamation of the Transferor Company with the Transferee Company will be accounted in the following manner:

- a. The amalgamation shall be an 'amalgamation in the nature of merger' as defined in the Accounting Standard (AS) 14 as prescribed under the Companies (Accounting Standards) Rules, 2006, and shall be accounted for under the 'pooling of interests' method in accordance with the said AS-14.



- b. Accordingly, all the assets and liabilities recorded in the books of the Transferor Company shall be transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at the respective book values as reflected in the books of the Transferor Company as on the Appointed Date.
 - c. Inter-company balances, if any, will stand cancelled.
 - d. All the losses of the Transferor Company shall be set off against the profits of the Transferee Company.
 - e. All the reserves of the Transferor Company under different heads shall become the corresponding reserves of the Transferee Company. Similarly, balance in the Profit & Loss Accounts of the Transferor and Transferee Company will also be clubbed together.
 - f. In terms of the provisions of the Accounting Standard 14, any surplus arising out of Amalgamation shall be credited to the Capital Reserve/General Reserve in the books of the Transferee Company. In case any deficit, the same shall be first adjusted from the Capital Reserve/General Reserve Account and any balance left shall be debited to the Goodwill Accounts in the books of the Transferee Company. Goodwill account so created, if any, will be amortized over a period of 10 (ten) years.
- B. Accounting policies of the Transferor Company will be harmonized with that of the Transferee Company following the amalgamation.

Conclusion:

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove and as detailed in the scheme of amalgamation attached herewith and other details and explanation as provided by the Company to us, in our opinion, ***the Scheme of Amalgamation of APL Engineering Services Private Limited ('AESPL') with Amines And Plasticizers Limited ('APL') is Fair and Proper.***

