

FAIRNESS OPINION REPORT

SCHEME OF AMALGAMATION

OF

ASTRAL LIMITED

RESINOVA CHEMIE LIMITED

ASTRAL BIOCHEM PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND

CREDITORS

Prepared and Submitted By:

VIVRO

Vivro Financial Services Private Limited



November 11, 2021

Private & Confidential

To,**The Board of Directors****Astral Limited**'Astral House', 207/1, Behind Rajpath Club,
Off S. G. Highway, Ahmedabad – 380059**Subject: Fairness Opinion Report on the Share Exchange Ratio Report issued by Mr. Yash K. Mehta, Registered Valuer, for the proposed amalgamation of Resinova Chemie Limited with Astral Limited**

Astral Limited ('Astral', 'the Transferee Company', 'you', 'your'), is a public limited company bearing CIN as L25200GJ1996PLC029134, incorporated on March 25, 1996, engaged in the business of pipes and fittings. The equity shares of Transferee Company are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') (together, 'the Stock Exchanges').

Resinova Chemie Limited, ('Resinova', 'the Transferor Company-1') is a public limited company bearing CIN as U24295GJ2009PLC058120, incorporated on September 16, 2009, engaged in the business of adhesives, sealants, putties, and chemicals. Astral holds 97.45% of the equity shareholding of Resinova.

Astral Biochem Private Limited, ('ABPL', 'the Transferor Company-2') is a private limited company bearing CIN as U01407GJ2008PLC054506, incorporated on July 17, 2008, is a wholly owned subsidiary of the Astral Limited.

The Management of Astral, Resinova and ABPL propose to enter into a scheme of amalgamation under Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of law, ('the Scheme').

On the basis of the Share Exchange Ratio recommended by Mr. Yash K. Mehta, Registered Valuer, registered with Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV/06/2019/11647) dated June 7, 2021 ('the Valuation Report'), we had submitted our Fairness Opinion Report dated June 7, 2021, to the Board of Directors of the Companies, wherein the Valuation Report had considered the financial information as on March 31, 2021, and the market parameters up to June 4, 2021. The same was uploaded on the portal of the National Stock Exchange of India Limited and BSE Limited ('the Stock Exchanges') for further processing.



Through an email dated October 26, 2021, BSE Limited has advised the Company that as the Valuation Report and the Fairness Opinion Report are dated June 7, 2021, are older than 6 months before receipt of the Observation Letter from Stock Exchanges, the Company is required to furnish a fresh Valuation Report and the Fairness Opinion Report along with the recommendation by the Audit Committee on the same. Further, the Companies have been advised that the financial statements used by the Companies for such valuation should not be older than 3 months while filing the same with the Exchange.

Further, the Stock Exchanges have notified a Standard Operating Procedure (SOP) ('Schemes SOP Notification'), on applications filed under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, which states that the financials of the unlisted company(ies) forming part of a Scheme of Arrangement, should not be older than 6 months for the preparation of the valuation report by the valuer under the Income Approach and that such financials should not be older than 3 months for the valuations which consider approaches other than the Income Approach.

Pursuant to the above, the Company has re-appointed us through an engagement letter dated November 1, 2021, to issue a Fairness Opinion Report on the Share Exchange Ratio arrived at by Mr. Yash K Mehta, Registered Valuer, registered with the Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV/06/2019/11647) through the Valuation Report dated November 11, 2021, which is in compliance with the requirements of the Exchanges as well as the Schemes SOP Notification. The Shareholders, Creditors, Stock Exchanges, SEBI, and market participants are advised that this Fairness Opinion Report dated November 11, 2021, would supersede our Fairness Opinion Report dated June 7, 2021.

For, Vivro Financial Services Private Limited



Jayesh Vithlani
Sr. Vice President
Ahmedabad



1. BACKGROUND OF THE COMPANIES

1.1 ASTRAL LIMITED

Astral was incorporated on March 25, 1996, under the Companies Act, 1956, having its registered office at 'Astral House', 207/1, Behind Rajpath Club, Off S. G. Highway, Ahmedabad – 380059. Astral was renamed from Astral Poly Technik Limited to Astral Limited vide approval of Register of Companies dated April 12, 2021. Astral is primarily engaged in the business of manufacturing and supply of CPVC/ PVC/Corrugated pipes and fittings, which are widely used for piping requirements in different segments like plumbing, drainage, industrial, agriculture, infrastructure, and plastic water tanks. The manufacturing facilities of Astral are located at Santej and Dholka in Gujarat, Sangli and Aurangabad in Maharashtra, Ghiloth in Rajasthan, Sitarganj in Uttarakhand and Hosur in Tamil Nadu. The shareholding pattern of Astral (Face value: Rs. 1) as on September 30, 2021, is as follows:

Category	Equity Shares	%Shareholding
Promoter & Promoter Group	111,976,428	55.73%
Public	88,943,753	44.27%
Total	200,920,181	100.00%

1.2 RESINOVA CHEMIE LIMITED

Resinova was incorporated on September 16, 2009, under the Companies Act, 1956, having its registered office at 'Astral House', 207/1, Behind Rajpath Club, Off S. G. Highway, Ahmedabad – 380059. Resinova was incorporated as Advanced Adhesives Private Limited which was converted to a public limited company vide the certificate issued by the Registrar of Companies, Gujarat dated January 31, 2011. Resinova was renamed to Resinova Chemie Limited pursuant to the order dated January 18, 2016, passed by the High Court of Gujarat, sanctioning a scheme of amalgamation of erstwhile Resinova Chemie Limited with the present Transferor Company-1 and a fresh certificate of incorporation was issued by the Registrar of Companies, Gujarat on February 23, 2016, consequent to a change of name. Resinova is primarily engaged in the business of manufacture and supply of a diversified range of adhesives, sealants, putties, sanitizers, surface cleaners, disinfectants and construction chemicals used in various applications. Resinova has three production facilities, at Rania and Unnao in Uttar Pradesh and Santej in Gujarat. The shareholding pattern of Resinova (Face value: Rs. 10) as on the date of the report, is as follows:

Name	Equity Shares	%Shareholding
Astral Limited (Including nominees)	286,395	97.45%
Sandeep Engineer & Jagruti Engineer	7,500	2.55%
Total	293,895	100.00%



2. SCOPE AND PURPOSE OF THIS FAIRNESS OPINION REPORT

- 2.1 The Board of Directors of Astral, Resinova and ABPL propose to enter into a scheme of amalgamation in accordance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961, providing for the amalgamation of Resinova and ABPL into Astral with effect from the Appointed Date;
- 2.2 For the aforesaid purpose of the amalgamation of Resinova into Astral, Astral has appointed Mr. Yash K. Mehta, Registered Valuer, to submit a Share Exchange Ratio Report recommending the equity share swap ratio, to be placed before the Board of Directors of the Companies. The Registered Valuer has not determined and is not required to determine a Share Exchange Ratio for the amalgamation of ABPL into Astral as it is a wholly owned subsidiary of Astral Limited.
- 2.3 The scope of our services is to issue a Fairness Opinion Report on the Share Exchange Ratio Report issued by the Registered Valuer recommending the equity share swap ratio, for the amalgamation of Resinova with Astral, as proposed in the Scheme, in accordance with generally acceptable professional standards.
- 2.4 The scope of our services does not involve opining on the fairness or economic rationale of the Scheme per se.
- 2.5 This Fairness Opinion Report is our deliverable on this engagement. This Fairness Opinion Report may be used for the purpose of complying with the requirements of the regulations 11, 37 and 94 of the SEBI LODR Regulations and the SEBI Circular and for submission to regulatory and statutory authorities in connection with the Scheme.
- 2.6 Our Fairness Opinion Report is prepared solely for the purpose outlined hereinabove. The distribution of this Fairness Opinion Report shall hence be restricted to the Companies, Shareholders, SEBI, Stock Exchanges, and such other regulatory bodies required to give effect to the Scheme, including but not limited to Registrar of Companies and National Company Law Tribunal. This Fairness Opinion Report shall not be relied upon by any other person for any other purpose whatsoever and the Companies agree to this fact.

The Companies have been provided with the opportunity to review the draft Fairness Opinion Report (excluding our opinion on the equity share swap ratio of amalgamation) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided.



3. SOURCES OF INFORMATION

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

- 3.1 Proposed draft scheme of amalgamation between Astral, Resinova and ABPL, and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchanges;
- 3.2 Share Exchange Ratio Report of Mr. Yash K. Mehta, Registered Valuer, dated November 11, 2021;
- 3.3 Audited financial statements of Resinova for FY 2021 and September 30, 2021;
- 3.4 Historical closing price of Astral on the Stock Exchanges;
- 3.5 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion Report.

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

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4. RATIONALE OF THE SCHEME

- 4.1 Enhanced scale of operations and reduction in overheads, administrative, managerial, technology and other expenditure, operational rationalization, organizational efficiency and optimal utilization of various resources;
- 4.2 Improved shareholder value for both the companies by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability;
- 4.3 Enhanced leveraging capability of the combined entity which in turn will allow the combined entity to undertake future expansion strategies and to tap bigger opportunities in the industry;
- 4.4 Additional strength and greater focus to the operations and utilization of resources pursuant to consolidation of managerial expertise of the two companies;
- 4.5 Enhanced ability to the utilize existing brand names of Astral providing better recognition and recall of the adhesive business across the country;
- 4.6 Explore greater synergies with increased distribution of adhesive products across the existing distributors network of Astral with efficient packaging and logistics across the country;
- 4.7 Simplification of group structure by eliminating multiple companies and enabling increased focus on core competencies for greater shareholder value creation.

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5. SALIENT FEATURES OF THE SCHEME

- 5.1 The Scheme involves the amalgamation of Resinova and ABPL into Astral.
- 5.2 Upon the coming into effect of the Scheme with effect from the Appointed Date, the Undertakings of the Transferor Companies shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Section 230 – 232 of the Companies Act, 2013, and all other provisions of applicable law, if any as applicable, will be and shall stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.
- 5.3 The Transferee Company shall without any further application, act, instrument or deed, issue and allot to the shareholders of Resinova, not being Astral Limited, whose name is recorded in the register of members on the Record Date, in the Share Entitlement Ratio The shares held by Astral Limited of Resinova shall be cancelled and extinguished upon the scheme coming into effect.
- 5.4 ABPL is a Wholly Owned Subsidiary of Astral, the Transferee Company. The entire share capital of the Transferor Company-2 is held directly by the Transferee Company. Hence, upon the Scheme becoming effective, no shares of the Transferee Company shall be allotted in lieu or exchange of the shares of the said Transferor Company. Upon the Scheme coming into effect, the entire share capital of the Transferor Company-2 shall be cancelled and extinguished.,
- 5.5 Upon the coming into effect of the Scheme, the Transferor Companies shall, without any further act, instrument, or deed, stand dissolved without following the process of Winding up.

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6. VALUER'S RECOMMENDATION

- 6.1 As informed to us by the management of the Companies, the scope of services of the Registered Valuer for the proposed Scheme is to carry out a valuation of the equity shares of Resinova and Astral and determine a Share Exchange Ratio for the proposed Scheme.
- 6.2 The equity share swap ratio has been arrived at on the basis of the relative valuation of the equity shares of Resinova and Astral based on the methodology, as explained in the Share Exchange Ratio Report dated November 11, 2021, issued by Mr. Yash K. Mehta, Registered Valuer, and various qualitative factors and the business dynamics as well as growth potential of the businesses, and also having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 6.3 Accordingly, on the basis of all the relevant factors and circumstances as discussed and outlined in the Share Exchange Ratio Report dated November 11, 2021, issued by Mr. Yash K. Mehta, Registered Valuer, it has been recommended that the equity share swap ratio for the amalgamation of Resinova into Astral, under the proposed Scheme shall be as follows:

'71 (Seventy One)' equity shares of face value INR 1 each fully paid up of Astral for every '1 (One)' equity share of face value of INR 10 each fully paid of Resinova for the amalgamation of Resinova into Astral'.

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7. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS

- 7.1 Our Fairness Opinion Report dated June 7, 2021, issued for this Scheme was for the same purpose and contained our opinion on the Valuation Report dated June 7, 2021. The Fairness Opinion Report dated June 7, 2021, should not be relied on, or referred to going forward by anyone whatsoever. As stated above, this Fairness Opinion Report shall supersede our Fairness Opinion Report dated June 7, 2021.
- 7.2 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 willful default on part of the management or their directors, employees, or agents of the Companies.
- 7.3 In the course of the valuation, we were provided with both written and verbal information, which we have evaluated 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. We have also 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.
- 7.4 This Fairness Opinion Report and the results herein are specific to the purpose of valuation agreed as per the terms of the Engagement Letter, are specific to the date of this Fairness Opinion Report and are necessarily based on the prevailing financial and economic conditions as well as the written and oral information, as made available by the management of the Companies as on date of this Fairness Opinion Report. Events occurring after this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.
- 7.5 This Fairness Opinion Report is subject to the scope, the sources of the information and limitations detailed herein. As such the Fairness Opinion 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.
- 7.6 We have not reviewed the legal compliance required for the proposed transaction, except to the extent necessary for the purpose of this Fairness Opinion Report, nor provided any accounting, tax, or legal advice to the Companies, neither are we required to do so, in terms of the Engagement Letter.



- 7.7 We have not carried out a revaluation of any assets of the Companies, nor physically verified any assets of the Companies, neither are we required to in terms of the Engagement Letter.
- 7.8 We are independent of the Companies and hold no specific interest in the Companies or any of the assets of the Companies, nor do we have any conflict of interest with the Companies.
- 7.9 The fee for this Fairness Opinion Report is not contingent upon the recommendation given.
- 7.10 We are aware that based on the opinion of the value expressed in this Fairness Opinion Report, we may be required to give testimony or attend judicial proceedings with regard to the valuation, although it is out of scope of the assignment. In such an event, the party seeking the evidence in the proceedings shall bear the full cost and the fees of the judicial proceedings, and the tendering of evidence before such authority, if any, will be as per the applicable laws.

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8. CONCLUSION

Pursuant to and subject to the foregoing, we believe that the share exchange ratio, recommended by Mr. Yash K. Mehta, Registered Valuer, for the amalgamation of Resinova into Astral, for the proposed Scheme, is fair.

For, Vivro Financial Services Private Limited


Jayesh Vithlani

Sr. Vice President

Date: November 11, 2021

Place: Ahmedabad

