

Fairness Opinion Report on 'Valuation Certificate' issued for
Proposed Scheme of Arrangement between
Archidply Industries Limited
And
Archidply Decor Limited
And
Their Respective Shareholders and Creditors

Prepared by



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May 30, 2018



Notice to Reader

- a. This report is prepared by Saffron Capital Advisors Private Limited ("Saffron") solely for the purpose of giving a "Fairness Opinion" on "Valuation Certificate" issued in connection with the proposed "Scheme of Arrangement" (the Scheme) between Archidply Industries Limited ("Demerged Company" or "AIL") and Archidply Decor Limited ("Resulting Company" or "ADL") and their respective shareholders and creditors. The fairness opinion report is required to be submitted to the stock exchanges to facilitate the companies under regulations 11, 37 and 94 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Securities Exchange Board of India ("SEBI") Circular Nos. CFD/DIL3/CIR/2017/21 dated 10th March 2017 including Circular CFD/DIL3/CIR/2017/26 dated 23 March, 2017 (if applicable) and Circular CFD/DIL3/CIR/2018/2 dated 3 January, 2018. This report is not to be used, circulated, and 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 Saffron's written consent.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate dated May 30, 2018 issued by Ms. Payal Gada, Chartered Accountant (Membership No.: 110424) for Suresh Shah & Co, Chartered Accountants, (FRN: 125085W) for the proposed "Scheme of Arrangement" of AIL and ADL and their respective shareholders and creditors and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders and meetings of creditors of AIL and ADL and to the Stock Exchanges, Securities and Exchange Board of India ("SEBI"), Regional Director, Registrar of Companies and other relevant appropriate authorities whose approval is required to the Scheme of Arrangement. Our



opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement between AIL and ADL and their respective shareholders and creditors, and may not be applicable or referred to or quoted in any other context.

Management has been provided with an opportunity to review factual information in our report as part of our standard practice to ensure that factual inaccuracies/omissions/etc. are avoided in our final signed report.

For Saffron Capital Advisors Private Limited


K Srinivas



Managing Director



Introduction and Scope of Assignment

1. Demerged Company – Archidply Industries Limited (AIL):

Archidply Industries Limited a Limited company incorporated under the Companies Act, 1956 having its registered office at Plot No.7, Sector - 9, Integrated Industrial Estate, SIDCUL, Pant Nagar, Rudrapur, Udham Singh Nagar, Uttarakhand – 263153

AIL is a well-established company, engaged in the business of wood panel products and decorative surfacing products and has two manufacturing undertakings:-

- a) Rudrapur (Uttarakhand) Undertaking (to be retained by and part of AIL)
- b) Chintamani (Karnataka) Undertaking (to be demerged and part of ADL, Resulting Company)

AIL is a listed Company and its shares are listed on BSE limited and National Stock Exchange of India Limited (NSE).

2. Resulting Company– Archidply Decor Limited (ADL):

Archidply Decor Limited is a public Limited company incorporated under the Companies Act, 2013, (as defined hereinafter) having its registered office at Plot No.7, Sector - 9, Integrated Industrial Estate, SIDCUL, Pant Nagar, Rudrapur, Udham Singh Nagar, UR – 263153.

ADL is a newly incorporated company with the main objects of manufacturing and trading of Wood panel products and other related activities.

ADL is an unlisted company as on date.

3. Valuation has been decided based on the Valuation Certificate dated May 30, 2018 prepared by Ms. Payal Gada, Chartered Accountant (Membership No.: 110424) for Suresh Shah & Co, Chartered Accountants, (FRN : 125085W).

4. ADL will be issuing 1 (One) Equity Share of ADL of INR 10/-each fully paid up for (not in exchange of), every 4 (Four) Equity Shares of AIL of INR 10/-each fully paid up in consideration thereof.



We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by AIL to give a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement of AIL and ADL and their respective shareholders and creditors

Exclusions and Limitations

1. Saffron has been requested by AIL to submit a report by giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement between AIL and ADL and their respective shareholders and creditors.

2. We have given the Fairness Opinion on the basis of the following information provided to us by AIL and ADL/ collated by us from publicly available sources, like website of BSE and NSE:
 - a) Draft Scheme of Arrangement provided by AIL.

 - b) Certified true copy of the resolutions passed at the meeting of the Board of Directors of AIL and ADL.

 - c) Valuation Certificate date May 30, 2018 issued by Ms. Payal Gada, Chartered Accountant (Membership No.: 110424) for Suresh Shah & Co, Chartered Accountants, (FRN : 125085W)

 - d) Such other information and explanations as we required and which have been provided by the management of AIL.

3. 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 performing audit tests for the purpose of expressing an opinion on the fairness or 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.

4. 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 valued by us. This report is prepared with a limited purpose/ scope as identified/ stated earlier and will be confidential being for use only to whom 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.

Conclusion and Opinion on Valuation Certificate

Conclusion:

We have reviewed the valuation certificate and based on the information, material data made available to us, to best of our knowledge and belief, the valuation prepared by the Valuer Ms. Payal Gada , Chartered Accountant (Membership No.: 110424) for Suresh Shah & Co, Chartered Accountants, (FRN : 125085W) is **Fair and Reasonable**.

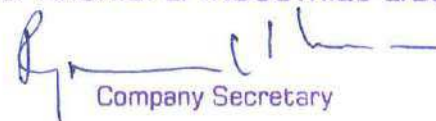
For Saffron Capital Advisors Private Limited


K Srinivas

Managing Director



For ARCHIDPLY INDUSTRIES LTD.


Company Secretary