Bansal Abhinav & Co.
CHARTERED ACCOUNTANTS

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To,

January 8, 2018

The Board of Directors
APM Industries Limited
SP-147, RIICO Industrial Area,
Bhiwadi, Rajasthan - 301 019

ANNEXURE 3

and

The Board of Directors
APM Finvest Limited
SP-147, RIICO Industrial Area,
Bhiwadi, Rajasthan - 301 019

Sub: Share entitlement Ratio Report

1. **Context and purpose**

We refer to our engagement and discussions with the management of the companies for ratio of allotment of equity shares of the APM Finvest Limited ('Resulting Company' or 'AFL') to be issued to the shareholders of APM Industries Limited ('Demerged Company' or 'AIL') in connection with proposed demerger of Finance &Investments Undertaking ('Demerged Undertaking' or " Investment Undertaking' or 'Business') of APM Industries Limited into Resulting Company, with April 1, 2018 as the appointed date (Appointed Date).

2. Background

2.1 APM Industries Limitedbearing CIN L21015RJ1973PLC015819 was originally incorporated as "Ajay Paper Mills Private Limited" on 21st September, 1973 in accordance with the provisions of the Companies Act, 1956. The Company, thereafter, got converted into a public limited company on 15th december, 1976 and consequently the name was changed to "Ajay Paper Mills Limited". The name of the Company was again changed to its present name "APM Industries Limited" on 19th April, 1990. The registered office of the Demerged Company is situated at SP-147, RIICO Industrial Area, Bhiwadi, Rajasthan - 301 019.

The Company is a widely held listed company having its equity shares listed at 'BSE Limited' (BSE). The Company is currently engaged in two distinct and diverse business activities through the following undertakings, namely –

a) Yarn manufacturing business undertaking - manufacturing of synthetic blended (polyester, viscose & acrylic) yarn.Yarn manufacturing business undertaking here in after may also be referred as the Core Business of the Company.

b) Finance &Investment undertaking – Finance &Investment business that includes investment in shares and other securities of companies and granting of loans and advances.

We understand that the management of AIL is contemplating scheme of arrangement whereby it is proposed that Investments Undertaking be demerged from AIL to AFL and AFL shall issue, in consideration of the demerger, its shares to the shareholders of AIL. We further understand that

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AFLis wholly owned subsidiary of AIL,the Demerged Company. The Company has been incorporated solely for the purpose of facilitating this demerger.

2.2 The demerger is proposed to be effected through scheme of arrangement under sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013.

2.3 In connection with Demerger, the KMPsof APM Industries Limited has requested Bansal Abhinav & Co., Chartered Accountants ('BAC'/'we'/'us') to provide report on the ratio of allotment of equity shares of the Resulting Company to the shareholders of APM Industries Limited based on information to be made available by the management.

2.4 We understand that consequent to Demerger there will be no impact on the economic beneficial interest of the shareholders of the APM Industries Limited.

3. Procedures

The procedures used in our analysis including substantive procedures as we considered necessary under the circumstances:

- Considered the audited financial statement of the APM IndustriesLimited for year ended March 31, 2017 and extracts of unaudited financial statements as at September 30, 2017.
- Considered the number of equity shares of AFL / Resulting Company proposed to be issued to the shareholders of APM Industries Limited on the demerger of Demerged Undertaking into Resulting Company
- Considered the draft Scheme of Arrangement for the demerger.
- Consider the existing shareholding pattern of APM Industries Limited and the envisaged shareholding pattern of Resulting Company
- Such other analysis, reviews and inquires with the management as we consider necessary and on which we have relied.

4. Ratio of Allotment

Management has informed us that the face value of shares of AFL as on date is Rs.2 per share.

Based on the above, management has proposed the following Share Entitlement Ratio:

"for every 1 (one) equity share of face value of Rs.2/- (Rupees two only) each held in APM Industries Limited as on the record date, the equity shareholders of APM Industries Limited shall be issued 1 (one) equity share of face value Rs. 2/- (Rupees two only) each credited as fully paid-up in APM Finvest Limited"

We have considered the outstanding number of equity shares of APM Industries Limited and envisaged number of equity shares of the Resulting Company as follows:

- As of report date the issued share capital of APM Industries Limited consists of 22,217,080 equity shares of Rs. 2 each.
- As of report date the subscribed and paid up share capital of APM Industries Limited consists of 21,611,360 equity shares of Rs. 2 each.

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- As of report date, the initial issued, subscribed and paid up capital of APM Finvest Limited consist of 10,000,000equity shares of Rs. 2/- each. The entire paid up capital of AFL is held by AIL. The shares held by AIL in AFL shall be cancelled as integral part of the scheme.

The draft scheme provides that in case of Fractional entitlements in issue and allotment of such shares as aforesaid, the fractional entitlements of shares of any shareholders of AIL shall not be taken into account, but such shares representing fractional entitlements shall be consolidated and thereupon AFL will issue and allot shares in lieu thereof to a Director or Company Secretary or Key Managerial Personnel of AFL or such other person as the Board of Directors of AFL shall appoint in this behalf upon trust, who will sell them on the date of listing of AFL or within such period of listing of AFL as may be decided by the Board of Directors of AFL, and distribute their sale proceeds (less expenses, if any) to the shareholders of AIL, who are entitled to such fractional shares.

Pursuant to scheme, the Resulting Company, in order to comply with the intent of maintaining the economic interest of shareholders of APM Industries Limited shall issue 21,611,360 equity shares of Rs. 2/- each to all the shareholders of APM Industries Limited.

Based on the aforementioned and caveats below and considering that all the current shareholders of the APM Industries Limited are and will, upon demerger, be ultimate beneficial economic owners of the Resulting Company and that upon allotment of equity shares by the Resulting Company in the proposed Share Entitlement Ratio, the beneficial economic interest of the shareholders in the equity of Resulting Company will be same as it is in equity of APM Industries Limited, the above share entitlement ratio is fair in relation to demerger.

5. Caveats

5.1 We have relied upon the information, data and explanations in paragraphs 2 and 3 above for the purpose of reporting on the ratio of allotment of the equity shares of the Resulting Company to the shareholders of APM Industries Limited in connection with the proposed Demerger.

5.2 For the purpose of opining on the Share Entitlement Ratio we have used financial and other information provided by the Management, which we believe to be reliable and are conclusions are dependent on such information 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 financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. We have thus relied upon the audits carried out for the financial year ending on 31st March, 2017 by Chaturvedi & Co., Chartered Accountantsof the financials of APM Industries Limitedand for the financial year ending on 31st March, 2017 by M/sNarendra Singhania & Company, Chartered Accountants of the financials of APM Finvest Limited, asprovided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

5.3 We have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity of APM Industries Limited.

5.4 The Investment undertaking of APM Industries Limited is proposed to be demerged into the Resulting Company with effect from the Appointed Date and we have considered the financial statements of APM Industries Limited as at March 31, 2017. The Management has explained that the Business would be carried on in due course of business till the Appointed Date and subsequently, till the Scheme is

approved. The Management has represented that financial statements of APM Industries Limited as at 31 March 2017, provided to us, include all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles of India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject. The Management has further represented that the Management does not anticipate any changes in the financial position of the Business, other than that in ordinary course of business till the Appointed Date.

5.5 Our scope of work is limited to expression of our view on the proposed Share Entitlement Ratio and its impact on the economic interest of the shareholders of the Specified Companies. Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed demerger of the Demerged Undertaking with the provisions of any law including companies, FEMA and Taxation related laws or as regards any legal implications or issues arising from such proposed demerger.

5.6 While we have provided our view on the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. You acknowledge and agree that you have the final responsibility for determination of the Share Entitlement Ratio for the proposed Demerger and factors other than our report will need to be taken into account in determining such ratios; these will include your own assessment of the proposed Demerger and may include the input of other professional advisors.

6. **Distribution of report**

6.1 This letter report is prepared for the Board of Directors of APM Industries Limited and APM Finvest Limited and to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the transaction.

6.2 In no event shall we liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the specified companies, their directors, employees or agents. In no circumstances shall liability of Bansal Abhinav & Co., Chartered Accountants, its partners, directors, employees relating to the services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these services.

For Bansal Abhinav & Co.
Firm Registration No. 015423C
Chartered Accountants

BANSAL ABHINAV & CO. CHARTERED ACCOUNTANTS CA

Abhinav Bansal
Partner
Membership No. 412035

Bansal Abhinav & Co.
CHARTERED ACCOUNTANTS

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March 05, 2018

To,
The Board of Directors
APM Industries Limited
SP-147, RIICO Industrial Area,
Bhiwadi, Rajasthan - 301019

To,
The Board of Directors
APM Finvest Limited
SP-147, RIICO Industrial Area,
Bhiwadi, Rajasthan - 301 019

Sub: Share entitlement Ratio for the demerger of Investment Undertaking of APM Industries Limited ('Demerged Company' or 'AIL') into APM Finvest Limited ('Resulting Company' or 'AFL')

Dear Sir/ Madam,

This is with reference to our report dated January 8, 2018 on 'Share Entitlement Ratio' for the demerger of Investment Undertaking of APM Industries Limited ('Demerged Company' or 'AIL') into its wholly-owned subsidiary company, APM Finvest Limited ('Resulting Company' or 'AFL').

As requested by BSE Limited, we have provided below the requisite information in connection with the 'Share Entitlement Ratio' for the demerger.

SHARE ENTITLEMENT RATIO

AIL is Demerging the Investment Undertaking into its wholly-owned subsidiary company, that is, AFL (or Resulting Company). Upon demerger, the equity shareholders of AILwill be allotted equity shares in AFL in proportion to their shareholding in AIL. As such, consequent to this demerger the economic beneficial interest of the shareholders of AIL shall remain the same.

In light of the above a fair valuation of equity shares of AIL or the Resulting Company has not been carried out.

Valuation Approach	APM Industries Limited		APM Finvest Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	N
Relative Value per Share	**NA**	**NA**	**NA**	**NA**
Entitlement Ratio (rounded off)			**NA**	

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However, the basis of Share Entitlement Ratio is shown below:

Basis of Share Entitlement Ratio

Share Entitlement Ratio report dated January 8, 2018 by Bansal Abhinav& Co., Chartered Accountants

1. **APM Industries Limited**

Particulars	Amount
Issued share Capital of the AIL (INR)	4,44,34,160
Number of Subscribed Equity Shares of Face Value of INR 2/- each (A)	2,16,11,360
Subscribed and paid-up share Capital of the AIL (INR)	4,32,22,720

2. **APM Finvest Limited**

Particulars	Amount
Optimal Capital Structure of Resulting Company post demerger as decided by the Board	4,32,22,720
- Total Number of Equity Shares of Resulting Company post demerger (B)	2,16,11,360
- Face Value of Equity Shares in INR	2
- Proposed Equity Capital of Resulting Company post demerger in INR	4,32,22,720
Equity Shares to be issued to the Shareholders of AIL (C)	**2,16,11,360**
(C) / (A) (rounded off)	**1/1**

Proposed Share Entitlement Ratio (C)/(A)	**One Equity Share of AFL for every One Equity Share of AIL**

Notes:

- As of report date, the initial issued, subscribed and paid up capital of AFL consist of 1,00,00,000 equity shares of Rs. 2/- each. The entire paid up capital of AFL is held by AIL. The shares held by AIL in AFL shall be cancelled as integral part of the scheme.

- pursuant to scheme, the Resulting Company, in order to comply with the intent of maintaining the economic interest of shareholders of AIL shall issue 21,611,360 equity shares of Rs. 2/- each to all the shareholders of AIL in the ratio of their holding.

For Bansal Abhinav& Co.
Firm Registration No. 015423C
Chartered Accountants

BANSAL ABHINAV & CO. CHARTERED ACCOUNTANTS

Abhinav Bansal
Partner
Membership No. 412035