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energising ideas

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CIN No.: U67120MH2007PTC166711

Date: July 02, 2021

To,
The Board of Directors
Responsive Industries Limited
Betegaon, Mahagaon Road, Boisar East,
Taluka Palghar, Dist. Thane, Betegaon – 401501,
Maharashtra, India

Dear Members of the board,

1. Engagement Background

We Understand that the Board of Directors of Responsive Industries Limited ("RIL" or the "Transferee Company") and Axiom Cordages Limited ("ACL" or the "Transferor Company") (jointly referred to as "Companies") are considering a Scheme of amalgamation between RIL and ACL and their respective Shareholders ("the Scheme") for Amalgamation under the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for amalgamation of the ACL(as defined hereinafter) and vesting of the same in RIL on a going concern basis.

The terms and conditions of the proposed mergers are more fully set out in the draft scheme document shared with us on June 28, 2021 the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated July 02, 2021 issued by Rashmi Shah FCA, Registered Value (Securities or Financial Assets) with IBBI Reg. No. IBBI/RV/06/2018/10240 ("Valuer").

We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by RIL to give a fairness opinion ("Opinion") on Valuation Certificate dated July 02, 2021 issued by Valuer.

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2. Background of the companies and Rationale

The Transferor Company, an unlisted public company, limited by shares, incorporated on 15th April 1999 under the Companies Act, 1956 and registered with Registrar of Companies, Maharashtra, Mumbai with Corporate Identity Number U25209MH1999PLC119427. The registered office of the Transferor Company is situated at Gut No 114 B & 120C, Betegoan Village, Boisar East, Thane – 401501, Maharashtra, India. The Transferor Company is inter alia engaged in the business of articles made out of plastic / polymers including production and supply of synthetic ropes, which are used in the shipping industry, construction industry etc.

The Transferor Company was initially incorporated as Arpeeta Plastics Private Limited and the said name was subsequently changed into Rapid Plastics Private Limited with effect from 8th June 2000 and again the same was changed to Arpeeta Plastics Private Limited with effect from 7th July 2000. Thereafter, the Company had made an application for conversion of a Company into a Public Limited Company on 19th July, 2000 and the Registrar of Companies, Maharashtra, Mumbai vide its Certificate dated 25th August, 2000 approved the said application for conversion of Company from Arpeeta Plastics Private Limited into Arpeeta Plastics Limited. Thereafter, the name of the Company was again changed to Axiom Impex International Limited with effect from 10th June 2002 and further changed to its present name, being Axiom Cordages Limited with effect from 20th January 2010. Axiom Cordages Limited holds 4,418,330 (1.66%) Equity shares in Responsive Industries Limited.

The Transferor Company is subsidiary of the Transferee Company, where the Transferee Company holds 89.87 % shares in the Transferor Company.

The Transferee Company, a listed public company, limited by shares, incorporated on 13th July 1982 under the Companies Act, 1956 and is registered with Registrar of Companies, Maharashtra, Mumbai with Corporate Identity Number L65100MH1982PLC027797. The registered office of the Transferee Company is situated at Betegaon, Mahagaon Road, Boisar East, Taluka Palghar, Dist. Thane, Betegaon – 401501, Maharashtra, India. The Transferee Company is *inter alia* engaged in the business of manufacturing, production, processing, trading, dealing in all varieties, characteristics, descriptions, strength, applications, colours and uses of plastic goods / PVC products and materials including lumps, powders, pipes, films, tubes, fibers, twines, laminates, granules sheets, blocks, chips, flakes, bars, flooring, sheets rigid their compounds, by products, co-products, formulation, intermediaries, ingredients, residues, mixtures and blends made of PVC, polymers, nylons, HDPE, PP, LDPE, Polystyrene, monomers, elastomers, resins and polyesters. The Transferee Company is also engaged in processing, producing and manufacturing synthetic cables, ropes and products.

The Transferee Company was initially incorporated as "Sinhal Holdings Limited" and the name was changed to "Responsive Polymers Limited" with effect from 27th January 2006. Thereafter the name was changed into Responsive Industries Limited with effect from 4th January 2007.

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The shares of the Responsive are currently listed on BSE Limited and National Stock Exchange of India Limited ('BSE' and 'NSE' respectively).

Rationale of the Scheme:

The Transferor Company is a subsidiary of the Transferee Company with common management, practices and is engaged in similar business activities. The Board of Directors of the Transferor Company and the Transferee Company are of the opinion that it shall be advantageous to consolidate the Indian operations and simplify the group structure in order to efficiently and economically manage the Transferee Company and Transferor Company as a single entity.

The Amalgamation of the Transferor Company with the Transferee Company is likely to result in the following benefits:

1.) The Transferor Company is a subsidiary of the Transferee Company. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital, integration of business functions and lead to synergies in operation arising from consolidation of various projects leading to efficient utilization of resources.
2.) Consolidation of business in one single entity will provide several benefits including streamlining the structure by reducing the multiplicity of legal and regulatory compliances and rationalization of costs.
3.) Upon amalgamation of the Transferor Company with the Transferee Company, the rights and interests of the shareholders or other stakeholders of the Transferee Company shall not be affected and the Scheme shall not be prejudicial to the interest of the shareholders or the stakeholders of the Transferor Company. The shareholders would consolidate their holdings and leverage the share value consequent in higher profitability.
4.) The proposed arrangement as specified under the Scheme will provide greater integration and flexibility to the Transferee company and strengthen its position in the industry, in terms of assets, base, revenue, product and service range.
5.) The creditors of the Transferor Company are not likely to be affected by the Scheme since the assets of the Transferor and Transferee Companies (taken together) are more than the liabilities of the Transferor and Transferee Companies (taken together). Further even the creditors of the Transferee Company will not be affected by the Scheme since the assets of the Transferor Company are more than the liabilities of the Transferor Company. Further post the amalgamation, the assets of the Transferee Company shall be greater than its liabilities.

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The valuation has been conducted by the valuer in compliance with the Scheme of Amalgamation presented under Section 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and rules framed thereunder, for the said Valuation Purpose.

3. Key Features of the Scheme of Amalgamation

The key features of the scheme provided to us through Draft Scheme Document are as under:

a) Upon coming into effect of the Scheme and in consideration for the Amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the eligible equity shareholders of the Transferor Company (other than the Transferee Company) whose names appear in the register of members of the Transferor Company as on the Record Date to be fixed in that behalf for the purpose of reckoning names of equity shareholders of the Transferor Company ("Transferor Company Shareholders"), in the following ratio:
"100 equity shares of the Transferee Company of Re. 1 each, fully paid up to be issued for every 128 equity shares of Rs. 10 each held by Transferor Company Shareholders" (the "Share Exchange Ratio").

b) Equity shares in the Transferee Company shall be issued in dematerialized form to the Transferor Company Shareholders who hold shares of the Transferor Company in dematerialized form, into the account with the Depository Participant in which the Transferor Company shares are held or such other account as is intimated by the shareholders to the Transferee Company and / or its Registrar and Share Transfer Agent namely Link Intime India Pvt. Ltd.

We have relied upon the draft scheme Document and taken the aforementioned key features (together with the other facts and assumptions set forth therein) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

4. Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

a) Reviewed the Draft Scheme Document and the valuation report by the valuer dated July 02, 2021.

b) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations.

c) Sought various clarifications with the respective senior management teams of ACL and RIL.

d) Reviewed such other information and explanations as we have required and which have been provided by the management of ACL and RIL.

This opinion is intended only for the sole use and information of RIL and ACL and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party

intending to provide finance or invest in the shares/business of either ACL and/or RIL or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate for the proposed "Scheme of Amalgamation" of ACL and RIL and their respective shareholders 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 of ACL and RIL and to the Registrar of Companies. 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 RIL and ACL and their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is 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 this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover in this case where the shares of the RIL are being issued as consideration to the shareholders of ACL, it is not the absolute

valuation that is important for framing an opinion but the relative valuation of the RIL vis-a-vis shares of ACL. We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on ACL, RIL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which RIL, ACL and/or their associates/ subsidiaries, are or may be a party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion. Our Opinion in not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

5. Conclusion

Based on and subject to the foregoing, we are of the opinion that the share issuance ratio is fair to the shareholders from the financial point of view. Further the valuation of ACL and RIL as detailed by the valuer is fair.

For Saffron Capital Advisors Private Limited,

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Sakshi Gupta
Head-Valuation