

## CENTRUM

January 25, 2016

The Board of Directors  
Pricol Limited  
CPM Towers,  
109, Race Course,  
Coimbatore - 641 018

Dear Members of the Board

Centrum Capital Ltd have been informed that the Board of Directors of Pricol Ltd and Pricol Pune Ltd are considering amalgamation of Pricol Limited ("Pricol") into Pricol Pune Limited ("Pricol Pune") (hereinafter jointly referred to as "Companies") with effect from the Appointed Date of 1<sup>st</sup> April, 2015.

This Scheme of Amalgamation provides for:

- (i) Amalgamation of Pricol with Pricol Pune pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956
- (ii) Subject to satisfactory fulfilment and accomplishment of (i) above, reduction in the share capital of Pricol Pune under the provisions of Sections 100-104 of the Companies Act, 1956.
- (iii) Subject to satisfactory fulfilment and accomplishment of (i) and (ii) above, change of name of Pricol Pune Limited to Pricol Limited.

In consideration of amalgamation of Pricol into Pricol Pune, the shareholders of Pricol will receive "1 (One) Equity Share of the face value of Re.1/- each of Pricol Pune, for every 1 (One) Equity Share of the face value of Re.1/- each held in Pricol"

In connection with the aforesaid Pricol has appointed Centrum Capital Ltd ("Centrum") to provide fairness opinion on the share exchange ratio to the equity shareholders of Pricol.

#### BACKGROUND

Pricol, a listed public limited company, incorporated in 1972, is engaged in the business of manufacturing automobile parts and equipment. It serves the Original Equipment Manufacturers across different market segments such as 2 and 3 wheelers, Personal Passenger Vehicle, Utility Vehicle and Vans, Commercial Vehicles, Tractors, Off-Road Vehicles, Railways and Industrial with a wide range of products including the following:

- Driver Information System Products – Instrument Clusters, Round Gauges and Driver Information System Display.
- Power Train Products – Oil and Water Pumps, Valves Regulators and Hydraulic Systems
- Sensors, Actuators and Switches – Temp. Pressure Level, Speed, Switches, Sockets and Actuators.
- Fleet Management, Asset Monitoring and Tracking – Road Speed Limiters, Vehicle Tracking Systems, Centralized Lubrication Systems and Fare Meters.

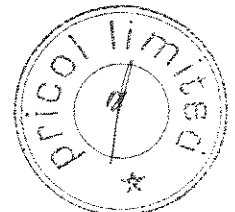
Pricol Pune, a limited non-listed company, was incorporated in 2011 as a wholly owned subsidiary of Pricol with its registered office in Pune, Maharashtra engaged in the business of supplying Instrument Clusters to several Personal Passenger Car and Utility Vehicles manufacturers.

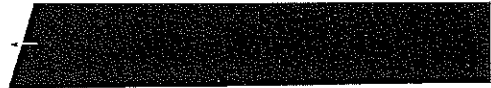


Centrum Capital Limited, (CIN No.: L65990MH1977PLC019986)

**CERTIFIED TRUE COPY**  
for pricol limited

*[Signature]*  
T.G.Thamizhanban  
Company Secretary





#### RATIONALE OF THE PROPOSED AMALGAMATION

The Amalgamation is expected to enable greater realisation of potential of the businesses of the Companies and have beneficial results and enhanced value creation for the Companies, their respective shareholders, their respective lenders and employees. It is considered desirable and expedient to amalgamate Pricol with Pricol Pune with a view to achieve the following:

- The Amalgamation will consolidate the business. Further, the Amalgamation will provide a high level of synergistic integration to Companies operations, better operational management and provide value addition to existing and future orders of Companies by integrating the respective technical, financial and other expertise and resources.
- Synergies arising out of consolidation of business will lead to enhancement of net worth of the combined business and reflection of true net-worth in the financial statements, improved alignment of debt and enhancement in earnings and cash flow.
- Pricol Pune would be able to better leverage on its large capital base, comprehensive suite of products and services, extensive corporate customer relationships, strong brand and vast talent pool. Pricol Pune would have enhanced businesses potential and increased capability to offer a wider portfolio of products and services with a diversified resource base and deeper client relationships.
- Amalgamation shall lead to greater efficiency in management of the businesses, simplicity and reduction in regulatory compliances, cost and operational efficiencies as well as optimum utilization of resources which will help Pricol Pune in keeping its business competitive in the long run and enhance the value of stakeholders.
- The Amalgamation will provide greater internal control and functional integration at various levels of the organisation such as Information Technology, human resources, finance, legal and general management leading to an efficient organisation capable of responding swiftly to volatile and rapidly changing market scenarios.
- The Amalgamation will facilitate debt consolidation of Pricol in Pricol Pune, which will improve the debt servicing abilities through improved cash flows and simplified administration of debt both for Pricol Pune and Pricol and for the lenders.

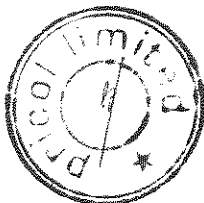
#### BASIS OF OPINION

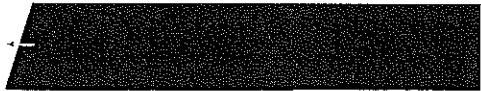
The scheme provides for amalgamation of Pricol into Pricol Pune, a wholly owned subsidiary of Pricol.

- Upon the scheme becoming effective all the assets and liabilities will stand transferred from Pricol to Pricol Pune
- As a consideration for the transfer, equity shares of Pricol Pune shall be issued to the equity shareholders in Pricol and the same shall rank pari-passu
- The existing equity share capital of Pricol Pune shall be cancelled and the shareholders of Pricol will become the only shareholders of Pricol Pune, thus Pricol Pune will then get a mirror reflection in the capital structure as that of Pricol

The exchange ratio is based on the Valuation report dated January 25, 2016 submitted by M/S Sharp and Tannan Chartered Accountants ("Valuer") an Independent Chartered Accountant.

Centrum has taken the foregoing facts (together with the other facts and assumptions set forth in the section Limitation of Scope and Review) into account when determining the meaning of "fairness" for the purpose of this opinion.





**LIMITATION OF SCOPE AND REVIEW**

The Fairness Opinion only aims to represent that the Swap Ratio as contained in the Opinion is fair and further that the Fairness Opinion shall be valid only for a limited period of time post Centrum's assessment of the relevant information. The Fairness Opinion may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. Fairness Opinion assessment and the Opinion are specific to the date of this report. As such, the Opinion is, to a significant extent, subject to continuance of current trends beyond the date of the report.

Centrum's opinion and analysis is limited to the extent of review of documents as provided to Centrum by Pricol and Pricol Pune including the Valuation report dated January 25, 2016, submitted by the Valuer and the draft scheme of Amalgamation

Centrum has relied upon the accuracy and completeness of all information and documents provided including Audited Annual Accounts of Pricol and Pricol Pune for period FY 2012-13 to FY 2014-15, Un-audited financial results of Pricol and Pricol Pune for half-year ended September 30, 2015 and Financial Projections as provided by Pricol without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. Centrum has not conducted any independent valuation or appraisal of any of the assets or liabilities of Pricol and/or its subsidiaries. In particular Centrum does not express any opinion as to the value of any asset of Pricol and/or its subsidiaries whether at current prices or in the future.

No investigation of the Companies claim to title of assets has been made for the purpose of the exercise and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. No due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

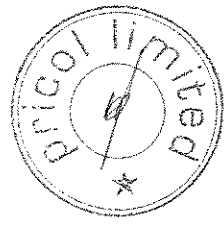
Centrum's opinion is not and should not be construed as Centrum's opining or certifying the compliance of the proposed merger with the provisions of any law including companies, taxation and related laws or as regards any legal implications or issues arising from such proposed amalgamation

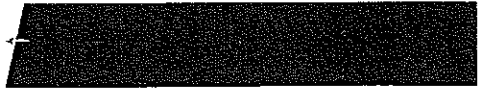
One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Centrum does not express any opinion as to the price at which shares of Pricol may trade at any time, including subsequent to the date of this opinion. In rendering the opinion Centrum has assumed that the Scheme will be implemented on the terms describe therein, without any waiver or modification of any material terms or conditions and that in course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have adverse effect on Pricol and/or its subsidiaries and their respective shareholders.

Centrum has also not opined on the fairness of any terms and conditions of the scheme of amalgamation other than the fairness, from financial point of view, of the share exchange ratio. We acknowledge that this Fairness Opinion will be shared to the extent as may be required, with relevant High Court/Tribunal, stock exchanges, advisors of the Companies as well as with statutory authorities in relation to the proposed scheme.

Centrum assume no responsibility for updating or revising its opinion based on circumstances or events occurring after the date hereof. Centrum's opinion is specific to amalgamation of Pricol into Pricol Pune as contemplated in the scheme as provided to Centrum and is not valid for any other purpose. It is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.

*[Handwritten signature]*





Save and except for Pricol, Centrum owes no responsibility to any person in connection with this Fairness Opinion. It may be noted that Centrum's liability in connection with this Fairness Opinion shall be limited only to the extent of fees received for the purpose of this engagement. Centrum does not accept any liability to any third party in relation to the issue of this Fairness Opinion. Neither this Fairness Opinion nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties without Centrum's prior written consent. Centrum retains the right to deny permission for the same.

In the ordinary course of business, Centrum and its affiliates are engaged in securities trading, securities brokerage and investment activities as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Centrum and its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the proposed scheme.

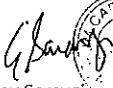
**VALUER'S RECOMMENDATION**


As per the Valuer's recommendation, the holders of equity shares of Pricol will receive 1 (One) fully paid-up equity share of Pricol Pune with the face of Re. 1 (One) each for every 1 (One ) fully paid-up equity share of Pricol with face value of Re. 1 (One) each.

**OPINION**

Having regard to all relevant factors, on the basis of information provided and explanations given to Centrum by the Companies and Valuer, Centrum is of the opinion on the date hereof to the best of its knowledge and belief, that the above share entitlement ratio as recommended by M/S Sharp & Tannan Chartered Accountants is fair considering that all shareholders of Pricol are and will upon the amalgamation be the ultimate beneficial owners of Pricol Pune in exactly the same ratio as they hold in Pricol.

Yours truly,  
For Centrum Capital Limited

  
Gaurav Saravgi  
Senior Vice President

  
Aanchal Wagle  
Vice President

