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Camphor & Allied Products Ltd.

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Date: June 6, 2016

To

The General Manager

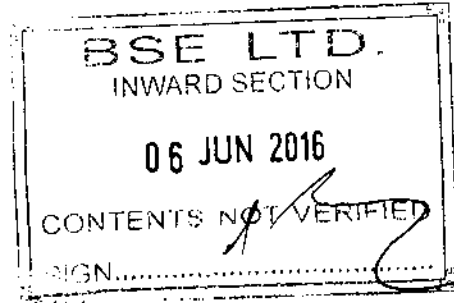
Department of Corporate Services - Listing

BSE Limited,

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai - 400 001

Kind Attention: Ms. Neha D'Souza – Listing Operations



Subject: Scheme of Amalgamation of Oriental Aromatics Limited with Camphor and Allied Products Limited.

Ref: Email dated 23rd May, 2016.

Scrip Code: 500078

This is with reference to Scheme of Amalgamation ("Scheme") of Oriental Aromatics Limited ("Transferor Company") with Camphor and Allied Products Limited ("Transferee Company") approved by board of directors of both the companies and submitted to BSE Limited on 27th April, 2016 and uploaded on BSE Limited's website on 02nd May, 2016 and your email dated 23rd May, 2016 asking for certain comments and clarifications.

With regard to above mentioned e-mail we would like to state the following:

- 1) The valuation exercise for determining fair exchange ratio was conducted by M/s Jignesh Goradia and Associates, Chartered Accountants which was submitted to BSE Limited with application letter. As per your requirements we are attaching herewith the relevant annexures to the various methods chosen which provides the necessary calculations for determining the fair exchange ratio.



2) Though post amalgamation public shareholding of the Transferee Company will reduce from 42.34% to 25.83% but it is still in the interest of the public shareholders due to the following reasons:

A. Quantitative Benefits:

i. Post amalgamation the minimum networth of the Transferee Company as at December 31, 2015 will be Rs. **24,292.17/-** lakhs as per the networth certificate issued by the Auditor i.e., Lodha & Co., Chartered Accountants of the Transferee Company and it is visible that the networth is increasing and the absolute interest of public shareholders in the post amalgamation remains almost same in spite of reduction in their shareholding in percentage terms from 42.34% to 25.83% and thus their interest is more or less remains same and hence it is not prejudicial to their interest.

Particulars	Pre – amalgamation	Post – amalgamation
Minimum Net-worth of the Transferee Company (Rs. In lakhs)	15,244.20/-	24,292.17/-
% share of Public Shareholding	42.34%	25.83%
Share of Public shareholders (Rs. In lakhs)	6,454.39/-	6,274.67/-

Please note that the above calculation of pre amalgamation and post amalgamation networth is based on profitability and assets and liabilities statement as on December 31, 2015, and if we consider various other factors like net profit of the Transferor Company for the last quarter ended March, 2016 on finalisation of books of account and impact of changes in accounting policy of the Transferor Company pursuant to Scheme being effective then the slight decrease in post amalgamation share of public shareholders will not



be material at all and will have a positive impact on the net worth of the public shareholders. Hence, if we consider the above calculation as on the appointed date i.e., April 01, 2016, then the impact will be favourable on the part of public shareholders.

- ii. Book Value Per share of the Transferee Company based on networth certificate given by M/S. Lodha & Co., Chartered Accountants is:

Particulars	Pre – amalgamation	Post – amalgamation
Book Value Per Share (Rs.)	296.94/-	288.73/-

It is apparent from the above table that reduction in Book Value per share from pre amalgamation to post amalgamation is only 2.77% as against the fall in % shareholding of the public shareholders which is 38.99%.

Further as stated above, the above calculation of pre amalgamation and post amalgamation Book Value is based on profitability and assets and liabilities statement as on December 31, 2015, hence if we consider the above calculation as on the appointed date i.e., April 01, 2016, then the impact will be favourable.

- iii. The Market Price per equity share of the Transferee Company pre-announcement of merger was Rs. 447/- and market price post announcement i.e., current market price as on June 03, 2016 is Rs. 534.20/-

From the above it is apparent that merger is beneficial to the public shareholders.

B. Qualitative Benefits:

- i. Amalgamation will provide significant synergistic benefits, economies of scale, consolidation of finances and operational efficiencies and backward integration of the business of the Transferee Company which in turn will lead



to further prosperity of the Transferee Company and their public shareholders.

- ii. Both the companies are engaged in the related and interdependent activity which is expected to result in higher net worth and cost savings for the amalgamated company as presently, the raw materials and chemicals produced by the Transferee Company are transferred to the Transferor Company at Arm's Length Price and now consequent to amalgamation being effective, the raw materials and chemicals produced by the Transferee Company will directly be used for manufacture of the finished products of the Transferor Company. Thus, the Amalgamated Company will save on raw material cost which in turn will increase the profit margin on the final products and fetch more business in a competitive economy and benefit the Transferee Company and its shareholders alike including the public shareholders.
- iii. The Amalgamated Company will have the benefit of the combined resources of the Transferor Company and the Transferee Company i.e., market share, scale, efficiency, combined net-worth, combined employees base, reserves, investments, and other assets, manpower, consolidated pool of finances, including optimization of borrowing costs and administrative compliances related thereto, larger size, consolidation of operations, mitigating competition, future opportunities, etc. The Amalgamated Company would be in a position to carry on consolidated operations through optimum utilization of its resources and avoidance of duplication. This will in turn lead to higher profitability and will thus result in to additional benefits to all the shareholders, including public shareholders.
- iv. The Amalgamated Company would also have a larger net-worth base, and greater borrowing capacity, which would provide it a competitive edge over others, especially in view of the increasing competition due to liberalization and globalization, which will be beneficial in more than one ways to the Transferor Company and the Transferee Company and their shareholders, including public shareholders, as the Transferor Company and the Transferee




Company plan to meet the competition in more effective way by combining their asset base and operations.

In view of the above mentioned quantitative and qualitative benefits taken together we feel that the proposed Scheme of Amalgamation will be in the interest of the public shareholders of the Transferee Company.

We request you to take the above on record and oblige. We also request you to provide necessary "No Objection" at the earliest so as to enable us to file the Draft Scheme with the Hon'ble High Court.

If you require any further clarifications / information, we would be happy to provide the same.
Thanking You.

Yours Faithfully,
For Camphor and Allied Products Limited


Dharmil A. Bodani
Managing Director



Encl: As above.

Calculation of Estimated NAV of the Company

Annexure A

Oriental Aromatics Limited

(Rs. in lakhs)

Particulars		Amt	Amt
		31-03-16	31-03-16
Net Asset Value as on		TOTAL	TOTAL
Fixed Assets			
	Tangible Assets (at MV)	3,179.21	
	Intangible Assets		3,179.21
	Capital work in progress		
Investments (at MV)			13,577.79
Long Term Loans & Advances			1,149.98
Deferred Tax Asset			42.00
Current Assets Loans and Advances			
A	Current Assets:		
	a Inventories	3,528.37	
	b Trade Receivables	3,374.53	
	c Cash and Bank Balances	183.00	
	d Short-Term Loans and Advances	850.00	
	e Other Current Assets		
	Total (a) to (e)	7,935.89	
B	Current Liabilities and Provisions		
	a Short-Term Borrowings	1,116.00	
	b Trade Payables	1,568.16	
	c Other Current Liabilities	150.00	
	d Short-Term Provisions	0.00	
		Total (a) to (d)	2,834.16
	Net Current Assets (A) - (B)		5,101.73
	Total Assets		23,050.72
Non Current Liabilities			
	a Long-term Borrowings	280.00	
	b Long-term Provisions		
	c Other Long-term Liabilities		
Less:	Total Liabilities		280.00
Less:	Deferred Tax Liability		
	NET-WORTH AVAILABLE		22,770.72
Preference Shareholders Claims			
NET-WORTH AVAILABLE TO THE EQUITY SHAREHOLDERS			22,770.72
No. of Shares			4,000,000
	VALUE PER EQUITY SHARE FOR FACE VALUE OF RS. 10/- EACH		569.27



Valuation as per Earning Capitalization Method

Annexure B

Index
A Audited
E Estimated

Oriental Aromatics Limited

Sr. No.	Year	(Rs. in Lacs)	
		Consolidated Net Profit After Tax	
1	2013-14	2,839.43	A
2	2014-15	1,207.14	A
3	2015-16	1,641.01	E
		5,687.58	

Average Profit for 3 years 1,895.86

Net Profit After Tax from Business 1,895.86

Capitalised @ 15.00 12,639.08

Valuation of Business as a whole 12,639.08

No. of Equity Shares 4,000,000

Value per share 315.98



CALCULATION OF BUSINESS VALUE AS PER DISCOUNTED FREE CASH FLOW METHOD

Annexure C

Oriental Aramkals Limited

Free Cash Flow Statement	Rs. in Lakhs				
	2016-17	2017-18	2018-19	2019-20	2020-21
Projected	Projected	Projected	Projected	Projected	Projected
Earnings before depreciation, Interest & Taxes (EBDIT)	5,112.85	5,597.18	6,243.53	7,087.13	7,983.73
Less: Cash Taxes	1,079.27	1,288.94	1,552.91	1,872.93	2,238.13
Operating profits less adjusted taxes / EOPB Cash Flow	4,033.58	4,308.24	4,690.62	5,214.20	5,745.60
Less: Capital Expenditure	2,506.40	-	-	-	-
Less: Incremental Working Capital	151.09	1,199.05	1,323.24	1,483.20	1,580.82
Net Cash Flow for perpetuity	1,336.09	3,109.19	3,367.38	3,730.90	4,164.78
Discounted factor @ 11.1%	0.90	0.81	0.73	0.66	0.59
Cash flow after Discounting	1,202.57	2,528.81	2,455.16	2,462.68	2,468.34
Perpetuity (3%)					

Annexure C

CALCULATION OF BUSINESS VALUE AS PER DISCOUNTED

Oriental Aramkals Limited

Calculation for Value of Equity Shares	Rs. in Lakhs
Earnings before depreciation, Interest & Taxes (EBDIT)	8,203.64
Less: Cash Taxes	2,365.27
Operating profits less adjusted taxes	5,838.37
Less: Incremental Working Capital	1,628.24
Less: Incremental Capex	-
Net Cashflow for perpetuity	4,210.13
Capitalised Value of Perpetuity before discounting	52,885.36
Capitalised at Weighted cost of Capital minus Growth for perpetuity	-
Discounting factor	0.53
Present Value for Perpetuity (A)	28,011.33
Add: PV for Period (2016-17 to 2020-21) (B)	11,088.58
Enterprise/Business Value (C) = (A)+(B)	39,099.90
Less: Debt as on 31.03.2016 (D)	7,129.83
Value for Business (E)	31,970.07
No. of Equity Shares	4,000,000
Value per Equity Share (Rs./sq. Rs.10/-)	799.25



CALCULATION OF BUSINESS VALUE AS PER MARKET PRICE METHOD
Camphor and Allied Products Limited
Annexure D

Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of Camphor and Allied Products Limited quoted on the BSE Ltd during the last twenty six weeks preceding the relevant date (considering relevant date as 02-April-2016)

Weeks	From	To	(AWAP High)	(AWAP Low)	Average
1	01-Apr-16	26-Mar-16	444.42	431.42	437.92
2	25-Mar-16	19-Mar-16	449.98	442.98	446.48
3	18-Mar-16	12-Mar-16	458.46	447.28	452.87
4	11-Mar-16	05-Mar-16	467.30	453.98	460.64
5	04-Mar-16	27-Feb-16	463.69	430.23	446.96
6	26-Feb-16	20-Feb-16	469.25	420.62	444.93
7	19-Feb-16	13-Feb-16	473.81	442.42	458.12
8	12-Feb-16	06-Feb-16	472.26	397.47	434.85
9	05-Feb-16	30-Jan-16	500.02	473.83	486.93
10	29-Jan-16	23-Jan-16	506.75	492.22	499.49
11	22-Jan-16	16-Jan-16	482.01	452.07	467.04
12	15-Jan-16	09-Jan-16	570.91	507.82	539.36
13	08-Jan-16	02-Jan-16	623.47	581.23	602.35
14	01-Jan-16	26-Dec-15	646.42	584.32	615.37
15	25-Dec-15	19-Dec-15	611.33	531.70	571.52
16	18-Dec-15	12-Dec-15	522.10	466.84	494.47
17	11-Dec-15	05-Dec-15	512.54	477.11	494.82
18	04-Dec-15	28-Nov-15	552.56	522.87	537.72
19	27-Nov-15	21-Nov-15	542.88	420.47	481.67
20	20-Nov-15	14-Nov-15	418.52	407.63	413.08
21	13-Nov-15	07-Nov-15	417.35	391.76	404.55
22	06-Nov-15	31-Oct-15	415.50	387.41	401.45
23	30-Oct-15	24-Oct-15	453.03	408.35	430.69
24	23-Oct-15	17-Oct-15	416.07	367.04	391.56
25	16-Oct-15	10-Oct-15	364.69	357.87	361.28
26	09-Oct-15	03-Oct-15	350.40	339.62	345.01
Average Price					466.20

Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of Camphor and Allied Products Limited quoted on BSE Limited during the preceding two weeks preceding the relevant date (considering relevant date as 02-April-2016)

Weeks	From	To	(AWAP High)	(AWAP Low)	Average
1	01-Apr-16	26-Mar-16	444.42	431.42	437.92
2	25-Mar-16	19-Mar-16	449.98	442.98	446.48
Average Price					442.20

Minimum Issue Price

Higher of the above two

466.20



CALCULATION OF WEIGHTED AVERAGE VALUE AND EXCHANGE RATIO

Annexure E

Particulars	Oriental Aromatics Limited		weighted value	Camphor and Allied Products Limited		weighted value
	weight			weight		
Net Asset value method (at market price)	569.27	0.10	56.93	Not considered		-
Earnings Capitalization Method	315.98	0.10	31.60	Not considered		-
Discounted Cash Flow	799.21	0.80	639.37	Not considered		-
Market Price	NA		-	466.20	1.00	466.20
TOTAL		1.00	727.89		1.00	466.20
Weighted Average Value per Share			727.89			466.20
Net Weighted Average Value per Share			727.89			466.20
Face Value of the Shares			Rs. 10/-			Rs. 10/-
Exchange Ratio			1.00			1.56

