



STRICTLY PRIVATE & CONFIDENTIAL

February 27, 2021

To,

The Board of Directors
APL Apollo Tubes Limited
37 Hargovind Enclave, Vikas Marg,
Delhi - 110 092

The Board of Directors
Apollo Tricoat Tubes Limited
37 Hargovind Enclave, Vikas Marg,
Delhi - 110 092

The Board of Directors
Shri Laxmi Metal Udyog Limited
37 Hargovind Enclave, Vikas Marg,
Delhi - 110 092

Sub: Fairness Opinion on share exchange ratio in connection with the proposed amalgamation of Apollo Tricoat Tubes Limited and Shri Laxmi Metal Udyog Limited, with APL Apollo Tubes Limited under a Scheme of Amalgamation.

Dear Sir(s),

We refer to our engagement letter dated February 22, 2021 and discussion wherein the management of APL Apollo Tubes Limited (hereinafter referred to as "APL Apollo" or "Company"), Apollo Tricoat Tubes Limited (hereinafter referred to as "ATTL") and Shri Laxmi Metal Udyog Limited (hereinafter referred to as "SLMUL") (hereinafter collectively referred to as the 'Management') has requested Fortress Capital Management Services Private Limited (hereinafter referred to as "Fortress"), a SEBI Registered Category I Merchant Banker to give a fairness opinion on the Share Exchange Ratio recommended by SSPA & Co., Chartered Accountants (hereinafter referred to as "Valuer") in connection with the amalgamation of ATTL and SLMUL with APL Apollo under a Scheme of Amalgamation. ATTL, SLMUL and APL are hereinafter collectively referred to as the "Companies".

For Shri Lakshmi Metal Udyog Ltd.
Shri
Company Secretary

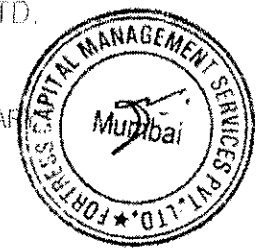
Shri
Company Secretary

For APL APOLLO TUBES LTD.

Fortress Capital Management Services Pvt. Ltd. CIN : U67129MH2004PTC145915

Corporate office : 204, Lotus Park, 2nd Floor, Road No. 16, Wagle Estate, Thane (W) 400 004, (Mss. Id) : 91 229 6266 7400
Registered office : Daryaganj, 1st Floor, 63 Maharashtra Road, Marine Lines, Mumbai 400 002, India Tel : : 91 (22) 2200 7573

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1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

1.1 We have been informed by the Management that they are considering the proposal of amalgamation of ATTL and SLMUL with APL Apollo (hereinafter referred to as the “Amalgamation” or “Proposed Transaction”) pursuant to the scheme of amalgamation (hereinafter referred to as “Scheme”) between the Companies in accordance with the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules and regulations made thereunder. Subject to necessary approvals, ATTL and SLMUL would amalgamate with APL Apollo, with effect from appointed date of April 1, 2021 (hereinafter referred to as the “Appointed Date”). As a consideration for the Proposed Transaction, shareholders of ATTL would be issued equity shares of APL Apollo.

1.2 Pursuant to the Scheme of Amalgamation, since SLMUL is a wholly owned subsidiary of APL Apollo, no shares of APL Apollo are proposed to be allotted to shareholders of SLMUL on amalgamation of SLMUL into APL Apollo.

1.3 APL Apollo Tubes Limited

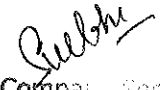
APL Apollo is a public limited Company incorporated in India on February 24, 1986 with its registered office in Delhi, India. The company is the largest producer of Electric Resistance Welded (ERW) Steel Pipes and Sections in India, with a capacity to produce 2.5 Million Tonnes per annum. The company caters extensively to the region and exports to over 20 countries globally. The company’s vast distribution network is spread across India, with warehouses and branch offices in 29 cities. The company has four manufacturing units, one at Sikanderabad, Uttar Pradesh, one at Hosur, Tamilnadu, one at Raipur, Chhattisgarh and one at Murbad, Maharashtra.


The equity shares of the company are listed on The BSE Limited (BSE) and the The National Stock Exchange of India Limited (NSE).

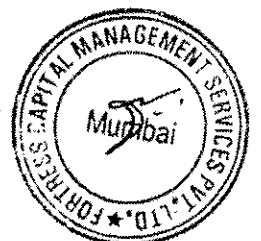
APL Apollo holds 100% equity stake in SLMUL and in turn SLMUL holds ~55.82% in ATTL.

For Apollo Tricoat Tubes Ltd.

For APL APOLLO TUBES LTD.


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COMPANY SECRETARY



The issued, subscribed and fully paid up equity share capital of the APL Apollo as on March 31, 2020 is INR 24.87 crores comprising of 2,48,69,015 equity shares of INR 10 each fully paid up.

1.4 Apollo Tricoat Tubes Limited

ATTL (formerly known as Best Steel Logistics Limited) incorporated on January 12, 1983 is engaged in the business of production of ERW steel tubes and GP Coils. The company has two manufacturing unit one at Malur Bangalore, and second at Ghaziabad Uttar Pradesh. The registered office of the Company is in New Delhi. The shares of the company are listed on the BSE. ATTL was acquired by APL Apollo through its subsidiary in FY 2018-19.

The issued, subscribed and fully paid up equity share capital of the ATTL as on March 31, 2020 is INR 6.08 crores comprising of 3,04,00,000 equity shares of INR 2 each fully paid up.

1.5 Shri Laxmi Metal Udyog Limited

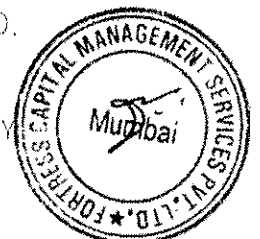
SLMUL is an unlisted public company incorporated on April 25, 1994 under the provisions of the Companies Act, 1956 as a private limited company with the name and style of Estima Investment & Financial Services Private Limited. Then, on January 13, 1995, the constitution of company changed from private limited company to public limited company and the name changed to 'Estima Investment & Financial Services Limited' and subsequently on September 16, 2003 the name changed to Shri Lakshmi Metal Udyog Limited. SLMUL is engaged in the business of manufacturing of steel tubes and pipes.

SLMUL is a wholly owned Subsidiary ('WoS') of APL Apollo.

The issued, subscribed and fully paid up equity share capital of the SLMUL as on March 31, 2020 is INR 5.90 crores comprising of 58,95,000 equity shares of INR 10 each fully paid up.

Since, SLMUL is a WoS of APL Apollo, on amalgamation all equity shares held by APL

Apollo in SLMUL shall stand cancelled and no shares shall be issued to the shareholders of SLMUL upon its amalgamation with APL Apollo.



For Shri Lakshmi Metal Udyog Ltd.
Shriom
Company Secretary

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- 1.6 In this regard Valuer was appointed to recommend the share exchange ratio in connection with the proposed amalgamation of ATTL and SLMUL with APL Apollo under a Scheme of Amalgamation.
- 1.7 Accordingly, we have been appointed in the capacity of SEBI Registered Category I Merchant Banker to give a fairness opinion on the share exchange ratio recommended by Valuer in connection with the proposed amalgamation of ATTL and SLMUL with APL Apollo under the Scheme of Amalgamation to comply with SEBI Guidelines.
- 1.8 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation between ATTL, SLMUL and APL Apollo under section 230 to 232 of the Companies Act, 2013.
- (b) Annual Reports of ATTL and APL Apollo for Financial year 2019 - 20
- (c) Management Certified Financial Statements of ATTL for 9 months period ended December 31, 2020
- (d) Management certified consolidated balance sheet and profit and loss account of APL Apollo (excluding ATTL) for 9 months period ended December 31, 2020
- (e) Financial projections of ATTL from FY 2020-21 to FY 2024-25.
- (f) Consolidated financial projections of APL Apollo (excluding ATTL) from FY 2020-21 to FY 2024-25.
- (g) Report dated February 27, 2021 issued by Valuer.

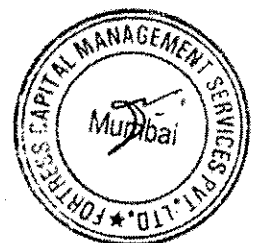
For Apollo Tricoat Tubes Ltd.


Company Secretary

For APL APOLLO TUBES LTD.


COMPANY SECRETARY

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(h) Such other information and explanations as we required and which have been provided by the management including Management Representations of APL Apollo, ATTL, SLMUL and Valuer.

3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- 3.2 We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on Companies claim to title of thier assets has been made and their claim to such rights has been assumed to be valid.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 The fee for the engagement and this report is not contingent upon the results reported.
- 3.6 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement.
- 3.7 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.8 Any person / party intending to provide finance / divest / invest in the shares / convertible instruments / business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are

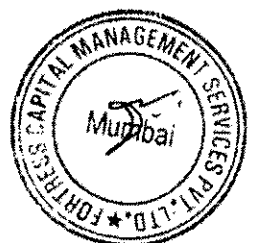
For Apollo making an informed decision.


Company Secretary

For APL APOLLO TUBES LTD.


COMPANY SECRETARY

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For Shri Lakshmi Metal Udyog Ltd.



Company Secretary

- 3.9 This Fairness Opinion (“Opinion”) is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on the Opinion including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this Opinion may affect the opinion and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion.
- 3.10 We do not express any opinion as to the price at which shares of the Company may trade at any time, including subsequent to the date of this opinion.
- 3.11 This Fairness Opinion has been issued for the sole purpose to facilitate the Companies to comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 it shall not be valid for any other purpose and should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available..
- 3.12 Fortress nor its directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is provided. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the fairness opinion.

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For Shri Lakshmi Metal Udyog Ltd.

Shiksha

Company Secretary

4. VALUATION METHODOLOGY ADOPTED BY VALUER

For the purposes Valuation and recommending the share exchange ratio, the Valuer has adopted “Discounted Cashflow Method” under Income Approach and “Market Price Method” under Market Approach for ATTL and APL Apollo.

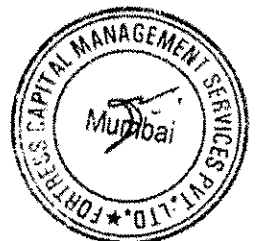
For Apollo Tricoat Tubes Ltd.

Subhojit
Company Secretary

For APL APOLLO TUBES LTD.

[Signature]
COMPANY SECRETARY

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5. CONCLUSION

5.1 We have reviewed methodology as mentioned above used by the Valuer for arriving at the valuation of the equity shares of the Companies and also reviewed the working and underlying assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending share

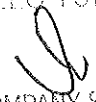
5.2 **On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the share exchange ratio for the proposed amalgamation of ATTL with APL Apollo of 1 (One) Equity Share of APL Apollo of INR 2 each fully paid up for every 1 (One) Equity share of ATTL of INR 2 each fully paid up recommended by Valuer is fair and reasonable**

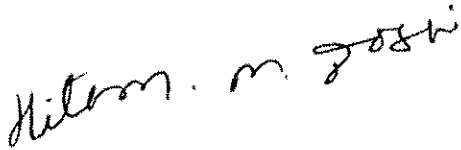
Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

For APL APOLLO TUBES LTD.


COMPANY SECRETARY





Authorized Signatory

Place: Mumbai

SEBI Registration No.: INM000011146

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For Apollo Tricoat Tubes Ltd.


Company Secretary