

STRICTLY PRIVATE & CONFIDENTIAL

September 11, 2023

To
The Board of Directors
Amrit Agro Industries Limited
CM-28 First Floor,
Gagan Enclave Amrit Nagar, G T Road,
Ghaziabad – 201 009

To
The Board of Directors
Amrit Corp. Limited
CM-28 First Floor,
Gagan Enclave Amrit Nagar, G T Road,
Ghaziabad – 201 009

Dear Sir(s),

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Amrit Agro Industries Limited with Amrit Corp. Limited

I refer to the engagement letter dated August 14, 2023 whereby I, Tejas Jatin Parikh (hereinafter referred to as 'Valuer' or 'I'), have been appointed by the management of Amrit Agro Industries Limited and Amrit Corp. Limited to issue a report containing recommendation of fair share exchange ratio for the proposed amalgamation of Amrit Agro Industries Limited (hereinafter referred to as 'AAIL' or the 'Transferor Company') with Amrit Corp. Limited (hereinafter referred to as 'ACL' or the 'Transferee Company') ('hereinafter referred to as 'Proposed Amalgamation').

AAIL and ACL are hereinafter collectively referred to as the 'Companies'.

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 I have been informed by the management of AAIL and ACL (hereinafter collectively referred to as the 'Management') that they are considering a proposal for the Proposed Amalgamation, pursuant to a scheme of amalgamation under sections 230 to 232 and other applicable provisions of the Companies Act, 2013, including rules made thereunder, as may be applicable (hereinafter referred to as the 'Scheme').

Subject to necessary approvals, AAIL would be amalgamated with ACL, with effect from the appointed date of April 01, 2023 ('Appointed Date').

1.2 In consideration for the proposed amalgamation of AAIL with ACL, 7% Optionally Convertible Redeemable Preference Shares ('OCRPS') of ACL would be issued to the equity shareholders of AAIL.

1.3 In this regard, I have been appointed by Management to carry out the relative valuation of equity shares of the Companies to recommend the fair share exchange ratio for the Proposed

Amalgamation and redemption value.

- 1.4 For the purpose of this valuation, the bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise. For the purpose of this valuation, March 31, 2023 has been considered as the valuation date ('Valuation Date').
- 1.5 The report sets out our recommendation of the fair share exchange ratio and discusses the approach and methodologies considered for arriving at relative value of the equity shares of the Companies for the purpose of recommendation of fair share exchange ratio.

2. BRIEF BACKGROUND

2.1. AMRIT CORP. LIMITED ('ACL')

ACL is primarily engaged in producing and distribution of UHT dairy milk, flavoured- milk, dairy mixes and milk and milk based products. ACL is also engaged in activities which comprise of investing in listed and unlisted equity shares, debt instruments of companies, alternate investment funds and mutual funds. The equity shares of ACL are not listed on any stock exchanges.

As per the audited financial statements for the financial year ('FY') 2022-23, the revenue from operations of Transferee Company for FY 2022-23 is INR 107.65 crores.

2.2. AMRIT AGRO INDUSTRIES LIMITED ('AAIL')

AAIL is engaged in the business of trading in various agri and other products. The equity shares of AAIL are not listed on any stock exchanges.

As per the audited financial statements for the FY 2022-23, the loss before tax of Transferor Company for FY 2022-23 is (-) INR 1.37 crores.

3. IDENTIFICATION AS A REGISTERED VALUER

I am practicing Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV/06/2018/10201.

4. SOURCES OF INFORMATION

For the purpose of the valuation exercise, I have relied upon the following information, as provided to us by the Management and on information available in public domain:

- (a) Audited financial statements of the Companies for the FY ended March 31, 2023.
- (b) Such other information and explanations as required and which have been provided by the Management.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. This report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further, my report on recommendation of fair share exchange ratio for the Proposed Amalgamation is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.
- 5.2. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While I have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.
- 5.3. The report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to me.
- 5.4. The draft of the present report was circulated to the Management (excluding the recommended fair share exchange ratio) for confirming the facts stated in the report and to confirm that the information or facts stated are not erroneous.
- 5.5. Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of my engagement.
- 5.6. For the purpose of this exercise, I was provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Also, with respect to explanations and information sought from the Management, I have been given to understand by the Management that they have not omitted any relevant and material information about the Companies. The Management have indicated to me that they have understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis/conclusions.
- 5.7. My work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, I have evaluated the information provided to me by the Management through broad inquiry, analysis and review. However, nothing has come to my attention to indicate that the information

provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

- 5.8. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn my 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 my opinion, on the value of the shares of the Companies 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 report may affect the report and assumptions used in preparing it and I do not assume any obligation to update, revise or reaffirm this report.
- 5.9. I am independent of the Companies and have no current or expected interest in the Companies or its assets. The fee paid for my services in no way influenced the results of my analysis.
- 5.10. 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 making an informed decision.
- 5.11. The decision to carry out the Proposed Amalgamation (including consideration thereof) lies entirely with the parties concerned and my work and my finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Amalgamation.
- 5.12. My Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. It is exclusively for the use of the Companies and may be submitted to regulatory/statutory authority for obtaining requisite approvals. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.
- 5.13. I don't make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. I owe responsibility only to the Companies that has appointed me under the terms of the Engagement Letter. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

6. VALUATION APPROACH AND METHODOLOGIES

6.1. For the purpose of valuation, generally following approaches can be considered, viz,

- (a) the 'Cost' Approach;
- (b) the 'Market' Approach; and
- (c) the 'Income' Approach

Each of the aforesaid approaches proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach to be adopted for a particular valuation exercise must be judiciously chosen.

6.2. In the present case, the equity shares of the Companies are not listed on any stock exchange. Therefore, the Market Price Method is not adopted. Also, dividend and income from sale of shares and securities being the primary source of income, it is difficult to ascertain the maintainable earnings level of the Companies. Therefore, we have thought fit not to consider 'Market' Approach and 'Income' Approach for the purpose of valuation exercise.

6.3. Considering the above, I have valued the Companies by considering the Net Asset Value method under 'Cost' Approach for valuation of equity shares of AAIL and ACL.

6.4. COST APPROACH

6.4.1. Under 'Cost' Approach, the value of equity shares of a company is determined by dividing the net assets of a company by the outstanding number of equity shares.

6.4.2. The net assets of the company are adjusted for the appreciation in the value of investments and contingent liabilities.

6.4.3. The value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share.

7. RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO

7.1. The fair basis of amalgamation of AAIL with ACL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove.

7.2. As mentioned above, I have considered 'Cost' Approach for arriving at the value per share of the Companies.

7.3. The fair share exchange ratio has been arrived on the basis of a relative valuation of equity shares of AAIL and ACL based on the approaches explained herein earlier and various qualitative factors relevant to the companies, having regard to information base, key underlying assumptions and limitations.

7.4. It is settled law that the assets can be transferred at the book values. In *M.A. Limited And another Vs. Union of India and others* [1996] 86 CompCas 725 the Hon'ble High Court of Delhi held that:

“The book value method which was made the basis for determining the valuation of shares in the present case, is one of the recognized methods for calculating the value of assets. Such valuation of shares following the book value method has been accepted as a proper and valid mode of valuation of shares in Tinsukia Electric Co. Limited v. State of Assam (AIR1990SC123) wherein it was been held by the Supreme Court that the concept of book value is an accepted accountancy concept of valuation and that it cannot be said to be illusory. Therefore, the aforesaid calculation of the share value after ascertaining the net asset value on the basis of the book value could be accepted as a proper mode of valuation of the shares.

- 7.5. **In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in my opinion, a fair share exchange ratio for the Proposed Amalgamation of AAIL with ACL is as under:**
1 (One) 7% OCRPS of ACL of INR 10 each fully paid up for every 1 (One) equity shares of AAIL of INR 10 each fully paid up.
- 7.6. **Considering the relative values of shares of AAIL and ACL, the conversion ratio of OCRPS into Equity shares of ACL for those shareholders who exercise the option to convert OCRPS into Equity shares of ACL would be as under:**
2 (Two) Equity share of ACL of INR 10 each fully paid up for every 23 (Twenty Three) 7% OCRPS of ACL of INR 10 each fully paid up.
- 7.7. **Redemption value for those shareholders who do not exercise the option to convert OCRPS into Equity Shares of ACL would be INR.73.60 per OCRPS.**

Thanking you,
Yours faithfully,



Tejas Jatin Parikh

Registered Valuer No.: IBBI/RV/06/2018/10201

ICAI Membership No. 123215

UDIN: 23123215BGQLGL6723

Date : 11 September 2023

Place: Mumbai