

STRICTLY PRIVATE & CONFIDENTIAL

June 30, 2016

The Board of Directors,
Amrit Banaspati Company Limited
A-95, Sector-65 , Noida – 201309,
Uttar Pradesh

Dear Sirs,

Sub: Fairness Opinion on the valuation carried out by SSPA & Co. (Chartered Accountants).

Re: Recommendation of:

- (i) fair value of equity share of Amrit Agro Industries Limited for issue of redeemable preference share of Amrit Agro Industries Limited to its Public Shareholders (Non-Promoter Shareholders) in exchange of the equity shares and
- (ii) fair share exchange ratio for the purpose of proposed amalgamation of Amrit Agro Industries Limited ("AAIL") into Amrit Banaspati Company Limited ("ABCL")

We have been requested by the management of Amrit Banaspati Company Limited to give fairness opinion in connection with the valuation exercise undertaken by SSPA & Co. (Chartered Accountants) (hereinafter referred to as "the Valuer") to determine the fair value of the AAIL equity shares to provide an exit opportunity to the public shareholders of AAIL and fair share exchange ratio for the proposed amalgamation of AAIL into ABCL as envisaged in the Scheme.

1. BACKGROUND

1.1 AMRIT BANASPATI COMPANY LIMITED (ABCL)

- 1.1.1 ABCL is a company promoted by Mr. Naresh Kumar Bajaj, Mr. Ashwini Kumar Bajaj, Mr. Vikram Kumar Bajaj and others (hereinafter collectively referred to as "Promoters").
- 1.1.2 ABCL is engaged in trading of commodities & other products and holding of investments in Group companies as well as in other financial instruments. Further, the management of ABCL is exploring various options to scale up and expand its trading operations .





- 1.1.3 Further, Amrit Trademart Private Limited (hereinafter referred to as "ATPL") was merged with ABCL with effect from the appointed date i.e. April 01, 2015 vide order dated May 30, 2016. ATPL was engaged in trading of commodities & other products and holding of investments in Group companies as well as in other financial instruments.

1.2 AMRIT AGRO INDUSTRIES LIMITED

- 1.2.1 AAIL was incorporated as a limited company under the Companies Act, 1956 on September 09, 1985 in the State of Uttar Pradesh.
- 1.2.2 AAIL is engaged in the trading of commodities and other products in India. It also holds investments in Group companies as well as in other financial instruments.
- 1.2.3 Shares of AAIL were listed on Delhi Stock Exchange Ltd, U.P. Stock Exchange Ltd and Ludhiana Stock Exchange Ltd. All of the above Stock Exchanges are derecognized and thus AAIL has ceased to be a listed company. Consequently AAIL has moved to Dissemination Board of NSE Limited.

2. PURPOSE OF VALUATION

- 2.1 We have been informed that the management of AAIL is considering a proposal to provide an exit opportunity to the Public Shareholders of AAIL. For this purpose the management of AAIL is proposing to reorganize share capital of AAIL, whereby the Public Shareholders would be provided an exit opportunity by issue of 7% Redeemable Preference Shares of INR 10 each in lieu of their equity shares. These 7% Redeemable Preference Shares shall be redeemed based on the fair value of the equity shares of AAIL.
- 2.2 Under a composite Scheme of Arrangement, post issue of redeemable preference shares against equity shares held by the Public Shareholders, the management of ABCL and AAIL (hereinafter collectively referred to as the "Management") are proposing to amalgamate AAIL into ABCL (hereinafter referred to as "amalgamation") pursuant to the provisions of Sections 391 to





394 of the Companies Act, 1956 ('the Act') read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013.

- 2.3 Subject to necessary approvals, ABCL and AAIL would be amalgamated, with effect from the Appointed Date of April 1, 2016. In consideration for the amalgamation, equity shares of ABCL would be issued to the promoter shareholders of AAIL and redeemable preference shares to the public shareholders of AAIL redeemable based on the fair value of the equity shares of AAIL.
- 2.4 In this connection, SSPA & Co., Chartered Accountants (SSPA) have been appointed to carry out the exit price to the Public Shareholders and relative valuation of equity shares of ABCL and AAIL to recommend the share exchange.

3. SOURCES OF INFORMATION

For the purpose of the valuation exercise, we have relied upon the following sources of information provided by the management.

- (a) Audited financial statements of AAIL and provisional financial statements of ABCL for the financial year ended March 31, 2016.
- (b) Draft Scheme of Arrangement (the 'Scheme') as per Sections 391 to 394 of the Companies Act, 1956 ('the Act') read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013.
- (c) Estimate of profits of AAIL for FY 2016-17.
- (d) Such other information and explanations as we required and which have been provided by the management of the Companies.
- (e) Other relevant information and data including information in the public domain.

4. EXCLUSIONS AND LIMITATIONS

- 4.1 Our conclusion is dependent upon the information furnished to us being complete in all material respects.





- 4.2 Our report is not nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.
- 4.3 This report has been prepared for management of ABCL solely for the purpose of opining on the fairness in relation to equity shares of ABCL.
- 4.4 The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of ABCL, and only in connection with the proposed issue of ABCL equity shares to the shareholders AAIL as provided *inter-alia*, in the Scheme. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the captioned object as aforesaid, can be done only with our prior permission in writing.

5 VALUATION APPROACH

- 5.1 For the purposes of valuation the Valuer has adopted the following approaches, viz.,
- (a) the "underlying asset" approach;
 - (b) the "income" approach;

6. CONCLUSION

- 6.1 We have reviewed the methodology as mentioned above used by the Valuer for arriving at the Fair Value of the equity shares of ABCL and also reviewed the working and underlining assumptions adopted to arrive at the values under each of the above approaches.
- 6.2 On the basis of the foregoing points, we are of the opinion that:
- (i) The Fair Value of the equity shares of AAIL of **Rs 60** recommended by SSPA & Co. (Chartered Accountants) is fair & reasonable.
 - (ii) The proposed ratio of exchange in the event of the merger of AAIL into ABCL recommended by SSPA & Co. (Chartered Accountants) is fair & reasonable, which is as under:





- 1) 3 (Three) equity share of ABCL of INR 10 each fully paid up for every 10 (Ten) equity shares of AAIL of INR 10 each fully paid up.
- 2) 1 (One) 7% redeemable preference share of ABCL of INR 10 each fully paid up (redeemable at premium of INR 50) for every 1 (One) 7% redeemable preference share of AAIL of INR 10 each fully paid up.

Thank you,
Yours faithfully,

For Inga Capital Private Limited

S. Karthikeyan
Director

