



6<sup>th</sup> February, 2017

To,  
The Board of Directors,  
Balaji Amines Limited  
Balaji Towers, No. 9/1A/1,  
Hotgi Road, Asara Chowk,  
Solapur- 413224,  
Maharashtra

Dear Sir(s),

This has reference to the request made by the management of Balaji Amines Limited (hereinafter referred to as "**Balaji Amines**" / "**Transferee Company**"). The Board of Directors of Balaji Amines, in their Board Meeting held on 24<sup>th</sup> October, 2016 has considered and approved the proposal to amalgamate Bhagyanagar Chemicals Limited (hereinafter referred to as "**Bhagyanagar**" / "**First Transferor Company**") and Balaji Greentech Products Limited (hereinafter referred to as "**Balaji Greentech**" / "**Second Transferor Company**"). The Merger Committee of the Board, has appointed us on 23<sup>rd</sup> January, 2017 to issue Fairness Opinion Certificate in connection with the Valuation exercise being carried out by M/s. NSVR & Associates, Chartered Accountants, Hyderabad (hereinafter referred to as "**the Valuer**") for recommending Equity Share Exchange Ratio for the Proposed Merger of Balaji Greentech and Bhagyanagar with Balaji Amines with effect from the Appointed Date i.e. 1<sup>st</sup> April, 2016

## I. PURPOSE OF VALUATION

- 1.1 The Board of Directors of all the three Companies have considered proposal for the Amalgamation of Balaji Greentech and Bhagyanagar with Balaji Amines.
- 1.2 In this regard, M/s. NSVR & Associates, Chartered Accountants, Hyderabad were appointed to carry out the valuation with a view to recommend an exchange ratio of shares in the event of Amalgamation of Balaji Greentech and Bhagyanagar with Balaji Amines and determination of Equity shares to be issued by Balaji Amines to the Shareholders of Balaji Greentech and Bhagyanagar.
- 1.3 The information contained herein and our certificate is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## II. SOURCE OF INFORMATION

For the purpose of the Valuation, we have relied upon the following source of information provided by the management of the Companies:

- (i) Brief Profile of Balaji Greentech, Bhagyanagar and Balaji Amines;
- (ii) Memorandum and Articles of Association of Balaji Greentech, Bhagyanagar and Balaji Amines;



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- (iii) Audited Financial Statements for the last 3 years i.e. for the Year ended 31<sup>st</sup> March, 2016, 2015 and 2014 of Balaji Greentech, Bhagyanagar and Balaji Amines;
- (iv) Provisional Financial Statements of Balaji Greentech for the period ended 31<sup>st</sup> December 2016.
- (v) Valuation Report dated 27<sup>th</sup> January, 2017 issued by M/s. NSVR & Associates, Chartered Accountants, Hyderabad including Valuation Report in respect of Land of Balaji Greentech Products Limited (Second Transferor Company) issued by Government Approved Valuer Mr. Hema Prasad Veeramachineni, Chartered Engineer.
- (vi) Other relevant details such as history of the Company, its Promoters, Shareholding Pattern etc;

### III. EXCLUSIONS AND LIMITATIONS

3.1 Conclusions reached by us are dependent on the information provided to us being complete & accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our certificate.

### IV. VALUATION METHODOLOGY ADOPTED BY THE VALUER

In arriving at the exchange ratio of the equity shares for the Amalgamation of the Balaji Greentech and Bhagyanagar with Balaji Amines, we have determined the values independently but on a relative basis. We have considered the methods relevant and applicable, which included:

#### 1) Market Approach:

The valuation is considered on the basis of share prices of a company quoted on the stock exchange as Quoted prices of the company on the stock exchange are considered to be indicative of the perception of investors operating under free market conditions and generally, common stocks are purchased in light of anticipated stock price appreciation, which, in turn, is strongly influenced by expectations about a company's cash flow capacity. In the present case the shares of Balaji Amines Limited are listed on BSE Limited and National Stock Exchange of India Limited and as the highest trading volume has been recorded on NSE, the trading transactions of the equity shares during last 6 months into the following 2 Alternatives has been considered of NSE under this method. The Fair value of Balaji Amines is arrived based on the pricing formula prescribed under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 which shall not be less than higher of the following:



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**Alternative 1:** Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares quoted on the National Stock Exchange of India Limited during the last twenty six weeks.

**Alternative 2:** Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares quoted on the National Stock Exchange of India Limited during the last two weeks.

This method is not considered appropriate to value Bhagyanagar Chemicals and Balaji Greentech as they are unlisted companies.

## 2) Net Assets Value Method

- a. **Bhagyanagar Chemicals Limited** (First Transferor Company) is a wholly owned (100%) subsidiary Company to Balaji Amines Limited, and hence the shares of subsidiary company will have to be cancelled and no shares will be required to be issued. Consequently the valuation is not required to be carried out in case of **Bhagyanagar Chemicals Limited (First Transferor Company)**.
- b. **Balaji Greentech Products Limited** (Second Transferor Company) has been continuously incurring losses in its existing business of CFL manufacturing and the company has been considering various alternatives to turnaround and also evaluating various alternatives to undertake profitable business project in future. Hence, M/s. NSVR & Associates, Chartered Accountants have considered Net Assets (Intrinsic Value) Method to value the business of Balaji Greentech. Balaji Amines Limited is holding 100% Preference Shares in Balaji Greentech Products Limited. Further, Balaji Amines Limited is holding 66% Equity Shares in Balaji Greentech Products Limited and of the balance 34% Equity Shares, are held by the Promoters/ Associates of Balaji Amines.

## V. CONCLUSION

- 5.1. We have reviewed the methodology as mentioned above adopted by the Valuer for arriving at the fair valuation of the equity shares of Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending a ratio of entitlement / exchange.
- 5.2. Bhagyanagar Chemicals Limited being the wholly owned (100%) subsidiary company to Balaji Amines Limited, the shares of subsidiary company will be cancelled upon the amalgamation and hence no shares will be issued. Therefore, the share exchange ratio is not applicable for Bhagyanagar Chemicals Limited (First Transferor Company).
- 5.3. We have considered Preference Share Redemption for Balaji Greentech. Hence, the NAV of Balaji Greentech is arrived negative. Therefore, the share exchange ratio between Balaji Greentech Products Limited (Second Transferor Company) and Balaji Amines Limited has been arrived at Nil as shareholders of Balaji Greentech Products Limited (Second Transferor Company) are not entitled for



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any consideration due to the fact that value attributable to the each equity share is negative i.e., INR (9.15) per share.

5.4. On the basis of the foregoing points, we are of the opinion that the valuation made by M/s. NSVR & Associates, Chartered Accountants is fair & reasonable for the proposed Share Exchange Ratio.

Thanking you,

For Mark Corporate Advisors Private Limited

A handwritten signature in blue ink, appearing to read "Rajendra Kanoongo".

**Rajendra Kanoongo**  
**Jt. Managing Director**  
Place: Mumbai

A handwritten signature in blue ink, appearing to read "Himadry".



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