

FAIRNESS OPINION REPORT

On

Share Exchange Ratio for Amalgamation

of

Plenty Valley Intra Limited

with

Dhunseri Investments Limited

MERCHANT BANKERS' REPORT

November 13, 2014



Microsec Capital Limited

7, Camac Street,
Azimganj House, 2nd Floor
Kolkata - 700 017

CERTIFIED TO BE TRUE COPY



CONTENTS

1. INTRODUCTION
2. PURPOSE OF FAIRNESS OPINION
3. LEGAL DISCLAIMER
4. SOURCES OF INFORMATION RELIED UPON BY US FOR THE FAIRNESS OPINION
5. BRIEF BACKGROUND OF THE COMPANIES UNDER REFERENCE
6. RATIONALE ADOPTED BY THE FINANCIAL ADVISOR FOR ASCERTAINING THE SHARE EXCHANGE RATIO FOR AMALGAMATION
7. SHARE EXCHANGE RATIO FOR AMALGAMATION
8. OPINION ON SHARE EXCHANGE RATIO



1. INTRODUCTION

Dhunseri Investments Limited (“DIL/Transferee Company”) is a part of the Dhunseri Group and is presently engaged in and having interests in investment business and packeting of tea. DIL is a Non-Banking Financial Company registered with Reserve Bank of India. The equity shares of DIL are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

DIL's main business comprise of investment in shares and securities.

DIL is mainly engaged in the business of investment in shares and securities of listed and unlisted entities. DIL is also engaged in packeting of tea for Dhunseri Tea & Industries Limited at its tea packeting facility at Jaipur.

Plenty Valley Intra Limited (“PVIL/Transferor Company”) is also a part of the Dhunseri Group and is presently engaged in and having interests in investment business. PVIL is a Non-Banking Financial Company registered with Reserve Bank of India. The equity shares of PVIL are listed on the Calcutta Stock Exchange Limited (CSE) and the Madras Stock Exchange Limited (MSE).

PVIL's main businesses comprise of trading and investment in shares and securities of listed and unlisted entities.

Both the companies, i.e. DIL and PVIL, are registered as Non-Banking Financial Companies engaged primarily in the business common to them of investing and/or dealing in shares and securities and providing loans and advances. Further, both the companies are associate companies and having their registered offices situated at the same premises in Kolkata.

Accordingly, the management of DIL and PVIL with strategic intent of restructuring and development of business, considered desirable and expedient to amalgamate the PVIL, the Transferor Company, with DIL, the Transferee Company. The amalgamation will enable consolidation of the undertakings of the Transferor Company and the Transferee Company and enable the business of the amalgamated entity to be carried on more conveniently and advantageously with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in various other operating parameters.

The merger is proposed to be carried out through a Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956 (“the Act”).

Through the proposed Scheme of Amalgamation under Sections 391, 394 and other applicable sections of the Companies Act, 1956, PVIL would be merged into DIL w.e.f. Appointed Date April 1, 2014. In consideration of amalgamation, DIL would issue and allot shares to the shareholders of PVIL. Further, 3,83,270 Equity Shares of Rs.10/- each held by the Transferor Company in the Transferee Company shall be cancelled without issue and allotment of any new shares in lieu thereof to any person whosoever. Such cancellation of cross holding is only consequential to the amalgamation and will rationalise and adjust the relationship between capital and assets suitably. After amalgamation, PVIL shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

“Undertaking of the Transferor Company/PVIL” means the all the properties, assets, rights and powers of the Transferor Company and all the debts, liabilities, duties and obligations



of the Transferor Company, more specifically defined in Clause 1(vii) of the Scheme of Amalgamation.

The Share Exchange Ratio/Swap Ratio for the amalgamation of PVIL with DIL has been decided based on the report prepared by D. K. Chhajer & Co., Chartered Accountants (the "Financial Advisor").

For the purpose of ascertaining the fairness of the Share Exchange Ratio for the amalgamation of PVIL with DIL, DIL has appointed Microsec Capital Limited ("Microsec") as an Independent Merchant Banker to furnish a fairness opinion on the Share Exchange Ratio for amalgamation recommended by Financial Advisor.

2. PURPOSE OF FAIRNESS OPINION

As per clause 24(h) of the Listing Agreement, the companies going through any arrangement/amalgamation/merger/reconstruction/reduction of capital, etc. are required to obtain a "Fairness Opinion" from an Independent Merchant Banker relating to the valuation of assets/ shares done by the Valuer.

3. LEGAL DISCLAIMER

The DIL has requested us to issue a Fairness Opinion Report on the Report on Swap Ratio (Share Exchange Ratio) given by D. K. Chhajer & Co., Chartered Accountants, on amalgamation of PVIL into DIL. In preparing this Fairness Opinion Report, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information provided to us.

In furnishing this Report, we reserve the right to amend or replace the Report at any time. Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.

The Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Neither the report nor its contents may be referred to or quoted in any registration, statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed amalgamation.

4. SOURCES OF INFORMATION RELIED UPON BY US FOR THE FAIRNESS OPINION

We have prepared the Fairness Opinion Report on the basis of the following information provided to us:

- Report on Swap Ratio (Shares Exchange Ratio) issued by D. K. Chhajer & Co., Chartered Accountants;
- Draft Scheme of Amalgamation;
- Audited Annual Financial statements of DIL and PVIL for the financial year 2013-14;



- Other data collated by us from publicly available sources.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives and representatives of the companies.

5. BRIEF BACKGROUND OF THE COMPANIES UNDER REFERENCE

Dhunseri Investments Limited ("DIL") is a part of the Dhunseri Group and presently engaged in and is having interests in investment business and packeting of tea. DIL is a Non-Banking Financial Company registered with Reserve Bank of India. The equity shares of DIL are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

DIL's main business comprise of investment in shares and securities

DIL is mainly engaged in the business of investment in shares and securities of listed and unlisted entities. DIL is also engaged in packeting of tea for Dhunseri Tea & Industries Limited at its tea packeting facility at Jaipur.

Plenty Valley Intra Limited ("PVIL") is also a part of the Dhunseri Group and presently engaged in and is having interests in investment business. PVIL is a Non-Banking Financial Company registered with Reserve Bank of India. The equity shares of PVIL are listed on the Calcutta Stock Exchange Limited (CSE) and the Madras Stock Exchange Limited (MSE).

PVIL's main businesses comprise of trading and investment in shares and securities of listed and unlisted entities.

6. RATIONALE ADOPTED BY THE FINANCIAL ADVISOR FOR ASCERTAINING THE SHARE EXCHANGE RATIO FOR AMALGAMATION

The Swap Ratio/Share Exchange Ratio has been arrived at by the Financial Advisor considering the Net Asset Value and Price Earning Method of both the companies based on the financial as on the Valuation Date i.e. April 1, 2014. Swap Ratio/Share Exchange Ratio is defined as the number of equity shares of DIL to which a shareholder of PVIL would be entitled in proportion to their existing shareholding in PVIL.

Under the Net Asset Value Method, the value of business has been arrived at by considering the value of investment in shares appearing in the Balance Sheet as at March 31, 2014 of both the companies at market price as on the Valuation Date and the other assets are taken at their book value. The Net Asset Value as per the Audited Financial Statements as on March 31, 2014, of DIL is approximately Rs. 18,576 Lakhs and of PVIL is Rs.2,909 Lakhs.

Under the Price Earning Method, business value is arrived at after multiplying Profit after Tax with Price Earning Multiple of similar companies. The earning of the companies operating in capital market is very volatile and depends on many factors. Therefore, to avoid fluctuation, an average P/E Ratio of similar comparable companies operating in the industry has been considered by the Financial Advisor. The Business Value as per the Audited Financial Statements as on March 31, 2014, of DIL is approximately Rs. 15,215 Lakhs and of PVIL is Rs. 1,637 Lakhs under the Price Earning Method.

Further, the shares of DIL is more liquid as the shares are being traded in the NSE and BSE and market price of shares are available and DIL is also declaring dividends every year.



On the other hand, the shares of PVIL are not liquid as the shares are not traded in the last couple of years on any exchange nor it has declared dividend. Therefore, the Business Value of PVIL under both the methodologies has been discounted by 20%.

7. SHARE EXCHANGE RATIO FOR AMALGAMATION

Based on the aforesaid, the Financial Advisor has arrived at the Share Exchange Ratio of 1 (One) new Equity Share of Rs.10/- each in the DIL/Transferee Company credited as fully paid up for every 8 (Eight) Equity Shares of Rs.10/- each fully paid-up held in the capital of PVIL/Transferor Company i.e. the Transferee Company shall, in consideration of the amalgamation, issue and allot 1 (One) Equity Share of Rs. 10/- each to the members of the Transferor Company holding 8 (Eight) Equity Shares of Rs. 10/- each fully paid-up in the Transferor Company.

Further, 3,83,270 Equity Shares of Rs.10/- each held by the Transferor Company in the Transferee Company shall be cancelled without issue and allotment of any new shares in lieu thereof to any person whatsoever.

8. OPINION ON SHARE EXCHANGE RATIO

Based on the information, material and data made available to us, including the Report of the Financial Advisor and the working thereto, in our opinion the Share Exchange Ratio/Swap Ratio for amalgamation of PVIL with DIL, as recommended by the Financial Advisor is fair and proper.

For Microsec Capital Limited

Manav Goenka

Manav Goenka
Vice President
Investment Banking

