

Strictly Private & Confidential

December 31, 2018
ACL:MUM:2018-19: 0074

To
The Board of Directors
Himalchuli Food Products Limited
B-102, Saraswati Apt.,
Radhakrishna Marg,
Mogra Village,
Andheri (East), Mumbai-400069

Sub.: Proposed Scheme of Arrangement and Amalgamation between R K D Trendy Retailers Private Limited ("RKD" or "Transferor Company") and Himalchuli Food Products Limited ("Himalchuli" or "Transferee Company")

Dear Sir/Madam,

We refer to our engagement and our ongoing discussions, wherein the management of Himalchuli Food Products Limited ("Himalchuli" or "Transferee Company") and R K D Trendy Retailers Private Limited ("RKD" or "Transferor Company") have requested Ashika Capital Limited ('Ashika'), a SEBI registered Merchant Banker, to provide a Fairness Opinion on the Valuation Report dated December 31, 2018 ('Valuation Report') being issued by Yogesh N Shah & Co., Chartered Accountants ('Valuer') in respect of the proposed Capital Restructuring and Reconstruction in the Transferee Company and amalgamation of Transferor Company into Transferee Company, post Capital Restructuring and Reconstruction, through a composite Scheme of Arrangement and Amalgamation ("Scheme") under the provisions of sections 230 to 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013. We understand that the proposed scheme will be considered by the board of directors and audit committee of Transferee Company.

We understand that the management of Himalchuli and RKD are contemplating the following under the Scheme:

Step 1: Reduction of Capital in Transferee Company through Capital Restructuring and Reconstruction in the Transferee Company; and

Step 2: Amalgamation of Transferor Company into Transferee Company, whereby the equity shares of Transferee Company, post capital reduction, would be issued/allotted the equity shareholders of Transferor Company.



Registered Office:
Trinity, 226/1, A. J. C. Bose Road
7th Floor, Kolkata 700 020
Tel.: +91 33 4010 2500
Fax: +91 33 4010 2543
E-mail: ashika@ashikagroup.com

Corporate Office:
1008, 10th Floor, Raheja Centre
214, Nariman Point, Mumbai-400 021
Tel.: +91 22 6611 1700
Fax: +91 22 6611 1710
E-mail: mbd@ashikagroup.com

Strictly Private & Confidential

1. Background of the Companies that are parties to the Scheme:

1.1. Himalchuli Food Products Limited:

- Himalchuli is a public limited company incorporated on April 30, 1986 under the Companies Act, 1956 having its registered office at B-102, Saraswati Apt., Radhakrishna Marg, Mogra Village, Andheri (East), Mumbai-400069
- The Main Objects Clause of the Target Company as per its Memorandum of Association is to cultivate, grow, produce, harvest raise or deal in agricultural produce as agriculturist, farmers, gardeners and to set up processing units for import, export, distribute or deal in agriculture produce of all descriptions, like fruits, vegetables, seeds and herbal products and trade in all the products required for cultivation, harvesting, production and development of seeds, vegetables, fruits and herbal items However there are no much business activities.
- The authorised, issued and subscribed and paid-up capital of Himalchuli as per the audited financial statements as on March 31, 2018 is as under:

Particulars	Amount (Rs.)
Authorised Share Capital 70,00,000 Equity Shares of Rs. 10/- each	7,00,00,000
Issued, Subscribed and Paid-up Share Capital 19,00,000 Equity Shares of Rs. 10/- each	1,90,00,000

Subsequent to March 31, 2018 and as on Valuation Date there is no change in the authorised, issued and subscribed and paid-up capital of Himalchuli.

- The equity shares of Himalchuli are listed on BSE Limited, Mumbai ('BSE').

1.2. R K D Trendy Retailers Private Limited:

- RKD is a private limited company incorporated on October 22, 2012 under the Companies Act, 1956 having its registered office at B-102, Saraswati Apt., Radhakrishna Marg, Mogra Village, Andheri (East), Mumbai-400069.
- RKD is engaged in the business of Trading, marketing, selling and distribution of various products relating to all kinds of textiles, clothes, Readymade apparels and accessories, Leather wears, Groceries, Pharmaceuticals, Cosmetics and Medical Preparations, forest products, Agricultural Products, Dairy Products, Food articles, etc.
- The authorised, issued and subscribed and paid-up capital of RKD as per the audited financial statements as on March 31, 2018 is as under:

Particulars	Amount (Rs.)
Authorised Share Capital 2,50,000 Equity Shares of Rs. 10/- each	25,00,000
Issued, Subscribed and Paid-up Share Capital 10,000 Equity Shares of Rs. 10/- each	1,00,000

Registered Office:
Trinity, 226/1, A. J. C. Bose Road
7th Floor, Kolkata 700 020
Tel.: +91 33 4010 2500
Fax: +91 33 4010 2543
E-mail: ashika@ashikagroup.com

Corporate Office:
1008, 10th Floor, Raheja Centre
214, Nariman Point, Mumbai-400 021
Tel.: +91 22 6611 1700
Fax: +91 22 6611 1710
E-mail: mbd@ashikagroup.com



Strictly Private & Confidential

Subsequent to March 31, 2018 and as on Valuation Date there is no change in the authorised, issued and subscribed and paid-up capital of RKD.

- c. The entire/ majority of the shares of the RKD are held by Mr. Nilesh Malshi Savla and Mrs. Meena Nilesh Savla, who are also Promoters of Himalchuli.
- d. The shares of RKD are not listed on any stock exchanges.

2. Scope and Purpose:

The Companies have appointed Yogesh N Shah & Co., Chartered Accountants ('Valuer') to carry out the valuation of Transferor Company and Transferee Company and recommend the Share Entitlement Ratio for the proposed Capital Restructuring and Reconstruction and Amalgamation.

The Valuer vide their Valuation Report dated December 31, 2018 ('Valuation Report') has recommended that the equity shareholders of Transferor Company will be entitled to receive 280 equity shares of face of INR 1/- each of Transferee Company, post Capital Restructuring and Reconstruction, for every 1 equity share of face of INR 10/- each held in Transferor Company.

The Companies have appointed Ashika Capital Ltd. to examine the Valuation Report and such other information provided by them and issue a, independent opinion on the fairness of the Valuation / Share Entitlement Ratio in respect of the proposed Amalgamation ("Fairness Opinion").

We have reviewed the methodologies as adopted by the Valuer for arriving at the fair valuation of the equity shares of the Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under the approach, for determining their respective per share value and to recommend the Share Entitlement Ratio.

Scope of this Fairness Opinion includes commenting only on the fairness of the Share Entitlement Ratio recommended by the Valuer and not on the fairness or economic rationale of the Scheme.

This Fairness Opinion is addressed to the Board of Directors of the Companies. This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and declarations detailed hereinafter. As such the Fairness Opinion is to be read in totality not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFC/DIL3/CIR/2018/2 dated January 03, 2018, as applicable.

This Fairness Opinion has been issued only for the purpose of opting on the fairness of the Share Entitlement Ratio for the Amalgamation under the proposed Scheme and should not be used for any other purpose.

3. Sources of Information:

For the purpose of examination and for arriving at the opinion, we have relied upon the following information provided by the management of the companies:

- i. Memorandum and Articles of Association of the Himalchuli and RKD.
- ii. Audited Financial Statements of Himalchuli and RKD for the financial year ended March 31, 2018.

Registered Office:

Trinity, 226/1, A. J. C. Bose Road
7th Floor, Kolkata 700 020
Tel.: +91 33 4010 2500
Fax +91 33 4010 2543
E-mail: ashika@ashikagroup.com

Corporate Office:

1008, 10th Floor, Raheja Centre
214, Nariman Point, Mumbai-400 021
Tel.: +91 22 6611 1700
Fax: +91 22 6611 1710
E-mail: mbd@ashikagroup.com



Strictly Private & Confidential

- iii. Certified Financial Statements of Himalchuli and RKD for the period ended October 31, 2018.
- iv. Shareholding pattern of the Himalchuli and RKD as on September 30, 2018.
- v. Market Prices and trading history of the equity shares of Himalchuli
- vi. Valuation Report issued by the Valuer
- vii. Draft Scheme of Arrangement and Amalgamation, certified by the management of the Companies.
- viii. Other relevant details of the companies such as its history, past and present activities, future plans and prospects, other relevant information and data including information in the public domain.
- ix. Such other information and explanations as we required and which have been provided by the management of the respective companies.

4. Exclusions and Limitations:

We have relied upon and assumed, without independent verification, the truthfulness, accuracy, and completeness of information that was provided or made available to us by the companies in all material respects for the purpose of this Fairness Opinion. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. 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 Fairness Opinion.

This Fairness Opinion is prepared solely for the purpose of discussion by the management of the Companies in relation to the proposed of Arrangement and Amalgamation between R K D and Himalchuli and shall not be disclosed or referred to public or to any third party other than the purpose as mentioned above.

This Fairness Opinion is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to which it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

This Fairness Opinion does not give any valuation or suggest any share exchange ratio. However, it is limited to provide its fairness opinion on the Valuation Report given by the Valuer.

In no circumstances, Ashika or its directors, officers, employees and controlling persons of Ashika will accept any responsibility or liability including any pecuniary or financial liability to any third party.

We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein.

Registered Office:
Trinity, 226/1, A. J. C. Bose Road
7th Floor, Kolkata 700 020
Tel.: +91 33 4010 2500
Fax: +91 33 4010 2543
E-mail: ashika@ashikagroup.com

Corporate Office:
1008, 10th Floor, Raheja Centre
214, Nariman Point, Mumbai-400 021
Tel.: +91 22 6611 1700
Fax: +91 22 6611 1710
E-mail: mbd@ashikagroup.com



Strictly Private & Confidential

5. Conclusion:

Based on the facts, information and explanation relevant to the present case, our examination of the Valuation Report provided to us by the companies and our independent analysis and evaluation of such information and subject to the exclusions and limitations as mentioned herein and to the best of our knowledge and belief, we are of the opinion that the share entitlement ratio of the equity shares of the Transferee Company to be issued to the equity shareholders of the Transferor Company, pursuant to the Scheme, recommended by the Valuer is fair.


6. Distribution of Fairness Opinion:

This Fairness Opinion is for the purpose of submission to Stock Exchanges and disclosure on the companies and Stock Exchange Websites as required under the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFC/DIL3/CIR/2018/2 dated January 03, 2018 and shall not be disclosed or referred to publicly or to any third party other than the purpose as mentioned above.

In no circumstances, will Ashika or its directors, officers, employees and controlling persons of Ashika accept any responsibility or liability including any pecuniary or financial liability to any third party.

Thanking you,

For Ashika Capital Limited


Mihir Mehta
Vice President-MBD

