

**PRIVATE & CONFIDENTIAL**

Dated : 17/07/2020

**The Board of Directors**  
**Zuari Investments Limited,**  
Jai Kissan Bhawan,  
Zuarinagar  
Goa 403 726  
India

**The Board of Directors**  
**Gobind Sugar Mills Limited,**  
Birla Mill Complex, P.O. Birla lanes,  
G. T. Road, Near Clock Tower  
Kamla Nagar, North Delhi – 110 007  
India

Dear Sir / Madam,

**Sub: Fairness Opinion on the share exchange ratio for the scheme of amalgamation between Zuari Global Limited ("ZGL" or "Transferee Company") and Gobind Sugar Mills Limited ("GSML" or "Transferor Company") (ZGL and GSML together referred to as "Companies").**

This opinion is issued pursuant to the terms of our engagement letter with ZGL under which ZGL has requested SKP Securities Limited ("SKP"), a SEBI Registered Category (I) Merchant Banker to provide fairness opinion on the share exchange ratio for the proposed Scheme of Amalgamation between ZGL and GSML and their respective shareholders and creditors (hereinafter termed as "**Scheme**").

**BACKGROUND, PURPOSE AND USE OF THIS REPORT**

We understand that the management of ZGL and GSML is contemplating a restructuring exercise wherein entire business and whole of the undertaking of GSML will be transferred to ZGL as a going concern with the following objective:

1. Streamlining and rationalization of the group structure through consolidation of GSML with ZGL, leading to reduction in compliance and administrative cost of the group;
2. Imparting better management focus, facilitating administrative convenience and ensuring optimum utilization of various resources of the Companies.
3. Bring about synergy in operations, economies in costs and other benefits resulting from the economies of scale;
4. The net worth and regular stream of revenue of the post-merger ZGL would facilitate requisite cost effective fund-raise for the future business operations of the ZGL; and
5. Proposed business re-alignment will create enhanced value for the stakeholders of both the Companies. The Scheme is not expected to be in



PRIVATE WEALTH | BROKING | DISTRIBUTION | INSTITUTIONAL EQUITIES | INVESTMENT BANKING

NSE & BSE : INZ000199335 | NSDL & CDSL : IN-DP-155 2015 | Research Analyst : INH300002902  
MB : INM000012670 | PMS : INP000006509 | AMFI : ARN 0006 | CIN : L74140WB1990PLC049032

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For GOBIND SUGAR MILLS LIMITED

Company Secretary

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For ZUARI GLOBAL LIMITED

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any manner prejudicial to the interest of the concerned shareholders, members, creditors, employees or general public at large.

The share exchange ratio ("**Share Exchange Ratio**") of the equity shareholders of GSML other than ZGL for the proposed Scheme refers to

- the number of equity share(s) of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL which would be issued to the equity shareholders of GSML for exchange of the fully paid-up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML, or
- the number of 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for exchange of the fully paid-up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML;

at the option of the equity shareholder of GSML.

Further, we understand that upon the scheme becoming effective, the shareholders holding preference shares in GSML shall have the option to receive either Non-Convertible Redeemable Preference Shares or Non-Convertible Debentures in ZGL in the following share exchange ratio:

- 1 (one) 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1 (one) fully paid up 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML.

The Appointed Date for the proposed Scheme is 01 April 2020 and the effective date is as provided in the Scheme.

For the aforesaid purpose, the management of the Companies has appointed M/s. Sunit & Co, Chartered Accountants (referred at a "Valuer") to prepare a report on the share exchange ratio for the scheme to be placed before the Audit Committee and the Board of Directors of the Companies, as per the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21, dated March 10, 2017 as amended ("SEBI Circular").

In this connection we have been requested by ZGL to render our professional services by way of issue of fairness opinion on the Share Exchange Ratio to the Audit Committee and Board of Directors of the Companies as to whether the Share Exchange Ratio, as recommended by the Valuer, in their report dated 17 July 2020 is fair and reasonable.

This report is intended only for the sole use and information of the Companies, and only in connection with the proposed Scheme including for the purpose of obtaining judicial and regulatory approvals for the proposed Scheme. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof,

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For ZUARI GLOBAL LIMITED

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other than in connection with the proposed Scheme as aforesaid can be done only with our prior written permission. We acknowledge that this report will be shared to the extent as may be required, with the National Company Law Tribunal, stock exchanges, advisors of the Companies in relation to the proposed scheme, as well as with the statutory authorities.

As per the Valuation Report, the following exchange ratio is recommended by the Valuer:

**A) For equity shareholders of GSML:**

- 100 equity shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 285 fully paid up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML, or
- 10,000 10.5% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1006 fully paid up equity share(s) of the face value of Rs. 10/- (Rupees Ten) each held in GSML.

**B) For preference shareholders of GSML:**

- 1 (one) 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each credited as fully paid up in the share capital of ZGL for every 1 (one) fully paid up 7% Non-Convertible Redeemable Preference Shares of the face value of Rs. 10/- (Rupees Ten) each held in GSML.

**SOURCES OF INFORMATION:-**

We have relied upon the following sources of information:

1. Memorandum and Articles of Association of the Companies.
2. Audited financial statements of the ZGL for the financial years ('FY') ended March 31, 2018, March 31, 2019 and March 31, 2020.
3. Audited financial statements of the GSML for the FY ended March 31, 2018, March 31, 2019 and March 31, 2020.
4. Draft of the proposed Scheme of Amalgamation between the Companies.
5. Discussion (including oral) with management of the Companies regarding the proposed Scheme, current operations and future prospects.
6. Discussion (including oral) and documents as provided by the Valuer for the purpose of this engagement.
7. Equity shares trading data of ZGL from the website of National Stock Exchange of India Limited and BSE Limited.

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8. Such other information, documents, data, reports, discussions and verbal & written explanations from the Companies as well as advisors for proposed amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

#### EXCLUSIONS AND LIMITATIONS:-

1. We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the management of the Companies for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of ZGL and GSML.
2. We have solely relied upon the information provided to us by the management of the Companies. We have not reviewed any books or records of Companies.
3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Companies and neither express any opinion with respect thereto nor accept any responsibility therefor.
4. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies. In particular we do not express any opinion as to the value of assets of the Companies, whether at current market prices or in future.
5. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the Companies with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the regulatory authorities and that the proposed scheme will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.
6. We understand that the managements of the Companies during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
7. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra- ordinary transaction involving the Companies or any of its assets, nor did we negotiate with any other party in this regard.

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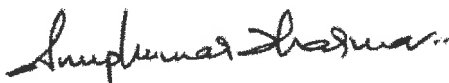
- 8. We express no opinion whatever and make no recommendation at all as to the decision to effect to the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Companies should vote at their respective meetings held in connection with the proposed Scheme of Amalgamation. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of Transferee Company and Transferor Company will trade following the announcement of the proposed Scheme or as to the financial performance of Companies following the completion of the proposed composite Scheme of Amalgamation.
- 9. In the ordinary course of business, SKP is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of SKP may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of any company that may be involved in the Scheme.
- 10. In no circumstances however, will SKP or its directors or employees accept any responsibility or liability to any third party.

**CONCLUSION: -**

In the circumstances, having regard to all the relevant factors and on the basis of information and explanation given to us, we are of the opinion on the date hereof, that the Share Exchange Ratio as recommended by the Valuer, which forms the basis for this proposed Scheme of Amalgamation is fair and reasonable.

SKP has issued the Fairness Opinion with the understanding that Draft Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the transaction.

Yours Faithfully,  
**For SKP SECURITIES LIMITED**



**ANUP KUMAR SHARMA**  
**Head - Merchant Banking**  
**SEBI Regn. # INM000012670**



Place: Kolkata

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**Company Secretary**

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