

**Fairness Opinion Report on Share Exchange Ratio for the proposed Amalgamation  
of Vetpharma Limited with Nutraplus India Limited**

**Prepared by**

**Finshore Management Services Limited**

**["Anandlok", 2<sup>nd</sup> Floor, Block-A, Room No. 207, 227, A,J,C, Bose Road Kolkata – 700 020]**

**January 27, 2016**

**SEBI Registered Category I Merchant Banker**

**SEBI Registration No: [INM000012185]**

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**Notice to Reader**

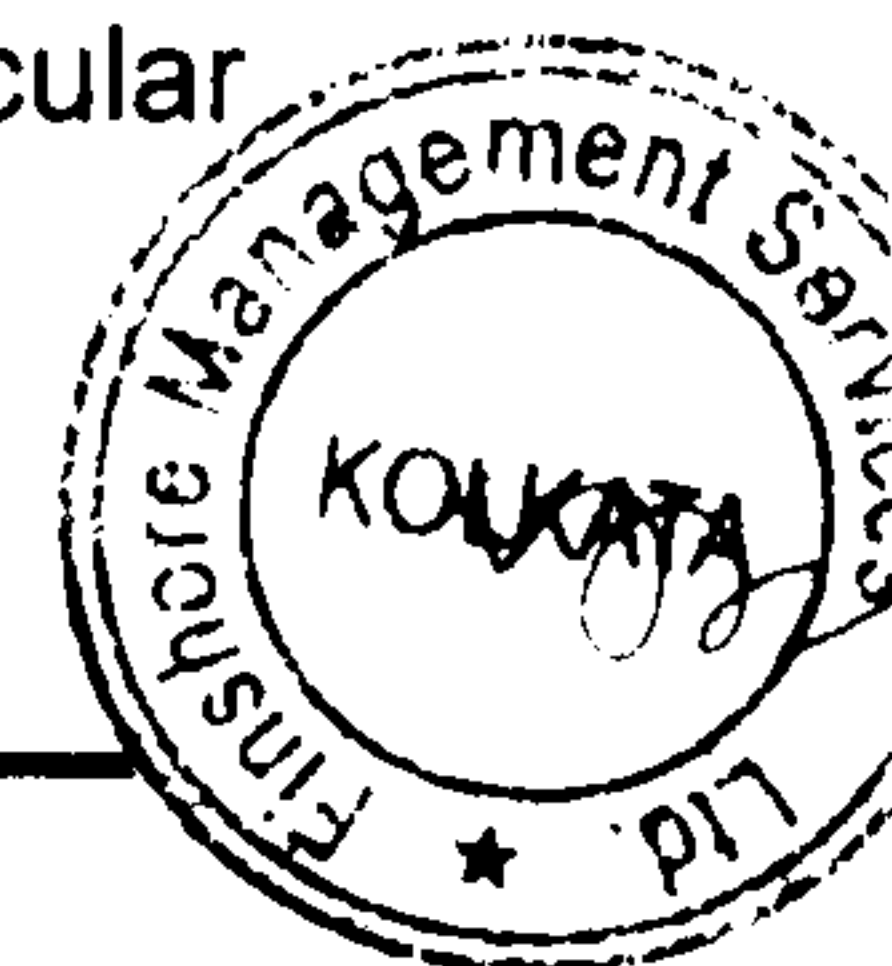
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This report is prepared by Finshore Management Services Limited ("Finshore") solely for the purpose of giving a fairness opinion on Valuation Report providing Share Exchange Ratio for the proposed Amalgamation of Vetpharma Limited ("VPL" or "Transferor") with Nutraplus India Limited ("NPIL" or "Transferee"). This report is not to be used, circulated, and quoted otherwise than for the purpose stated herein. This report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without Finshore's written consent.

For the purpose of this assignment, Finshore has relied on Valuation Report dated January 27, 2016 prepared by K C P L And Associates LLP., Chartered Accountants(Firm Registration no. 119223W) [represented by CA Saurabh Agarwal (Membership No. 119139) having their office situated at 79, Ground Floor, Virwani Industrial Estate, Off Western Express Highway, Goregaon East, Mumbai – 400 063] for the proposed amalgamation of Vetpharma Limited with Nutraplus India Limited and the information and explanation provided to it and Finshore has not tried to evaluate the accuracy thereof. Finshore's work does not constitute certification or due diligence of the past working results and Finshore has relied upon the information provided to it as set out in audited and working results of the aforesaid companies and as mentioned in the valuation report.

Finshore has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification of such assets and liabilities.

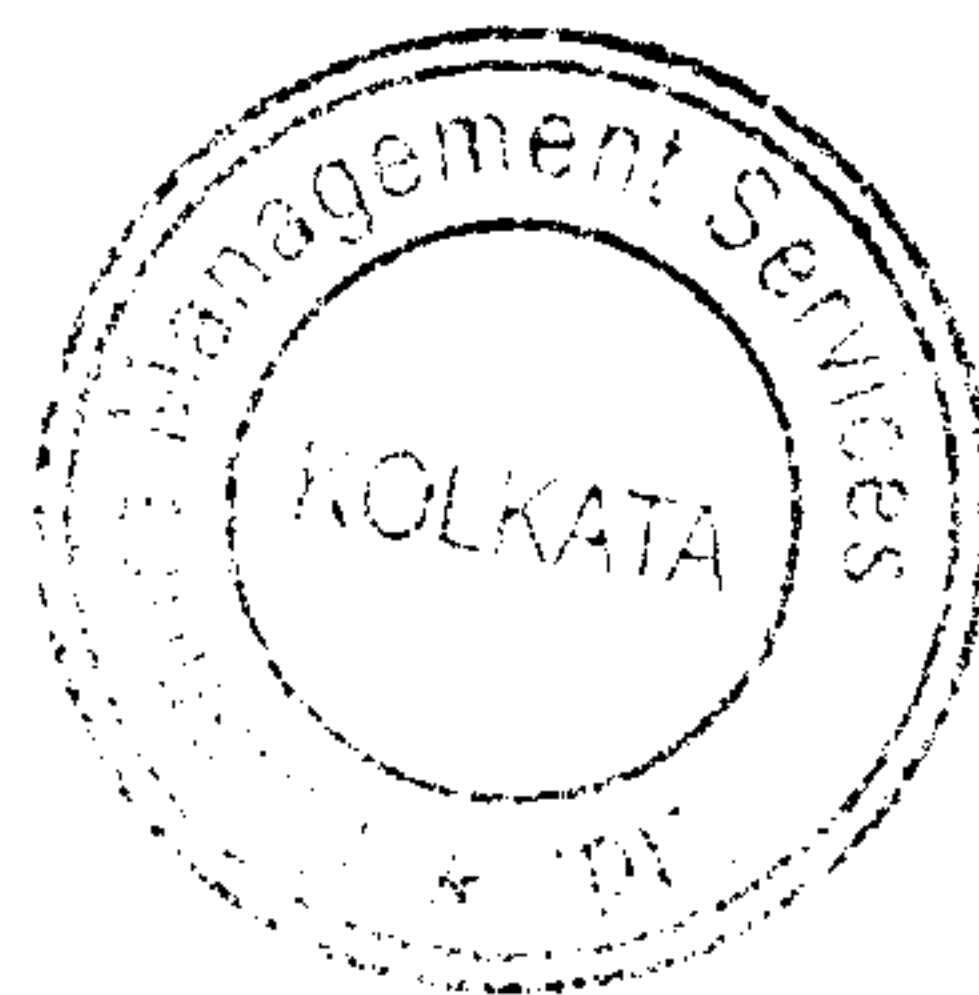
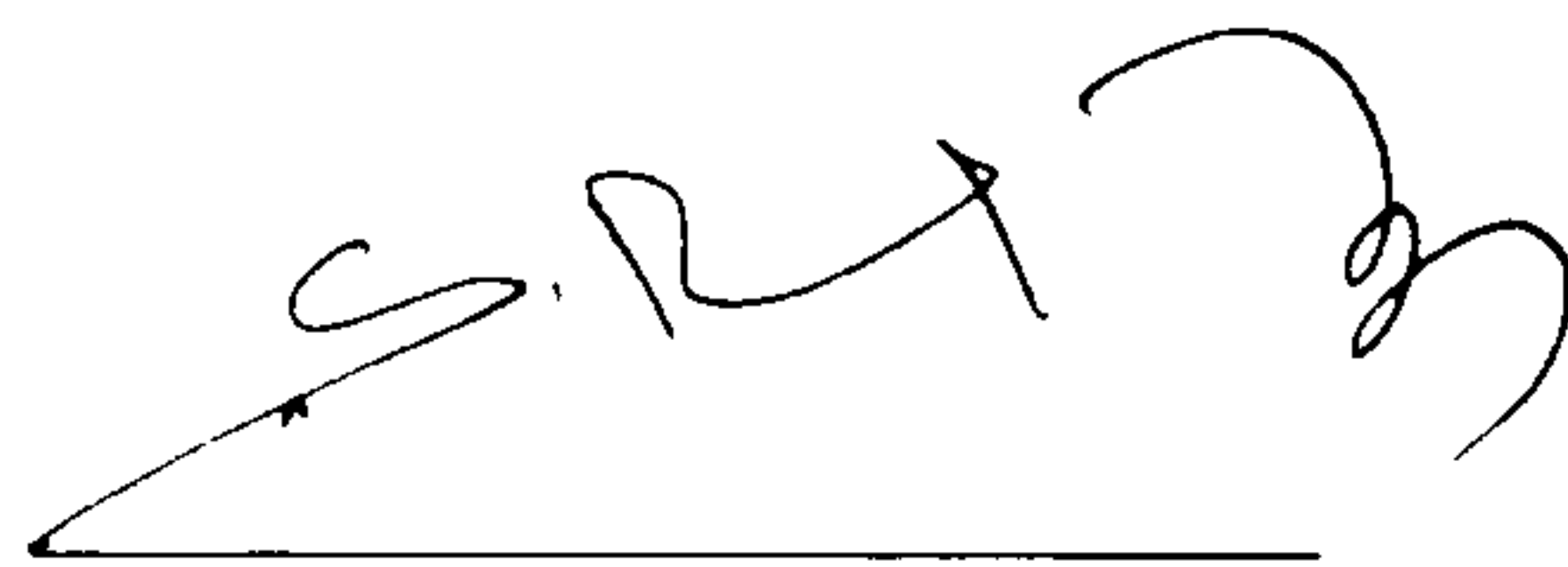
We hereby give our consent to upload the fairness opinion report in the website of the company, present and disclose the Fairness Opinion in the general meetings of the shareholders of Vetpharma Limited and Nutraplus India Limited, the Stock Exchanges, the Registrar of Companies and any other government authorities pursuant to SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015.



Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this Report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Report providing Share Exchange Ratio for the proposed amalgamation of Vetpharma Limited with Nutraplus India Limited and may not be applicable or referred to or quoted in any other context.

**For Finshore Management Services Limited**



**Authorised Signatory**

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Introduction and Scope of Assignment

**1. Transferee Company –Nutraplus India Limited (NPIL):**

NPIL was incorporated on 6th February, 1990 and has been engaged in carrying on the business of manufacturing of bulk drugs / active pharmaceutical ingredients (APIs), specialty chemicals & intermediates.

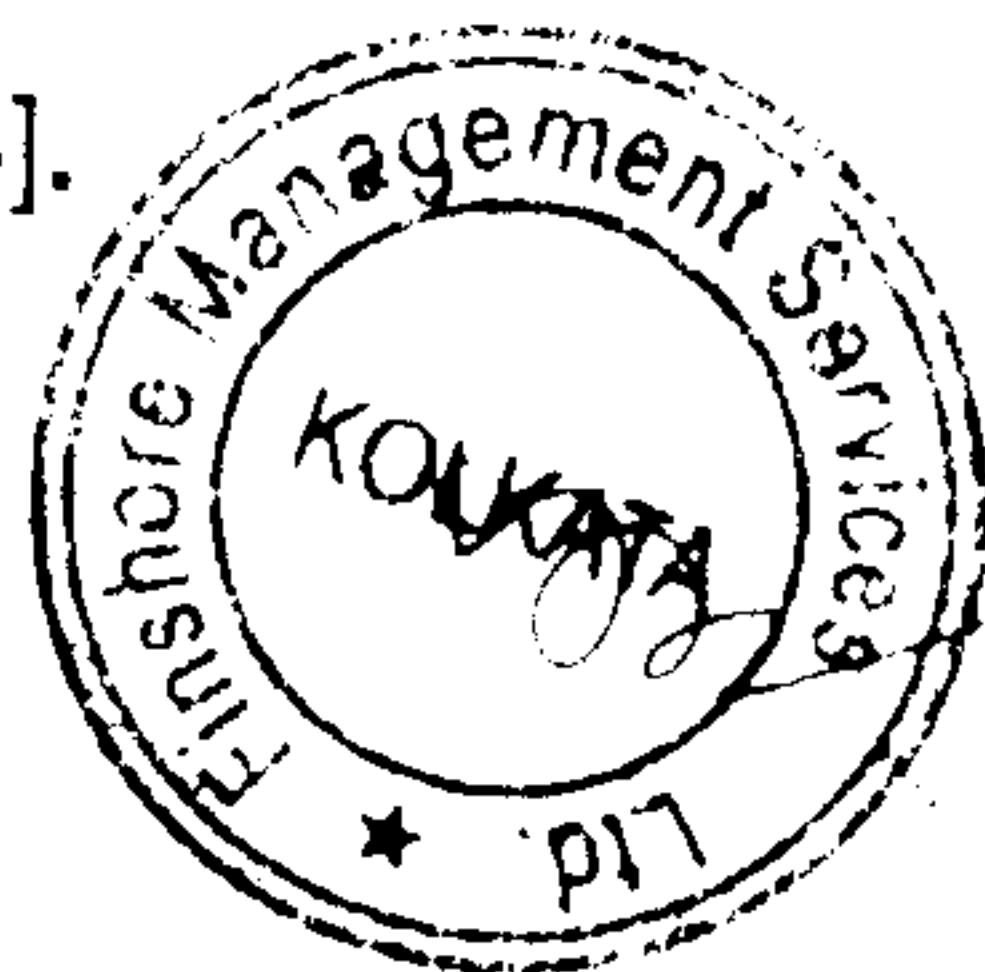
The shares of NPIL are listed on BSE Limited.

**2. Transferor Company – Vetpharma Limited (VPL):**

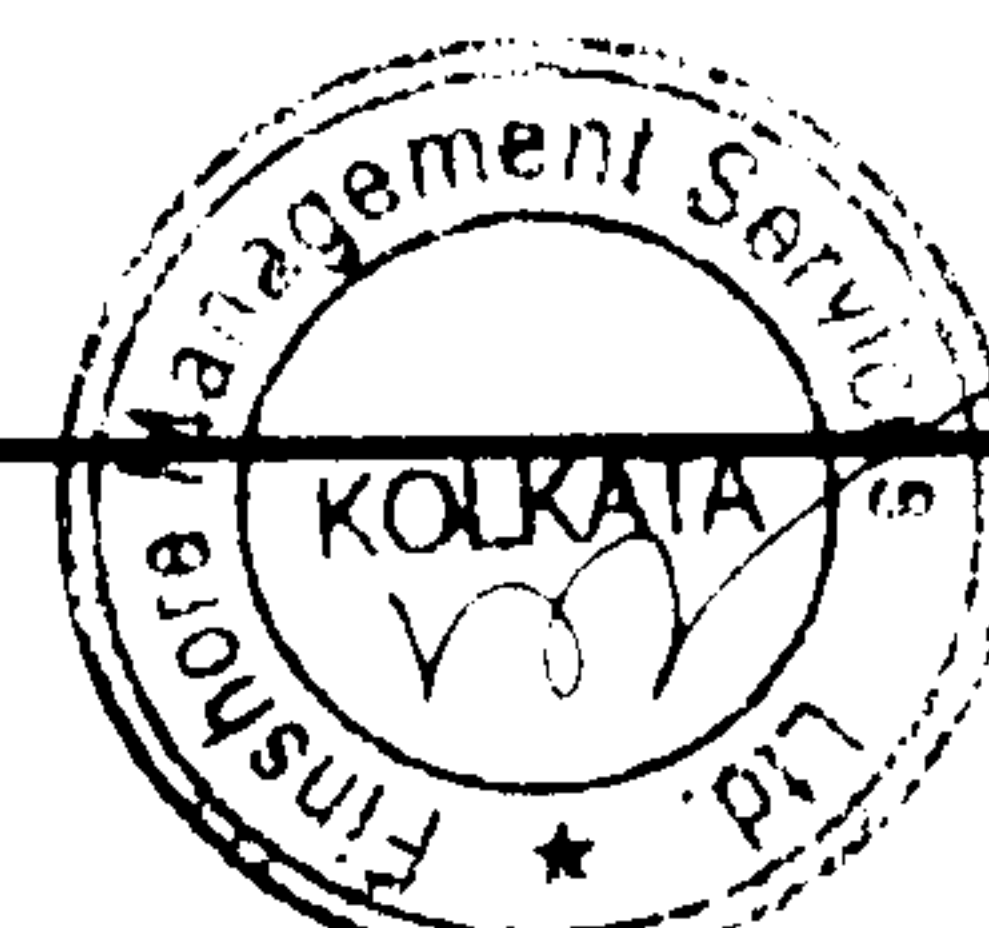
VPL was incorporated on 8th May, 1995 and is a manufacturer of Active Pharmaceutical Ingredients & intermediates.

*(Sources: Valuation Report by K C P L And Associates LLP., Chartered Accountants and information available in public domain)*

3. The Board of Directors of Nutraplus India Limited and Vetpharma Limited are proposing to amalgamate VPL with NPIL with effect from the appointed date i.e. 1<sup>st</sup> April, 2015 under a scheme of amalgamation under sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof and shall include the relevant and corresponding sections under Companies Act, 2013, as and when the same are made applicable before the effective date of the scheme. The Share Exchange Ratio for the scheme of amalgamation has been decided based on the Valuation Report prepared by K C P L And Associates LLP., Chartered Accountants(Firm Registration no. 119223W) [represented by CA Saurabh Agarwal (Membership No. 119139) having their office situated at 79, Ground Floor, Virwani Industrial Estate, Off Western Express Highway, Goregaon East, Mumbai – 400 063].



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4. The Amalgamated Company will have greater efficiency in overall business including economies of scale, improved cash flow management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently for the purpose of development of businesses of the Companies and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances, etc. to maximize shareholder value. It would result in cost savings for the Transferor Company and the Transferee Company as they are engaged in the related and interdependent activities which is expected to result in higher profitability and net worth for the Amalgamated Company.
  5. The Amalgamated Company will have the benefits of the combined resources of the Transferor Company and the Transferee Company i.e., larger manufacturing capacities seamless operations under common control, scale, efficiency, combined net-worth, combined employees base, reserves, investments, and other assets, manpower, consolidated pool of finances, including optimization of borrowing costs and administrative compliances related thereto, larger size, consolidation of operations, mitigating competition, future opportunities, etc. The Amalgamated Company would be in a position to carry on consolidated operations through optimum utilization of its resources and avoidance of duplication.
  6. The Amalgamated Company would also have a competitive edge over others, especially in view of the increasing competition due to liberalization and globalization and opening up of economy, which will be beneficial in more than one ways to both the Transferor Company and the Transferee Company and their shareholders and creditors, as the Transferor Company and the Transferee Company plan to meet the competition in more effective way by combining their asset base and operations.
  7. We, Finshore Management Services Limited, a SEBI registered Category-I Merchant Banker, has been engaged to give a fairness opinion on Share Exchange Ratio provided by the Valuation Report for the proposed amalgamation of Vetpharma Limited with Nutraplus India Limited. The valuation mentioned herein reflects our independent opinion which is arrived at based on the information provided to us.



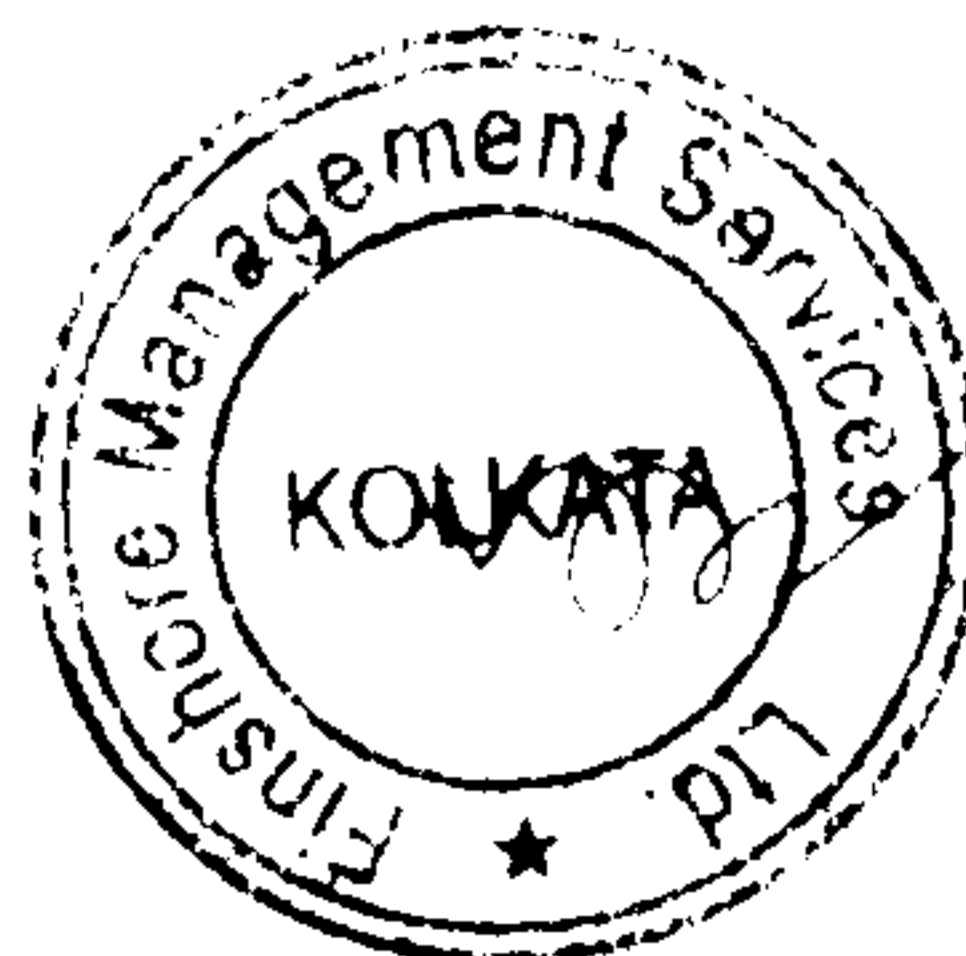
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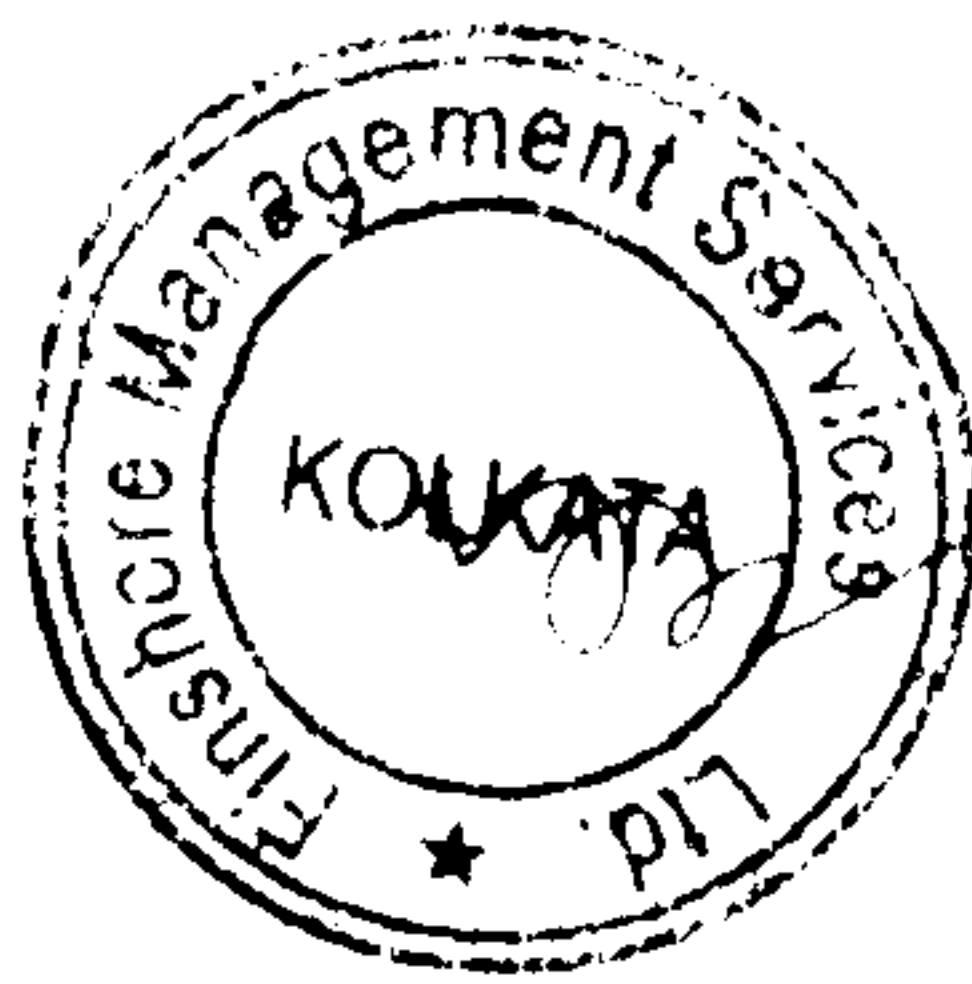
## Exclusions and Limitations

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- In this connection, Finshore has been requested to submit a report by giving a fairness opinion on Share Exchange Ratio for the proposed Merger of Vetpharma Limited with Nutraplus India Limited.
  
- We have prepared the Fairness Opinion on the basis of the following information provided to us / collated by us from publicly available sources, like website of BSE:
  - a) Audited Financial Statements of NPIL and VPL for the financial year ended March 31, 2013, March 31, 2014 and March 31, 2015.
  - b) Past financials, projected financials, working results and assumptions/explanations as set out in the valuation report of K C P L And Associates LLP., Chartered Accountants, dated January 27, 2016, as provided to us by NPIL.
  
- We have prepared our report based on the information provided to us by NPIL.
  
- Our valuation exercise and conclusions reached by us are dependent on the information provided to us being complete and 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 does 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. As such 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 report.



- Our valuation will not be offered to any section of the public to subscribe for or purchase any securities in or assets or liabilities of any company or business valued by us.
- This report is prepared with a limited purpose/ scope as identified/ stated earlier and will be confidential being for use only to whom 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.



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**Key Extracts of Valuation Report of K C P L And Associates LLP., CA**

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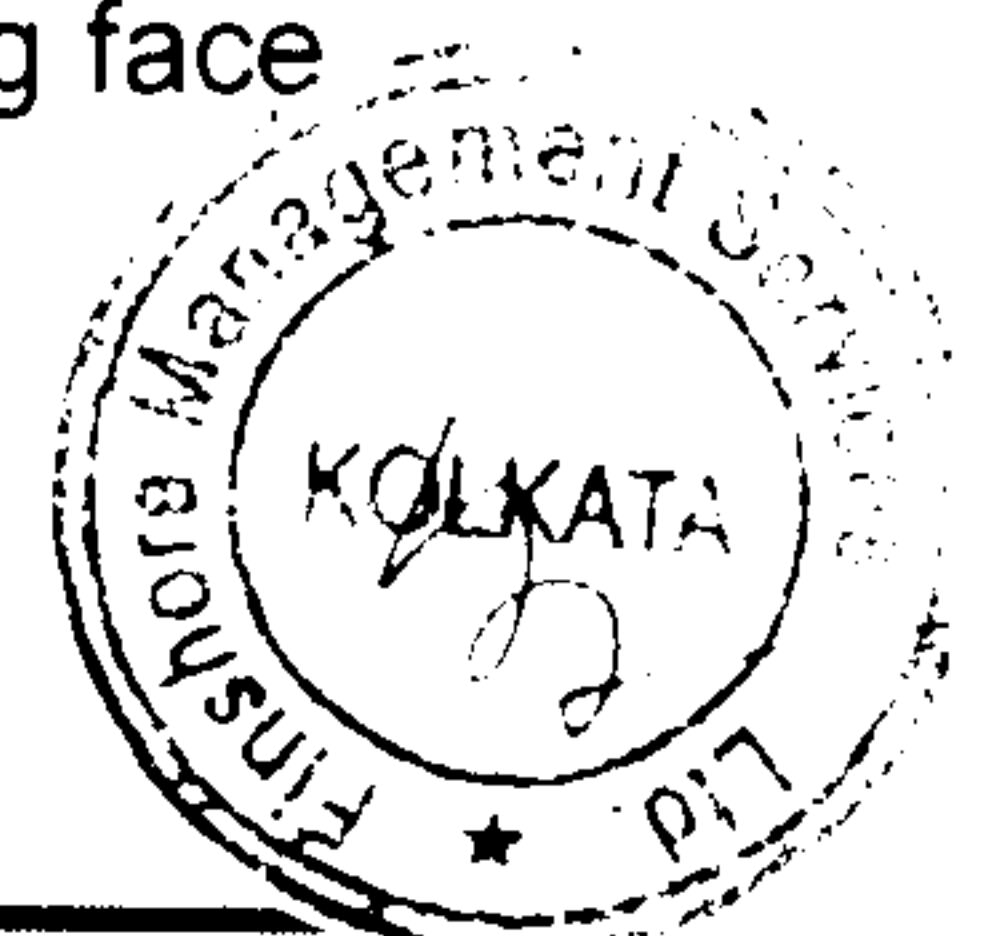
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In accordance with the terms of the engagement letter dated 11<sup>th</sup> January, 2016 we, K C P L And Associates LLP (hereinafter referred to as "we" or "our") has been engaged by the management of Nutraplus India Limited and Vetpharma Limited to recommend the fair exchange ratio of the equity shares of Nutraplus India Limited (hereinafter referred to as "NPIL") and Vetpharma Limited (hereinafter referred to as "VPL"), in the event of amalgamation of VPL with NPIL (hereinafter collectively referred to as the "Companies").

We have been informed that the management of the Companies (hereinafter referred to as the "Management") are considering a proposal for the amalgamation of VPL with NPIL pursuant to provisions of Section 391 to 394 of the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof and other applicable sections of the Companies Act, 1956 and shall include the relevant and corresponding sections under Companies Act, 2013, as and when the same are made applicable before the effective date of the Scheme of Amalgamation subject to receipt of necessary approvals (hereinafter referred to as the "Amalgamation").

In this context, after considering the various relevant factors, we are of the opinion that it is appropriate to apply the applicable four methods i.e. 1) Net Asset Value method (based on market value); 2) Earning Capitalisation Method; 3) DCF Method and 4) Market Price Method under the four broad valuation principles as discussed above should be applied for valuing the equity shares of NPIL. NPIL being a listed company and having an established business track record, all these methods are appropriate to be considered for valuation of equity shares.

On consideration of all the relevant factors and circumstances as discussed and stated in this Report, in our opinion, the Fair Exchange Ratio of Equity Shares for the proposed Amalgamation of VPL with NPIL would be Seven (7) fully paid up equity shares having face value of Rs. 10/- each of NPIL for every One (1) fully paid up equity share having face value of Rs. 10/- each of VPL.





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## Conclusion and Opinion on Valuation Report

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### Conclusion:

We have reviewed the methodology as mentioned above used by the Valuer for arriving at the fair valuation of the equity shares of the companies based on which share exchange ratio has been arrived at and also reviewed the working and underlining assumptions adopted to arrive at the values under valuation methods.

Based on the information, material data made available to us, including the Valuation Report and working thereto, to best of our knowledge and belief, the methodologies used and corresponding Share Exchange Ratio based on valuation of Equity Capital of companies suggested by the Valuer (K C P L And Associates LLP., Chartered Accountants) under the proposed Scheme of 'Amalgamation of Vetpharma Limited with Nutraplus India Limited' is **Fair and Reasonable**.

