

**FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME OF  
AMALGAMATION**

**between**

**LASA SUPERGENERICS LIMITED**

**and**

**HARISHREE AROMATICS & CHEMICALS PRIVATE LIMITED**

**By**



**Navigant**

**Navigant Corporate Advisors Limited**  
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J.B. Nagar, Andheri Kurla Road,  
Andheri East,  
Mumbai-400 059

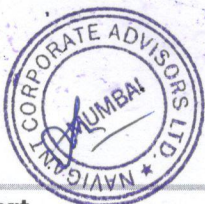
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**25<sup>th</sup> February, 2020**

**SEBI Registered Category I Merchant Banker**

**SEBI Registration No. INM000012243**



## Notice to Reader

Navigant Corporate Advisors Limited ("Navigant" / "NCAL" or "Authors of the Report") is a SEBI registered 'Category I' Merchant banker in India and was engaged by Board of Directors of Lasa Supergenerics Limited ("LSL" or "Transferee Company") to prepare an Independent Fairness Opinion Report ("Report") with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Swap ratio determined by R V Shah & Associates, Chartered Accountant & Registered Valuer ("Valuer" or "RVSA") an Independent Valuer for the purpose of intended proposed amalgamation of Harishree Aromatics & Chemicals Private Limited ("HACPL" or "Transferor Company") with Lasa Supergenerics Limited ("LSL" or "Transferee Company") pursuant to a Scheme of Amalgamation under section 230 to 232 and other applicable clauses of the companies Act, 2013 ("Scheme").

LSL and HACPL are collectively referred as "Companies".

The Fairness Opinion Report ("Report") has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap ratio (hereinafter referred as Valuation Report) prepared by Valuer as an independent valuer. The report does not give any valuation or suggest any swap ratio; however, this report is limited to provide its fairness opinion on the Valuation Report.

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Date: 25<sup>th</sup> February, 2020

To,  
The Board of Directors  
Lasa Supergenerics Limited  
B-207, Citi Point,  
Near Kohinoor Hotel,  
J B Nagar, Andheri (East),  
Mumbai-400 059

The Board of Directors  
Harishree Aromatics & Chemicals Private Limited  
A-204, Citi Point,  
Near Kohinoor Hotel,  
J B Nagar, Andheri (East),  
Mumbai-400 059

Dear Members of the board,

#### Engagement Background

We Understand that the Board of Directors of Harishree Aromatics & Chemicals Private Limited ("HACPL" or the "Transferor Company") and Lasa Supergenerics Limited ("LSL" or the "Transferee Company") are considering a Scheme of Amalgamation between HACPL and LSL and their respective Shareholders ("the Scheme") for amalgamation of HACPL with LSL under the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable for amalgamation of HACPL with LSL.

We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated 25<sup>th</sup> February, 2020 issued by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) (Membership. No. 123478) ("Valuer").

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by LSL to give a fairness opinion ("Opinion") on Valuation Certificate dated 25<sup>th</sup> February 2020 issued by R V Shah & Associates (RVSA) (Membership. No. 123478).

#### Background of the Companies

Harishree Aromatics & Chemicals Private Limited was originally incorporated under the provisions of the Companies Act, 1956, as a Private Limited Company with the name and style as 'Harishree Aromatics & Chemicals Private Limited' vide Certificate of Incorporation dated 28<sup>th</sup> August, 1998. The Corporate Identity Number (CIN) of Harishree Aromatics & Chemicals Private Limited is U24110MH1998PTC116369. HACPL is a private Limited Company and engaged in the business of organic and inorganic chemicals, chemical compounds and other preparation including undertaking job work for manufacturing and



processing of all kind of chemicals, drugs, intermediates, pharmaceutical, fine chemicals, reagents, laboratory grade chemicals etc.

Lasa Supergenerics Limited was originally incorporated under the provisions of the Companies Act, 1956, as a Private Limited Company with the name and style as 'Lasa Supergenerics Limited' vide Certificate of Incorporation dated 11<sup>th</sup> March, 2016. The Transferee Company was incorporated as a Deemed Public Limited Company. The Corporate Identity Number (CIN) of Lasa Supergenerics Limited is L24233MH2016PLC274202. LSL is primarily engaged in the business as manufacturers of organic and inorganic chemicals and their by products, pharmaceuticals, drugs, intermediates, fine chemicals regents, laboratory grade chemicals, dye stuffs, dyes and colours, enzymes, sanitary napkins, derivatives, formulations, plastics, pesticides, pigments, varnishes, paints, alcohols, agro chemicals, petrochemicals, compound industrial and other preparations and also undertaking on a job work basis the manufacturing and processing of all kinds of chemicals, drugs, intermediates, pharmaceuticals, fine chemicals, reagents, laboratory grade chemicals and to provide consultancy services, contract research feasibility studies, working out of process details and equipments specifications, plant erection and commencement of new project on turnkey basis. LSL is Listed Company and its equity shares are listed on the BSE Limited and National Stock Exchange of India Limited.

#### **Transaction Overview and Rational**

It is proposed to amalgamate Harishree Aromatics & Chemicals Private Limited with Lasa Supergenerics Limited. This amalgamation would inter alia have the following benefits:

- 1.1 The Transferor Company is engaged in the business of organic and inorganic chemicals, chemical compounds and other preparations including undertaking job work for manufacturing and processing of all kinds of chemicals, drugs, intermediates, pharmaceutical, fine chemicals, reagents, laboratory grade chemicals etc. The Transferee Company is engaged in the business as manufacturers of organic and inorganic chemicals and their by-products, pharmaceuticals, drugs, intermediates, fine chemicals regents, laboratory grade chemicals, dye stuffs, dyes and colours, enzymes, sanitary napkins, derivatives, formulations, plastics, pesticides, pigments, varnishes, paints, alcohols, agro-chemicals, petrochemicals, compound industrial and other preparations and also undertaking on a job-work basis the manufacturing and processing of all kinds of chemicals, drugs, intermediates, pharmaceuticals, fine chemicals, reagents, laboratory grade chemicals and to provide consultancy services, contract research, feasibility studies, working out of process details and equipment specification, plant erection and commencement of new project on turn-key basis. Hence, amalgamation of Transferor Company with Transferee Company will provide significant synergistic benefits, economies of scale, consolidation of finances and operational efficiencies as well as forward integration of the business of the Transferee Company.
- 1.2 The Transferor Company generates its major source of revenue from the job work it carries for the products of the Transferee Company. Further, the Transferor Company owns a number intellectual property rights in the form of patents in the field of processing of chemicals.





- 1.3 Combined entity will have greater efficiency in overall business including economies of scale, cash flow management of the amalgamated entity 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. resulting in maximisation of shareholders value
- 1.4 Simplification of corporate structure by reducing the number of legal entities and reorganizing the legal entities in the group structure.
- 1.5 Enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling resources.

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**Information relied upon:**

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We have prepared the fairness opinion report on the basis of the information provided to us and inter alia the following:

- Share Exchange ratio report by R V Shah & Associates, Chartered Accountant & Registered Valuer dated 25<sup>th</sup> February 2020;
- Other information and explanations as provided by the management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the Report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

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**Valuation Summary:**

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Some of the methods considered by the valuer for arriving at fair value of shares of a company are as under:

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**"SEBI Guidelines for pricing of equity shares"**

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The valuation of LSL has been conducted in compliance with the SEBI circular CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March 2017 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations (ICDR Regulations), which prescribe guidelines for pricing of shares of a listed entity:



## Valuation Methodologies

The three main valuation approaches are the asset approach, income approach and market approach. There are several commonly used and accepted methods including those set out in the Valuation Standards, 2018 issued by Institute of Chartered Accountants of India, within the asset approach, income approach and market approach, for determining the relative fair value, which can be considered in the present case, to the extent relevant and applicable, to arrive at the Share Exchange Ratio for the purpose of proposed merger, such as:

1. Asset Approach - Net Asset Value method
2. Income Approach - Discounted Cash Flows method
3. Market Approach - Comparable Companies' Quoted Multiples method
4. Market Approach - Market Price method

### Asset Approach - Net Asset Value (NAV) Methodology

Asset base valuation is based on the value of underlying net assets of the business, either on a book value basis / replacement cost / realizable value basis. This valuation approach is mainly used in case where the entity does not meet 'going concern' criteria or in case where the assets base dominates earnings capability.

Both Lasa and Harishree are operating companies with running businesses and historical book value does not reflect intrinsic value of their businesses. A scheme of arrangement for a merger would normally be proceeded with, on the assumption that the business demerges as going concern and actual realization of the operating assets is not contemplated. Hence, NAV methodology has not been considered by the valuer for the specific valuation purpose.

### Income Approach - Discounted Cash Flows method ('DCF')

Income approach is a valuation approach that converts maintainable or future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

#### ***Estimating future free cash flows:***

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital - both debt and equity.

#### ***Appropriate discount rate to be applied to cash flows i.e. the cost of capital:***

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the



capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The valuer has not been provided with the financial projections of Lasa considering the fact that it would contain forward looking price sensitive information. The valuer has been provided with the financial projections and other relevant inputs and assumptions for Harishree. Hence, Discounted Cash Flows (DCF) method has been used by valuer to determine value of equity shares of Harishree under Income Approach.

#### **Market Approach - Comparable Companies' Quoted Multiples method ('CCM')**

Under CCM, value of the business/share of a company is arrived at by using multiples derived from valuations of comparable companies/businesses, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers incorporate all factors relevant to valuation. Further, relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. This method is essentially based on applying a multiple on stabilized / normative income levels of the businesses/Companies and hence is referred to under Market Approach.

Management has indicated to valuer that there are no adequate listed comparable companies that can be considered to determine applicable multiple and thus determine equity values of the subject companies. Hence valuer has not used the CCM method.

#### **Market Price ('MP') Method**

The market price of an equity share as quoted on a stock exchange is generally considered as the value of the equity share wherein shares are being regularly traded. But there could be situations where the value of the share as quoted on the stock market in the present case, since equity shares of Lasa are listed on BSE and NSE and the shares are being frequently traded, the valuer has considered volume weighted average price for appropriate period for valuation.

For determining the price of shares of Lasa, Valuer has also considered the computation of market price as prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes using Market prices being higher of the following:

- (a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- (b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

The valuer has considered the share prices up to 24<sup>th</sup> February 2020.



## Share exchange ratio recommendation

To arrive at the share exchange ratio, Valuer have conducted a relative valuation of both the transferee (LSL) and the transferor (HACPL). This implies that determining the fair share exchange ratio for the proposed amalgamation of HACPL with LSL would require to determine the fair value of equity shares of HACPL in relation to the fair value of equity shares of LSL. The valuation has to be determined without considering the current transaction. To the extent relevant and applicable to the given case, Valuer has considered the following commonly adopted and accepted valuation methods for determining the fair share exchange ratio:

- Discounted cash flows method under income approach
- Market price method under market approach
- Net asset value method under cost approach

The share exchange ratio as determined by us is shown in the table below:

### Share exchange ratio for the proposed amalgamation of HACPL with LSL

Valuation approach	LASA Supergenetics Limited		Harishree Aromatics & Chemicals Private Limited	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	NA	0%	NA	0%
Income approach - DCF method	NA	0%	1,144.82	100%
Market approach - Market Price method	40.04	100%	NA	0%
Relative value per share	40.04		1,144.82	

### Conclusion Ratio:

Valuer has recommend a share exchange ratio of 1,000 (OneThousand) Equity Shares of LSL of Rs. 10 each fully paid up for every 35 (Thirty-Five) Equity Shares of HACPL of Rs. 10 each fully paid up.





## Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- A) Reviewed the Draft Scheme Document and the valuation report by the valuer dated 25<sup>th</sup> February, 2020.
- B) Reviewed audited financials for LSL and HACPL for the year ended March 31, 2019
- C) Unaudited financials for the period ended 15<sup>th</sup> February 2020. Financials projections for the period 16<sup>th</sup> February 2020 to 31<sup>st</sup> March 2024.
- D) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations
- E) Sought various clarifications with the respective management of HACPL and LSL
- F) Reviewed historical stock prices and trading volumes of LSL
- G) Reviewed such other information and explanations as we have required and which have been provided by the management of HACPL and LSL.

This opinion is intended only for the sole use and information of LSL & HACPL and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme or the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the company is listed, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either HACPL and/or LSL or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Navigant has relied on the Valuation Report for the proposed "Scheme of Amalgamation" of HACPL and LSL and their respective shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant's work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

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

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of HACPL and LSL and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or



certifying the compliance of the proposed Scheme of Amalgamation 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 issued for the proposed Scheme of Amalgamation between HACPL and LSL and their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is 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 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 this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover in this case where the shares of the company are being issued as consideration to the shareholders of HACPL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the company vis-a-vis shares of HACPL.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on HACPL, LSL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which HACPL, LSL and/or their associates/ subsidiaries, are or may be party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.





Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

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### **Our Fairness Opinion:**

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Based upon valuation work carried out by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) we are of the opinion that the purpose of the proposed Amalgamation of HACPL to LSL are fair, from a financial point of view.

The fairness of the Proposed Amalgamation is tested by:

- (1) Considering whether the Valuation methods adopted by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) depict a correct picture on the value of shares of both companies;
- (2) Calculating the fair market value of companies
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed amalgamation of HACPL with LSL.

The rationale for Share Exchange ratio as explained above, will be issued as assumed by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) is justified.

We are in opinion that, R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

For Navigant Corporate Advisors Limited

  
Sarthak V. Nani  
Managing Director

**FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME OF  
AMALGAMATION**

**between**

**LASA SUPERGENERICS LIMITED**

**and**

**HARISHREE AROMATICS & CHEMICALS PRIVATE LIMITED**

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**19<sup>th</sup> May, 2020**

**SEBI Registered Category I Merchant Banker**

**SEBI Registration No. INM000012243**





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Date: 19<sup>th</sup> May, 2020

To,  
The Board of Directors  
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B-207, Citi Point,  
Near Kohinoor Hotel,  
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Mumbai-400 059

The Board of Directors  
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The valuation of LSL has been conducted in compliance with the SEBI circular CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March 2017 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations (ICDR Regulations), which prescribe guidelines for pricing of shares of a listed entity:





The three main valuation approaches are the asset approach, income approach and market approach. There are several commonly used and accepted methods including those set out in the Valuation Standards, 2018 issued by Institute of Chartered Accountants of India, within the asset approach, income approach and market approach, for determining the relative fair value, which can be considered in the present case, to the extent relevant and applicable, to arrive at the Share Exchange Ratio for the purpose of proposed merger, such as:

1. Asset Approach - Net Asset Value method
2. Income Approach - Discounted Cash Flows method
3. Market Approach - Comparable Companies' Quoted Multiples method
4. Market Approach - Market Price method

### **Asset Approach - Net Asset Value (NAV) Methodology**

Asset base valuation is based on the value of underlying net assets of the business, either on a book value basis / replacement cost / realizable value basis. This valuation approach is mainly used in case where the entity does not meet 'going concern' criteria or in case where the assets base dominates earnings capability.

Both Lasa and Harishree are operating companies with running businesses and historical book value does not reflect intrinsic value of their businesses. A scheme of arrangement for a merger would normally be proceeded with, on the assumption that the business demerges as going concern and actual realization of the operating assets is not contemplated. Hence, NAV methodology has not been considered by the valuer for the specific valuation purpose.

### **Income Approach - Discounted Cash Flows method ('DCF')**

Income approach is a valuation approach that converts maintainable or future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

#### ***Estimating future free cash flows:***

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital - both debt and equity.



***Appropriate discount rate to be applied to cash flows i.e. the cost of capital:***

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The valuer has not been provided with the financial projections of Lasa considering the fact that it would contain forward looking price sensitive information. The valuer has been provided with the financial projections and other relevant inputs and assumptions for Harishree. Hence, Discounted Cash Flows (DCF) method has been used by valuer to determine value of equity shares of Harishree under Income Approach.

**Market Approach - Comparable Companies' Quoted Multiples method ('CCM')**

Under CCM, value of the business/share of a company is arrived at by using multiples derived from valuations of comparable companies/businesses, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers incorporate all factors relevant to valuation. Further, relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. This method is essentially based on applying a multiple on stabilized / normative income levels of the businesses/Companies and hence is referred to under Market Approach.

Management has indicated to valuer that there are no adequate listed comparable companies that can be considered to determine applicable multiple and thus determine equity values of the subject companies. Hence valuer has not used the CCM method.

**Market Price ('MP') Method**

The market price of an equity share as quoted on a stock exchange is generally considered as the value of the equity share wherein shares are being regularly traded. But there could be situations where the value of the share as quoted on the stock market In the present case, since equity shares of Lasa are listed on BSE and NSE and the shares are being frequently traded, the valuer has considered volume weighted average price for appropriate period for valuation.

For determining the price of shares of Lasa, Value has also considered the computation of market price as prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes using Market prices being higher of the following:

- (a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- (b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

The valuer has considered the share prices up to 24<sup>th</sup> February 2020.





## Share exchange ratio recommendation

To arrive at the share exchange ratio, Valuer have conducted a relative valuation of both the transferee (LSL) and the transferor (HACPL). This implies that determining the fair share exchange ratio for the proposed amalgamation of HACPL with LSL would require to determine the fair value of equity shares of HACPL in relation to the fair value of equity shares of LSL. The valuation has to be determined without considering the current transaction. To the extent relevant and applicable to the given case, Valuer has considered the following commonly adopted and accepted valuation methods for determining the fair share exchange ratio:

- Discounted cash flows method under income approach
- Market price method under market approach
- Net asset value method under cost approach

The share exchange ratio as determined by us is shown in the table below:

### Share exchange ratio for the proposed amalgamation of HACPL with LSL

Valuation approach	LASA Supergenerics Limited		Harishree Aromatics & Chemicals Private Limited	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	NA	0%	NA	0%
Income approach - DCF method	NA	0%	1,144.82	100%
Market approach - Market Price method	40.04	100%	NA	0%
Relative value per share	40.04		1,144.82	

### Conclusion Ratio:

Valuer has recommend a share exchange ratio of 1,000 (One Thousand) Equity Shares of LSL of Rs. 10 each fully paid up for every 35 (Thirty-Five) Equity Shares of HACPL of Rs. 10 each fully paid up.



## Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- A) Reviewed the Draft Scheme Document and the valuation report by the valuer dated 25<sup>th</sup> February, 2020.
- B) Reviewed audited financials for LSL and HACPL for the year ended March 31, 2019
- C) Unaudited financials for the period ended 15<sup>th</sup> February 2020. Financials projections for the period 16<sup>th</sup> February 2020 to 31<sup>st</sup> March 2024.
- D) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations
- E) Sought various clarifications with the respective management of HACPL and LSL
- F) Reviewed historical stock prices and trading volumes of LSL
- G) Reviewed such other information and explanations as we have required and which have been provided by the management of HACPL and LSL.

This opinion is intended only for the sole use and information of LSL& HACPL and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme or the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the company is listed, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either HACPL and/or LSL or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Navigant has relied on the Valuation Report for the proposed “Scheme of Amalgamation” of HACPL and LSL and their respective shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant’s work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

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





We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of HACPL and LSL and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Amalgamation 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 issued for the proposed Scheme of Amalgamation between HACPL and LSL and their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is 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 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 this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover in this case where the shares of the company are being issued as consideration to the shareholders of HACPL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the company vis-a-vis shares of HACPL.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on HACPL, LSL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which HACPL, LSL and/or their associates/ subsidiaries, are or may be party.



The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.

### **Our Fairness Opinion:**

Based upon valuation work carried out by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) we are of the opinion that the purpose of the proposed Amalgamation of HACPL to LSL are fair, from a financial point of view.

The fairness of the Proposed Amalgamation is tested by:

- (1) Considering whether the Valuation methods adopted by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) depict a correct picture on the value of shares of both companies;
- (2) Calculating the fair market value of companies
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed amalgamation of HACPL with LSL.

The rationale for Share Exchange ratio as explained above, will be issued as assumed by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) is justified.

We are in opinion that, R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

We confirm that the information's contained in this fairness opinion report are true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this fairness opinion report as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**For Navigant Corporate Advisors Limited**



**Sarthak Vijlani**  
Managing Director



Navigant

## NAVIGANT CORPORATE ADVISORS LIMITED

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**Date: 19<sup>th</sup> May, 2020**

To,  
The Board of Directors  
Lasa Supergenerics Limited  
B-207, Citi Point, Near Kohinoor Hotel,  
J B Nagar, Andheri (East), Mumbai-400 059

The Board of Directors  
Harishree Aromatics & Chemicals Private Limited  
A-204, Citi Point, Near Kohinoor Hotel, J B Nagar,  
Andheri (East), Mumbai-400 059

**Subject:** Addendum to the Fairness opinion dated February 25, 2020 and May 19, 2020

Dear Members of the board,

We Understand that the Board of Directors of Harishree Aromatics & Chemicals Private Limited (“HACPL” or the “Transferor Company”) and Lasa Supergenerics Limited (“LSL” or the “Transferee Company”) are considering a Scheme of Amalgamation between HACPL and LSL and their respective Shareholders (“the Scheme”) for amalgamation of HACPL with LSL under the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable for amalgamation of HACPL with LSL. We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated 25<sup>th</sup> February, 2020 issued by R V Shah & Associates, Chartered Accountant & Registered Valuer (RVSA) (Membership. No. 123478)(“Valuer”). We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by LSL to give a fairness opinion (“Opinion”) on Valuation Certificate dated 25<sup>th</sup> February 2020 issued by R V Shah & Associates (RVSA) (Membership. No. 123478).

We hereby provide an addendum to our fairness opinion dated February 25, 2020 on the addendum issued by R V Shah & Associates dated May 19, 2020. This addendum to our fairness opinion dated May 19, 2020 as well as our analysis of the various factors relevant to the companies, having regard to the information submitted, management representations, key underlying assumptions and limitations.





In view of the above and considering all relevant factors and circumstances and explanations provided to us we are of the opinion that the share entitlement ratio in the valuation certificate as recommended by R V Shah & Associates which forms the basis for arriving at consideration in the form of Equity shares for the scheme is true and fair.

The above should be read in conjunction with our reports dated February 25, 2020 and May 19, 2020

**For Navigant Corporate Advisors Limited**



**Sarthak Vijlani**  
**Managing Director**