

PRIVATE & CONFIDENTIAL

Dated: 01.10.2019

<p>The Board of Directors Khatu Investment & Trading Co Ltd 6, Old Post Office Street, Kolkata - 700 001</p>	<p>The Board of Directors New Look Investment (Bengal) Ltd 6, Old Post Office Street, Kolkata - 700 001</p>	<p>The Board of Directors Tower Investment & Trading Co Ltd 6, Old Post Office Street, Kolkata - 700 001</p>
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Dear Sir,

Sub: Proposed scheme of amalgamation of Khatu Investment & Trading Co. Ltd. ("Transferor Company 1") and New Look Investment (Bengal) Ltd. ("Transferor Company 2") with Tower Investment & Trading Co. Ltd. ("Transferee Company") with effect from 01 April 2019 ("Appointed Date")

Re: Fairness Opinion

1. PURPOSE:

Please refer to the engagement letter dated 23.09.2019 appointing SKP Securities Limited ("SKP"), a SEBI Registered Category (I) Merchant Banker, to provide a Fairness Opinion on the recommendation of fair equity shares exchange ratio issued by Ms Vidhi Chandak, Registered Valuer ("**Valuer**") vide her report dated 1st October 2019, ("**Valuation Report**") in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**"), for the proposed scheme of amalgamation of Transferor Companies with Transferee Company pursuant to sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter termed as "**Scheme**").

The information contained herein and our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.



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NSE & BSE : INZ000199335 | NSDL & CDSL : IN-DP-155-2015 | Research Analyst : INH300002902
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2. BRIEF BACKGROUND OF THIS REPORT:

- (i) Khatu Investment & Trading Co Ltd ("Transferor Company 1") was incorporated on 10th December 1979, is listed on the Calcutta Stock Exchange Limited ("CSE"). It is presently carrying on the business of rendering of consultancy services. Its CIN is L65993WB1979PLC032406 and the Permanent Account Number is AABCK0786D.
- (ii) New Look Investment (Bengal) Limited ("Transferor Company 2") was incorporated 27th May 1975 is listed on the Calcutta Stock Exchange Limited ("CSE"). It is presently carrying on the business of rendering of consultancy services. Its CIN is L67120WB1975PLC030035 and the Permanent Account Number is AABCN0486F.
- (iii) Tower Investment & Trading Company Limited ("Transferee Company") was incorporated on 30th March 1981 is listed on the Calcutta Stock Exchange Limited ("CSE"). It's a Non Banking Finance Company duly registered with Reserve Bank of India and is currently engaged in investing and financing activities. Its CIN is L67120WB1981PLC033500 and the Permanent Account Number is AABCT1076F.

3. CAPITAL STRUCTURE:

- (1) The share capital of Transferor Company No. 1 as on 31st March, 2019 is as follows:
Authorised Capital is Rs. 20,00,000 (Rupees Twenty Lacs Only) divided into 2,00,000 equity shares of Rs. 10/- each.

The issued, subscribed and paid up capital is Rs. 20,00,000 (Rupees Twenty Lacs Only) divided into 2,00,000 equity shares of Rs. 10/- each fully paid up.

- (2) The share capital of Transferor Company No. 2 as on 31st March, 2019 is as follows:
Authorised Capital is Rs. 20,00,000 (Rupees Twenty Lacs Only) divided into 2,00,000 equity shares of Rs. 10/- each.

The issued, subscribed and paid up capital is Rs. 20,00,000 (Rupees Twenty Lacs Only) divided into 2,00,000 equity shares of Rs. 10/- each fully paid up.

- (3) The share capital of Transferee Company as on 31st March, 2019 is as follows:
Authorised Capital is Rs. 1,00,00,000 (Rupees One Crore only) divided into 10,00,000 equity shares of Rs. 10/- each.



The issued, subscribed and paid up capital is Rs. 41,21,300 (Rupees Forty One Lacs Twenty One Thousand Three Hundred Only) divided into 4,12,130 equity shares of Rs. 10/- each fully paid up.

As on date, the authorized, issued, subscribed and paid-up capital of the Transferor Companies and the Transferee Company remains the same as stated hereinabove.

4. RATIONALE FOR THE SCHEME:

With a view to consolidate similar businesses under a single entity and to achieve simplified corporate structure by way of group reorganization, the management has envisaged to undertake the amalgamation of the Transferor Companies in the Transferee Company under this Scheme.

The amalgamation of Transferor Companies with the Transferee Company would inter alia have the following benefits:

- a) The scheme will help in achieving improved operational efficiency and optimum advantages and also synergy in operations by combining the business of the Transferor Companies with the Transferee Company;
- b) The amalgamation will enable the Transferee Company to consolidate its line of business by restructuring and re-organizing its business activities and Capital Structure;
- c) The amalgamation will result in economy of scale including reduction in overhead expenses relating to management and administration in better and more productive utilization of various resources;
- d) The business of the Transferor Companies and Transferee Company can be conveniently and advantageously combined together and in general business of the Companies concerned and will be carried on more economically and profitably under the said Scheme;
- e) The said Scheme of Amalgamation will enable the establishment of a larger company with larger resources and a larger capital base enabling further development of the business of the Companies concerned. The said scheme will also enable the undertakings and business of the said applicant Companies to obtain greater facilities possessed and enjoyed by one large company compared with a number of small Company for raising capital, securing and conducting trade on favorable terms and other benefits;



- f) The said scheme will contribute in furthering and fulfilling the objects of the Companies concerned and in the growth and development of these businesses;
- g) The said scheme will strengthen and consolidate the position of the Transferee company and will enable the Transferee company to increase its profitability;
- h) The said scheme will enable the Companies concerned to pool their resources and to expand their activities;
- i) The said scheme will enable the Companies concerned to rationalize and streamline their management, business and finances and to eliminate duplication of work to their common advantages;
- j) The said scheme will have beneficial results for the Companies concerned, their shareholders, employees and all concerned.

5. SOURCES OF INFORMATION:-

The cut-off date for the valuation exercise has been considered as at April 1, 2019 ('**Valuation Date**'). For the purpose of fairness opinion, we have relied upon the following sources of information -

- a) Memorandum and Articles of Association of the Transferee Company and the Transferor Companies
- b) Audited financial statements of the Transferee Company and Transferor Companies for the financial years ('FY') ended March 31, 2017 and March 31, 2018 and March 31, 2019.
- c) Limited Review financial statements of Transferee Company and Transferor Company for three months period ended June 30, 2019 which is submitted to Calcutta Stock Exchange Limited,
- d) Draft of the proposed Scheme of Amalgamation between the Transferee Company and the Transferor Companies,
- e) Equity Share Entitlement Ratio Report dated 1st October 2019 issued by the Valuer and related workings.



- f) Such other information, documents, data, reports, discussions and verbal & written explanations from Transferors Companies and Transferee Company as well as advisors for proposed merger/ amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

6. EXCLUSIONS AND LIMITATIONS:-

Our conclusion is based on the information furnished to us being, complete and accurate in all material aspects. We have relied upon the financials and the information and representations furnished to us and have not carried out any audit of such information.

We have not carried on any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute verification of financials or including the working results of the companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

We assume no responsibility for updating or revising our opinion on the circumstances or events after the date hereof.

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

7. CONCLUSION: -

We have reviewed the methodology used by the Valuer for arriving at the share entitlement ratio for the amalgamation of the Transferor Companies with the Transferee Company and also reviewed the working and underlying assumptions adopted to arrive at the values, for the purpose of recommending the share entitlement ratio as per the Report submitted by the Valuer.

In light of the forgoing and subject to the exclusions and limitations as detailed hereinbefore, we hereby certify that the share exchange / swap ratio as given below, recommended by the Valuer, for the proposed amalgamation of Transferor Company 1, Transferor Company 2 and Transferee Company would be fair and reasonable:



For Equity Shareholders of Transferor Company 1	11 Equity Shares of Rs. 10/- each fully paid up of Tower for every 19 Equity Shares of Rs 10/- each fully paid up held In Khatu
For Equity Shareholders of Transferor Company 2	5 Equity Shares of Rs. 10/- each fully paid up of Tower for every 6 Equity Shares of Rs 10/- each fully paid up held in New Look

Yours Sincerely,

For **SKP Securities Limited**



ANUP KUMAR SHARMA

(Head - Merchant Banking)

SEBI REGN No. INM000012670



Place: Kolkata