

<b>The Board of Directors</b> <b>Himalya International Limited</b> E - 555, 1st & 2nd Floor, Palam Extension Sector - 7, Dwarka New Delhi - 110 077	<b>The Board of Directors</b> <b>Appetizers and Snacks Foods Limited</b> E-555, 2nd Floor, Sector-7 Harijan Basti Near Ramphal Chowk New Delhi - 110 045	<b>The Board of Directors</b> <b>Himalya Green Apartments Limited</b> E-555, 2nd Floor, Sector-7 Harijan Basti Near Ramphal Chowk New Delhi - 110 045
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**Subject: Recommendation of the share entitlement ratio for the demerger of "Demerged Undertaking 1" and "Demerged Undertaking 2" of Himalya International Limited into Appetizers and Snacks Foods Limited and Himalya Green Apartments Limited respectively**

Dear Members,

We refer to the engagement letter dated September 28, 2016 with R Somani & Associates ("RSA", the "Valuer" or "We"), wherein we have been requested to recommend a share entitlement ratio in connection with the proposed demerger of "processed food division in Gujarat (i.e. Demerged Undertaking 1", more particularly as defined herein)" and "real estate business in Rajasthan (Demerged Undertaking 2, more particularly as defined herein)" of Himalya International Limited ("Demerged Company") into Appetizers and Snacks Foods Limited ("Resulting Company 1") and Himalya Green Apartments Limited ("Resulting Company 2") respectively (the "Transaction").

Share entitlement ratio is the number of shares of Resulting Company 1 and Resulting Company 2 respectively would be entitled to in proportion to the existing shareholding of Demerged Company

#### Scope and purpose of this Report

We understand that the Management of Demerged Company is proposing to demerge Demerged Undertaking 1 into Resulting Company 1 and Demerged Undertaking 2 into Resulting Company from the Appointed Date, being opening of business hours as on April 01, 2016. This is proposed to be achieved by a Composite Scheme of Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and/or Sections 230-233 of the Companies Act, 2013, if in force, and other relevant provisions of the Companies Act, 2013 as may be applicable and the rules, regulations and notifications issued thereunder (hereinafter referred to as the "Scheme").

We understand from the management that the Scheme deals with both the proposed demergers as under:

#### Demerger of Demerged Undertaking 1 into Resulting Company 1

Clauses 5 to 10 of the Scheme deals with demerger of Demerged Undertaking 1 into the Resulting Company 1 and the shareholders of Demerged Company will be issued shares of Resulting Company 1 in the proportion of their existing shareholding in Demerged Company as on the Record Date and list the equity shares of Resulting Company 1 on the Stock Exchange(s). Demerged Undertaking 1 is defined in the draft Scheme as under:



Radhika Tosh

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"Demerged Undertaking 1" means the undertaking of the Demerged Company, pertaining to the Demerged Business, which shall be inclusive of, but not limited to:

- (i) all assets, whether moveable or immoveable, plant and machinery, capital work in progress including all rights, title, interest, claims, covenants, undertakings of the Demerged Company pertaining to the Demerged Business 1;
- (ii) all funds, receivables, loans and advances extended (including CENVAT credit or other tax assets), including accrued interest thereon of the Demerged Company pertaining to the Demerged Business 2, including without limitation, the investments and loans and advances extended;
- (iii) all liabilities which arise out of the activities and operations of the Demerged Business 2 and all debts, duties, tax obligations, borrowings and liabilities (including contingent liabilities), whether present or future, whether secured or unsecured availed, incurred and utilised by the Demerged Company pertaining to the Demerged Business 1;
- (iv) all permits, rights, entitlements, industrial and other licenses, approvals, registrations, consents, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, quotas, concessions, exemptions, remissions, refunds of any tax, duty, cess or of any excess payment, tax credits (including, but not limited to, credits in respect of income tax, tax deducted at source, sales tax, value added tax, turnover tax, excise duty, service tax, minimum alternate tax credit, etc.), development rights (whether vested or potential), municipal and other statutory permissions, rights of use and avail telephones, telexes, facsimile, email connects and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 1;
- (v) all trademarks, service marks, patents and other intellectual property rights of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 1;
- (vi) all privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 1;
- (vii) all permanent employees of the Demerged Company, as identified by its Board of Directors, employed in relation to the Demerged Business 1;
- (viii) all advance payments, earnest monies and/or security deposits, bids, tenders, letters of intent, expressions of interest, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the Demerged Business 1;
- (ix) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the Demerged Business 1; and
- (x) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical form or electronic form or in any other form in connection with or relating to the Demerged Company and pertaining to the Demerged Business 1.

#### Demerger of Demerged Undertaking 2 into Resulting Company 2

Clauses 11 to 16 of the Scheme deals with demerger of Demerged Undertaking 2 into the Resulting Company 2 and the shareholders of Demerged Company will be issued shares of Resulting Company 2 in the proportion of their existing shareholding in Demerged Company as on the Record Date and



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list the equity shares of Resulting Company 2 on the Stock Exchange(s). Demerged Undertaking 2 is defined in the draft Scheme as under:

"Demerged Undertaking 2" means the undertaking of the Demerged Company, pertaining to the Demerged Business, which shall be inclusive of, but not limited to:

- (i) all assets, whether moveable or immoveable, plant and machinery, capital work in progress including all rights, title, interest, claims, covenants, undertakings of the Demerged Company pertaining to the Demerged Business2;
- (ii) all funds, receivables, loans and advances extended (including CENVAT credit or other tax assets), including accrued interest thereon of the Demerged Company pertaining to the Demerged Business2, including without limitation, the investments and loans and advances extended;
- (iii) all liabilities which arise out of the activities and operations of the Demerged Business2 and all debts, duties, tax obligations, borrowings and liabilities (including contingent liabilities), whether present or future, whether secured or unsecured, availed, incurred and utilised by the Demerged Company pertaining to the Demerged Business2;
- (iv) all permits, rights, entitlements, industrial and other licenses, approvals, registrations, consents, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, quotas, concessions, exemptions, remissions, refunds of any tax, duty, cess or of any excess payment, tax credits (including, but not limited to, credits in respect of income tax, tax deducted at source, sales tax, value added tax, turnover tax, excise duty, service tax, minimum alternate tax credit, etc.), development rights (whether vested or potential), municipal and other statutory permissions, rights of use and avail telephones, telexes, facsimile, email connects and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 2;
- (v) all trademarks, service marks, patents and other intellectual property rights of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 2;
- (vi) all privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever of the Demerged Company pertaining to the Demerged Business 2;
- (vii) all permanent employees of the Demerged Company, as identified by its Board of Directors, employed in relation to the Demerged Business 2;
- (viii) all advance payments, earnest monies and/or security deposits, bids, tenders, letters of intent, expressions of interest, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the Demerged Business 2;
- (ix) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the Demerged Business 2; and
- (x) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical form or electronic form or in any other form in connection with or relating to the Demerged Company and pertaining to the Demerged Business 2.

Further, consequent to the demerger of the Demerged Undertakings, it is also proposed under the Scheme to cancel such proportion of the paid up equity share capital of the Demerged Company which



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has been issued as fully paid up equity shares in the Resulting Company 1 and Resulting Company 2 to the shareholders of the Demerged Company as on the Record Date.

RSA has been requested by the respective Management of the Companies (the "Management") to submit a report recommending share entitlement ratio in connection with the Transactions (the "Valuation Report"). The Valuation Report is to be placed before the Audit Committee of the Demerged Company as per SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the Transaction.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

#### Source of Information and representations

For the purpose of arriving at a fair share entitlement ratio, we have relied on the following information and documents made available to us by the management of the companies. The management of the companies, assisted by their respective finance and accounts personnel, has furnished the required financial and other relevant information, explanations and data for this exercise.

- o Draft Scheme;
- o Estimated net worth certificates for the year / period ended March 31, 2016 of Demerged Company and for a latest date for both, the Resulting Company 1 and Resulting Company 2
- o Management representations, estimates and rationale in relation to the share entitlement; and
- o Discussion with the Management of the companies.

We have obtained explanations and information considered reasonably necessary for our exercise, from the executives and representatives of the Companies. The companies have been provided with the opportunity to review the draft Valuation Report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final Valuation Report. Further, our report is subject to the Limitations as set out in Appendix A.

#### BACKGROUND OF THE COMPANIES / BUSINESSES

- A. **Himalya International Limited:** Himalya International Limited, is a company incorporated under the Companies Act, 1956 and having its registered office at E - 555, 1st & 2nd Floor, Palam Extension, Sector - 7, Dwarka New Delhi - 110 077. The Demerged Company has business interests in the manufacturing of natural food products which includes mushrooms, dairy products, French fries and potato speciality products, battered appetizers and Ethnic Indian snacks and sweets.

The shareholding of Demerged Company as on June 30, 2016 is as under:

Category	No. of Shares	%age of holding
Promoters	2,40,90,022	41.63
Public	3,37,82,862	58.37
Shares underlying DRs	-	-
Shares held by Employee Trust	-	-
Total →	5,78,72,884	100.00

(source: [www.bseindia.com](http://www.bseindia.com))



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- B. **Appetizers and Snacks Foods Limited:** Appetizers and Snacks Foods Limited, is a company incorporated under the Companies Act, 2013 having its registered office at E-555, 2nd Floor, Sector-7 Harijan Basti, Near Ramphal Chowk, New Delhi - 110 045. The Resulting Company 1 is a wholly owned subsidiary of the Demerged Company and has been incorporated for undertaking the business of producing and export of packaged foods.

The shareholding pattern of Resulting Company 1 as on September 28, 2016 is as under:

Category	No. of shares	%age of holding
Himalya International Limited *	50,000	100.00
<b>Total →</b>	<b>50,000</b>	<b>100.00</b>

\* including 600 shares held through 6 nominees.

- C. **Himalya Green Apartments Limited:** Himalya Green Apartments Limited, is a company incorporated under the Companies Act, 2013 having its registered office at E-555, 2nd Floor, Sector-7 Harijan Basti, Near Ramphal Chowk, New Delhi - 110 045. The Resulting Company 2 is a wholly owned subsidiary of the Demerged Company and has been incorporated for undertaking the business of Real Estate, Infrastructure and construction of residential houses.

The shareholding pattern of Resulting Company 2 as on September 28, 2016 is as under:

Category	No. of shares	%age of holding
Himalya International Limited *	50,000	100.00
<b>Total →</b>	<b>50,000</b>	<b>100.00</b>

\* including 600 shares held through 6 nominees.

#### SHARE ENTITLEMENT RATIO

##### Approach

The asset based valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realizable value basis or replacement cost basis. Under the Net Asset value approach, total value is based on the sum of book values as recorded on the balance sheet of the company. The realizable value or replacement cost approach is mainly used in case where the company is to be liquidated, i.e. it does not meet the "going concern" criteria.

Based on the information provided and discussion with management, we have used Net Asset Value method to derive share entitlement ratio for demerger of Demerged Undertaking 1 and Demerged Undertaking 2 under the Scheme.

##### Share entitlement ratio recommendation

After considering the relevant factors and circumstances as discussed and outlined hereinabove and since all shareholders belong to the same group and their holding will remain in same proportion post demerger, in our opinion, the share entitlement ratios as stated below and as contemplated by the management is fair and equitable in the given circumstances:

##### Share Entitlement Ratio 1 for Demerger of Demerged Undertaking 1 into Resulting Company 1:

*For every 25 (twenty five) equity shares of face value Rs. 10 (Rupees ten only) each held in the Demerged Company as on the Record Date, the equity shareholders of the Demerged Company shall be issued 17 (seventeen) equity shares of face value Rs. 10 (Rupees ten only) each credited as fully paid up in the Resulting Company 1. Accordingly, a total of 3,93,53,561 (Three Crores Ninety Three Lakhs Fifty Three Thousand Five Hundred Sixty One Only) new equity shares of face value Rs. 10 (Rupees Ten only) each will be issued by the Resulting Company 1.*



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**Share Entitlement Ratio 2 for Demerger of Demerged Undertaking 2 into Resulting Company 2:**  
*For every 25 (twenty five) equity shares of face value Rs. 10 (Rupees ten only) each held in the Demerged Company as on the Record Date, the equity shareholders of the Demerged Company shall be issued 2 (two) equity shares of face value Rs. 10 (Rupees ten only) each credited as fully paid up in the Resulting Company 2. Accordingly, a total of 46,29,831 (Forty Six Lakhs Twenty Nine Thousand Eight hundred and Thirty One only) new equity shares of face value Rs. 10 (Rupees Ten only) each will be issued by the Resulting Company 2.*

Further, consequent to the demerger of the Demerged Undertaking 1 and Demerged Undertaking 2, it is also proposed under the Scheme to cancel such proportion of the paid up equity share capital of the Company which has been issued as fully paid up equity shares in the Resulting Company 1 and Resulting Company 2 respectively to the shareholders of the Demerged Company as on the Record Date as under:

*Each equity shareholder of the Demerged Company shall continue to hold 6 (six) equity shares of face value Rs. 10 (Rupees ten only) each of the Demerged Company as fully paid up equity shares against every 25 (twenty five) equity shares of face value Rs. 10 (Rupees ten only) each, as on the Record Date. The issued, subscribed and paid up equity share capital of the Demerged Company shall stand reduced from Rs. 57,87,28,840 (comprising of 5,78,72,884 equity shares of face value Rs. 10 each) to Rs. 13,88,94,920 (comprising of One Crores Thirty Eight Lakhs Eighty Nine Thousand Four Hundred ninety two Only equity shares of face value Rs. 10 each) by way of cancellation of 4,39,83,392 equity shares of face value Rs. 10 each.*

for R Somani & Associates  
Chartered Accountants

*Radhika*  
Radhika Somani  
Proprietor  
Mem. No.: 409855  
ICAI FRN: 026499N



*W. J. Singh*  
Place: New Delhi  
Date: September 30, 2016



## Limitations of this report

- While carrying out the valuation we have relied upon and considered the information and representations made available by the management.
- We have assumed such representations to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects and nothing has come to our attention to cause us to believe that the facts and data taken for the purpose are not correct. We are neither required, nor have we independently verified, or carried out a due diligence or detailed appraisal of the management's information, explanations and data submitted to us for the purpose of this valuation. We have reviewed these information & data for broad consistency.
- In the course of our analysis, we have received provisional financial and other information from the management. While we have no reason to doubt their reasonableness / accuracy, we can provide no assurance that the provisional will be realized. Our work was limited by the quality and degree of data that was supplied to us. There could be material differences between the management estimates used in the provisional financial and actual data results due to future economic and other uncertainties, many of which are outside management control. We have relied upon all documents, records and information provided by the management and considered them in the preparation of this report.
- It has been confirmed to us that there are no events and / or demands, decisions - legal or otherwise against the company, which are likely to affect materially the state of the balances of accounts as on the valuation date and/or the future profits of the Companies.
- This report has been prepared on the understanding that the management has drawn our attention to all the matters concerning the company's financial position and other matters, which may have an impact on the company's future business.
- Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.
- For the purpose of this assignment, we have not attempted a detailed due diligence review for various aspects i.e. commercial, operational, financial, legal, environmental, etc.
- We have not audited or carried out any detailed analysis of the profitability and cash flow projections as made available to us by the management.
- No investigation of the title of the assets and liens / encumbrances thereon has been made and owner's claim to the assets has been assumed to be valid.
- This report does not constitute an offer or invitation to any section of the public to subscribe for or to purchase any securities in or assets or liabilities of the above mentioned companies.
- While we have provided our recommendation of exchange ratio based on information available to us and within the scope of our limitations solely for the purpose of assisting the Board of Directors of the aforementioned companies in determining the Share Exchange ratio for the purpose of proposed restructuring and should not be used for any other purpose. The decision to agree upon the final share entitlement ratio lies solely with the Board of Directors of the respective companies.
- This report is confidential for use of the persons to whom it is issued and may be produced before the shareholders, lenders of the respective companies, Registrar of Companies, High Courts where the scheme will be placed and any other government authorities and other statutory bodies in connection with the purpose outlined above. It must not be copied, disclosed, circulated or quoted without our prior consent.



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