Fairness Opinion Report on 'Valuation Certificate' issued for

Proposed Scheme of Arrangement of

Vishnu Chemicals Limited

And

Vishnu Barium Private Limited

And

Their Respective Shareholders and Creditors

Prepared by

SAFFRON
energising ideas

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August 5th, 2016

SEBI Registered Category I Merchant Banker

SEBI Registration No: INM000011211

SAFFRON CAPITAL ADVISORS PRIVATE LIMITED MUMBAI

Notice to Reader

This report is prepared by Saffron Capital Advisors Private Limited ("Saffron") solely for the purpose of giving a fairness opinion on "Valuation Certificate" issued for the proposed "Scheme of Arrangement" of Vishnu Chemicals Limited and Vishnu Barium Private Limitedand their respective shareholders. The fairness opinion report is required to be submitted to the stock exchanges to facilitate the companies under regulations 11, 37 and 94 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Securities Exchange Board of India ("SEBI") Circular No CIR/CFD/CMD/16/2015 dated 30th November 2015. 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 Saffron's written consent.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate dated 4th August, 2016 prepared by M/s Nandyala & Associates, Chartered Accountants represented by CA N. Venkateshwarlu (Membership No. 200900) having their office at H No.8-3-167/A/52, Plot No. 52, Vikaspuri, Near AG Colony, Opp. Road to ESI Hospital, S.R. Nagar (Post), Hyderabad-500038, Telangana, for the proposed "Scheme of Arrangement" of and their respective shareholders and information and explanation provided to it, the accuracy where of has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of the past working results and Saffron has relied upon the information provided to it as set out in audited and working results of the aforesaid reports.

Saffron 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 present and disclose the Fairness Opinion in the general meetings of the shareholders of Vishnu Chemicals Limited and Vishnu Barium Private Limited 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 Certificate issued for the proposed Scheme of Arrangement of Vishnu Chemicals Limited and Vishnu Barium Private Limited and their respective shareholders and may not be applicable or referred to or quoted in any other context.

For **Saffron Capital Advisors Private Limited**

05/08/2024

SAFFRON CAPITAL ADVISORS PRIVATE LIMITED MUMBAI

Authorised Signatory

Introduction and Scope of Assignment

1. **Transferor Company– Vishnu Barium Private Limited or "VBPL":**

   Vishnu Barium Private Limited was incorporated on the 29th day of May 2001 as Vishnu Barium Chemicals Private Limited under the Companies Act, 1956. Its name was changed to Solvay Vishnu Barium Private Limited on 22nd day of April, 2002, and to Vishnu Barium Chemicals Private Limited on 1st day of April, 2016. The registered office of VBPL is situated at H. No. 6-3-662/B/4, Sri Sai Nilayam, Sangeetnagar Colony, Somajiguda, Hyderabad-500082, Telangana.

   VBPL is engaged in the business of manufacturing, producing, processing, refining, importing, exporting, distributing, and acts as stockiest, agents and dealers in all kinds of chemicals of different grades. The entire issued, subscribed and paid-up share capital of VBPL is held by "Vishnu Chemicals Limited", making it a wholly-owned subsidiary of Vishnu Chemicals Limited.

2. **Transferee Company– Vishnu Chemicals Limited or "VCL":**

   Vishnu Chemicals Limited was incorporated as Keystone Industries Limited on 15th day of January, 1993, under the Companies Act 1956. Its name was changed to Vishnu Chemicals Limited on 2nd day of January, 2006. The Registered office of VCL is situated at 6/3/662/B/4, II nd Floor, Sri Sai Nilayam, Sangeet Nagar Colony, Somajiguda, Hyderabad- 500 082, Telangana.

   Vishnu Chemicals Limited is engaged in the business of manufacturing, producing, processing, refining, importing, exporting, distributing, and plays the role as stockiest, agents, wholesalers, retailers, and dealers in all kinds of chemicals of different grades and pharmaceutical formulations.

   Equity shares of Vishnu Chemicals Limited are listed on the BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and Ahmedabad Stock Exchange Limited ("ASE").

3. Capital Structure

3.1 The authorized, issued, subscribed and paid-up share capital of VBPL as on March 31, 2016 is as under:

Share Capital	Amount in Rs. Lakhs
Authorized Share Capital	
90,000,000 Equity Shares of Rs. 10/-each	9000.00
Total	**9000.00**
Issued Share Capital	
86,394,950 Equity Shares of Rs. 10/-each.	8639.49
Total	**8639.49**
Subscribed and Fully Paid up Capital	
86,394,950 Equity Shares of Rs. 10/-each.	8639.49
Total	**8639.49**

Subsequent to 31st March 2016, there has been no change in the authorized, issued, subscribed and paid-up capital.

3.2 The authorized, issued, subscribed and paid-up share capital of VCL as on March 31, 2016 is as under:

Share Capital	Amount in Rs. Lakhs
Authorized Share Capital	
15,000,000 Equity Shares of Rs. 10/-each	1500.00
60,000,000 7% Redeemable Preference Shares of Rs. 10/- par value	6000.00
Total	**7500.00**
Issued Share Capital	
11,946,020 Equity Shares of Rs. 10/-each.	1194.60
47,500,000 7% Redeemable Preference Shares of Rs. 10/- par value	4750.00
Total	**5944.60**

Share Capital	Amount in Rs. Lakhs
Subscribed and Fully Paid up Capital	
11,946,020 Equity Shares of Rs. 10/-each.	1194.60
47,500,000 7% Redeemable Preference Shares of Rs. 10/- par value	4750.00
Total	**5944.00**

Subsequent to 31st March 2016, there has been no change in the authorized, issued, subscribed and paid-up capital.

4. The Scheme of Arrangement has been formulated and presented under section 391 to 394 of the Companies Act, 1956. Upon the relevant sections of the Companies Act 2013 pertaining to schemes of arrangement, compromise or reconstruction of companies being notified by the Ministry of Corporate Affairs ("MCA"), the Scheme of Arrangement shall be deemed to have been formulated and presented under sections 230 to 240 of the Companies Act, 2013. Reference to any provisions of the Companies Act 1956, if any, under the Scheme would be deemed to be references to the respective corresponding provisions of the Companies Act, 2013.

5. The directors of both the Transferor and the Transferee Company have decided to amalgamate the Transferor Company with Transferee Company in the larger interest of the shareholders. The directors of both the Transferor and the Transferee Company are of the opinion that the proposed amalgamation of the Transferor Company with Transferee Company will be for the benefit of both the Transferor and the Transferee Company.

6. The Transferor Company is wholly owned subsidiary of the Transferee Company and its entire share capital is held by the Transferee Company in its own name and/or jointly with its nominees. Accordingly, there would be no issue of shares by the Transferee Company to the shareholders (including those holding the shares as nominees of the Transferee Company) of the Transferor Company. Upon this Scheme coming into effect, the shares of the Transferor Companies held by the Transferee

Company directly and/or through its nominee(s), constituting the entire paid up share capital of the Transferor Companies will stand cancelled.

7. Valuation has been decided based on the Valuation Certificate prepared by M/s Nandyala & Associates, Chartered Accountants represented by CA N. Venkateshwarlu (Membership No.200900) having their office at H No.8-3-167/A/52, Plot No. 52, Vikaspuri, Near AG Colony, Opp. Road to ESI Hospital, S.R. Nagar (Post), Hyderabad-500038, Telangana.

8. We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged to give a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement of Vishnu Chemicals Limited and Vishnu Barium Private Limited and their respective shareholders. The valuation mentioned herein reflects our independent opinion which is arrived at based on the information provided to us.

Exclusions and Limitations

- In this connection, Saffron has been requested by VCL to submit a report by giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Arrangement of Vishnu Chemicals Limited and Vishnu Barium Private Limited and their respective shareholders.

- 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/NSE:
  a) Draft Scheme of Arrangement provided by VCL
  b) Valuation Certificate issued by Nandyala & Associates, Chartered Accountants and
  c) Such other information and explanations as we require and which have been provided by the management.

- 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 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 report 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.

Key Extracts of Valuation Certificate of Nandyala & Associates, Chartered Accountants

We have been informed that Vishnu Barium Private Limited, wholly owned subsidiary of Vishnu Chemicals Limited, is proposed to be amalgamated under section 391 and 394 of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013 with VCL with the appointed date of April 1, 2016. We have been provided with draft of the Scheme of Arrangement (the Scheme) which has been approved by the respective Board of Directors of VBPL and VCL. We have been also provided with shareholding pattern of VBPL and VCL as on the date of this certificate and also as on the Appointed Date. This information has been certified by the Company Secretary of VCL as true and correct.

In this regard, we have been requested by VCL to certify whether the Scheme is compliant of clause 5.2 of the SEBI Circular bearing no. CIR/CFD/DIL/5/2013 dated February 4, 2013read with clarification issued by the SEBI vide Circular bearing no. CIR/CFD/DIL/8/2013 dated May 21, 2013.

Based on our examination of the above details and further based on information and explanation given to us, we state that the Scheme do not provide for issue of fresh shares by VCL on amalgamation as the amalgamating company viz. VBPL is the wholly owned subsidiary of VCL, the Scheme provides for cancellation of shares held by VCL in VBPL on amalgamation and accordingly, there would be no change in the shareholding of VCL on account of the proposed amalgamation.

Conclusion and Opinion on Valuation Certificate

Conclusion:

We have reviewed the valuation certificate and based on the information, material data made available to us, to best of our knowledge and belief, the valuation suggested by the Valuer (Nandyala & Associates, Chartered Accountants) for the proposed Scheme of Arrangement is **Fair and Reasonable.**