FAIRNESS OPINION

SCHEME OF AMALGAMATION

AMONGST

RITESH SPINING MILLS LIMITED (TRANSFEROR COMPANY-1)

AND

RITESH IMPEX PRIVATE LIMITED (TRANSFEROR COMPANY-2)

AND

H B FIBRES LIMITED (TRANSFEROR COMPANY-3)

WITH

RITESH PROPERTIES AND INDUSTRIES LIMITED (TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Prepared By:
3DIMENSION CAPITAL SERVICES LIMITED
(SEBI RECOGNISED CATEGORY-I MERCHANT BANKING COMPANY)
SEBI REGN NO. INM000012528

SEPTEMBER 14, 2018

The information contained herein is of a confidential nature and is intended for the exclusive use of the persons for whom it was prepared.

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1. Background

Ritesh Properties and Industries Limited, is a company incorporated under the Companies Act, 1956 having its registered office at 11/5B, Pusa Road, New Delhi 110060, India ("RPIL" or "Transferee Company"). As per the information available, the equity shares of RPIL are listed at BSE Limited ("BSE").

Ritesh is widely engaged in the business of real estate and development of business parks. The Transferee Company is, presently developing an Industrial Park in the name and style of 'Hampton Business Park' located in the State of Punjab at Ludhiana.

Ritesh Spinning Mills Limited *(hereinafter referred as "RSML" or "the Transferor Company 1)* is a Unlisted Public Company incorporated under the provisions of Companies Act, 1956 having registered office at 11/5B, First Floor, Pusa Road, New Delhi 110060 and its main object includes spinning, weaving and finishing of textiles. Apart from the aforesaid business, RSML is engaged in the business of real estate.

Ritesh Impex Private Limited (h*ereinafter referred to as "RIPL" or "the Transferor Company 2")* is a private Company duly incorporated under the provisions of Companies Act, 1956. The registered office of RIPL is situated at 11/5B, Pusa Road, New Delhi 110060. RIPL is engaged in the business of buying, selling, import, export and acting as a trader of all kinds of readymade garments, cloth, linen, etc. Apart from the aforesaid business RIPL is engaged in the business of real estate.

H B Fibers Limited *(hereinafter referred to as "HBFL" or the "Transferor Company 3")* is an unlisted public Company incorporated under the provisions of Companies Act, 1956. The registered office is situated at 11/5B, Pusa Road, New Delhi- 110060. HBFL is engaged in the business of buying, selling, import, export, acting as agents and dealers and suppliers of agricultural and non- agricultural intermediate products, metal products, handicraft, all type of textile and garment related products including silk, jute, hosiery and mixed fabrics etc. Apart from the aforesaid business, HBFL is also engaged in the business of real estate.

(For the sake of brevity, the Transferor Company 1, Transferor Company 2, Transferor Company 3 are hereinafter collectively referred as "Transferor Companies")

Considering the present circumstances, the Management of RPIL is contemplating a restructuring exercise wherein it proposes to merge RIPL, HBFL and RSML into RPIL to achieve synergies through focused business segments and leverages on its operations for future growth.

In order to give effect to the desired objective of amalgamation, the directors of RIPL, HBFL and RSML decided to amalgamate into RPIL through a scheme of amalgamation pursuant to section 230-232 and Section 66 of the Companies Act, 2013 and Rules of Companies (Compromises, Arrangements and Amalgamations) Rule 2016, SEBI circular no. CFD/DIL3/CIR/ 2017/21 dated March 10, 2017 read with circular no.

CFD/DIL3/CIR/2017/105 dated September 21, 2017 and CFD/DIL3/CIR/2018/2 dated January 03, 2018 and amendments there to.

Towards this purpose, the Board of Directors of RPIL has provided us with a certified copy of the proposed scheme of amalgamation of RIPL, HBFL and RSML with RPIL which is scheduled to be considered and approved at their board meeting to be held on September 18, 2018. The proposed scheme of amalgamation will also be placed at the meeting of the Board of Directors of the Transferor Companies at the meeting to be held on September 18, 2018.

2. Reference and Context

As the equity shares of the Transferee Company are listed on BSE Limited ("BSE") and it is bound by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions thereof as amended from time to time.

We 3Dimension Capital Service Limited, have been appointed to issue a fairness opinion as required before the Scheme of Arrangement is submitted for sanction by the National Company Law Tribunal as per the SEBI circular no CFD/DIL3/CIR/ 2017/21 dated March 10, 2017 read with circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017 and CFD/DIL3/CIR/2018/2 dated January 03, 2018 and amendments there to on valuation of assets done by an independent Valuer of Transferor Company.

We are a SEBI registered Merchant Banker and are not associated with RPIL as Merchant Banker/ consultant save for this fairness opinion and are not their associate.

We have applied ourselves towards formation and expression of the opinion on the Valuation of assets done by the Valuer Mr. Santosh K Singh, Partner of M/s Santosh K Singh & CO. (Firm Regn No. 019877N), Chartered Accountants, Membership No. 502320 having their office at G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034; Tel: +91-011-47243749 (M) +91-9212074473; 9810265710; Email: sksingh258@yahoo.com ("Valuer") in relation to this proposed scheme of amalgamation.

This Fairness Opinion is issued pursuant to Mandate Letter dated September 10, 2018 issued by RPIL requesting us to issue the Fairness Opinion.

3. Proposed Transaction

RPIL proposes to merge RIPL,HBFL and RSML with itself. The proposed structure is as per the draft scheme of amalgamation provided to us RPIL.

As per the scheme and on consideration of all the relevant factors and circumstances as discussed above and outlined hereinabove, in our opinion, the share exchange ratio for the merger of RIPL, HBFL, RSML into RPIL works out as under.

Net Assets Value has been given 100% weightage to calculate relative equity values to facilitate the determination of the fair exchange ratio.

Valuation Approach	RPIL		RIPL		HBFL		RSML	
	Values per share	Weight	Values per share	Weight	Values per share	Weight	Values per share	Weight
Net Assets Value	60.01	100%	1,05,343.27	100%	812.94	100%	263.65	0%
Market Price Method	-	0%	-	0%	-	0%	-	0%
Discounted Cash Flow Method	-	0%	-	0%	-	0%	-	0%
Price Earning Capacity Value	-	0%	-	0%	-	0%	-	0%
Relative Value per Share	60.01		1,05,343.27		812.94		263.65	
Share Allotment Ratio for RIPL	1756		1.00					
Share Allotment Ratio for HBFL	14				1.00			
Share Allotment Ratio for RSML	4						1.00	

- 1756 (One Thousand Seven Hundred Fifty Six) equity shares of face value of Rs. 10 each of RPIL to be issued against 1 (One) equity share of face value of Rs. 100/- each of RIPL to the existing shareholders of RIPL.

- 14(Fourteen only) equity shares of face value of Rs. 10/- each of RPIL to be issued against 1 (One) equity share of face value of Rs. 10/- each of HBFL to the existing shareholders of HBFL.

- 4 (Four Only) equity shares of Rs. 10/- each of RPIL to be issued against every 1 (One) equity share of face value of Rs. 10 each of RSML to the existing shareholders of RSML.

- 4(Four) equity shares of face value of Rs. 10/- each of RPIL to be issued against every 1 (One) equity share of Rs. 10 to be issued as per the terms and conditions of conversion of CCD of face value of Rs. 5000/- each of RSML to the existing CCD holders of RSML.

4. Engagement

The Management of RPIL has requested 3Dimenison Capital Services Limited ("3DCSL" or "We/Us/Our") to express an opinion about fairness of the valuation done by the Valuer from a financial point of view in accordance with SEBI circular no CFD/DIL3/CIR/2017/21 dated March 10, 2017. (the "Fairness Opinion")

This Opinion does not in any way constitute a recommendation by 3DCSL to any shareholder as to whether such shareholder should approve or reject the proposed transaction, in case where voting by public shareholder is warranted. We urge you to read this Fairness Opinion carefully and entirely.

We have been engaged by RPIL to issue a Fairness Opinion and will receive a fixed fee for rendering this Fairness Opinion, which is independent of the happening or otherwise of the proposed transaction.

This Fairness Opinion may be reproduced in the explanatory statement sent to the shareholders along with the notice of meeting as per the directions of National Company Law Tribunal at New Delhi/ postal ballot form, conducted to get approval for the proposed transaction, so long as the form of reproduction of the Fairness Opinion in such report and any description of or reference in such report to 3DCSL, is in form acceptable to us.

The Company has agreed to furnish a certified copy of the Board approved scheme of amalgamation and also notify us in case of any modifications carried out in the proposed scheme already furnished to us.

Our current opinion is based on the assumption that the proposed scheme of amalgamation shared with us will be adopted by all the concerned companies as such.

5. Basis of Forming Opinion

5.1. *Documents and Information Considered:-*

For the purpose of providing our opinion, we have reviewed:-

a) Certain publically available business and financial information relating to RPIL, including Annual Report for the financial year ended March 31, 2018.

b) Copy of Audited Financials for the year ended March 31, 2018 of RIPL, HBFL, RSML.

c) Copy of proposed scheme of Amalgamation to be approved by the Board of Directors of the respective companies. (certified true copy of RPIL)

d) Certified true copy of the Valuation report of the valuer M/s Santosh K Singh & Co, Chartered Accountants, dated September 12, 2018 on the valuation of the proposed scheme.

e) Performed such other financial reviews and analyses as 3DCSL, in its absolute discretion, deemed appropriate.

5.2. *Assumptions and Limiting Conditions:-*

3DCSL has been engaged to provide standard services for the issuance of the Fairness Opinion and therefore have not performed any due diligence or audit of the information provided to us, nor have we made any independent valuation or appraisal of the assets or liabilities.

3DCSL has assumed and relied upon the truth, accuracy and competness of the information, data and financial terms provided to us or used by us, and has assumed that the same are not misleading and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or laibilities of RPIL or for RIPL, HBFL, RSML.

In preparing this opinion, 3DCSL has received specific confirmation from the management of RPIL that all the information the Company has provided to 3DCSL in relation to the engagement of 3DCSL is correct and complete and no information has been withheld that could have influenced the purport of this fairness opinion.

This opinion exclusively focuses on the fairness, from a valuation point of view, of the shares/ assets done by the valuer and does not address any other issues such as the underlying business decisions to recommend the transaction or its commercial merits which are matters solely for the Board of Directors of RPIL, RIPL, HBFL and RSML to address and further to be confirmed by the shareholders of all the Companies, as may be required.

3DCSL formation of fairness opinion is based on information supplied by RPIL, representations and confirmations of its management on various issues and we have relied upon them as such without any independent verification and as such we do not hold ourselves liable if our opinion becomes flawed as a result of any shortcomings in such information, representations and confirmations given by RPIL.

In rendering this opinion, 3DCSL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly 3DCSL does not assume any responsibility or liability in respect thereof. Furthermore 3DCSL has assumed that the proposed transaction will be consummated on the terms and conditions as set out in the proposed scheme of Amalgamation, without any material changes to, or waiver of, its terms and conditions.

6. Valuation Approaches and their Review

6.1 Overview:-

The formation of the fairness opinion is a complex process involving careful consideration and review of valuation method, associated financial and other analyses, performed by the valuer. The selection and application of any or all of the generally accepted and commonly applied valuation methods to a particular circumstance is the discretion of the valuer, and hence, in arriving at its opinion, 3DCSL has made a qualitative assessment of the appropriateness of the method and subsequent application.

6.2 Valuation:-

3DCSL has reviewed the method of valuation adopted by the Valuer. Their report states that since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no shares are proposed to be issued by the Transferee Company as consideration for the proposed merger.

The Valuer has derived the Net Assets Value of the Transferor Companies on the basis of the Book Value of each of the Transferor Companies, which pursuant to the scheme of amalgamation would be merged with the Transferee Company with effect from the appointed date.

Further, the Management Representation Letter dated September 12, 2014 provided by RPIL, interalia, the following

"that the record values of assets and liabilities stated in the Audited Balance Sheet of Transferor Companies as on March 31, 2018 reflect true and fair view of the state of affairs and no events have taken place after the Balance Sheet date which have a material impact on the said values."

6.3 Analysis of the Valuation

In the role of merchant banker giving an opinion about fairness of the valuation (mentioned above) done by the Valuer, we had to examine whether the basis of arriving at the above value and the valuation conclusion was fair. In the instant case, we performed certain procedures and made certain enquiries with the Valuer. Some of the procedures/ activities performed and the findings are mentioned below:-

- Noted that the scheme involves merger of RIPL, HBFL, RSML into RPIL where shares has been allotted as listed above under section 3 of this report.
- Noted the methodology of arriving at the Net Assets Value on Book Value basis of the Transferor Company and the same seems appropriate.
- Noted the fact that the historical values of assets and liabilities as appearing in the Balance Sheet of Transferor Companies as on March 31, 2018, reflect true and fair view of the state of affairs as on date.

7. Opinion

Based upon and subject to the foregoing, we are of the opinion on the date hereof, that the valuation done by the Valuer for the proposed scheme of amalgamation is fair.

For 3Dimension Capital Services Limited

Prapti

(PRAPTI ABBEY)
Senior Manager cum Compliance Officer

3 Dimension Capital Services Limited New Delhi

ANNEXURE - 'B'

GSTIN: 07AAICS6488H1ZS
CIN: U65923DL2001PLC113191

3DIMENSION CAPITAL SERVICES LIMITED

SEBI Registered (Category - I) Merchant Banker
SEBI Registration No. INM000012528

OUR PATH YOUR SUCCESS

ADDENDUM CERTIFICATE

TO WHOMSOEVER IT MAY CONCERN

We have been engaged by the management of Ritesh Properties and Industries Limited (CIN: L74899DL1987PLC027050), having registered office at 11/5B, Pusa Road, New Delhi 110060 to submit a fairness opinion on the valuation of Equity Shares of the Company by the Valuer Mr. Santosh K Singh, Partner of M/s Santosh K Singh & CO. (Firm Regn No. 019877N), Chartered Accountants, Membership No. 502320 having their office at G-9, H-3, Vardhman Plaza Tower, Netaji Subhash Place, Pitampura, New Delhi 110034.

This addendum has been given for inserting the revised clause on page no 7 of 8 of para 6.2 to the fairness opinion issued by us to the Company on September 14, 2018. Although, this has been discussed internally at our end but that has been oversight at the time of issuing the final fairness opinion certificate. Para 6.2 on Page no 7 of 8 of the fairness opinion dated September 14, 2018 should be read as:-

"3DCSL has reviewed the method of valuation adopted by the Valuer. The Valuer has derived the Net Assets Value of the Transferor Companies on the basis of the Book Value of each of the Transferor Companies, which pursuant to the scheme of amalgamation would be merged with the Transferee Company with effect from the appointed date.

Further, the Management Representation Letter dated September 12, 2014 provided by RPIL, interalia, the following

"that the record values of assets and liabilities stated in the Audited Balance Sheet of Transferor Companies as on March 31, 2018 reflect true and fair view of the state of affairs and no events have taken place after the Balance Sheet date which have a material impact on the said values."

This addendum certificate has to be read in conjunction with the detailed fairness opinion dated September 14, 2018 issued to Ritesh Properties and Industries Limited.

For **3Dimension Capital Services Limited**

(RHYDHAM KAPOOR)

VICE PRESIDENT

Date:
Place: Delhi

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