Khambatta Securities Ltd.

ESTD. 1918

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To,
The Board of Directors,
THE INVESTMENT TRUST OF INDIA LIMITED
ITI House 36, Dr. R. K. Shirodkar Road,
Parel, Mumbai – 400012, Maharashtra, India.

Dear Sir,

Sub: Fairness Opinion on Share Entitlement Ratio for the demerger of Non-Lending Business Undertaking of "The Investment Trust of India Limited" into "Distress Asset Specialist Limited" recommended by the valuer pursuant to the Proposed Scheme.

We refer to the engagement letter dated May 24, 2022 ("Engagement Letter") whereby The Investment Trust of India Limited ("Demerged Company" or "TITIL") has engaged Khambatta Securities Limited ("KSL"), to provide a fairness opinion to them on the Share Entitlement Ratio to be recommended by CA Mayur Popat, a Registered Valuer for the proposed demerger of Non-Lending Business Undertaking ("Demerged Undertaking") from The Investment Trust of India Limited ("TITIL" or "Demerged Company") into Distress Asset Specialist Limited ("DASL" or "Resulting Company"), a wholly owned subsidiary company of TITIL, as a going concern with effect from the opening business hours of April 1, 2022 ("Appointed Date") vide a Scheme of Arrangement ("Proposed Scheme") under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder ("Proposed Demerger").

The Proposed Scheme also includes simultaneous reduction and cancellation of equity shares of DASL held by TITIL (without payment of consideration).

TITIL and DASL are hereinafter collectively referred to as the "Companies".

1. Background of Companies involved in the Proposed Scheme

I. <u>THE INVESTMENT TRUST OF INDIA LIMITED ("Demerged Company")</u>

THE INVESTMENT TRUST OF INDIA LIMITED ("Demerged Company") was incorporated on June 14, 1991 as a Private Limited Company in the State of Maharashtra under the provisions of the Companies Act, 1956 in the name and

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style of "Fortune Financial Services (India) Private Limited". On October 20, 1991, the Demerged Company was converted into a Public Limited Company and pursuant thereto, it's name was changed to "Fortune Financial Services (India) Limited". Eventually, the name of the Demerged Company was changed to its present name, "The Investment Trust of India Limited" vide fresh certificate of incorporation dated June 09, 2018 issued by the Registrar of Companies. The corporate identity number ("CIN") of the Demerged Company is L65910MH1991PLC062067. The registered office of the Demerged Company is situated at ITI House 36, Dr. R. K. Shirodkar Marg, Parel, Mumbai - 400012, Maharashtra, India

The Demerged Company is one of the largest financial services conglomerates offering a range of financial products and services from Lending, Equities and Derivatives trading, Equity Research, Commodities Trading, Portfolio Management Services, Distribution of Mutual Funds, IPO & Insurance products and Investment Banking Services.

The equity shares of the Demerged Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**").

Demerged Undertaking comprises of the 'Non-Lending Business' of The Investment Trust of India Limited inter alia engaged in the business of equities and derivatives trading, equity research, commodities trading, portfolio management services, distribution of mutual funds, IPO & insurance products and investment banking services on a going concern basis (as defined in the Proposed Scheme).

II. **DISTRESS ASSET SPECIALIST LIMITED ("Resulting Company")**

DISTRESS ASSET SPECIALIST LIMITED ("Resulting Company") is a public limited company incorporated on October15, 2013 under the provisions of the Companies Act, 1956. The Corporate Identity Number of the Resulting Company is U67190MH2013PLC249239. The registered office of the Resulting Company is situated at ITI House 36, Dr. R. K. Shirodkar Road, Parel, Mumbai – 400012.

The Resulting Company has been engaged in the business of providing advisory and financial services. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

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Currently, the equity shares of the Resulting Company are not listed on any stock exchanges. Pursuant to issue of fresh equity shares as part of the Proposed Scheme to the shareholders of the Demerged Company, it is proposed to list the equity shares of the Resulting Company on BSE and NSE.

2. Purpose

The management of TITIL has appointed Khambatta Securities Limited ("KSL" or "we" or "us"), a Category I Merchant Banker registered with SEBI having its registration no. INM000011914, vide an engagement letter dated May 24, 2022 to issue a fairness opinion to the Demerged Company in relation to the Share Entitlement Ratio determined for the Proposed Scheme and recommended by the registered valuer. For the said purpose, CA Mayur Popat, a Registered Valuer by his report dated June 4, 2022 ("Share Entitlement Ratio Report") has recommended the fair share entitlement ratio for the Proposed Scheme as more particularly set out in the Share Entitlement Ratio Report.

This Fairness Opinion Report is issued in terms of "SEBI Scheme Circular" means the master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

3. Consideration of factors for determination of Share Entitlement Ratio for the Proposed Scheme by the Registered Valuer

The Registered Valuer, CA Mayur Popat, a Registered Valuer by his report dated June 4, 2022 ("Share Entitlement Ratio Report") has recommended the fair share entitlement ratio duly considering the below factors:

a) As a part of the Proposed Scheme, the Non-Lending Business Undertaking of the Demerged Company is proposed to be demerged, transferred and vested into the Resulting Company. The Resulting Company is a wholly-owned subsidiary company of the Demerged Company.

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b) Upon the Proposed Scheme being effective, all the shareholders of the Demerged Company would also become the shareholders of the Resulting Company and with the outstanding issued and paid-up share capital of the Resulting Company currently held by the Demerged Company getting cancelled by way of a capital reduction as part of the Proposed Scheme and therefore, their shareholding in the Resulting Company would mirror their existing shareholding in the Demerged Company prior to the demerger.

c) In view thereof, upon the Scheme becoming effective the equity shares held by the Demerged Company in the Resulting Company will be cancelled and equity shareholders of the Demerged Company will be entitled to receive the equity shares of the Resulting Company in the same proportion in which they own shares in the Demerged Company.

d) Therefore, only the shareholders of the Demerged Company shall hold the shares of the Resulting Company in same proportion upon the effectiveness of the Scheme. Thus, effectively, the shareholding in the Resulting Company would continue to mirror shareholding of the Demerged Company.

e) Upon the scheme becoming effective, the beneficial economic interest of the equity shareholders of the Demerged Company in the paid-up equity share capital of the Resulting Company would be the same as it is in the paid-up equity share capital of the Demerged Company.

f) Taking into account the above facts and circumstance, any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the proportionate equity shareholding of any shareholder pre-demerger and post- demerger would remain same and not vary and we have therefore not carried out any independent valuation of the subject business Therefore, for determination of fair share entitlement ratio in the instant case, detailed valuations of the companies to determine the fair share entitlement ratio would not be relevant.

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g) The Management of the Companies have proposed a share entitlement ratio as follows:

*The Resulting Company shall issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company on the Record Date, equity shares in the Resulting Company in the ratio of 4 (Four) fully paid-up Equity Share of INR 10/- (Rupee Ten Only) each for every 1 (One) fully paid-up Equity Share of INR 10/- (Rupee Ten Only) held by such member of the Demerged Company as on the Record Date ("**Equity Share Entitlement Ratio**")*

*The Resulting Company shall issue and allot to each holder of Optionally Convertible Preference Shares (OCPS) of Rs. 325/- each fully paid-up in the Demerged Company whose name is recorded in the register of members as a holder of OCPS of the Demerged Company on the Record Date, Optionally Convertible Preference Shares (OCPS) in the Resulting Company in the ratio of 4 (Four) fully paid-up OCPS of INR 10/- (Rupee Ten Only) each for every 1 (One) fully paid-up OCPS of INR 325/- (Rupee Three Hundred Twenty Five Only) held by such member of the Demerged Company as on the Record Date, on such terms and conditions as are more particularly specified in the Scheme ("**OCPS Entitlement Ratio**"). Further, the face value / redemption amount payable to holder of Optionally Convertible Preference Shares (OCPS) in the Demerged Company in the event of exercise of option of redemption of OCPS, shall be proportionately reduced, as are more particularly specified in the Scheme.*

h) The Equity Share Entitlement Ratio has been recommended keeping in mind the future equity servicing capacity and minimum share capital requirement of the Resulting Company. Further, the holders of OCPS have also been given an identical ratio of 4 (four) shares in the Resulting Company for every 1 (one) share held by them in the Demerged Company, in order to align and maintain the effective ownership of the holders of OCPS in both the Companies. Further, in the event, the holders of OCPS opt to redeem the OCPS held by them, the total amount / redemption premium payable to them have been split between the

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Demerged Company and the Resulting Company, as more particularly specified in the Draft Scheme. In such a scenario, so long as the total amount payable to the holders of OCPS in the event of redemption before and after the Proposed Scheme remains intact / unchanged, such a share entitlement ratio with allocation of liability to pay redemption premium between the Demerged Company and the Resulting Company on reasonable basis is fair and equitable.

i) Therefore, the above Share Entitlement Ratio is fair and equitable, considering that all the shareholders of the Demerged Company, will, upon the Proposed Scheme becoming effective, have their inter-se economic interests, rights, obligations in the Resulting Company post-demerger in the same proportion as their existing economic interest, rights and obligation in the Demerged Company pre- demerger.

4. Source of Information:

For arriving at the opinion set forth below, we have received from the management of the Companies and any information available in the public domain:

a) Share Entitlement Ratio Report issued by the Registered Valuer.
b) Draft Scheme of Arrangement pursuant to which the proposed demerger is to be undertaken along with proposed capital reduction.
c) Pre-scheme and post-scheme shareholding pattern of DASL and TITIL as at March 31, 2022.
d) Audited Financial Statements of DASL and TITIL for FY 2021-22.
e) Divisional balance sheet of TITIL as at March 31, 2022.
f) Audited Financial Statements of TITIL and DASL for FY 2020-21.
g) Such other information and explanations as we required and which have been provided by the management of the Companies to understand the rationale and basis for arriving at the recommended share entitlement ratio.
h) Such other Information received during discussion with the Company, Registered Valuer and their respective representatives.

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5. Conclusion

As understood, upon the Proposed Scheme being effective, all the shareholders of TITIL would also become the shareholders of DASL and their shareholding in DASL would mirror their existing shareholding in TITIL prior to the demerger and the outstanding issued and paid up share capital of DASL (Pre-Demerger Equity Share Capital) will get cancelled by way of a capital reduction (without payment of consideration).

Based on our examination of the Share Entitlement Ratio, such other information / undertakings/representations provided to us by the management of the Companies and our independent analysis and evaluation of such information and subject to the scope and other limitations as mentioned hereinafter and to the best of our knowledge and belief, we are of the opinion that the recommendation made by the Registered Valuer of the Share Entitlement Ratio is fair and reasonable which is as under:

> *"4 (Four) fully paid-up Equity Share of INR 10/- (Rupee Ten Only) each of the Resulting Company credited as fully paid-up for every 1 (One) fully paid-up Equity Share of INR 10/- (Rupee Ten Only) of the Demerged Company ("**Equity Share Entitlement Ratio**")*
>
> *4 (Four) fully paid-up OCPS of INR 10/- (Rupee Ten Only) each of the Resulting Company credited as fully paid-up for every 1 (One) fully paid-up OCPS of INR 325/- (Rupee Three Hundred Twenty Five Only) of the Demerged Company ("**OCPS Entitlement Ratio**"), so long as the aggregate of the total amount / redemption value payable to the holders of OCPS by the Demerged Company and the Resulting Company in the event they opt for redemption of OCPS remains same / unchanged, as applicable before the Scheme."*

6. Distribution of the Fairness Opinion

a) The Fairness Opinion is addressed only to the Board of Directors of TITIL and is for the purpose of submission to the Stock Exchanges under the SEBI Scheme Circular. Further, the Fairness Opinion may be disclosed on the website of the TITIL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/or creditors of the Companies. The Fairness Opinion shall not otherwise be disclosed or referred

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to publicly or to any other third party without Inga's prior written consent.

b) However, the Companies may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to the Companies promptly intimating KSL in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

c) In no circumstances however, will KSL or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of KSL accept any responsibility or liability including any pecuniary or financial liability to any third party.

7. Relationship with Khambatta Securities Limited:

a) Khambatta Securities Limited ("KSL") was not requested to, and did not, provide advice concerning the structure, the Share Exchange Ratio or any other aspects of the Demerger or to provide services other than the delivery of this Fairness Opinion. KSL did not participate in negotiations with respect to the terms of the Demerger and any related transactions. Consequently, KSL has assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be negotiated with the Transferor Company.

b) We will receive a fee from the Company for rendering this opinion which is not contingent upon the results reported and fair-ness opinion provided by us. We will not be liable for any losses, Claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or

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expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Companies, their directors, employees or agents.

c) In the past 5 years, KSL and its affiliates have not provided any advisory and merchant banking services to the Companies and its affiliates but in future KSL may continue to provide such services to the Demerged Company and its affiliates and receive fees in relation thereto. Such services may include, without limitation, providing advisory and merchant banking services to the Companies,

8. Scope Limitations

a) We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Companies for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it based, and, we have simply accepted this information on an "as is" basis, and, have not verified the accuracy and/or the completeness of the same from our end.

b) We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Companies and its related parties (holding company / subsidiary /associates /joint ventures etc.) and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies and its related parties.

c) We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have retied upon information that was publicly available or provided or otherwise made available to us by Companies on an "as is" basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims.

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d) We have assumed that there are no circumstances that could materially affect the business or financial prospects of the Companies and its related parties.

e) We understand that the management of the Companies, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Proposed Scheme. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving Companies, its related parties or any of its assets, nor did we negotiate with any other party in this regard.

f) We express no opinion whatsoever and make no recommendation at alt as to the Companies underlying decision to affect the Proposed Demerger. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of the Companies with respect to the Proposed Demerger. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of TITIL will trade following the announcement of the Proposed Demerger or as to the financial performance of TITIL following the consummation of the Proposed Demerger. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in the Companies or any of its related parties.

g) Our report is not, nor should it be construed as opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation (including transfer pricing) and capital market related laws or as regards any legal implications or issues arising in India or abroad from such Proposed Demerger.

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9. Other Limitations:

a) This opinion is addressed to and provided solely for the Board of Directors of the Demerged Company exclusively in connection with and for the purposes of its evaluation of the fairness of the Share Entitlement Ratio. This fairness opinion shall not confer rights or remedies upon, and may not be used or relied on by, any holder of securities of the Demerged Company, any creditor of the Demerged Company or by any other person other than the Board of Directors of the Demerged Company.

b) KSL is acting for the Board of Directors of the Demerged Company and no one else in connection with the Demerger and will not be responsible to any person other than the Board of Directors of the Companies for providing this opinion. Neither the existence of this letter nor its contents may be copied in whole or in part, or discussed with any other parties, or published or made public or referred to in any way, without our prior written consent in each instance, except that this opinion may be described in and included in its entirely in the Scheme documents. We take no responsibility or liability for any claims arising out of any such disclosure and we specifically disclaim any responsibility to any third party to whom this opinion may be shown or who may acquire a copy of this opinion.

c) This opinion shall be governed by the laws of India.

d) This Report does not constitute a solvency opinion or an investment recommendation and should not be construed as such either for making or divesting investment. Our work does not constitute an audit or certification or due diligence of the past financials of the Company, the Transferor Company and we have relied upon the information provided to us by the Company and the Valuer as regards such working results.

e) Specifically, this opinion does not address the commercial merits of the Proposed Demerger nor the underlying decision by the Companies to proceed with the Proposed Demerger nor does it constitute a recommendation to any shareholder or creditor of the Companies as to how such shareholder or creditor should vote with respect to the Proposed Demerger or any other matter.

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f) The ultimate responsibility for the decision to recommend the Proposed Demerger rests solely with the Board of Directors of the Demerged Company.

Thanking you,
For,
Khambatta Securities Limited
Category - I Merchant Banker
SEBI Regn: INM000011914

KHAMBATTA SECURITIES LTD. MUMBAI 400 001.

Authorised Signatory
Date: 4th JUNE, 2022
Place: Mumbai

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