

November 6, 2015  
SCSL/15-16/039

The Board of Directors  
Adi Rasayan Limited  
G/C, Ground Floor,  
Trupti Apartment,  
B/h, Old High Court,  
Navrangpura, Ahmedabad - 380009.

Dear Sirs,

**Sub:** Fairness Opinion on the Valuation Report of Equity Share Capital prepared by M/s. J. H. Ghumara & Co., (Chartered Accountants).

**Ref:** Proposed "Scheme of Reduction of Capital" of your company.

In accordance with your assignment to provide "Fairness Opinion" on the independent valuation done by M/s. Ghumara & Co., (Chartered Accountants) represented Mr. Jagdishchandra H. Ghumara (Membership No.014320) having their office situated at B/15, Kavita Apartment, Natakwala Lane, SV Road, Borivali (W), Mumbai 400 092; Mobile: 9892527200; Email: [jhghumara@gmail.com](mailto:jhghumara@gmail.com) vide their report dated October 19, 2015 pursuant to the provisions of the Listing Agreement w.r.t. your Scheme of Reduction of Capital, opinion has been formed that the value arrived is FAIR.

This Fairness Opinion is intended for its sole use by the management of **Adi Rasayan Limited** only. Our recommendation should be understood in the context of our assumptions and the statements made by us in this report under the head statement of limiting conditions.

A detailed report is appended herewith.

Thanking you

Yours truly,

For Systematix Corporate Services Limited

  
Authorized Signatory



## FAIRNESS OPINION

### • Terms of Reference

**Systematix Corporate Services Limited** ("Systematix"), a public limited company listed on BSE Limited, Mumbai and also a SEBI registered Category I Merchant Banker having permanent Registration Number INM000004224, has been appointed by **Adi Rasayan Limited** ("the Company") to provide a "Fairness Opinion" pursuant to Clause 24(h) of the Listing Agreement vide SEBI Circular CIR/CFD/DIL/5/2013 dated February 04, 2013 on the proposed Scheme of Reduction of Capital of the Company.

The Fairness Opinion given by us is intended solely for the use by management of **Adi Rasayan Limited** only and it is not meant for any third party usage.

### • Objective of Fairness Opinion

This objective is to provide a fair and reasonable opinion on the "Valuation Report of Equity Share Capital" prepared by **M/s. J. H. Ghumara & Co.**, (Chartered Accountants) represented by Mr. Jagdishchandra H. Ghumara (Membership No.014320) having their office situated at B/15, Kavita Apartment, Natakwala Lane, SV Road, Borivali (West), Mumbai 400 092, Email: [jhghumara@gmail.com](mailto:jhghumara@gmail.com) vide their report dated October 26, 2015 pursuant to the provisions of the Listing Agreement.

### • Corporate Profile:

**Adi Rasayan Limited** ("the Company"), a public limited company listed on BSE Limited, Mumbai. The main objects of the company are to produce, manufacture, manipulate, buy, import or otherwise acquire, use, sell, distribute, export, deal and dispose of all kinds of chemicals (Organic and Inorganic), and other compounds, raw materials and chemicals, and dyes and pigments and intermediates thereof for Industrial and Consumer use.

The Company was incorporated as Public Limited Company on 16<sup>th</sup> November 1992 and obtain commencement of business certificate on 20<sup>th</sup> November 1992 with the object of manufacturing and trading in Organic and Inorganic Chemicals, Dyes and Pigments. The Company was promoted by Mr. Sanjay Adani, Mr. Dinesh Desai, Mr. Dahyabhai Patel, Mr. Vikaram Shah and Mr. Mitesh Adani. Subsequently, Mr. Shashikant Gandhi joined as co-promoter of the Company. In April 1993, the Company proposed to setup a project at GIDC, Ankleshwar, Bharuj District in Gujarat.

Presently the Company is carrying out trading and dealing in chemicals.

### **Scope of Work**

Our analysis and recommendations are based on the information provided by **Adi Rasayan Limited** and "Fair Valuation of Equity Shares" prepared by **M/s. J. H. Ghumara & Co.**, (Chartered Accountants) vide their report dated October 26, 2015.



• **Sources of Information**

For recommendations of "Fairness Opinion on value of Equity Share"; we have relied upon the following data and documents:

- Annual Reports of the Company for 2012-13, 2013-14 and 2014-15.
- Certified True Copy of the "Fair Valuation of Equity Shares" prepared by M/s. J. H. Ghumara & Co., (Chartered Accountants) vide their report dated October 26, 2015.
- Certified True Copy of "Scheme of Reduction of Capital" provided by the Company.
- The Company's Website ([www.AdiRasayan.in](http://www.AdiRasayan.in)),
- BSE's Website ([www.bseindia.com](http://www.bseindia.com)) and
- Money Control's Website ([www.moneycontrol.com](http://www.moneycontrol.com))
- Other Information and Explanations provided by the company.

**Key Extract of Valuation Report and Draft Scheme**

We have obtained the Valuation Report dated October 26, 2015 carried out for the purpose of Reduction of Capital from the Valuers and below are the extract from the same.

M/s. J. H. Ghumara & Co. Chartered Accountants has been appointed by management of Adi Rasayan Limited to prepare a Valuation Report for valuation of Equity Shares of the company for the proposed reduction of Capital of the company.

For this purpose, we have reviewed the various documents, and have made certain assumptions and have relied upon the discussions we have had with, and the information, particulars and explanations that we received from the Company. We have based our valuation, primarily on the following factors: -

- A sum of Rs. 6,19,37,150/- upon reduction from existing Equity Share Capital of Rs. 6,51,97,000/- divided into 65,19,700 Equity Shares of Rs.10/- (Rupees Ten) each fully paid up to Rs.32,59,850/- divided into 3,25,985 Equity Shares of Re.10/- (Rupees Ten) each be transferred to "Capital Restructuring Account".
- As referred above, the issued, subscribed and paid up Equity Share capital of the company, post reduction, would be Rs.32,59,850/- divided into 3,25,985 Equity Shares of Rs.10/- (Rupees Ten) each.
- Part of the balance of accumulated losses amounting to Rs. 6,19,37,150/- as at March 31, 2015, would be transferred to "Capital Restructuring Account".

• **Conclusion and Opinion**

**Conclusion**

We have reviewed the valuation report submitted by the Valuer where there is no change in valuation of the Company pre and post reduction of the capital. Moreover, the Scheme would enable the Company to write-off over 82% of the total accumulated losses at the end of FY 2015. The reduction of capital in the manner proposed would enable the Company to have a rational capital structure which would commensurate with its remaining business and assets as there is no cash outflow from the Company.



With reference to the above and based on information provided by the management of the company, we have been represented by the management that the present reduction of capital has been proposed to write off the accumulated losses by reorganizing the capital of the company and from the security premium account, so as to give a true and fair view of the financial statement and also to move of the company.

The shareholding pattern of the Company, pre and post Reduction of capital shall remain the same.

#### **Opinion**

Subject to the above, read with the Statement of Limiting Conditions as detailed later, we believe that the proposed Scheme for reduction of capital by the Company read with the Valuer's Report is FAIR from a financial and commercial point of view.

#### **• Statement of Limiting Conditions**

We wish to emphasize that, we have relied on explanations and information provided by the respective Key Management, Valuation Report and other public available information while verifying the application for reduction of capital. Conclusions reached by us are dependent on the information provide 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 did not involve us 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. 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 regards 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 certificate.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.

Our fairness opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction.

We have no present or planned future interest in the Company and the fee payable for this opinion is not contingent upon the opinion reported herein.

The opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware and may have an impact on our opinion.



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

This certificate is prepared with a limited purpose/ scope as identified/ stated earlier and will be confidential. It must not 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 in relation to this transaction.

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