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**J. N. SHARMA & CO.**

**STRICTLY PRIVATE & CONFIDENTIAL**

**The Board of Directors**

**Dhanuka Agritech Limited**

14<sup>th</sup> Floor, Building 5A,  
DLF Cyber Terrace, Cyber City,  
DLF Phase III,  
Gurgaon, Haryana - 122 009

**The Board of Directors**

**A.M. Bros. Fintrade Private Limited**

31-B/12, Rajpur Road,  
Civil Lines, New Delhi - 110054

**The Board of Directors**

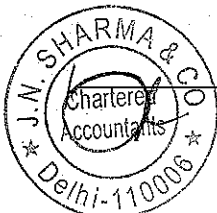
**Dhanuka Finvest Private Limited**

861-862, Dhanuka House,  
Joshi Road, Karol Bagh,  
New Delhi-110005

**Re: Recommendation of Share Exchange Ratio for the purpose of proposed amalgamation of A.M. Bros. Fintrade Private Limited and Dhanuka Finvest Private Limited with Dhanuka Agritech Limited**

Dear Sirs,

We refer to our appointment on September 25, 2014 for the recommendation of share exchange ratio for the proposed amalgamation of A.M. Bros. Fintrade Private Limited (hereinafter referred to as "AMB") and Dhanuka Finvest Private Limited (hereinafter referred to as "DFPL") with Dhanuka Agritech Limited (hereinafter referred to as "DAL"), (hereinafter together referred to as the "Companies") under a Scheme of Amalgamation (hereinafter referred to as "Scheme"). As per the terms of engagement, we are enclosing our report as part of this letter.

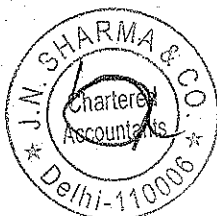


## **1. SCOPE AND PURPOSE OF THE REPORT**

- 1.1. As per our understanding, the Management of DAL, AMB and DFPL are considering a proposal for the amalgamation of AMB and DFPL with DAL pursuant to the provisions of sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and corresponding sections of the Companies Act, 2013 (as and when such corresponding sections are notified in the Official Gazette by the Central Government).
- 1.2. Subject to necessary approvals, AMB and DFPL would amalgamate with DAL, with effect from January 01, 2014 (hereinafter referred to as the "Appointed Date"), or such other date that may be fixed or approved by the appropriate authority.
- 1.3. In this connection, M/s JN Sharma & Co has been appointed to recommend a share exchange ratio for the proposed amalgamation of AMB and DFPL with DAL based on the audited accounts of DAL, AMB and DFPL as on March 31, 2014 & unaudited accounts as on September 30, 2014 and relevant events till the Appointed Date.
- 1.4. In the following paragraphs, we have summarized our recommendations of share exchange ratio together with the limitations on our scope of work.

## **2. BACKGROUND INFORMATION OF THE COMPANIES**

- 2.1 DAL was incorporated in 1985 and is having its Registered Office in New Delhi. The shares of DAL are listed on the Bombay Stock Exchange and the National Stock Exchange. It is engaged in the business of formulation and marketing of plant protection chemical products.
- 2.2 AMB is part of the promoter group of DAL and as on the Septmebr 30, 2014 ("Valuation Date") holds 55,33,350 equity shares of DAL constituting 11.06% of the fully paid up equity share capital of DAL. AMB has its registered office at 31-B/12, Rajpur Road, Civil Lines, New Delhi - 110054.



- 2.3 DFPL is the holding company of DAL and as on the Valuation Date holds 3,09,58,890 equity shares of DAL constituting 61.89% of the fully paid up equity share capital of DAL. DFPL has its registered office at 861-862, Dhanuka House, Joshi Road, Karol Bagh, New Delhi-110005.

### 3. RECOMMENDED RATIO

As indicated above, as on the Valuation Date, both AMB and DFPL have no other activities other than investment in securities of DAL.

Based on above, in the event of amalgamation of AMB and DFPL with DAL, we recommend the following share exchange ratio:

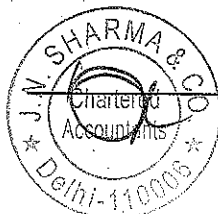
- i. 55,33,350 fully paid up equity shares of face value of Re 2/- each of DAL to be issued and allotted to shareholders of AMB in the proportion of the number of equity shares held by the shareholders in AMB.
- ii. 3,09,58,890 fully paid up equity shares of face value of Re 2/- each of DAL to be issued and allotted to shareholders of DFPL in the proportion of the number of equity shares held by the shareholders in DFPL.

We believe that the above ratio is fair considering that all the shareholders of AMB and DFPL will, upon amalgamation, remain ultimate beneficial owner of DAL in the same ratio (inter se) as before amalgamation.

### 4. SOURCES OF INFORMATION

The sources of information, which have been furnished to us by the Companies, are as under:

- a) Audited financial statements of DAL, AMB and DFPL as on March 31, 2014;
- b) Unaudited financial statements of DAL, AMB and DFPL as on September 30, 2014;
- c) Draft Scheme of Amalgamation of AMB and DAL with DAL under section 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and



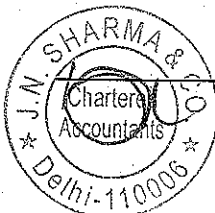
corresponding sections of the Companies Act, 2013 (as and when such corresponding sections are notified in the Official Gazette by the Central Government).

- d) Other relevant details regarding the Companies such as their history, existing shareholding pattern and other relevant information and data, including information in the public domain.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the management and executives of the Companies.

## **5. EXCLUSIONS AND LIMITATIONS**

- 5.1 Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein and in the context of the purpose for which it is made.
- 5.2 Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Companies referred to in this report. We have not investigated or otherwise verified the data provided. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Companies and their impact on the present exercise.
- 5.3 The recommendation contained herein is not intended to represent the share exchange ratio at any time other than the Valuation Date that is specifically stated in this report.
- 5.4 This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the share exchange ratio for the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report.



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

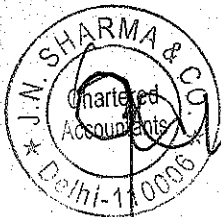
Thanking you,

faithfully,

For JN Sharma & Co. Yours

Firm Registration No: 0833C

Chartered Accountants



Sanjeev K. Sharma

PARTNER

Membership No: 88571

Place: Delhi

Date: October 1, 2014