

**STRICTLY PRIVATE & CONFIDENTIAL**

03 February, 2018

**The Board of Directors**

**Nitta Gelatin India Limited**

50/1002, Panampilly Nagar,  
Ernakulam, Kerala, India - 682036

Dear Sirs,

**Sub.: Fairness Opinion Certificate on the report on recommendation of Share Exchange Ratio by SSPA & Co. (Chartered Accountants).**

**Re.: Scheme of Amalgamation of Reva Proteins Limited with Nitta Gelatin India Limited and their respective shareholders ("Scheme").**

This has reference to the request made by the management of Nitta Gelatin India Limited (hereinafter referred to as "NGIL" or "the Company") in connection with fairness opinion on the report on recommendation of Share Exchange Ratio by SSPA & Co. (Chartered Accountants) (hereinafter referred to as "the Valuer") for issue of redeemable preference shares of the Company, in connection with proposed merger of Reva Proteins Limited (hereinafter referred to as "RPL") with the Company.

**1. PURPOSE OF SHARE EXCHANGE REPORT BY THE VALUER**

- 1.1 The Board of Directors of NGIL, has considered and approved the Scheme of Amalgamation at their meeting held on 3<sup>rd</sup> February, 2018 providing for merger of RPL with NGIL. As consideration for the merger, NGIL would issue redeemable preference shares to the equity shareholders of RPL. The appointed date for the purpose of merger is April 1, 2017. NGIL holds 1,40,60,520 equity shares representing 74.55% of the total equity share capital of RPL. NGIL also holds 1,25,00,000 Optionally Convertible Non-Cumulative Preference Shares of RPL. The existing share capital of RPL held by NGIL is proposed to be cancelled as part of the proposed merger.





- 1.2 In this regard, SSPA & Co. (Chartered Accountants) was appointed by the Company to recommend a Share Exchange Ratio for the proposed merger.
- 1.3 The information contained herein and our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per regulation 37 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations 2015') read with SEBI Circular CFD/DIL3/CIR/2017/21, dated March 10, 2017 and SEBI Circular CFD/DIL3/CIR/2018/2, dated January 2, 2018 ('SEBI Circular').

## **2. BRIEF BACKGROUND OF COMPANIES**

### **2.1 NITTA GELATIN INDIA LIMITED**

- 2.1.1 Nitta Gelatin India Limited (hereinafter referred to as 'NGIL') is Indo-Japanese joint venture between Kerala State Industrial Development Corporation Ltd., India and Nitta Gelatin Inc., Japan.
- 2.1.2 NGIL is engaged in the manufacture and sale of Gelatin, Ossein, Di Calcium Phosphate (DCP), Ossein (Limed), Chitosan and Collagen Peptide, which are used in various applications, including water treatment, healthcare, personal care, food products and animal feed. NGIL's plants are located in Kerala at Koratty, Kusumagiri, and Cherthala Taluk.
- 2.1.3 The equity shares of NGIL are listed on BSE Limited.
- 2.1.4 NGIL has invested approx. INR 28.40 crores through 1,40,60,520 equity shares (74.55% of the total equity share capital in RPL) and INR 12.50 crores through 1,25,00,000 Non-Cumulative Optionally Convertible Preference Shares (hereinafter referred to as the 'OCNCPS') in RPL

### **2.2 Reva Proteins Limited**

- 2.2.1 Reva Proteins Limited is engaged in the manufacture and sale of Limed Ossein, Ossein, Di Calcium Phosphate (DCP) and 8% Di Calcium Phosphate. Its manufacturing facility is situated at Bharuch, Gujarat.
- 2.2.2 Post FY 2015-16, business model of RPL has changed from a job processor (job work services) to an independent manufacturer and seller.





2.2.3 Further, the products manufactured by RPL are primarily supplied to its group companies.

2.2.4 Current equity shareholding pattern of the Company is as follows:

Name of shareholders	Shares	% of holding
Nitta Gelatin India Limited	1,40,60,520	74.55%
Nitta Gelatin Inc., Japan	48,00,000	25.45%
<b>Total</b>	<b>1,88,60,520</b>	<b>100.00%</b>

### 3. SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation u/s. 230 to 232 of the Companies Act, 2013 (and to the extent applicable provisions of the Companies Act, 1956)
- (b) Certified Report on Recommendation of Share Exchange Ratio for the Merger of RPL with NGIL dated 3<sup>rd</sup> February, 2018, issued by SSPA & Co (Chartered Accountants)
- (c) Certified Copy of Certificate of Incorporation and Memorandum and Articles of Association of NGIL and TLL
- (d) Audited Financial Statements of NGIL and RPL for the financial year ('FY') ended March 31, 2017.
- (e) Management certified Provisional Financial Statements of RPL for the 6 months period ended September 30, 2017 ('6ME Sep 17').
- (f) Financial Projections of RPL comprising of Balance Sheet and Statement of Profit and Loss for FY 2017-18 to FY 2022-23 as provided by the Management.
- (g) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.

  
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- (h) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data as provided by the Management.
- (i) Other such information and explanations as were required and which have been provided by SSPA & Co (Chartered Accountants).
- (j) Information available in the public domain.

#### 4. EXCLUSIONS AND LIMITATIONS

- 4.1 Conclusions reached by us are dependent on the information provided to us being complete & 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 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 certificate.
- 4.2 No investigation of the Companies' claim to title of assets has been made by us for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the account. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.3 This certificate 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.
- 4.4 Our opinion is not, nor should it be construed as our opining or certifying the compliance of proposed merger with the provision of any law including Companies,

  
M. B. Sandhi



Taxation and other regulatory provisions or as regards any legal implications or issues arising thereon. Our opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the scheme other than the fairness, from financial point of view, of the Share Exchange Ratio

- 4.5 We do not express any opinion as to the price at which shares of the Company may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third-party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Companies.
- 4.6 The Fairness Opinion is addressed only to the Board of Directors of Companies and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of Companies and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/or creditors of the Company. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Inga Capital's prior written consent. The Fairness Opinion should be read in totality and not in parts.
- 4.7 In no circumstances however, will Inga Capital or its directors, officers, employees and controlling persons of Inga Capital accept any responsibility or liability including any pecuniary or financial liability to any third party.
- 4.8 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. 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.

## 5. CONCLUSION

- 5.1 We have reviewed the approach used by the Valuer for recommending of share Exchange Ratio for the merger.
- 5.2 On the basis of the foregoing points read with regulation 37 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations 2015') and in terms of SEBI Circular CFD/DIL3/CIR/2017/21, dated March 10, 2017 and SEBI Circular CFD/DIL3/CIR/2018/2, dated January 2, 2018 ('SEBI Circular'), we are of the opinion that the recommendation made by SSPA & Co. (Chartered Accountants) is fair & reasonable with regards to Exchange Ratio for merger of RPL with NGIL which is as under:

**100 (One Hundred) redeemable preference shares of face value of INR 10/- each fully paid up in NGIL for every 108 (One Hundred Eight) equity shares of face value of INR 10/- each fully paid-up in RPL**

Thanking you,

Yours faithfully,

For Inga Capital Limited

**Mihir B Pandhi**  
**Senior Manager**  
Place: Mumbai