

Date: 28 June 2023

To,
The Board of Directors,
Umang Dairies Limited,
Gajraula Hasanpur Road,
Gajraula Jyotiba Phule Nagar,
Amroha, Uttar Pradesh 244235.

To,
The Board of Directors,
Bengal & Assam Company Limited,
7, Council House Street Kolkata,
West Bengal 700001.

To,
The Board of Directors,
Panchmahal Properties Limited,
Nehru House 4, Bahadur Shah Zafar Marg,
New Delhi 110002

Subject: Recommendation of share entitlement ratio for the proposed demerger of the 'Dairy Business' of Umang Dairies Limited ('UDL') into Panchmahal Properties Limited ('PPL').

Recommendation of share exchange ratio for the proposed amalgamation of Umang Dairies Limited ('UDL') (post proposed demerger of Dairy Business) with Bengal & Assam Company Limited ('BACL')

Dear Sir/Madam,

We refer to the engagement letter dated 18 May 2023 and discussion undertaken with the Management of Umang Dairies Limited ('UDL' or 'Demerged Company' or 'Amalgamating Company'), Bengal & Assam Company Limited ('BACL' or 'Resulting Company 2' or 'Amalgamated Company'), Panchmahal Properties Limited ('PPL' or 'Resulting Company 1') (hereinafter together referred to as 'the Management'), wherein the Management has requested Niranjan Kumar, Registered Valuer - Securities or Financial Assets ('NK') to undertake a valuation exercise and recommend:

1. Share entitlement ratio for the proposed demerger of 'Dairy Business' of UDL ('Demerged Company') into PPL ('Resulting Company 1') (hereinafter referred to as 'proposed demerger') in Step 1; and
2. Share exchange ratio for the proposed amalgamation of UDL (post giving effect of proposed demerger in Step 1) (Amalgamating Company) with BACL (Amalgamated Company) (hereinafter referred to as 'proposed amalgamation') in Step 2.

Hereinafter the Management including the Board of Directors of UDL, PPL and BACL shall together be referred to as 'the Management'; and Amalgamating Company / Demerged Company, Resulting Company 1 and Amalgamated Company / Resulting Company 2 shall together be referred to as 'Transacting Companies'.

Please find enclosed the report (comprising 21 pages including annexures) detailing our recommendation of share entitlement ratio for the proposed demerger and share exchange ratio for the proposed amalgamation, the methodologies employed, and the assumptions used in our analysis.

This report sets out our scope of work, background, sources of information, procedures performed by us and our recommendation of share entitlement ratio and share exchange ratio.



COMPANY BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Umang Dairies Limited ('UDL' or 'Demerged Company' or 'Amalgamating Company') was incorporated on 02 December 1992 and is engaged in the dairy business, wherein it processes and sells milk and milk products. Its product portfolio includes milk powder, butter, ghee, fresh cream and other value added products (hereinafter referred to as '**Dairy Business**'). UDL also undertakes trading activity. The equity shares of UDL are listed and traded on BSE and NSE.

Bengal & Assam Company Limited ('BACL' or 'Amalgamated Company' or 'Resulting Company 2') was incorporated on 30 January 1947 and is a Core Investment Company-Non-Deposit Taking-Systemically Important (CIC-ND-SI) company registered with the Reserve Bank of India (RBI). It holds investments in various subsidiaries, associates, other group companies, equity shares, mutual funds, etc. The equity shares of BACL are listed and traded on BSE. BACL holds 55.3% equity stake in UDL.

Panchmahal Properties Limited ('PPL' or 'Resulting Company 1') was incorporated on 23 May 1995. PPL is a wholly owned subsidiary of BACL.

We understand that the Management of Transacting Companies are contemplating a Scheme of Arrangement, wherein they intend to:

1. Demerge the 'Dairy Business' of UDL ('Demerged Company') into PPL ('Resulting Company 1') (hereinafter referred to as 'proposed demerger') in Step 1; and
2. Post proposed demerger in Step 1, Amalgamate UDL ('Amalgamating Company') into BACL ('Amalgamated Company') (hereinafter referred to as 'proposed amalgamation') in Step 2.

[both proposed demerger and amalgamation together referred to as Proposed Transaction]

in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force including the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued therein, in each case, as amended from time to time, and in a manner provided in the Draft Scheme of Arrangement ('the Scheme').

The rationale of the proposed demerger as mentioned in the Scheme and confirmed by the Management is to facilitate growth of Dairy Business of UDL through concentrated approach and increased operational focus. The proposed demerger will enable the structure for attracting strategic partners / investors for the Dairy business and optimum utilization of resources and achieve greater degree of operational efficiency. Further, the proposed amalgamation would result in simplified and streamlined holding structure and help in optimizing the resources and thereby reducing the compliances.

We understand that as a consideration:

- i) for the proposed demerger under Part B of the Scheme, equity shares of BACL (Holding Company of PPL) would be issued to equity shareholders of the Demerged Company; and
- ii) for the proposed amalgamation under Part C of the Scheme, equity shares of Amalgamated Company (BACL) would be issued to equity shareholders of the Amalgamating Company (UDL).

Further, as a part of the Scheme, the entire shareholding of Amalgamated Company held in Amalgamating Company shall stand cancelled.



The equity shares to be issued for the aforesaid proposed demerger and proposed amalgamation will be based on the share entitlement/ exchange ratio as determined by the Board of Directors on the basis of valuation report prepared by a Registered Valuer as required under the applicable provisions of the Companies Act, 2013.

In connection with the above-mentioned proposed transaction, the Management has appointed Niranjn Kumar, Registered Valuer- Securities or Financial Assets ('NK') to submit a report recommending share entitlement/ exchange ratio for the proposed transaction.

We would like to emphasize that certain terms of the proposed demerger and proposed amalgamation are stated in our report, however the detailed terms of the proposed demerger and proposed amalgamation shall be more fully described and explained in the Scheme of Arrangement to be submitted with relevant authorities in relation to proposed demerger and proposed amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme document.

We understand that the appointed date for the proposed demerger and proposed amalgamation shall be 01 April 2023 as defined in the Scheme or such other date as the competent authority may direct or approve. We have determined the share entitlement/exchange ratio for the proposed demerger and amalgamation as at 27 June 2023 ('Valuation Date').

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of BACL, UDL (post proposed demerger) and fair value of the Dairy Business of UDL using internationally accepted valuation methodologies as may be applicable to BACL, UDL (post proposed demerger) and the Dairy Business of UDL and then arrive at the share entitlement/ exchange ratio and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 notified by the Institute of Chartered Accountants of India (ICAI) and requirement prescribed by the Regulations applicable to listed companies as prescribed by SEBI.

The Management have informed us that:

- a) With effect from the appointed date, and up to and including the effective date, there would not be any capital variation in the Transacting Companies except by mutual consent of the Board of Directors of Transacting Companies or such other events as contemplated in the Scheme.
- b) Till the proposed demerger and proposed amalgamation becomes effective, neither of the Transacting Companies would declare any dividend which are materially different from those declared in the past few years. Any variance would need to be approved by the Board of Directors of Transacting Companies.
- c) There are no unusual/ abnormal events in the Transacting Companies other than those represented to us by the Management till the report date materially impacting their operating / financial performance.
- d) There would be no significant variation between the Draft Scheme of Arrangement and the final scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Transacting Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares/ merger/ demerger/ reduction of share capital before the Scheme becomes effective, the issue of



shares pursuant to the share entitlement/ exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

BACKGROUND OF VALUER

I am registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class - 'Securities or Financial Assets' with Registration No. IBBI/RV/06/2018/10137 located at N5 - 1003, Hills and Dales Ph 3, NIBM Annexe, Pune - 411060. I am also a practicing Chartered Accountant since 2008 and registered with The Institute of Chartered Accountants of India ('ICAI').

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SOURCES OF INFORMATION

In connection with the recommendation of share entitlement/ exchange ratio, we have used the following information obtained from the Management and/or gathered from public domain:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements of BACL and UDL for the financial year ended 31 March 2023 ('FY23');
- Management certified segmental financial statements of UDL (i.e. split between Dairy Business and remaining business) for the financial year ended 31 March 2023 ('FY23');
- Audited financial statements of JK Fenner Limited ('JKF'), LVP Foods Private Limited ('LFPL'), Divyashree Company Private Limited ('DCPL'), PPL, JK Insurance Brokers Limited ('JKIBL'), CliniRx Research Private Limited ('CRPL') for the financial year ended 31 March 2023;
- Shareholding pattern of BACL, PPL and UDL as at report date;
- Terms of redeemable preference shares issued by BACL, Hari Shankar Singhania Holdings Private Limited ('HSSHPL') and Terrestrial Foods Limited ('TFL') and outstanding as at report date including dividend rate, redemption terms, tenure, etc.;
- Financial projections of Dairy Business of UDL and JKF from 01 April 2023 to 31 March 2027 ('Management Projections') which represent Management's best estimate of the future financial performance of Dairy Business and JKF;
- Demat account statement of BACL as at 10 June 2023;
- Valuation report dated 24 June 2023 issued by Er. Ratan Dev Garg, IBBI Registered Valuer, Land and Building with respect to fair value of immovable property held as investment properties by BACL and DCPL;
- Valuation report dated 13 April 2023 issued by Er. Ram Doss Nagalingam, IBBI Registered Valuer, Land and Building with respect to fair value of immovable property held as investment properties by JKF;
- Valuation report dated 26 June 2023 issued by Devang Shah, IBBI Registered Valuer, Plant and Machinery with respect to fair value of fixed assets held by UDL (post giving effect to proposed demerger);
- Draft Scheme of Arrangement between the Transacting Companies pursuant to which proposed transaction is to be undertaken;
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects, realizability of assets, etc. of Transacting Companies and their investee companies.

B. Industry and economy information:

- Information available in public domain and databases such as Capital IQ, NSE, BSE etc.; and
- Such other information and documents as provided by the Management for the purpose of this engagement.



Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management.

The Management of the Transacting Companies have been provided with the opportunity to review the draft report (excluding the recommended share entitlement/ exchange ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our report.

BACL and UDL have informed us that D&A Financial Services (P) Limited and Kunvarji Finstock Private Limited (individually or together referred to as 'Fairness Team') have been appointed by the companies respectively to provide fairness opinion on the share entitlement/share exchange ratio for the proposed demerger and proposed amalgamation. Further, at the request of the Transacting Companies, we have had discussions with Fairness Team in respect of our valuation analysis.

PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Discussion with the Management to:
 - Understand the business and fundamental factors that affect the business of BACL, UDL and the Dairy Business of UDL including their earning generating capability and historical financial performance.
 - Enquire about the historical financial performance, current state of affairs, business plans and the future performance estimates.
- Reviewed the Draft Scheme of Arrangement between the Transacting Companies;
- Reviewed audited financial statements of BACL and UDL for the financial year ended 31 March 2023 ('FY23');
- Reviewed audited financial statements of JKF, LFPL, DCPL, PPL, JKIBL, CRPL for the financial year ended 31 March 2023;
- Reviewed the management certified segmental financial statement of UDL (i.e. split between Dairy Business and remaining business) for the financial year ended 31 March 2023 ('FY23');
- Reviewed terms of preference shares issued by BACL, HSSHPL and TFL including dividend rate, redemption terms, tenure, etc.;
- Reviewed the financial projections provided by the Management for Dairy Business of UDL and JKF including understanding basis of preparation and the underlying assumptions;
- Discussions with the Management with respect to realizability of the assets (excluding immovable property and investments) and adjustments, if any required to their existing carrying values as appearing in the financial statements of BACL, UDL (post proposed demerger) and unlisted investee companies;
- Discussion with Management in relation to existence of any liabilities, including contingent liabilities, of which an outflow has been perceived in addition to the liabilities appearing in the financial statements of BACL, UDL (post proposed demerger) and unlisted investee companies;



- Reviewed and considered valuation report dated 24 June 2023 issued by Er. Ratan Dev Garg, IBBI Registered Valuer, Land and Building with respect to fair value of immovable property held as investment properties by BACL and DCPL;
- Reviewed and considered valuation report dated 13 April 2023 prepared and issued by Er. Ram Doss Nagalingam, IBBI Registered Valuer, Land and Building with respect to fair value of immovable property held as investment properties by JKF;
- Reviewed and considered valuation report dated 26 June 2023 issued by Devang Shah, IBBI Registered Valuer, Plant and Machinery with respect to fair value of fixed assets held by UDL (post proposed demerger);
- Identification of suitable comparable companies for JKF in discussion with the Management;
- Obtained and analysed data of comparable companies available in public domain or proprietary databases subscribed by us; as deemed relevant by us for the purpose of the present exercise;
- Selection of appropriate internationally accepted valuation methodology/ (ies) after deliberations and consideration to the sector in which BACL and the Dairy Business of UDL operates and analysis of their business operations and financial performance;
- Arrived at valuation of BACL, the Dairy Business and UDL (post proposed demerger) using the method/(s) considered appropriate and giving appropriate weightage to the value arrived under different methods;
- Arrived at the fair share entitlement ratio for the proposed demerger of the 'Dairy Business' of UDL into PPL;
- Arrived at the fair share exchange ratio for the proposed amalgamation of UDL (post proposed demerger) into BACL.



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Company Overview

Umang Dairies Limited ('UDL' or 'Demerged Company') is engaged in the dairy business, wherein it processes and sells milk and milk products. Its product portfolio includes milk powder, butter, ghee, fresh cream and other value added products (hereinafter referred to as '**Dairy Business**' or '**Demerged Business**'). UDL also undertakes trading activity. The equity shares of UDL are listed and traded on BSE and NSE.

Majority of revenue for the Demerged Undertaking is derived from sale of milk powder to retail customers through its network of distributors and retailers predominantly sold in the north and north-eastern region of India. It also supplies its products to HORECA, hospitals, airlines, large corporates, etc. The Demerged Undertaking also provides private labelling services.

The manufacturing facility of Dairy Business of UDL is located in Gajraula, Uttar Pradesh. It has a capacity to process 4.5 lakh litres of milk per day.

Financial snapshot of Dairy Business of UDL is set out below:

INR in million

Particulars	FY21	FY22	FY23
Revenue	2,479.3	2,040.1	2,928.3
EBITDA (excluding other income)	136.0	(143.0)	35.1
PBT (including other income)	60.9	(196.9)	(44.8)
PAT	41.0	(142.6)	(32.6)
Net debt	376.1	542.4	539.2

FYXX: Financial year ended 31 March 20XX

The revenue has grown from INR 2,479.3 million in FY21 to INR 2,928.3 million in FY23 at a CAGR of ~8.7%. Historically, the Dairy Business of UDL has been earning profits and generating surplus cash except in FY22.

Based on our discussion with the Management, we understand that the Dairy Business of UDL incurred losses in the previous year due to an increase in raw material costs in FY22 that could not be passed on to customers immediately. The Management has informed us that during FY23, it began to gradually pass on the increase in raw material costs at periodic intervals to customers which has resulted in decrease in losses in FY23.

Bengal & Assam Company Limited ('BACL' or 'Amalgamated Company') is a core investment company, duly registered as a NBFC with Reserve Bank of India. It holds investment in subsidiaries, associates, other group companies, quoted equity shares, mutual funds, etc. Key investments of BACL include investment in listed group companies viz., JK Tyre & Industries Limited, JK Paper Limited, Umang Dairies Limited, JK Agri Genetics Limited and JK Lakshmi Cement Limited and unlisted company i.e. JK Fenner India Limited. The equity shares of BACL are listed and traded on BSE. BACL holds 55.3% equity stake in UDL.

Financial snapshot of BACL is set out below:

INR in million

Particulars	FY21	FY22	FY23
Revenue*	571.9	1,028.6	1,440.4
EBITDA (excluding other income)	508.3	958.1	1,356.5
PBT (including other income)	236.1	762.3	1,477.0
PAT	232.6	612.8	1,218.5
Net Debt	4,000.9	2,595.6	1,672.5
Book value of net assets	8,356.1	8,940.1	10,002.2

FYXX: Financial year ended 31 March 20XX

*Mainly comprise of dividend and interest income.



Overview of key investee companies:**A) Listed:**

- JK Tyre & Industries Limited ('JKTIL')** was incorporated on 14 February 1951 and is engaged in the business of development, manufacture, marketing, and distribution of automotive tyres, tubes and flaps. It offers passenger car tyre, commercial tyre for truck and buses, farm tyre, three-wheeler tyre and off the road tyres. The equity shares of JKTIL are listed on NSE and BSE.
- JK Paper Limited ('JKPL')** was incorporated on 04 July 1960 and is engaged in production and selling of papers and paper boards. JKPL offers various products like office papers, uncoated paper, coated paper, and packaging board. It offers a range of office papers from economy to premium grades. The equity shares of JKPL are listed on NSE and BSE.
- JK Agri Genetics Limited ('JKAGL')** (formerly known as Florence Alumina Limited.) was incorporated on 06 March 2000 and is engaged in manufacturing and supplying of seeds. It offers field crop seeds, as well as fodder crop seeds and plant growth solutions. The equity shares of JKAGL are listed on BSE.
- JK Lakshmi Cement Limited ('JKLCL')** (formerly known as JK Corp Limited.) was incorporated on 06 August 1938 and is engaged in the business of manufacturing cement and related products. The equity shares of JKLCL are listed on NSE and BSE.

B) Unlisted:

J.K. Fenner India Ltd. ('JKF') (formerly known as Fenner India Limited.) was incorporated on 09 April 1992 and is engaged in the business of developing, manufacturing, trading, marketing and distribution of power transmission belts, oil seals, hoses, engineering products and other auto component products. Its product portfolio comprise of power transmission belt, valve component, gear boxes/ geared motors, track assembly, gen 1 & 2 auto tensioner, idler assembly, wheel hub motor, etc.

JKF markets its products for sale to industrial and vehicle manufacturers for fitment as original equipments and for sale in replacement markets worldwide. JKF has five manufacturing plants located in India at Madurai, Sriperumpudur, Nilakkottai, Patancheru and Pashamailaram. JKF sells its product across various business segment which include OEM, auto after market, industrial product division, engineering division and export etc. BACL holds 88.18% equity stake in JKF.

Financial snapshot of JKF is set out below:

INR in million

Particulars	FY21	FY22	FY23
Revenue	7,785.8	10,506.0	12,196.1
EBITDA (excluding other income)	1,135.8	1,591.5	1,862.3
PBT (including other income)	942.1	1,362.8	1,588.4
PAT	659.6	956.3	1,113.6
Net debt	1,393.1	1,233.7	2,474.7

FYXX: Financial year ended 31 March 20XX



SHAREHOLDING PATTERN OF TRANSACTING COMPANIES**a) Umang Dairies Limited ('UDL' or 'Demerged Company' or 'Amalgamating Company')**

The equity shareholding pattern of UDL as at report date is set out below:

Category of shareholders	Number of shares (Face value of INR 5 each)	Percentage %
Promoter and Promoter Group	1,64,16,234	74.6%
Public	55,86,966	25.4%
Total	2,20,03,200	100.0%

*Of the promoter group, 1,21,68,430 (~55.3% equity stake) are held by BACL which we understand that upon Part C of the Scheme being effective, shall stand cancelled and no equity shares shall be issued to that extent. Also, no equity shares shall be issued to BACL upon Part B of the Scheme being effective.

b) Bengal & Assam Company Limited ('BACL' or 'Amalgamated Company' or 'Resulting Company 2')

The equity shareholding pattern of BACL as at report date is set out below:

Category of shareholders	Number of shares (Face value of INR 10 each)	Percentage %
Promoter and Promoter group	82,07,462	72.7%
Public	30,88,866	27.3%
Total	1,12,96,328	100.0%

The preference shareholding pattern of BACL as at report date is set out below:

Category of shareholders	Number of shares (Face value of INR 100 each)	Percentage %
JK Enviro Tech Limited	65,00,000	57.5%
Total	65,00,000	57.5%

c) Panchmahal Properties Limited ('PPL' or 'Resulting Company 1')

The equity shareholding pattern of PPL as at report date is set out below:

Name of shareholders	Number of shares (Face value of INR 10 each)	Percentage %
Bengal & Assam Company Limited*	3,51,230	100.0%
Total	3,51,230	100.0%

*60 shares are being held by other shareholders jointly with BACL.

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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;
- draft Scheme of Arrangement;
- shareholding pattern of BACL, PPL and UDL as at report date;
- audited financial statements of BACL and UDL for the financial year ended 31 March 2023;
- management certified segmental financial statements of UDL (i.e. split between Dairy Business of UDL and remaining business) for the financial year ended 31 March 2023;
- audited financial statements of JKF, LFPL, DCPL, PPL, JKIBL, CRPL for the financial year ended 31 March 2023;
- realization of cash flow projections as provided by the Management for Dairy Business of UDL and JKF and the assumptions underlying the financial projections;
- terms of preference shares issued by BACL, HSSHPL and TFL including dividend rate, redemption terms, tenure, etc.;
- realizability of the assets (except immovable property and investments) at the values carried in the books of accounts of Transacting Companies and their investee companies;
- no additional outflow towards liabilities including contingent liabilities other than those recorded in the books of accounts;
- realizability of immovable property held by BACL and DCPL at the fair value estimated by Er. Ratan Dev Garg, IBBI registered valuer vide valuation report dated 24 June 2023;
- realizability of immovable property held by JKF at the fair value estimated by Er. Ram Doss Nagalingam, IBBI registered valuer vide valuation report dated 13 April 2023;
- realizability of fixed assets of remaining business of UDL at the fair value estimated by Devang Shah, IBBI registered valuer vide valuation report dated 26 June 2023;
- accuracy of the information available in public domain with respect to the comparable companies identified including financial information;
- market price reflecting the fair value of the underlying equity shares of BACL and UDL; and
- data detailed in the section- Sources of Information.

We have been informed that the business activities of the Transacting Companies including the Demerged Business have been carried out in the normal and ordinary course between the latest available financials and the report date and that no material changes have occurred in



their respective operations and financial position between the latest available financial statements and the report date.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g., Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement, but which may strongly influence the worth of equity share of BACL, fair value of the Dairy Business and remaining business of UDL.

The recommendation rendered in this report only represent our recommendation based upon information furnished by the Transacting Companies till the date of this report and other sources, and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of share entitlement/ exchange ratio is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the share entitlement/ exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share entitlement/ exchange ratio at which the proposed demerger and proposed amalgamation shall take place will be with the Board of Directors of the Transacting Companies, who should take into account other factors such as their own assessment and input of other advisors.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of

- the accuracy of information that was publicly available; and
- the accuracy of information made available to us by the Management;

both of which form a substantial basis for the report.

We have not carried out a due diligence or audit or review of BACL or UDL including the Demerged Business for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed demerger and proposed amalgamation. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management of the Transacting Companies is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.



Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/ on behalf of the Management.

The Management has indicated to us that they have understood any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Transacting Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Transacting Companies. However, nothing has come to our attention to indicate that the information provided to us was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply, and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Transacting Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Transacting Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance if any with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report does not look into the business/ commercial reasons behind the proposed demerger and proposed amalgamation nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed demerger and proposed amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of share entitlement/ exchange ratio for the proposed demerger and proposed amalgamation only.

No investigation of the Transacting Companies' claims to title of assets has been made for the purpose of this report and the Transacting 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 accounts.

We must emphasize that realization of forecasted free cash flow or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

We would like to emphasize that the latest financials as at the report date were not provided by the Management for our value analysis, however the Management has represented that they do not expect significant changes in the net asset position between 31 March 2023 and the report date. We have therefore considered the financials as at 31 March 2023 of Transacting Companies and its respective investee companies for the purpose of our value analysis.

We would like to emphasize that for valuing the fixed assets of UDL (post proposed demerger), we have entirely relied on the valuation report dated 26 June 2023 issued by Devang Shah, IBBI Registered Valuer, Plant and Machinery. Further, for valuing the immovable property held as investment properties by JKF, BACL and DCPL respectively, we have entirely relied upon valuation report dated 13 April 2023 prepared and issued by Er. Ram Doss Nagalingam, IBBI



Registered Valuer, Land and Building; and valuation report dated 24 June 2023 issued by Er. Ratan Dev Garg, IBBI Registered Valuer, Land and Building.

Certain terms of the proposed demerger and proposed amalgamation are stated in our report, however the detailed terms of the proposed demerger and proposed amalgamation shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed demerger and proposed amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Board of Directors of the Transacting Companies who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall our liability exceed the amount as agreed in our Engagement Letter.

This valuation report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share entitlement/ exchange ratio for the proposed demerger and proposed amalgamation and relevant filing with regulatory authorities in this regard, without our prior written consent.

In addition, this report does not in any manner address the prices at which equity shares of BACL and UDL shall trade following announcements of the proposed demerger and proposed amalgamation and we express no opinion or recommendation as to how shareholders of the Transacting Companies should vote at any shareholders' meetings. Our report and the opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

Disclosure of Registered Valuers' Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Transacting Companies, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Transacting Companies or their promoters, if any or their director or their relatives. Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

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VALUATION APPROACHES

Basis and Premise of Valuation

Valuation of the equity shares of BACL, UDL (post demerger); and Dairy Business of UDL as at the report date is carried out in accordance with ICAI Valuation Standards ("ICAI VS"), considering 'fair value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Companies.

Basis of Valuation

It means the indication of the type of value being used in an engagement. Fair Value as per ICAI VS is defined as under:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the Transacting Companies is carried out on a Going Concern Value premise which is defined under ICAI VS as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc."

It is pertinent to note that the valuation of any company or business or its assets is inherently imprecise and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the business, and other factors which generally influence the valuation of the company, its business and assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

1. Market Approach:
 - a) Market Price Method
 - b) Comparable Companies Market Multiple Method
2. Income Approach – Discounted Cash Flow Method
3. Asset Approach – Net Asset Value Method



We have considered the following commonly used and accepted methods for determining the equity value of BACL, UDL (post proposed demerger); and valuation of Dairy Business of UDL for the purpose of recommending share entitlement/ exchange ratio for the proposed demerger and proposed amalgamation, to the extent relevant and applicable.

1. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

The equity shares of BACL are listed on BSE. We have therefore used the market price approach to value the equity shares of BACL as it represents the price which the equity shares would fetch in open market.

We have used the market price approach to value investment of BACL in listed subsidiaries and associates as well as other quoted investments as appropriate.

Equity shares of UDL are listed on BSE and NSE. Since the Dairy Business of UDL forms substantial portion of UDL's business operations, we have considered the market price of UDL to be representative of fair value of the Dairy Business of UDL. We have therefore used the market price approach to arrive at the fair value of Dairy Business of UDL.

b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

BACL is a Core Investment Company registered with RBI which does not carry out active business operations other than activities permitted by RBI. It derives value from the investments held by it in various subsidiaries, associates, group companies, quoted equity shares, mutual funds, etc. And therefore the value of other listed CIC companies cannot be a benchmark for valuing BACL. We have therefore not used the CCM method for arriving at the fair value of equity shares of BACL.

There were listed companies that operate in similar business as that of associate/subsidiaries of BACL. We have used the CCM method to value associates/subsidiaries of BACL as appropriate.

Dairy Business of UDL has incurred losses in the previous two years including at EBITDA level in FY22. Though the Company has earned positive EBITDA in FY23, the margins are yet to reach a sustainable level as the entire increase in input cost has not been passed on. Hence, it would not be possible to use multiples based on profitability. Use of revenue multiples of comparable companies also have not been considered given that other comparable companies are profitable. We have therefore not used the CCM method to arrive at fair value of Dairy Business of UDL.



Upon Part B of the Scheme being effective, UDL will not be left with significant business operations. We have therefore not used the CCM method to arrive at fair value of equity shares of UDL (post proposed demerger).

Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

BACL is a Core Investment Company registered with RBI which does not carry out active business operations. It derives value from the investments held by it in various subsidiaries, associates, group companies, mutual funds, etc. We have therefore not used the CTM method for arriving at the fair value of equity shares of BACL.

Based on our analysis and discussion with the Management, we understand that there are no recent comparable transactions, data of which is available in public domain, involving companies of similar nature and having similar operating/ financial metrics as that of Dairy Business. We have therefore not used the CTM method to arrive at the fair value of Dairy Business of UDL.

Upon Part B of the Scheme being effective, UDL will not be left with significant operating business. We have therefore not used the CTM method to arrive at fair value of equity shares of UDL (post proposed demerger).

2. Income Approach – Discounted Cash Flow Method ('DCF')

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the terminal value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available for distribution to both the owners of and lenders to the business. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows are discounted by the Weighted Cost of Capital (WACC) to arrive at the enterprise value. The WACC represents the returns required by the investors of both debt and equity weighed to their relative funding in the entity.

BACL is a Core Investment Company registered with RBI which does not carry out active business operations. It derives value from the investments held by it in various subsidiaries, associates, group companies, mutual funds, etc. We have therefore not used the DCF method for arriving at the fair value of equity shares of BACL.

We have used DCF method to value subsidiaries of BACL as appropriate.

Dairy Business of UDL was profitable and generating surplus cash prior to FY22. However, it incurred losses in previous two years due to market factors and its inability to pass on the increase in raw material prices. Though the Dairy Business of UDL has incurred losses in previous two years, going forward the Management expects the Dairy Business to make profits and generate surplus cash as it believes necessary steps to turn the business profitable have been taken. We have therefore used DCF Method to value the Dairy Business.

Upon Part B of the Scheme being effective, UDL will not be left with significant operating



business. We have therefore not used the DCF method to arrive at fair value of equity shares of UDL (post proposed demerger).

3. Asset Approach - Net Asset Value Method ("NAV")

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for a business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

BACL is a Core Investment Company registered with RBI which does not carry out active business operations. It derives value from the investments held by it in various subsidiaries, associates, group companies, mutual funds, etc. The NAV method is particularly suitable for investment companies due to their primary focus on holding and managing investments. We have therefore used the NAV method to arrive at the fair value of equity shares of BACL as it is a commonly used method for valuation of such companies.

We have also used NAV to value subsidiaries/investments of BACL as appropriate.

In the present case, UDL would demerge its Dairy Business into PPL on a going concern basis and there is no intention to dispose-off the assets. In such a going concern scenario, the relative earning generating capability, as reflected under the income and market approaches is of greater importance for arriving at the value as compared to the value arrived on the NAV basis considering the realizable value of the assets recorded in the books.

Further, we understand from the Management that the Dairy Business of UDL have self-generated intangibles in the form of proprietary brands, network of distributors, etc which are currently not recorded in the financial statements of UDL hence the value arrived under NAV method will not represent the intrinsic value of its business. We have therefore not used this method to determine the fair value of Dairy Business of UDL.

Upon Part B of the Scheme being effective, UDL will not be left with significant operating business. Post proposed demerger, UDL would derive value from assets held by it. We have therefore used NAV method to arrive at the fair value of equity shares of UDL (post proposed demerger).



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RECOMMENDATION OF SHARE ENTITLEMENT/ EXCHANGE RATIO FOR THE PROPOSED DEMERGER AND PROPOSED AMALGAMATION

Different values have been arrived under each of the above methodologies. However, for the purpose of arriving at the final fair value it is necessary to give appropriate weights to the value arrived under each methodology. Weights have to be assigned after giving due considerations to qualitative factors relevant to the Transacting Companies.

The share entitlement/ exchange ratio has been arrived at on the basis of a relative (and not absolute) equity value of the Amalgamating Company and Amalgamated Company, and fair value of Demerged Business for the proposed demerger and proposed amalgamation based on the various methodologies mentioned herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations. Suitable rounding off have been carried out wherever necessary to arrive at the fair share entitlement/ exchange ratio.

It should be noted that we have not examined any other matter including economic rationale for the proposed demerger and proposed amalgamation per se or accounting, legal or tax matters involved in the proposed demerger and proposed amalgamation.

Refer Annexure 1 and Annexure 2 for value per share under different methods prescribed and the share entitlement/ exchange ratio.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above including scope, limitations and assumptions described in this report the share entitlement/ exchange ratio is set out below:

To the equity shareholders of UDL:

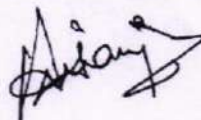
a) For proposed demerger of Dairy business into BACL:

"1 (One) equity share of BACL having face value of INR 10 each fully paid up shall be issued for every 92 (Ninety Two) equity shares held in UDL having face value of INR 5 each fully paid up."

b) For proposed amalgamation of UDL (post proposed demerger) with BACL:

"1 (One) equity share of BACL having face value of INR 10 each fully paid up shall be issued for every 14,652 (Fourteen Thousand Six Hundred and Fifty Two) equity shares held in UDL having face value of INR 5 each fully paid up."

Respectfully submitted,



Niranjn Kumar
Registered Valuer- Securities or Financial Assets
IBBI Registration Number: IBBI/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN: 23121635BGUWUN5308



Date: 28 June 2023



Annexure 1

Summary of share entitlement ratio:

Demerger of Dairy Business (i.e., Demerged Business) of UDL ('Demerged Company') into PPL ('Resulting Company 1') i.e. a wholly owned subsidiary of BACL:

Valuation approach	BACL (A)		Demerged Business of UDL (B)	
	Amalgamated Company		Demerged Company	
	Weights	Value per share (Amt in INR)	Weights	Value per share (Amt in INR)
Market Approach				
- Market Price Method	80.0%	4,724.42	50.0%	62.17
- Comparable Companies Multiple ('CCM') Method	0.0%	NA*	0.0%	NA#
Income Approach - Discounted Cash Flow ('DCF') Method	0.0%	NA*	50.0%	62.64
Net Asset Value Method	20.0%	9,806.66	0.0%	NA@
Relative value per share		5,740.86		62.40
Share entitlement ratio (rounded off) (A/B)				92.00

NA: Not Applicable

Note: Suitable rounding has been carried out while arriving at the above-mentioned share entitlement ratio.

Notes:

[^] BACL is a Core Investment Company registered with RBI which does not carry out active business operations. It derives value from the investments held by it in various subsidiaries, associates, group companies, mutual funds, etc. We have therefore not used the DCF method for arriving at the fair value of equity shares of BACL.

^{*} BACL is a Core Investment Company registered with RBI which does not carry out active business operations other than activities permitted by RBI. It derives value from the investments held by it in various subsidiaries, associates, group companies, quoted equity shares, mutual funds, etc. And therefore the value of other listed CIC companies cannot be a benchmark for valuing BACL. We have therefore not used the CCM method for arriving at the fair value of equity shares of BACL.

[#] Dairy Business of UDL has incurred losses in the previous two years including at EBITDA level in FY22. Though the Company has earned positive EBITDA in FY23, the margins are yet to reach a sustainable level as the entire increase in input cost has not been passed on. Hence, it would not be possible to use multiples based on profitability. Use of revenue multiples of comparable companies also have not been considered given that other comparable companies are profitable. We have therefore not used the CCM method to arrive at fair value of Dairy Business of UDL.

[@] In the present case, UDL would demerge its Dairy Business into PPL on a going concern basis and there is no intention to dispose-off the assets. In such a going concern scenario, the relative earning generating capability, as reflected under the income and market approaches is of greater importance for arriving at the value as compared to the value arrived on the NAV basis considering the realizable value of the assets recorded in the books. Further, we understand from the Management that the Dairy Business of UDL have self-generated intangibles in the form of proprietary brands, network of distributors, etc which are currently not recorded in the financial statements of UDL hence the value arrived under NAV method will not represent the intrinsic value of its business. We have therefore not used the NAV method to determine the fair value of Dairy Business of UDL.



Annexure 2

Summary of share exchange ratio:

Amalgamation of UDL (post proposed demerger) ('Amalgamating Company') into BACL ('Amalgamated Company'):

Valuation approach	BACL (A)		UDL (B)	
	Amalgamated Company		Amalgamating Company	
	Weights	Value per share (Amt in INR)	Weights	Value per share (Amt in INR)
Market Approach				
- Market Price Method	80.0%	4,724.42	0.0%	NA*
- Comparable Companies Multiple ('CCM') Method	0.0%	NA*	0.0%	NA@
Income Approach - Discounted Cash Flow ('DCF') Method	0.0%	NA*	0.0%	NA@
Net Asset Value Method	20.0%	9,806.66	100.0%	0.39
Relative value per share		5,740.86		0.39
Share exchange ratio (rounded off) (A/B)				14,652.00

NA: Not Applicable

Note: Suitable rounding has been carried out while arriving at the above-mentioned share exchange ratio.

Notes:

* BACL is a Core Investment Company registered with RBI which does not carry out active business operations other than activities permitted by RBI. It derives value from the investments held by it in various subsidiaries, associates, group companies, quoted equity shares, mutual funds, etc. And therefore the value of other similar CIC companies cannot be a benchmark for valuing BACL. We have not used the CCM method for arriving at the fair value of equity shares of BACL.

^ BACL is a Core Investment Company registered with RBI which does not carry out active business operations. It derives value from the investments held by it in various subsidiaries, associates, group companies, mutual funds, etc. We have therefore not used the DCF method for arriving at the equity value of BACL.

Upon Part B of the Scheme being effective, the Dairy Business of UDL which forms substantial portion of UDL's business operations will be demerged. UDL would not have significant operating business remaining post proposed demerger and therefore, the market price of UDL is not representative of value of remaining business of UDL. We have therefore not used the market price approach to arrive at the fair value of equity shares of UDL (post proposed demerger).

@ Upon Part B of the Scheme being effective, UDL will not have significant operating business remaining. We have therefore not used the CCM method, or DCF method to arrive at fair value of equity shares of UDL (post proposed demerger).



BENGAL & ASSAM COMPANY LIMITED

Secretarial Deptt. : 'Gulab Bhawan', 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi - 110 002
Telephone: 011 - 68201888, 68201899, Fax: 011-23739475

CS Undertaking regarding ValuationDate: 17th July, 2023

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

BSE – 533095

Dear Sir/ Madam,


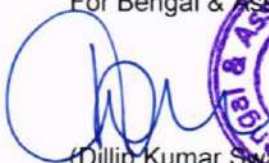
Subject: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the proposed Scheme of Arrangement amongst Umang Dairies Limited ("Demerged Company"/ "Amalgamating Company"), Panchmahal Properties Limited ("Resulting Company 1") and Bengal & Assam Company Limited ("Resulting Company 2"/ "Amalgamated Company") and their respective shareholders and creditors, presented under Section 230-232 read with other applicable provisions of the Companies Act, 2013

This is to certify/confirm that: -

- (i) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation; and
- (ii) There are no past defaults of listed debt obligations of the entities forming part of the scheme.

Thanking you,

Yours faithfully,
For Bengal & Assam Company Limited



(Dillip Kumar Swain)
Company Secretary & Compliance Officer
Membership No.: FCS 4113

