



FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME
OF AMALGAMATION

between

Nahar Industrial Enterprises Limited

and

Cotton County Retail Limited

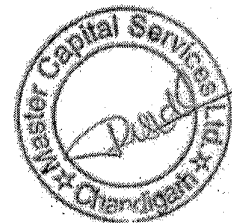
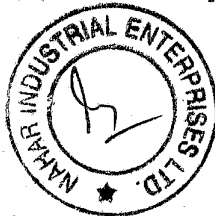
By

Master Capital Services Limited

SCO 22-23, Sector 9D,
Madhya Marg,
Chandigarh - 160009

SEBI Registered Category I Merchant Banker
SEBI Registration No. INM000000107

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Aug 27, 2021

The Board of Directors
Nahar Industrial Enterprises Limited
Focal Point,
Ludhiana - 141010

The Board of Directors
Cotton County Retail Limited ("CCRL")
Premises of Nahar Industrial Enterprises Limited
Focal Point
Ludhiana - 141010, Punjab

Dear Sirs,

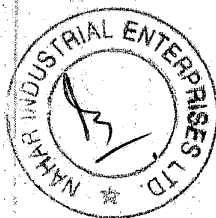
Sub.: Fairness Opinion Report on the recommendation of Share Exchange Ratio by Pankaj Bhalla (Chartered Accountant- IBBI/RV/06/2020/13265) Registered valuer

Re.: Scheme of arrangement for amalgamation of Cotton County Retail Limited ("CCRL" or the "Transferor Company") with Nahar Industrial Enterprises Limited ("NIEL" or the "Transferee Company") and their respective shareholders and creditors ("Scheme").

This has reference to the request made by the management of Nahar Industrial Enterprises Limited in connection with fairness opinion on the report on recommendation of Share Exchange Ratio by Pankaj Bhalla (Chartered Accountant- IBBI/RV/06/2020/13265) Registered valuer, (hereinafter referred to as "the Valuer") for issue of Equity Shares of the NIEL to the equity shareholders of CCRL, in connection with proposed amalgamation of CCRL with NIEL pursuant to a Scheme of Amalgamation under section 230 to 232 and other applicable clauses of the companies Act, 2013 ("Scheme").

Further we refer to the SEBI directions notified to the company by stock exchanges vide letter dated August 03, 2021 that financials of the companies to be considered for the valuation purposes should not be older than three months while filing the same with the exchange.

Accordingly we have considered audited financials of CCRL for the period ended on July 31, 2021 for arriving at the value per share under 'Net Asset Value'. For NIEL, value under

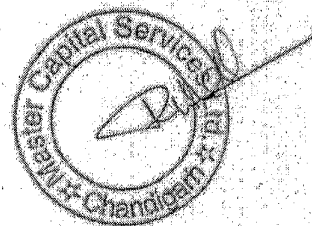


market approach method is determined considering the share price observed on NSE as prescribed under the SEBI (ICDR) Regulations 2018 read with SEBI Circular CFD/DIL3/CIR/2017/21, dated March 10, 2017. We have considered the Relevant date as August 27, 2021.

We have accordingly revised our earlier fairness opinion report dated March 20, 2021 taking into account observations of the stock exchanges and the revised valuation report of Pankaj Bhalla(Chartered Accountant- IBBI/RV/06/2020/13265), Registered valuer to the dated August 27, 2021. This report supersedes the previous reports and all communications.

1. PURPOSE OF SHARE EXCHANGE REPORT BY THE VALUER

- 1.1 The Board of Directors of NIEL has considered and approved the Scheme of Amalgamation at their meeting held on Aug 27, 2021 providing for amalgamation of CCRL with NIEL. As consideration for the arrangement, NIEL would issue Equity Shares to the equity shareholders of CCRL.
- 1.2 In this regard, Pankaj Bhalla(Chartered Accountant) Registered valuer was appointed by the Company to recommend a Share Exchange Ratio for the proposed amalgamation.
- 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 of Securities and Exchange Board of India (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") modified by Circular No. SEBI/HO/CFD/DIL1/CIR/P/2019/192 dated 12th September, 2019 and as also modified by Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 and all other applicable circulars and regulations issued by SEBI in this respect.



2. BRIEF BACKGROUND OF COMPANIES

2.1 Nahar Industrial Enterprises Limited

2.1.1 Nahar Industrial Enterprises Limited (NIEL / Transferee company/ Amalgamated company) NIEL was incorporated on 27th September, 1983 as a Public Limited company under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana at New Delhi. The name of the company was changed to Nahar Industrial Enterprises Limited w.e.f. 21st October, 1994.

2.1.2 The registered office of the Company was changed from NCT of Delhi to the State of Punjab w.e.f. 31st May, 1996. NIEL is having its registered office at Focal Point, Ludhiana - 141010. The Corporate Identification Number (CIN) of the Company is L15143PB1983PLC018321.

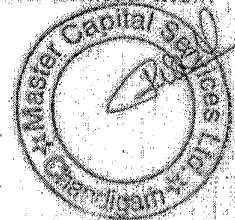
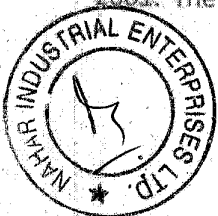
2.1.3 NIEL is a vertically integrated textile company engaged in the manufacture of cotton/ blended and dyed yarn, greige and processed fabrics. Besides Textiles, NIEL is also engaged in the manufacture of sugar.

2.1.4 NIEL is a Listed Company and equity shares of the company are listed on the BSE Ltd. and National Stock Exchange of India Ltd.

2.1.5 The Authorised share capital of the Company is Rs. 175,00,00,000/- divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 1,25,00,000 - 5.5% Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each and issued, subscribed and paid up share capital of the Company is Rs. 1,56,03,51,410/- divided into 3,98,35,141 Equity Shares of Rs. 10/- each and 1,16,20,000 - 5.5% Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each.

2.2 Cotton County Retail Limited

2.2.1 Cotton County Retail Limited (CCRL / Transferor Company/ Amalgamating Company) was originally incorporated as Creative Textrade Private Limited on 5th November, 2001. The name of the company was changed to Cotton County Retail Limited w.e.f.



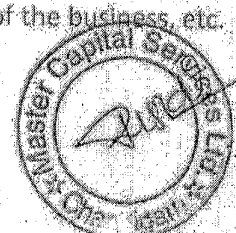
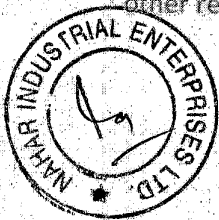
16th May, 2008. The Corporate Identification Number (CIN) of the company is U51311PB2001PLC024753.

- 2.2.2 CCRL is having its registered office at the Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana -141010.
- 2.2.3 CCRL is an unlisted public Company and an Associate Company of the Transferee company.
- 2.2.4 The Authorised share capital of the Company is Rs.30,50,00,000/- divided into 3,05,00,000 Equity of Rs. 10/- each and issued, subscribed and paid up share capital of the Company is Rs. 21,46,32,400/- divided into 2,14,63,240 Equity Shares of Rs.10/- each.

3. SOURCES OF INFORMATION

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

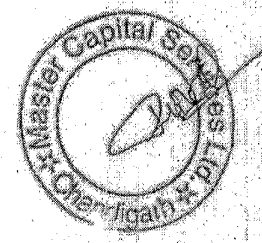
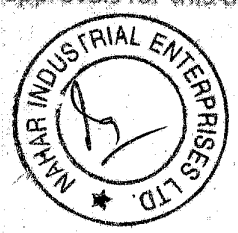
- (a) Draft Scheme of Amalgamation under section 230 to 232 and other applicable clauses of the companies Act, 2013 ("Scheme").
- (b) Certified Report on Recommendation of Share Exchange Ratio for amalgamation of NIEL with CCRL dated Aug. 27, 2021, issued by Pankaj Bhalla (Chartered Accountant-IBBI/RV/06/2020/13265) Registered valuer.
- (c) Certified Copy of Certificate of Incorporation and Memorandum and Articles of Association of NIEL and CCRL.
- (d) Audited Financial Statements of NIEL and CCRL for the financial year ("FY") ended March 31, 2021.
- (e) Audited Financial Statements of CCRL for the 4 months period ended July 31, 2021 ('4 M July 21').
- (f) Un-Audited Financial Results of NIEL for the 3 months period ended June 30, 2021 ('3M June 21').
- (g) Discussions with the Management of NIEL and CCRL 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.



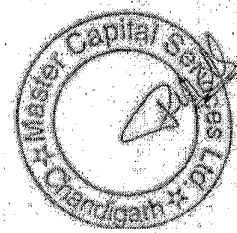
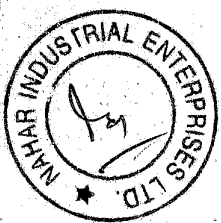
- (h) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data as provided by the Management of NIEL and CCRI.
- (i) Other such information and explanations as were required and which have been provided by Pankaj Bhalla (Chartered Accountant IBBI/RV/06/2020/13265) Registered valuer.
- (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, 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 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 Master Capital Services Limited prior written consent. The Fairness Opinion should be read in totality and not in parts.
- 4.7 In no circumstances however, will Master Capital Services Limited or its directors, officers, employees and controlling persons of Master Capital Services Limited 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 proposed amalgamation.
- 5.2 On the basis of the foregoing points read with regulation 37 of the 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 Pankaj Bhalla (Chartered Accountant- IBBI/RV/06/2020/13265-Registered valuer) valuation report dated 27th Aug 2021 is fair & reasonable with regards to Exchange Ratio for merger of NIEL and CCRL which is as under:

- For Equity Shareholders:

3 (Three) Equity Shares of NIEL of face value INR 10/- each for every 10 (Ten) equity shares of CCRL of INR 10/- each.

Thanking you,

Yours faithfully,

For Master Capital Services Limited



(Authorised Signatory)

Category I Merchant Banker

SEBI Regn. No.: INM000000107

Place: Chandigarh

Date: Aug 27, 2021

