

SSPA & CO.

Chartered Accountants

1st Floor, "Arjun", Plot No. 6 A,

V. P. Road, Andheri (W),

Mumbai - 400 058. INDIA.

Tel. : 91 (22) 2670 4376

91 (22) 2670 3682

Fax : 91 (22) 2670 3916

Website : www.sspa.in

STRICTLY PRIVATE & CONFIDENTIAL

October 24, 2017

The Board of Directors

Allied Blenders and Distillers Private Limited

Ashford Centre, 3rd and 4th Floor,

Shankarrao Naram Marg,

Lower Parel (West),

Mumbai – 400 013.

The Board of Directors

BKC Enterprises Private Limited

394-C, Lamington Chambers,

Lamington Road,

Mumbai – 400 004

Re: Recommendation of fair share exchange ratio in connection with proposed amalgamation of BKC Enterprises Private Limited into Allied Blenders and Distillers Private Limited

Dear Sirs,

We have been requested by the management of Allied Blenders and Distillers Private Limited (hereinafter referred to as "ABDPL") and BKC Enterprises Private Limited (hereinafter referred to as "BKCEPL") (collectively referred to as "Companies") to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of BKCEPL into ABDPL.

1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1. We have been given to understand that in order to *inter alia* simplify the shareholding structure of ABDPL and reduce shareholding tiers for the promoters of ABDPL it is proposed that BKCEPL will amalgamate into ABDPL in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 (hereinafter referred to as "Scheme of Amalgamation"). Subject to necessary approvals, BKCEPL would be merged with ABDPL, with effect from appointed date of April 1, 2017.



- 1.2. In this regard, we have been requested to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of BKCEPL into ABDPL.

2. BRIEF BACKGROUND OF COMPANIES

2.1. ALLIED BLENDEES AND DISTILLERS PRIVATE LIMITED

ABDPL, is a company incorporated under the Companies Act, 1956 having its registered office at 394-C, Lamington Chambers, Lamington Road, Mumbai – 400 004. ABDPL is engaged in manufacturing, marketing and sale of alcoholic beverages in India and overseas market. ABDPL possesses a strong sales and distribution network nationally and a pan-India manufacturing base that includes 38 manufacturing / bottling units. ABDPL has 15 sales offices across the country. ABDPL's brand portfolio include Officer's Choice Whiskey, Officer's Choice Blue Whiskey, Officer's Choice Black Whiskey, Jolly Roger Rum, Class 21 Vodka, Officer's Choice Brandy, Lord & Master brandy and Kyron Premium Brandy.

2.2. BKC ENTERPRISES PRIVATE LIMITED

BKCEPL is a company incorporated under the Companies Act, 1956 having its registered office at at 394-C, Lamington Chambers, Lamington Road, Mumbai – 400 004. BKCEPL does not carry out any operations. BKCEPL holds ~98.72% stake in ABDPL as on the date of the report.

3. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Audited financial statements of BKCEPL for the financial year 2016-17.
- (b) Current shareholding pattern of BKCEPL and ABDPL as provided by the Management of the Companies.
- (c) Such other information and explanations as we required and which have been provided by the management of ABDPL and BKCEPL.



4. LIMITATIONS

- 4.1. Our recommendation is dependent upon the information furnished to us being complete in all material respects.
- 4.2. This report has been prepared for the Board of Directors of ABDPL and BKCEPL solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of BKCEPL into ABDPL.
- 4.3. The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of the Companies, and only in connection with the proposed Amalgamation as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Amalgamation as aforesaid, can be done only with our prior permission in writing.

5. BASIS FOR DETERMINATION OF RATIO

- 5.1. We have been informed by the management of BKCEPL that they currently hold 4,65,10,231 equity shares in ABDPL. Upon Amalgamation of BKCEPL into ABDPL, the shareholders of BKCEPL would be entitled to the same number of shares of ABDPL which they own on the effective date of the proposed amalgamation indirectly through their holding in BKCEPL. Pursuant to the amalgamation, there would be no change in the paid-up capital of ABDPL.
- 5.2. The cash balance prior to effective date will be utilised to meet the costs, fees and expenses including stamp duties payable on issue of new shares in relation to the proposed amalgamation.

6. RECOMMENDED RATIO

- 6.1. Based on above, we recommend a fair equity share exchange ratio as follows:
4,65,10,231 equity shares of ABDPL (face value of INR 10 each) to be issued and allotted to shareholders of BKCEPL in the proportion of the number of equity shares held by the shareholders in BKCEPL in the event of Amalgamation of BKCEPL into ABDPL.



- 6.2. We believe that the above ratio is fair and equitable considering that all shareholders of BKCEPL are and will, upon amalgamation, remain ultimate beneficial owners in ABDPL in the same ratio (inter-se) as they hold shares prior to the amalgamation and that the interest of other shareholders in ABDPL remains unaffected.

Thanking you,
Yours faithfully,

SSPA & Co



SSPA & CO.
Chartered Accountants
Firm registration number: 128851W

Place: Mumbai