



# CORPORATE STRATEGIC ALLIANZ LTD.

July 25, 2013

To,  
The Board of Directors  
Sitashree Foods Products Limited

Dear Sir,

**Subject: Fairness Opinion for the proposed merger of GG Real Estate Private Limited ("GGREPL") with Sitashree Foods Products Limited (SFPL) pursuant to the Scheme of Amalgamation and Arrangement**

Dear Sirs,

We, Corporate Strategic Allianz Limited ('CSAL'), refer to our engagement letter dated July 17, 2013 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by M K Shah and associate, Chartered Accountants, vide its valuation report dated June 22, 2013 pursuant to Clause 24 (f) of Listing Agreement for the proposed merger of GG Real Estate Private Limited ("GGREPL" or "Transferor Company") with Sitashree Foods Products Limited ("SFPL" or "Transferee Company") pursuant to the Scheme of Amalgamation/Arrangement ("Proposed Transaction").

## 1) Background

### Sitashree Foods Products Limited ("SFPL")

The Company was originally incorporated as "Sitashree Food Products Limited" on April 17, 1996 under the Companies Act, 1956 with Registrar of Companies. The Registered office of the Company is situated at 332/4/2, R.D. Udyog Nagar, Palda, Indore, Madhya Pradesh- 452001. The Company is engaged in the business of food processing. The equity shares of Sitashree Foods Products Limited are listed with the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

### Shareholding Pattern as on May 17, 2013

Category	Shareholding of Equity Shares (%)
Promoter	54.91%
Public	45.09%
<b>Total</b>	<b>100.00%</b>

### Financials Summary:

Particulars	₹ in Crore)	
	2012-13	2011-12
Total Income	213.04	144.25
Total Expenditure	212.19	142.67
Profit Before Tax	0.84	1.58
Profit After Tax	(0.86)	0.99

Note: Standalone Financials

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**GG Real Estate Private Limited ("GGREPL")**

The entire equity share capital of GG Real Estate Private Limited ("GGREPL") which is held by Sitashree Foods Products Limited ("SFPL") was incorporated on November 14, 2007 for carrying out the Real Estate Development, Land Development, Area Estate and Site Development etc.

**Financial Summary**

(₹ in Crore)

Particulars	2012-13	2011-12
Total income	7.20	2.70
Total Expenditure	5.19	2.40
Profit/(Loss) Before Tax	2.01	0.30
Profit/(Loss) After Tax	1.36	0.21

**2) Scheme of Amalgamation and Arrangement**

We understand that the Board of Directors of the Transferor Company as well as Board of Directors of the Transferee Company have considered and proposed the amalgamation of the Transferor Company with the Transferee Company in order to benefit the stakeholders of the transferee company. Accordingly, the Board of Directors of the Transferor Company and the Transferee Company have formulated this Scheme for Amalgamation/Arrangement of the Transferor Company with and into the Transferee Company pursuant to the provisions of Section 391 to 394 and other relevant provisions of the Companies Act, 1956.

**3) Scope of Engagement**

For the aforesaid purpose, the Board of Sitashree Foods Products Limited has appointed us to issue a fairness opinion for the Proposed Transaction as per the requirement of SEBI and Stock Exchanges. This report is intended only for the sole use of Sitashree Foods Products Limited and in connection with the Proposed Transaction including for the purpose of obtaining judicial and regulatory approvals for the amalgamation/arrangement.

**4) Sources of information**

We have relied on the following information in issuing this fairness opinion for the purpose of the amalgamation:

1. Scheme of Amalgamation and Arrangement between SFPL and GGREPL
2. Audited Financials of SFPL and GGREPL for the year 2011-12 and 2012-13;
3. Report of the Audit Committee of SFPL
4. Valuation Report of M K Shah and associate. Chartered Accountant, dated June 22, 2013.
5. Such other information, documents, data, reports, discussion and verbal and written explanations from SFPL as well as advisors for merger/amalgamation to SFPL, public domain websites, as were considered relevant for the purpose of the Fairness Opinion.

**5) Our Recommendation**

For the purpose of this Scheme, It is hereby clarified that the Transferor Company is directly or indirectly wholly owned by the Transferee Company and therefore there would be no issue of share by the Transferee Company in this regard. Upon the Scheme becoming effective and with effect from the Appointed Date April 1, 2012, the entire paid up share capital in the Transferor Company fully held by the Transferee Company on the effective Date shall be extinguished and shall stand extinguished and shall be deemed to be extinguished and all such equity shares of the Transferor Company held by the



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Transferee Company (either in its own name or held in the name of its nominee(s)) shall be cancelled and shall be deemed to be cancelled without any further application, act or deed.

We state that in our opinion the Scheme of Amalgamation and Arrangement seems fair and reasonable.

We hereby give our consent to present and disclose the Fairness Opinion to the Shareholders, Stock Exchanges, High Court, Registrar of Companies, Regulatory authorities etc.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Report.

Thanking you,

Yours faithfully,

**For Corporate Strategic Allianz Limited**

  
**Devendra Shah**  
**(Managing Director)**

