

FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME OF ARRANGEMENT

amongst

CHORDIA FOOD PRODUCTS LIMITED

and

AVEER FOODS LIMITED

By



Navigant

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Notice to Reader

Navigant Corporate Advisors Limited ("Navigant" / "NCAL" or "Authors of the Report") is a SEBI registered 'Category I' Merchant banker in India and was engaged by Board of Directors of Chordia Food Products Limited (herein after referred as "CFPL") to prepare an Independent Fairness Opinion Report ("Report") with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Swap ratio determined by M/s Hareesh Upendra & Co., Chartered Accountants ("HUC") an Independent Valuer for the purpose of intended proposed Demerger of "Food Division" of Chordia Food Products Limited ("CFPL") into Aveer Foods Limited (AFL).

CFPL and AFL are collectively referred as "Companies".

The Fairness Opinion Report ("Report") has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap ratio (hereinafter referred as Valuation Report) prepared by HUC as an independent valuer. The report does not give any valuation or suggest any swap ratio, However this report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

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Executive Summary

Purpose: Express an independent Fairness Opinion and assessment with respect to fairness of Valuation Report and Swap ratio determined by HUC for the proposed Demerger of Food Division of CFPL into AFL.

Background of the Companies

CHORDIA FOOD PRODUCTS LIMITED

Chordia Food Products Limited was incorporated on 20th January 1982 under the Companies Act, 1956, in the State of Maharashtra. The Corporate Identity Number (CIN) of Chordia Food Products Limited is L15995PN1982PLC026173. The registered office of Chordia Food Products Limited is situated at Plot No 399/400 S. No. 398 Tal. Shirwal, Village Sangvi, Satara, Maharashtra - 412801. Chordia Food Products Limited is a Manufacturer of processed fruits and vegetables in Western India and has been successfully selling its products under the brand name of Pravin, Navin, Toofan and Suhana-Pravin for more than three decades. Currently, the company is having two business divisions; Food Division & Food Infra Division.

At present, Equity Shares of the Company are listed on the BSE Limited ("BSE").

AVEER FOODS LIMITED:

Aveer Foods Limited was incorporated on 11th April 2019 under the Companies Act, 2013. The Corporate Identity Number (CIN) of Aveer Foods Limited is U15549PN2019PLC183457. The registered office of Aveer Foods Limited is situated at Plot 55/A/5 6, Hadapsar Industrial Estate, 1 Pune - 411013. Aveer Foods Limited is incorporated to carry out the business of manufacturing of food products and dealing in Agricultural, Horticultural and Farm produce. On 14.08.2019, AFL became wholly-owned subsidiary of CFPL.

Transaction Overview and Rational

It is proposed to demerge the Demerged Undertaking (Food Division) of Chordia Food Products Limited into Aveer Foods Limited by the Scheme, as a result of which the following benefits shall, inter-alia, accrue to the shareholders and stakeholders of CFPL.

The following rational are envisaged:



- Segregation of business of the Demerged Company into Resulting Company in a manner provided in this scheme resulting into enhanced strategic flexibility to build a viable platform solely focusing on each of the business.
- Allowing management of each company to pursue independent growth strategies and unlock significant value for shareholders.
- Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flow, attracting right investors and thus enhancing flexibility in accessing capital.
- Provide scope of separate companies for independent collaboration and expansion including expanding potential Clients/Customer market for each business.
- Ameer Foods Limited will acquire the Food Division on going concern basis from Chordia Food Products Limited. Chordia Food Products Limited will focus on other commercial activities/businesses mainly Food Infra Business and all other businesses including contract manufacturing. The demerger will ensure focused management attention and resources and skill set allocation.

Information relied upon:

We have prepared the fairness opinion report on the basis of the information provided to us and inter alia the following:

- Share Exchange ratio report by M/s Haresh Upendra & Co., Chartered Accountants ("HUC") dated 4th February 2020.;
- Other information and explanations as provided by the management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the valuation report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

Valuation Summary:

Upon the scheme becoming effective, the beneficial economic interest of the shareholders of CFPL in the paid up equity shares of AVL would be same. All the shareholders of CFPL would also become the shareholders of AFL, and their shareholding in AFL would mirror to their shareholding in CFPL. The effect of demerger is that each shareholder of CFPL would be allotted shares of AFL in the



same proportion as in CFPL and thus would become shareholders of AFL also. All the equity shares held by CFPL and its nominee(s) shall stand cancelled, extinguished without any further act, instrument or deed. The percentage holding of a shareholder in CFPL (post-demerger) would remain unchanged in AFL.

In the current instance, the determination of Fair Share Entitlement Ratio would not have any economic impact on the ultimate value of the shareholders of CFPL and the proposed restructuring will be value-neutral to the shareholders of CFPL.

Accordingly, the Board of Directors of CFPL and AFL have proposed a share exchange ratio for the scheme having regard to the following factors:

- Desirable capital structure; and
- Serviceability of Capital.

So a detailed valuation to determine the swap ratio is not required, accordingly, fair valuation of equity shares has not been carried out.

CONCLUSION ON FAIR VALUE AND SHARE EXCHANGE RATIO RECOMMENDED BY HUC:

Given the above context, AFL shall, without any further act or deed and without any further payment, issue and allot the equity shares at par on a proportionate basis to each member of CFPL whose name is recorded in the register of members of CFPL as holding equity shares as may be recognized by the Board of Directors of CFPL in the following proportion.

"for every 1 (one) equity share of face value of INR 10 each held in CFPL, as on record date, every equity shareholder of CFPL shall without any application, act or deed be entitled to receive 1 (one) equity share of face value of INR 10 each of AFL, credited as fully paid up."

Based on above and considering that all the shareholders of CFPL are and will upon demerger, become shareholders of AFL holding economic interest in the same proportion as they hold in CFPL, the proposed share entitlement ratio is fair to the shareholders of CFPL in relation to the demerger.

It is to be noted that share exchange ratio was arrived at assuming that AFL and CFPL will continue in operation in unhindered manner for the future as at present on a pre demerger standalone basis (going concern).

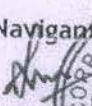


Our Fairness Opinion:

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as on the date thereof, the share exchange ratio as recommended by the valuer in relation to the proposed demerger of Food Division of CFPL into AFL is fair, from a financial point of view.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

For Navigant Corporate Advisors Ltd.


Sarthak V. Jain
Managing Director

Date: 5th February, 2020
Place: Mumbai

