

November 04, 2015

To,
Mr. Veqarul Amin,
Director,
Super Tannery Limited
187/170, Jajmau Road, Kanpur,
Uttar Pradesh-208010

Sub: Fairness Opinion on report issued by M/s. Goenka & Agarwal dated September 14, 2015 for proposed scheme of demerger of Goat Tannery division (Unit 3) of Super Tannery Limited to another entity, Amin Tannery Limited.

Dear Sir,


We are pleased to enclose our Fairness Opinion on Share entitlement ratio report issued by M/s. Goenka & Agarwal dated September 14, 2015 for proposed scheme of demerger of Goat Tannery division (Unit 3) of Super Tannery Limited to another entity, Amin Tannery Limited.

This report is being issued on the basis of the representations/information made available to us by the management of Super Tannery Limited/Amin Tannery Limited or its advisors.

We would like to take this opportunity to thank you for the chance provided to us to work with your esteemed organization.

Warm Regards,

For CapitalSquare Advisors Pvt. Ltd.


Sunil Kumar Manocha
(MD & CEO)



Encl: Fairness Opinion

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For SUPER TANNERY LIMITED




R. K. AWASTHI
COMPANY SECRETARY

CAPITALSQUARE ADVISORS PRIVATE LIMITED

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FAIRNESS OPINION
ON
SHARE ENTITLEMENT RATIO REPORT
ISSUED BY
M/s. GOENKA AND AGARWAL

PREPARED BY

CAPITALSQUARE
Teaming together to create value

CAPITALSQUARE ADVISORS PRIVATE LIMITED

(Reg off: 208, Aarpee Centre, CTS 70, MIDC Road no. 11,
Andheri (East), Mumbai 400093, India)

NOVEMBER 2015

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For SUPER TANNERY LIMITED



R. K. Awasthi
R. K. AWASTHI
COMPANY SECRETARY

DISCLAIMER:

This Fairness Opinion on Share entitlement ratio report issued by M/s. Goenka & Agarwal ("Valuer") for proposed scheme of demerger of Goat Tannery division (Unit 3) ("Demerged Undertaking") of Super Tannery Limited ("STL/Demerged Company") to another entity, Amin Tannery Limited ("ATL/Resulting Company") is being undertaken by CapitalSquare Advisors Private Limited ("CSAPL") at the request of STL. Our report is subject to the limitations of scope detailed hereinafter. As such the report is to be read in totality and not in parts.

This Fairness Opinion has been based on the information provided by the management of STL/ATL and also from other sources believed to be reliable.

While the information contained herein is believed to be accurate, no representation or warranty, expressed or implied, is or will be made and no responsibility or liability will be accepted by CSAPL as to, or in relation to the accuracy or adequacy of information contained in this report. The opinions and recommendations in this report are provided in good faith.

This Fairness Opinion has been prepared for with a limited purpose/scope, as identified/stated in this fairness opinion and will be confidential and for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence of 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.



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For SUPER TANNERY LIMITED



R. K. Awasthi
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FAIRNESS OPINION

1. Purpose and Scope of Engagement

We understand that the management of STL is proposing to demerge its Goat Tannery Division from STL into ATL. Pursuant to it, the management of STL and ATL are proposing a scheme of arrangement between STL and ATL and their respective shareholders and creditors, with effect from the appointed date i.e. April 01, 2015. This is proposed to be achieved by a scheme of arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956, and other applicable provisions of the relevant act.

For the aforesaid purpose, the management of STL has appointed M/s. Goenka & Agarwal to prepare a report recommending the Share entitlement ratio for allotment of equity shares of ATL to the equity shareholders of STL.

In this connection, STL has approached CapitalSquare Advisors Private Limited, ("CSAPL"), SEBI Registered Merchant Banker (SEBI Reg. No. INMOOOO12219) to give Fairness Opinion Report (hereinafter referred to as "Fairness Opinion/Report") as required under Clause 24 of the Listing Agreement on Share entitlement ratio report issued by M/s. Goenka & Agarwal, Chartered Accountants, dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL.

2. Background

Super Tannery Limited

Super Tannery Limited is a public limited company, having its shares listed on Bombay Stock Exchange Limited ("BSE") having scrip code as "523842" and scrip id as "SUPTANERY". STL was incorporated on February 06, 1984 as a limited company under name of "Super Tannery (India) Limited" in the State of Uttar Pradesh and then thereafter the name was changed to its present name i.e. "Super Tannery Limited" vide fresh certificate of incorporation dated December 24, 2003 issued by Registrar of Companies, Uttar Pradesh & Uttaranchal, Kanpur.

STL is engaged in the business to sell, purchase, manufacture, refine, export, import of all classes of leather, hides, skins and all chemicals and other materials required for converting hides and skins into leather and the business of tanners, curriers, hide and skin merchants.



STL owns and operates 6 independent manufacturing facilities, producing articles of the highest quality for leading European and American brands. The customer base is spreaded across 40 countries.

As per the audited financial results for year ended March 31, 2015, the authorized Share Capital of STL is Rs. 11,00,00,000/- (Rupees Eleven crores Only) divided into 11,00,00,000 equity shares of Re. 1/- each. The issued, subscribed and paid up equity share capital of STL is Rs. 10,79,73,360/- (Rupees Ten crore seventy nine lakhs seventy three thousand three hundred and sixty only) divided into 10,79,73,360 equity shares of Re. 1/- each.

As per filings done with BSE, the shareholding pattern for quarter ended March 31, 2015 is as follows:

Sr. No.	Shareholders	No. of Shares	% of total paid up capital of STL
1	Promoter and Promoter group	6,34,61,434	58.78
2	Public	4,45,11,926	41.22
	Total	10,79,73,360	100.00

As on March 31, 2015, following are the subsidiaries of STL:

Sr. No.	Name of subsidiary	Country of Incorporation	% of interest as on March 31, 2015
1	Super Tannery (U.K.) Limited	United Kingdom	100.00%
2	Aarifi Tanners Limited	India	82.52%
3	Safety Solutions s.r.o.	Slovak Republic	100.00%
4	Super Corporation Limited	India	52.00%

Amin Tannery Limited

Amin Tannery Limited, an unlisted public company, was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated March 25, 2013 issued by the Registrar of Companies, Uttar Pradesh. Further, ATL was issued a Certificate for Commencement of Business dated December 27, 2013 by the Registrar of Companies, Uttar Pradesh.

ATL is engaged in the business to sell, purchase, manufacture, refine, export, import and deal as agents in all classes of leather, hides, skins and all chemicals and other materials required for converting hides and skins into leather and the business of tanners, curriers, hide and skin merchants.



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As per the audited financial results available for year ended March 31, 2015, the authorized, issued, subscribed and paid up capital of ATL is Rs. 5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 equity shares of Rs. 10/- per share.

Thereafter, on September 30, 2015, the face value of ATL was split from Rs. 10/- per share to Re. 1/- per share and therefore the share capital of ATL stands at Rs. 5,00,000 (Rupees Five Lakhs) divided into 5,00,000 equity shares of Re. 1/- per share ("Existing share capital of ATL"). Upon scheme coming into effect, the existing share capital of ATL shall stand cancelled without any further act or deed and the paid-up share capital of ATL shall stand reduced proportionately to such extent.

3. Source of Information:

We have relied on the following information in conducting Fairness Opinion on Share entitlement ratio report issued by Valuer dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL.

1. Report on Share entitlement ratio issued by Valuer dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL;
2. Audited Annual Report of STL as on March 31, 2013, March 31, 2014 and March 31, 2015;
3. Financial statements of demerged undertaking as on March 31, 2013, March 31, 2014 and March 31, 2015;
4. Audited Annual Report of ATL as on March 31, 2014 and March 31, 2015;
5. Form MGT-14 and Form SH-7 from ATL for sub division of equity shares;
6. Memorandum and Articles of Association of STL and ATL;
7. Draft Scheme of Arrangement pursuant to Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and other applicable provisions of the relevant Act; and
8. Information, documents, data, reports, explanations, discussion etc. provided by the management of STL and ATL including their Company Secretary, Statutory Auditors.

4. Share entitlement ratio report issued by Valuer dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL:

As per Valuer recommendation, the Share entitlement ratio is 1:1 i.e one (1) equity share of Re. 1/- each of ATL for every one (1) existing equity shares of Re. 10/- each of STL to the shareholders of STL in consideration for the demerger of Demerged undertaking.



5. Fairness Opinion on the Share entitlement ratio issued by Valuer dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL:-

We are given to understand by the management of STL and ATL that the Share entitlement ratio has been recommended by Valuer, after keeping in mind relevant factors and circumstances.

In view of the above, after considering all the relevant factors and on the basis of information and explanations given to us by the management of STL and ATL, we are of the opinion on the date hereof, that the proposed Share entitlement ratio as recommended by Valuer, for the proposed scheme of arrangement is fair and reasonable.

6. Limitation of Scope:

- a. We have provided this Report based on the information provided, explanation given, Draft Scheme of arrangement provided to us, representations made by management of STL and the Share entitlement ratio report issued by the Valuer dated September 14, 2015 for proposed demerger of Goat Tannery division (Unit 3) of STL into ATL. We have neither checked, audited nor independently verified such information and representations. We have solely relied on explanations, information, papers, reports, documents and statements provided by the respective managements including their Company Secretary and Statutory Auditors and accepted all those information provided to us as consistent and accurate on "as is" basis and have considered the information provided by them in this Report in good faith and in the belief that such information is neither false nor misleading.
- b. This Report is prepared by CSAPL solely for the purpose and scope set out in this Report. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued and the purpose mentioned herein. For the purpose of clarity, management of STL or ATL may share this report with its auditors, advisors and investment bankers in the normal course of its business. The material is true only as of the date of this letter. We, however, have no obligation to update this Report for events, trends or transactions relating to the Company or the market/economy in general and occurring subsequent to the date of this Report.
- c. This Report is issued on the understanding that the management of STL and ATL has drawn our attention to all matters of which they are aware concerning the financial position of the business of the Company, which may have an impact on our opinion up to the date of issue. Our work does not constitute an audit, due diligence or certification of the historical financial statements provided by the management of STL and ATL or their business referred



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COMPANY SECRETARY

to in this report. We assume no responsibility whatsoever for any errors on the above information furnished by STL and/or ATL.

- d. We express no opinion whatsoever and make no recommendation to the shareholders or secured or unsecured creditors of STL as to how they should vote or act in connection with the scheme of arrangement or any matter related thereof.
- e. We also express no opinion and accordingly accept no responsibility as to the prices at which the equity shares of STL will trade at any time, including subsequent to the date of this report and also on at what price the equity shares of ATL will trade after the listing of equity shares of ATL. Also, we do not express our opinion as to the financial performance of STL and ATL following the consummation of the proposed scheme of arrangement.
- f. Our report is not and should not be construed as our opinion or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed scheme of arrangement. We have also not factored any tax implications or any financial or tax planning which might arise from the scheme on STL (including its subsidiary companies) and ATL. We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the STL and/or ATL in that regard.
- g. 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 and condition will be imposed that would have an adverse effect on STL and ATL and their respective shareholders.
- h. We owe responsibility to only the directors of STL who have retained us and nobody else. Neither this 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 without our prior written consent except to equity shareholders of STL and ATL, Bombay Stock Exchange Limited, Allahabad High Court or Securities Exchange Board of India. We retain the right to deny permission for the same.



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