



AGRIBIO SPIRITS

To
BSE Limited
Corporate Relationship Department
P J Towers, 1st Floor,
Dalal Street, Fort,
Mumbai-400 001

Scrip Code: 539546

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Scheme of Merger by absorption of Agribiotech Industries Limited (ABIL or Transferor Company) with Agribio Spirits Limited (ASL or Transferee Company) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

The detailed rationale used by the Registered Valuer for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company is as under:

The basis of merger of ABIL with ASL would have to be determined after taking into consideration all the factors and applicable methodologies as mentioned below -

1. Market Price method/Price of recent Investment("PORI") under the Market approach
2. Comparable Companies' Multiples method / Guideline Company method under the Market approach
3. Discounted Cash Flows method/Earnings Capitalisation method under Income approach
4. Net Asset Value method under Asset approach

Though different values have been arrived at under each of the above applicable methodologies, for the purposes of recommending a fair entitlement ratio of shares it is necessary to arrive at a single value for the equity shares of ASL and ABIL. It is however important to note that in doing so, the valuer is not attempting to arrive at the absolute equity values of ASL and ABIL but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

ASL

The Valuer have applied equal weight of 50% each to the Market Approach and Income approach and balance 0% weight to the Asset approach to estimate the relative fair equity value of ASL.

ASL is a listed company whose shares are frequently traded. As such, the valuer have applied 50% weight to the value(s) determined using the MP method under the Market approach, to capture the market perspective, as the market price of an equity share quoted on a stock entitlement is normally considered as the value of its equity shares, where such quotations are arising from shares being regularly and freely traded over a reasonable period of time, giving due cognizance to the applicable relevant SEBI ICDR Regulations.



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The Valuer have applied 50% weight to the equity value of ASL, estimated using the DCF method, under the Income approach, to capture the earnings potential of the Company which is based on internal factors such as the future economic benefits that the company can generate for a business owner (or investor).

The Valuer have applied balance 0% weight to the value computed using the ANAV method under the Asset approach, as the net assets of ASL mainly comprise of the equity investment in ABIL, which is proposed to be cancelled on the proposed merger. Further, the values reflected in books of accounts do not represent value of earnings potential of the Company's business, the Company's assets base does not exceed its earnings capability and also that it ignores the future return the assets can produce and does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.. The Net Asset Value, generally serves as a broad benchmark of the minimum break-up value for any business. Further, NAV method is mainly used when maintainable profit of the entity cannot be estimated accurately or is more suitable for cases where the firm is to be liquidated i.e., it does not meet the "going concern" criteria, which is not the case with ASL.

ABIL

The Valuer have applied equal weight of 45% each to the Market Approach and Income approach and balance 10% weight to the Asset approach to estimate the relative fair equity value of ABIL.

The Valuer have applied 45% weight to the equity value of ABIL, estimated using the CCM method under the Market approach, to capture the market perspective, which is based on external factors such as industry trends and market orientations in the industry in which the Company operates.

The Valuer have applied an aggregate weight of 45%, .i.e. 22.50% each to the value(s) estimated using the DCF and PECV methods, under the Income approach, to capture the earnings potential of the Company which is based on internal factors such as the future economic benefits that the company can generate for a business owner (or investor) ,including the intangibles in the form of applicable Licenses and proposed capacity expansion.

The Valuer have applied balance 10% weight to the value determined using the ANAV method as the net assets of ABIL comprises of immovable property, which generally serves as a broad benchmark of the minimum break-up value.

The fair share entitlement ratio is summarized as under:





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Valuation Master Summary I											
Valuation Approach	Valuation Method	ASL- Transferee Company (A)					ABIL- Transferor Company (B)				
		Annexure Reference	Value		Weight	Weighted value	Annexure Reference	Value		Weight	Weighted value
			INR per share					INR per share			
Market	Market Price	I	(i)	123.40	50%	61.70	(iv)			-	
Market	Comparable Companies Multiple		(ii)	-	-	-	IV	278.44	45.00%	125.30	
Income	Discounted cash flow	II		129.01	50%	64.50	V	127.07	22.50%	28.59	
Income	Price Earnings Capitalisation		(iii)		-	-	VI	277.91	22.50%	62.53	
Asset	Adjusted Net Asset Value	III		130.96	-	-	VII	135.84	10.00%	13.58	
Relative value per share					100.0%	126.20			100.0%	230.00	
Value per share based on ICDR pricing						123.40				Not Applicable	
Relative value per share for share Entitlement ratio					A	126.20		B		230.00	
Less: Proportionate Value of Non-Convertible Redeemable Preference Shares ("NCRPS")- Refer Valuation Master summary								C		122.48	
Relative value per share for equity share Entitlement					A	126.20		D		107.53	
Entitlement ratio for equity shares (Rounded off) (D/A)										0.85	
Entitlement ratio for NCRPS (Rounded off) (C/A)										0.97	
<p>(i) Higher of Volume weighted average price ("VWAP") of 90 and 10 exchange trading days, as of 30.12.24, being date preceding the relevant date as per ICDR Regulations</p> <p>(ii) CCM method could not be used as ASL derives its PAT mainly from other non-operating income and also that there are no listed Indian Companies that can be said to be directly comparable to ASL</p> <p>(iii) PECV method could not be used as ASL derives its PAT mainly from other non-operating income and as such future maintainable PAT is not readily ascertainable</p> <p>(iv) Market price method cannot be used, as ABL is an unlisted public Company</p>											

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It may be noted the 0.01% Non-Convertible Redeemable Preference Shares ("NCRPS") of ASL of face and paid up value of INR 10 each, shall be redeemable at any time after expiry of 6 months and within 20 years from the date of allotment, at a redemption price of INR 126.20 per NCRPS.

Valuation workings for arriving at the value of NCRPS is as under-

Valuation Master Summary II				
Particulars	Unit	Referen	Value	Remarks
Relative equity value of ABIL	INR per share	A	230.00	Value recommendation - Refer Valuation Master Summary I
Number of equity shares of ABIL outstanding as on valuation date	Number in lacs	B	176.3770	Management information
Number of equity shares of ABIL held by ASL, to be cancelled on Proposed merger	Number in lacs	C	52.49	Management information
Number of equity shares of ABIL outstanding post cancellation	Number in lacs	D	123.8847	Management information
Total Consideration to be paid to the shareholders of ABIL post cancellation	INR lacs	$E = A * D$	28,494.02	Value analysis
53.25% of value to be discharged via issue of NCRPS	INR Lacs	$F = E * 53.25$	15,173.06	Valuation analysis and Management information
46.75% of value to be discharged via issue of equity shares	INR Lacs	$G = E * 46.75$	13,320.95	Valuation analysis and Management information
Proportionate Value of NCRPS	INR per share	$H = F / D$	122.48	Value analysis
Relative equity value of ASL	INR per share	I	126.20	Value recommendation
Share Entitlement ratio for NCRPS (Rounded off)	Ratio	$J = H / I$	0.97	Value recommendation
Proportionate Value of equity shares	INR per share	$K = G / D$	107.53	Value analysis
Share Entitlement ratio for equity shares (Rounded off)	Ratio	$L = K / I$	0.85	Value recommendation

Thanking you,
Yours Faithfully,
For Agribio Spirits Limited


Pankaj Sharma
Director
DIN: 09512492



Place: Jaipur
Date: 13-01-2025

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