

12 June 2015

To
The Committee of Independent Directors
Phoenix Lamps Limited
59-A, Noida Special Economic Zone
Phase II, Gautam Budh Nagar,
Noida, Uttar Pradesh – 201305.

Dear Sirs/Madam,

Sub: Open Offer (the Offer or Open Offer) to equity shareholders of Phoenix Lamps Limited (PLL or the Company) under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011 (the SEBI SAST Regulations).

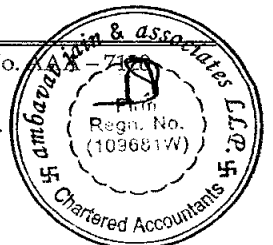
➤ **Appointment**

This is with reference to your appointment letter dated 14 May 2015 whereby we have been appointed as Independent Advisor to the Committee of Independent Directors of Phoenix Lamps Limited, pursuant to Regulation 26(6) of the SEBI SAST Regulations, with a view to provide an Independent Opinion of the Offer Price in respect of the Open Offer made under Regulations 3(1) and 4 of the SEBI SAST Regulations by Suprajit Engineering Limited (SEL or the Acquirer) to acquire 72,85,018 Equity Shares, representing 26% of the total issued, subscribed equity share capital and voting capital, from the shareholders of PLL at a price of Rs 100/- per equity share.

➤ **Background**

Phoenix Lamps Limited (PLL) is a public limited company and was incorporated on 26 March 1991 in Noida, Uttar Pradesh. It obtained its certificate of commencement of business on 11 June 1991. The Company is presently engaged in the business of manufacturing and trading of automotive halogen lamps and caters to both domestic and international markets.

The Authorized Share Capital of PLL as on 31 March 2015 is Rs.70,00,00,000/- comprising of 4,10,00,000 equity shares of Rs. 10 (Rupees Ten Only) each and 29,00,000 redeemable preference shares of Rs. 100/- each. The issued, subscribed and paid-up equity share capital of PLL as on date stands at Rs. 28,01,93,000/-



comprising of 2,80,19,300 fully paid up equity share of Rs.10 (Rupees Ten only) each.

The shareholding pattern of the Company as on 31 March 2015 stands as under:

Promoter Holding

- Argon India Limited, Mauritius holds 1,38,71,344 equity shares representing 49.51% of the issued, subscribed and paid-up equity share capital.
- Argon South India Limited, Mauritius holds 34,65,811 equity shares representing 12.37% of the issued, subscribed and paid-up equity share capital.

Public Holding

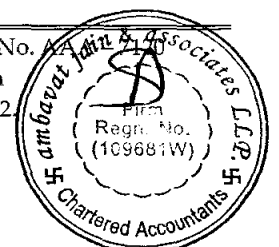
- Public shareholders hold 1,06,82,145 equity shares representing 38.12% of the issued, subscribed and paid-up equity share capital.

The equity shares of PLL are listed on Bombay Stock Exchange (BSE) having Symbol: PHOENIXLL, Script Code: 517296 and on National Stock Exchange (NSE) having Symbol: PHOENIXLL, ISIN: INE455B01016.

➤ Facts and Analysis of the Open Offer

The Promoters of the Company have on 6 May 2015 entered into a Share Purchase Agreement (SPA) with SEL whereby SEL has agreed to acquire in the first tranche 1,42,89,843 equity shares of face value Rs.10/- each of the Company (First Tranche Acquisition), which constitutes 51.00% of the total issued, subscribed and paid up equity share capital and voting capital of the Company and in the second tranche upto 30,47,312 equity shares of face value Rs.10/- each of the Company (Second Tranche Acquisition), which constitutes 10.88% the total issued, subscribed and paid up equity share capital and voting capital of the Company.

The Second Tranche Acquisition shall take place in the event that the number of equity shares validly tendered and accepted in the Offer is less than 67,24,632 equity shares (i.e. 24% of the total issued, subscribed and paid up equity share



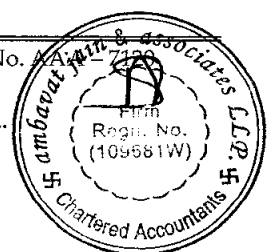
capital and voting capital of the Company), then subject to receipt or waiver (as envisaged in the SPA) of necessary statutory approval, SEL would upon the completion of 5 business days from the expiry of the offer period or waiver (as envisaged in the SPA) of necessary statutory approval, as applicable.

Notwithstanding the aforesaid, in the event that the offer period is not completed by the fifth business day prior to 15 October 2015, SEL has agreed to complete the Second Tranche Acquisition, subject to receipt or waiver (as envisaged in the SPA) of necessary statutory approval, by acquiring the remaining 30,47,312 equity shares held by the Promoters on 15 October 2015.

Both the First Tranche Acquisition and the Second Tranche Acquisition have been agreed to be completed at a price of Rs. 89/- per fully paid up equity share.

Pursuant to the transaction contemplated under the SPA and completion of the Open Offer, if the public shareholding of PLL falls below minimum level of public shareholding specified under Rule 19A of the Securities Contract (Regulations) Rules, 1957 (SCRR) , for the purpose of listing on continuous basis, leading to PLL being in non-compliance with Clause 40A of the Listing Agreement read with Rule 19A of the SCRR, SEL has undertaken that its shareholding in PLL will be reduced, within the time period specified in the SCRR, such that PLL complies with the required minimum level of public shareholding.

PLL received on 6 May 2015 a Public Announcement (PA) dated 6 May 2015 from SEL (Acquirer) announcing the intention of SEL to acquire, under Regulations 3(1) and 4 of the SEBI SAST Regulations from the shareholders of PLL (other than Argon India Limited, Mauritius and Argon South India Limited, Mauritius [the Promoters]), 72,85,018 Equity Shares, representing 26% of the total issued, subscribed equity share capital and voting capital at a price of Rs 100/- per equity share. Thereafter PLL received on 13 May 2015, the Detailed Public Statement (DPS) dated 12 May 2015. The Draft Letter of Offer (DLOF) dated 16 May 2015 was received on 18 May 2015.



The Open Offer by SEL being made under Regulations 3(1) and 4 of the SEBI SAST Regulations pertains to acquisition of 26% of the total issued, subscribed equity share capital or voting capital and acquisition of control, respectively.

The Offer has been made to all shareholders of PLL, other than the Promoters.

➤ **Sources of Information**

For the purpose of this report, we have relied on the following sources information:

- The Public Announcement, Detailed Public Statement, Draft Letter of Offer, price data and volume of shares of Phoenix Lamps Limited as traded on BSE as available on its website (www.bseindia.com) and on NSE as available on its website (www.nseindia.com).
- Annual Report of the Company as at the year ended 31 March 2014.
- Information as provided by the management of Phoenix Lamps Limited.

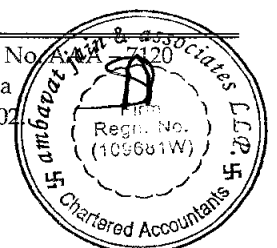
We conducted our verification in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India.

The equity shares of PLL are frequently traded on both BSE and NSE within in the meaning of Regulation 2(1) (j) of the SEBI SAST Regulations.

➤ **Offer Price**

The Offer Price in case where Open Offer is made in terms of Regulations 3(1) and 4 of the SEBI SAST Regulations pertaining to acquisition of 26% of the total issued, subscribed equity share capital or voting capital and acquisition of control, respectively shall be at a price which is not lower than the price determined under Regulation 8(2) of the SEBI SAST Regulations.

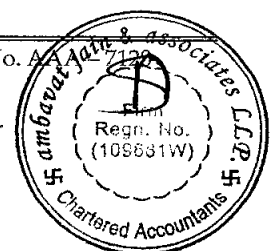
The relevant extract of the Regulation 8(2) of the SEBI SAST Regulations is as under:



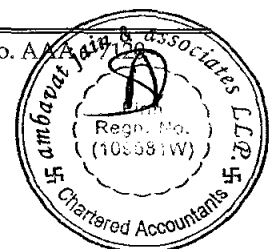
'In the case of direct acquisition of shares or voting rights in, or control over the target company, the offer price shall be the highest of—

- a) the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;*
- b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;*
- c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty six weeks immediately preceding the date of the public announcement;*
- d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;*
- e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and*
- f) the per share value computed under sub-regulation (5), if applicable'*

Considering the First Tranche Acquisition as specified above, the Offer Price per equity share in the Open Offer to be determined based on the various criterions specified in Regulation 8(2) of the SEBI SAST Regulations is tabulated below:



Sr. No.	Criterion	Price per equity share
a)	The highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;	Rs 89/- per equity share being the negotiated price per equity share of PLL as agreed in SPA for First Tranche Acquisition.
b)	The volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;	Not Applicable, since during the 52 weeks immediately preceding 6 May 2015, as per Detailed Public Statement, there are no such acquisition made of the shares of PLL by SEL or any person acting in concert with SEL.
c)	The highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty six weeks immediately preceding the date of the public announcement;	Not Applicable, since during the 26 weeks immediately preceding 6 May 2015, as per Detailed Public Statement, there are no such acquisition made of the shares of PLL by SEL or any person acting in concert with SEL.
d)	The volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;	Rs 99.54 per equity share being the volume-weighted average market price of the equity shares of PLL for the period 4 February 2015 to 5 May 2015 being a period of sixty trading days immediately preceding the date of 6 May 2015 being the date of Public Announcement as traded on NSE being one of the stock exchange where equity shares of PLL are frequently traded and having the maximum volume of trading recorded during such period. [Refer Annexures for detailed analysis]
e)	Where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and	Not Applicable, since the equity shares of PLL are frequently traded on both NSE and BSE.
f)	The per share value computed under sub-regulation (5), if applicable'	Not Applicable, since it is not an indirect acquisition and acquisition under Regulation 5(2) of the SEBI SAST Regulations.



Having regard to the above, we hereby report that the in terms of Regulation 8(2) of the SEBI SAST Regulations, the Offer Price per equity share of PLL should at least be Rs 99.54 per equity share being highest of the price as shown in (d) above.

Accordingly, we conclude that in our opinion the Offer Price of Rs 100/- per equity share of PLL made in the Open Offer is in accordance with Regulation 8(2) of the SEBI SAST Regulations and thus is fair and reasonable.

➤ **Exclusions and Limitations**

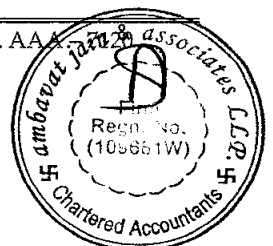
Our report is subject to the limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred as: Public Announcement dated May 6, 2015; Detailed Public Statement dated May 12, 2015 and Draft Letter of Offer dated May 16, 2015.

Our responsibility, for the purpose of this report, is limited to issuing this report on the basis of relevant records and based on regulations stipulated in the SEBI SAST Regulations.

The scope of our assignment did not involve us performing audit test for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical, feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Company and have considered them at the value as disclosed by them in their regulatory filings or in submissions, oral or written, made to us.

In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here-in which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.

We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not



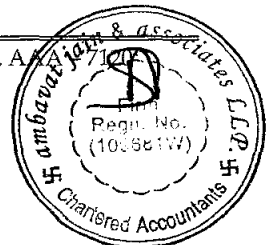
misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.

This report and the information contained therein are intended for the use of the Committee of Independent Directors for the purposes of the recommendation to be provided by them under Regulation 26(7) of the SEBI SAST Regulations, including disclosing it to any person who may want to review it as a statutory part of the Open Offer process.

Further, this report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to the date hereof. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, revise or reaffirm this report if information provided to us changes.

This report is based on the information received from the sources mentioned herein and discussions with the Company. We have assumed that no information has been withheld that could have influenced the purpose of our report.

All reasonable care has been taken to ensure that the information used herein this report including any the factual statements, publically available information or information provided by the management (**Information**), is accurately reflected and reproduced from such sources. For the avoidance of doubt, it is clarified that, so long as the Information being reflected or used in this report is accurately reproduced from the sources (as stated herein this paragraph) neither ourselves, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. In this context, therefore, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report.



Ambavat Jain & Associates LLP

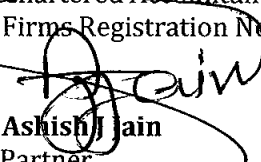
Chartered Accountants

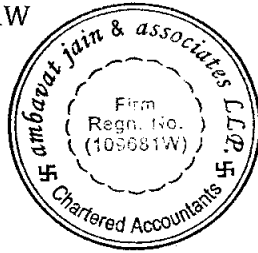
For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.

In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Company for such valuation work.

In rendering this report, we have not provided legal, regulatory, tax accounting or actuarial advice and accordingly we do not assume any responsibility or liability respect thereof.

Ambavat Jain & Associates LLP
Chartered Accountants
Firms Registration No.: 109681W


Ashish Jain
Partner
Membership No.: 111829



Phoenix Lamps Limited (PLL)

Annexures forming part of the Report dated 12 June 2015 in respect Open Offer to the shareholders of PLL under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations 2011

Ascertainment of the stock exchanges where the equity shares of PLL are frequently traded within the meaning of Regulation 2(1)(j) of the SEBI SAST Regulations

The total number of equity shares of the Company traded on the Stock Exchanges from 1 May 2014 to 30 April 2015 i.e. In 12 calendar months preceeding the calendar month of May 2015 as the Public Announcement is made on 6 May 2015

		Total Number of Equity Shares traded in 12 calendar months period preceeding the calendar month in which PA is made	Total Number of Equity Shares of PLL	Percentage (%) of Traded Shares to Total Number of Shares
Sr No	Stock Exchange			
1	National Stock Exchange	13,263,701	28,019,300	47.34%
2	Bombay Stock Exchange	4,905,401	28,019,300	17.51%

Based on the above, the equity shares of PLL are frequently traded on both NSE and BSE within the meaning of Regulation 2(1)(j) of the SEBI SAST Regulations.



Phoenix Lamps Limited (PLL)

Calculation of the volume-weighted average market price of the equity shares of PLL as per Regulation 8 (2) (d) of the SEBI SAST Regulations for the period 4 February 2015 to 5 May 2015 being a period of sixty trading days immediately preceding the date of 6 May 2015 being the date of PA as traded on NSE being the stock exchange where equity shares of PLL had the maximum volume of trading recorded during such period.

Details of trading in equity shares of PLL from 4 February 2015 to 5 May 2015 as downloaded from the website of NSE [www.nseindia.com]

Date	Total Traded Quantity (X)	Turnover in Lakhs (Y)
04-Feb-15	61,796	67.43
05-Feb-15	77,331	84.07
06-Feb-15	65,119	67.47
09-Feb-15	43,021	44.16
10-Feb-15	27,580	28.62
11-Feb-15	41,675	43.73
12-Feb-15	71,077	76.15
13-Feb-15	23,320	24.90
16-Feb-15	109,264	111.60
18-Feb-15	121,872	120.37
19-Feb-15	279,074	284.35
20-Feb-15	83,908	89.20
23-Feb-15	56,407	59.00
24-Feb-15	27,499	27.83
25-Feb-15	49,557	49.89
26-Feb-15	20,379	20.40
27-Feb-15	51,806	51.90
28-Feb-15	65,467	66.15
02-Mar-15	43,944	45.12
03-Mar-15	47,361	48.28
04-Mar-15	49,762	50.76
05-Mar-15	124,528	120.43
09-Mar-15	36,415	35.77
10-Mar-15	21,440	21.14
11-Mar-15	31,554	31.01
12-Mar-15	32,443	31.79
13-Mar-15	30,354	29.24
16-Mar-15	34,194	32.28
17-Mar-15	19,996	18.89
18-Mar-15	26,880	25.06
19-Mar-15	159,009	144.91
20-Mar-15	58,164	52.40
23-Mar-15	64,891	57.07
24-Mar-15	55,285	49.00
25-Mar-15	83,754	75.24



26-Mar-15	33,723	30.34
27-Mar-15	40,750	35.92
30-Mar-15	29,688	26.92
31-Mar-15	38,982	35.91
01-Apr-15	34,179	33.10
06-Apr-15	39,326	39.48
07-Apr-15	44,679	45.72
08-Apr-15	34,834	35.37
09-Apr-15	15,217	15.34
10-Apr-15	57,333	59.09
13-Apr-15	79,181	83.72
15-Apr-15	43,248	46.38
16-Apr-15	24,610	25.60
17-Apr-15	9,697	9.98
20-Apr-15	19,273	19.49
21-Apr-15	18,440	18.23
22-Apr-15	22,335	22.22
23-Apr-15	22,989	23.13
24-Apr-15	25,940	25.64
27-Apr-15	34,498	33.01
28-Apr-15	17,716	17.05
29-Apr-15	15,726	15.37
30-Apr-15	16,401	16.26
04-May-15	29,786	30.45
05-May-15	39,876	41.57

Total	2,984,553	2,970.90
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Volume-Weighted Average Market Price of Equity shares is (Y) multiplied by 1,00,000/- divided by (X) (i.e. 2970.90 x 100000/2984553) which works out to Rs 99.54 per equity share.

