Price Waterhouse & Co.
Chartered Accountants

Strictly Private and Confidential

May 20, 2011

Board of Directors
Jubilant Industries Limited
1A, Sector 16A
Noida – 201301
Uttar Pradesh

Board of Directors
Enpro Oil Private Limited
1A, Sector 16A
Noida – 201301
Uttar Pradesh

Dear Sirs,

Revised Report on Entitlement Ratio for issue of shares of Jubilant Industries Limited to the shareholders of Enpro Oil Private Limited.

We refer to our engagement letter dated April 20th, 2011. You have accordingly requested our opinion on the Entitlement Ratio for issue of shares of Jubilant Industries Limited ("JIL") to the shareholders of Enpro Oil Private Limited ("EOPL") [Jointly referred to as "the Companies"]. We had arrived at the Entitlement Ratio in accordance with your instructions and had provided you with our assessment vide our Report dated May 10, 2011. We refer to your email dated May 19, 2011 wherein you have requested us to work out the revised Entitlement Ratio after taking into consideration the capital reduction as proposed based on the Board Resolution dated May 9, 2011 (as provided to us).We have accordingly arrived at the revised Entitlement Ratio in accordance with your instructions, after taking into account the proposed capital reduction and are pleased to provide you with our assessment on the same. Please note that this revised report supersedes our earlier Report dated May 10, 2011 which is to be treated as withdrawn.

1. CONTEXT AND PURPOSE

JIL is engaged in the manufacturing and sale of Agri and Consumer Products ("ACP") business and Industrial Products ("IP") business and other businesses such as the manufacturing of Indian-made foreign liquor.

JIL is listed on the Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE"). It is amongst the top 3 in India for Single Super Phosphates. It is No.1 in India and No. 3 globally for food polymers. Further, it is No.1 in India and No. 4 globally for V P Latex. The consumer adhesives & polish brands of "Jivanjor" is the 2nd largest in India.

EOPL's Mall cum Hypermarket format business ("EOPL McHf") involves a Bangalore-based chain running state-of-the-art hypermarkets and malls. Its hypermarket brand is named "Total". It is second largest in Bangalore with 4 stores in the Hypermarket & Mall format. It has over 7 lakh square feet under operation, serving over 8 lakh customers.

We understand that the Management of Jubilant Group is contemplating reorganization of its group structure to consolidate certain business operations. As per the draft scheme of demerger, we understand that the Management proposes to demerge ACP and EOPL McHf into the 100% subsidiary of JIL - Jubilant Agri and Consumer Products Limited ("JACPL"). The rationale for the demerger is to achieve greater management focus on tapping the growth potential in the manufacturing and sale of consumer products business, together with providing synergies for the distribution and sale of consumer products.

The appointed date fixed for the proposed is April 1st, 2011 ("Appointed Date" / "Valuation Date").

As per the draft Scheme of demerger, JIL needs to issue its shares to the shareholders of EOPL, the demerged Company in consideration for the demerger and vesting of the demerged undertaking in JACPL.

2. SCOPE OF WORK

In the context of the proposed demerger of EOPL McHf into JACPL, you have approached Price Waterhouse & Co. ("PW&Co") to assist in arriving at the Entitlement Ratio for the purpose of issue of equity shares in JIL to the shareholders of EOPL based on the valuation of equity shares of JIL and EOPL McHf as on April 1st, 2011.

Based on above, Entitlement Ratio is defined as the number of equity shares of JIL to which a shareholder of EOPL would be entitled to in proportion to his/hers/its existing shareholding in EOPL.

3. SOURCES OF INFORMATION

We have called for and have been supplied with various information, explanations, data, documents, accounts and statements from time to time for the purpose of arriving at a fair exchange ratio. (**Attachment 1** hereto broadly summarises the principal sources of information).

For the purpose of arriving at the Entitlement Ratio, we have essentially relied on the information provided to us by the Management of JIL and EOPL which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects.

We are not required to and have not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements considered or of the information, explanations and representations provided to us. Accordingly, we do not express an opinion or any other form of assurance thereon and accept no responsibilities for the same.

We have not verified, examined or reviewed the title of or restrictions on any property or shareholding in any company during the course of this exercise and have relied on the data provided by JIL and EOPL Managements and representations made by them.

Since the Entitlement Ratio is essentially based on the information provided, for which JIL / EOPL accept full and sole responsibility, and our review and analysis have been limited to the below mentioned procedures, our analysis is subject to this limitation. Our reliance and use of this information should not be considered as an expression of our opinion on it, and we do not and will not accept any responsibility or liability for the impact of any inaccuracies in it.

4. PROCEDURES

The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances including, but not limited, to the following:

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- Reading of the unaudited financial statements of JIL for the past year ended March 31, 2010 and March 31, 2011;
- Reading of EOPL's financial statements for the year ended March 31, 2010 (audited) and for the year ended March 31, 2011 (unaudited);
- Reading of carved out financials of EOPL McHf for the 3 years ended March 31, 2011 (unaudited);
- Reading and analysis of projected income and cashflow statements of JIL and EOPL McHf for the 5 years ending March 31, 2016;
- Reading of the Board Resolution on capital reduction dated May 9, 2011;
- Discussions / meeting with the Management of the Companies for understanding of the business, historical operations and future potential, to obtain requisite explanation and clarifications on data provided;
- Analysis of share price movements of JIL on BSE and NSE;
- Some of the databases and reports of external agencies used include:
  - Bloomberg;
  - Capitaline Database; and
  - Industry reports on Mall cum Hypermarket format Business, Fertilizers and Petrochemicals industry.
- Analysis of financial results of publicly listed comparable Indian companies operating in similar lines of business as the Companies; and
- Such other analysis and inquiries as we considered necessary.

5. VALUATION APPROACH TO ARRIVE AT THE ENTITLEMENT RATIO

The Supreme Court in the decision of Hindustan Lever Employer's Union vs. Hindustan Lever Limited and Others [(1995) 83 Company Cases 30] endorsed that a fair and proper approach for valuing the shares of the companies would be to use a combination of three methods, namely:

- Income Approach
- Market Approach
- Asset Value Approach

That decision, however, also indicates that the reference to the net asset value may be less important, having regard to the universally acknowledged failures of financial statements to truly reflect the value of the company's net assets (since financial statements are prepared on certain concepts and conventions, e.g. historical cost concept).

We have carried out the relative equity value analysis of both JIL and EOPL McHf as at the Valuation Date (April 1 , 2011) on a pre-amalgamation basis as going concerns, for arriving at the Entitlement ratio.

A. INCOME APPROACH:

Under the Discounted Cash Flow Approach (DCF), the fair market value of the business is based on the value of cash flows that the business can be projected to generate in the future. This method involves the estimation of post-tax cash flows for the projection period, after consideration of the business's requirement of reinvestment in terms of capital expenditure and incremental working capital. These cash flows are then discounted at a cost of capital that reflects the risks of the business and the capital structure.

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To the value of businesses of JIL and EOPL McHf based on DCF approach so arrived, the amount of contingent liabilities, debt, surplus assets and carry forward loss benefit etc, if any, have been adjusted to arrive at the value available to the equity shareholders. The total value for the equity holders so arrived has then been divided by the number of equity shares in order to work out the value per equity share of JIL and EOPL McHf.

B. MARKET APPROACH

I. Share Price Approach

The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. Further, in the case of an Arrangement, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

The Supreme Court in the case of CWT vs. Mahadev Jalan (86 ITR 621) has laid down certain principles of valuation of shares under the Wealth-tax Act. In dealing with shares of quoted companies the Court observed:

"Where shares in a company are bought and sold on the stock exchange and there are no abnormalities affecting the market price, the price at which the shares are changing hands in the ordinary course of business is usually their true value. These quotations generally reflect the value of the asset having regard to the several factors which are taken into consideration by persons who transact business on the stock exchange and by the buyers who want to invest their money in any particular share or shares."

In the present case, the equity shares of JIL got listed on February 14, 2011. In the circumstances, weighted average share price since the date of listing in the stock exchange where higher volumes have been traded, has been considered for determining the equity value of JIL under the Share Price methodology. To the equity value of JIL so arrived, a control premium of 15% has been applied to get the final equity value to make the valuation comparable to that of discounted cash flows.

It may be noted that the closing price of an equity share of JIL of Rs. 10 each fully paid up at NSE on 9th May 2011 was Rs. 234.1 per share.

As the shares of EOPL are not listed on any recognised stock exchange(s) of India, accordingly Share Price Approach could not be applied to arrive at the equity value of EOPL McHf.

II. Market Multiples Approach

Under the Market Multiples Approach, the value of the business is assessed by comparing it to publicly traded companies in similar lines of business. The approach assumes that the conditions and prospects of companies in similar lines of business depend on universal factors affecting market conditions such as demand for the products, price elasticity of demand, tax and duty regime, impact of business cycles. An analysis of these comparable companies then gives an opportunity to assess value of the business under consideration.

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In the case of JIL, we have considered current Enterprise Value/EBITDA ("EV/EBITDA") multiple. In case of EOPL McHf, current Enterprise Value/Revenue ("EV/Revenue") multiple has been considered, since the business has negative margins. Market capitalization based on 6 months' average in the period 1st October 2010 to 9th May 2011 and financials for twelve month period ended 31st December 2010 have been considered for the peerset.

To the value of JIL and EOPL McHf so arrived, the amount of debt, surplus assets and carry forward loss benefit etc, if any, have been adjusted to arrive at the value available to the equity shareholders. A control premium of 15% and 25% has been applied to JIL and EOPL McHf respectively to make the valuation comparable to that of discounted cash flows considering that promoter holding is 47.51% in JIL, which is a listed entity and is 100% in EOPL McHf. The total value for the equity holders so arrived has then been divided by the number of equity shares in order to work out the value per equity share of JIL and EOPL McHf.

C. ASSET APPROACH: (Net Asset Value Approach)

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realisable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability.

It may be noted that we have considered the consolidated balance sheet of JIL and EOPL McHf to arrive at its share value under this approach.

The total value for the equity holders so arrived has then been divided by the equity share capital in order to work out the value per equity share of the Companies under this method.

However, in the instant case, the adjusted Net Asset Value of EOPL McHf as computed above has not been given any weight-age as the business is not asset based and also properties are leased.

6. KEY FINANCIAL HIGHLIGHTS

JIL:
The historical and projected financials of the 2 businesses of JIL – ACP and IP are as given below:

ACP							
INR Crores	**FY 10**	**FY 11**	**FY 12**	**FY 13**	**FY 14**	**FY 15**	**FY 16**
Sales	**298.1**	**412.5**	**522.3**	**558.3**	**641.5**	**673.5**	**707.2**
Sales Growth %		*38%*	*27%*	*7%*	*15%*	*5%*	*5%*
EBITDA	**(11.4)**	**30.9**	**59.7**	**68.5**	**86.1**	**89.7**	**93.5**
EBITDA Margin (%)	*-3.8%*	*7.5%*	*11.4%*	*12.3%*	*13.4%*	*13.3%*	*13.2%*

Industrial Products							
INR Crore	**FY 10**	**FY 11**	**FY 12**	**FY 13**	**FY 14**	**FY 15**	**FY 16**
Sales	**121.4**	**141.5**	**204.1**	**243.8**	**280.8**	**294.9**	**309.6**
Sales Growth %		*17%*	*44%*	*19%*	*15%*	*5%*	*5%*
EBITDA	**26.8**	**15.9**	**23.7**	**31.5**	**37.6**	**39.1**	**40.6**
EBITDA Margin (%)	*22%*	*11%*	*12%*	*13%*	*13%*	*13%*	*13%*

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- Sales for ACP and IP businesses are projected to grow by 38% and 17% in FY11. The growth for both is projected to stabilize to 5% by FY16.
- CAGR for JIL as a whole is projected to by 16% from FY10 to FY16, with overall revenues increasing from Rs. 419 Cr in FY10 to Rs. 1016 Cr. In FY16.
- The sales growth and EBITDA growth from FY12 to FY16 is mainly on account of higher volumes and higher capacity utilization.

EOPL McHf:

The historical and projected financials of EOPL McHf are as given below:

EOPL McHF								
INR Crores	**FY09**	**FY 10**	**FY 11**	**FY 12**	**FY 13**	**FY 14**	**FY 15**	**FY 16**
Sales	**175.5**	**297.5**	**335.3**	**584.6**	**982.6**	**1,338.0**	**1,547.8**	**1,779.1**
Sales Growth %		_69 5%_	_12 7%_	_74 3%_	_68 1%_	_36.2%_	_15 7%_	_14 9%_
EBITDA	**(41.7)**	**(29.9)**	**(20.0)**	**(11.2)**	**18.1**	**73.6**	**107.0**	**137.2**
EBITDA Margin (%)	_-23.8%_	_-10.1%_	_-6.0%_	_-1.9%_	_1.8%_	_5.5%_	_6.9%_	_7.7%_

- Revenues increased by 70% in FY10 as compared to FY09, however margins continued to remain negative, although there was improvement in margins as compared to FY09.
- As per the Management, revenues are expected to increase by 74% and 68% in FY12 and FY13, primarily on account of incremental revenues expected from new stores to be launched in FY11, FY12 and FY13.
- 6 new stores are planned to be launched, with 2 launches scheduled for mid 2011, 3 launches in 2012 and 1 launch in 2013.
- Management expects to increase margins mainly through – higher volumes on account of expansion, category sales mix shift and category margin enhancements. As per the Management, the Company has a successful track record of increasing margins purely by expansion led volume discounts. This is expected to turnaround the Company's profitability from FY13 onwards.

7. ENTITLEMENT RATIO

The fair basis of Arrangement of both JIL and EOPL McHf would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of JIL and EOPL McHf. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the equity shares but their comparative values to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightages to the values arrived at under each methodology. Considering the fact that the Arrangement is on a "going concern" basis and that there is no intention to dispose off the operating assets of the Companies / businesses concerned, we have considered it appropriate to give higher weight to the values determined under Income Approach methodology and Market Approach methodology as compared to value arrived under the Net Assets Value methodology.

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In the present case, the equity value of JIL has been considered after giving 40% weightage each to the Income Approach and Market Approach (20% weightage each to Share Price Approach and Market Multiples Approach) and 20% weightage to Net Assets Value.

The equity value of EOPL McHf has been considered after giving 50% weightage each to the Income Approach and Market Approach. No weightage has been given to Net Asset Value on account of the nature of business of EOPL McHf. Since JIL is listed and EOPL McHf is not a listed entity, a discount of 10%, on account of lack of marketability, has been applied to the final equity value of EOPL McHf.

The share exchange ratio has been arrived on the basis of a relative valuation of both the Companies / businesses based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, Management representations and perceptions, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the Management, present and prospective competition, yield on comparable securities and market sentiment etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Yection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

In the light of the above, and on a consideration of all the relevant factors and circumstances and without taking into consideration the capital reduction of EOPL, in our opinion, the "Entitlement Ratio" for issue of equity shares of JIL to the shareholders of EOPL is 10:111 i.e. 10 (Rupees 10/- fully paid up) equity shares of JIL for 111 (Rupees 10/- fully paid up) equity shares of EOPL.

Accordingly, based on 8,014,056 equity shares of JIL (of Rs. 10 each fully paid up) and 42,587,944 equity shares (without taking into account the capital reduction as per Board Resolution dated May 9, 2011) of EOPL (of Rs. 10/- each fully paid up) as on April 1, 2011 and considering the above entitlement ratio, 3,836,752 fresh equity shares shall be issued to the shareholders of EOPL on account of the proposed demerger of EOPL McHf into JACPL.

However post taking into account the capital reduction of EOPL and on a consideration of all the relevant factors and circumstances, in our opinion, the "Entitlement Ratio" for issue of equity shares of JIL to the shareholders of EOPL is 10:22 i.e. 10 (Rupees 10/-

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fully paid up) equity shares of JIL for 22 (Rupees 10/- fully paid up) equity shares of EOPL.

Accordingly, based on 8,014,056 equity shares of JIL (of Rs. 10 each fully paid up) and 8,437,765 equity shares (after taking into account the capital reduction as per Board Resolution dated May 9, 2011) of EOPL (of Rs. 10/- each fully paid up) as on April 1, 2011 and considering the above entitlement ratio, 3,835,348 fresh equity shares shall be issued to the shareholders of EOPL on account of the proposed demerger of EOPL McHf into JACPL.

8. CAVEATS

As you are aware, by its very nature, valuation work cannot be regarded as an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. In this valuation, it is not the absolute values but the relative values, which are of concern.

Also, the valuation conclusions arrived at in many cases are by their very nature subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgement decisions which have to be made. There can therefore be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.

It may be pointed out that valuations are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material.

For the purpose of arriving at the Entitlement Ratio, we have essentially relied on the information provided to us by the Management of JIL / EOPL and which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects.

We have based our assessment on information provided by JIL / EOPL and supplemented by limited industry and financial analysis. While we have endeavoured to access and analyse relevant information in the public domain, we are unable to make any representations or give any assurances for the same. Accordingly, while our work has involved an analysis of financial information, our engagement does not include an audit of the existing business records. Further, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the Management.

Legislation, its judicial interpretation and the policies of the tax and/or regulatory authorities are also subject to change from time to time, and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of our comments and recommendations contained in this report. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of this report.

Our scope of work involves recommendation of Entitlement Ratio; however the decision to proceed with the demerger as well as the acceptance of the final ratio depends on the Directors of the respective Companies.

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9. LIMITATION OF LIABILITY

In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Companies under consideration, their Directors, employees or agents.

In no circumstances shall the liability of PW&Co., its Partner or employees, relating to services provided in connection with the engagement set out in this report (or valuation or addition thereto) exceed the amount paid to us in respect of the fees charged for these services.

10. DISTRIBUTION OF REPORT

This report is prepared for the Managements of JIL and EOPL and may be produced before the shareholders, Registrar of Companies, Honourable High Courts and any other government authorities in connection with the proposed purpose outlined above. It is not to be used, referred to or distributed for any other purpose without our written permission. While due care has been exercised in carrying out the engagement, we shall not accept any responsibility or liability to third parties to whom our Report may have been shown or into whose hands it may come. Such parties are advised to carry out their own independent assessment or to obtain professional advice before taking relevant decisions.

This report is not to be referred to or quoted, in whole or in part, in any offering memorandum, prospectus, registration statement, public filing, loan or other agreement or document without our express written approval, which may require that we perform additional work.

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work and look forward to continuing our professional association.

Yours faithfully

Rohit Bhasin
Partner
Membership Number: A 083831
For and on behalf of
Price Waterhouse & Co
Firm Registration No 016844N

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ATTACHMENT I

SOURCES OF INFORMATION

The principal sources of information used in performing our assessment included:

- Reading of the unaudited financial statements of JIL for the past year ended March 31, 2010 and March 31, 2011;
- Reading of EOPL's financial statements for the year ended March 31, 2010 (audited) and for the year ended March 31, 2011 (unaudited);
- Reading of carved out financials of EOPL McHf for the 3 years ended March 31, 2011 (unaudited);
- Reading and analysis of projected income and cashflow statements of JIL and EOPL McHf for the 5 years ending March 31, 2016;
- Reading of the Board Resolution on capital reduction dated May 9, 2011;
- Discussions / meeting with the Management of the Companies for understanding of the business, historical operations and future potential, to obtain requisite explanation and clarifications on data provided;
- Analysis of share price movements of JIL on BSE and NSE;
- Some of the databases and reports of external agencies used include:
  - Bloomberg;
  - Capitaline Database; and
  - Industry reports on Retail, Fertilizers and Petrochemicals industry.
- Analysis of financial results of publicly listed comparable Indian companies operating in similar lines of business as the Companies; and
- Such other analysis and inquiries as we considered necessary.

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