



Date: 22<sup>nd</sup> September 2020

To,  
The Board of Directors

<b>Indus Netlink Limited</b> 25, Bazar Lane, Bengali Market, Connaught Place, New Delhi- 110001 <i>(Transferor)</i>	<b>Castle Rock Advisors Private Limited</b> House No. 181, Block-D, Pkt-17 Sector-03, Rohini, New Delhi- 110085 <i>(Transferor)</i>
<b>K2 Infosolutions Private Limited</b> House No. 181, Block-D, Pkt-17 Sector- 03, Rohini, New Delhi- 110085 <i>(Transferor)</i>	<b>Fortune Industrial Resources Limited</b> 25, Bazar Lane, Bengali Market, New Delhi- 110001 <i>(Transferee)</i>

**Subject: Recommendation of Share Exchange Ratio**

Dear Sir(s),

We refer to our engagement letter whereby Indus Netlink Limited ("INL"), Castle Rock Advisors Private Limited ("CRAPL") and K2 Infosolutions Private Limited ("KIPL") (together referred to as the "**Transferor Companies**") and Fortune Industrial Resources Limited ("FIRL") (referred to as the "**Transferee Company**") have appointed M/s D A B S K & Co., Chartered Accountants (hereinafter referred to as "Valuer" or "we" or "us") for the recommendation of a Share Exchange Ratio for the proposed amalgamation of INL, CRAPL and KIPL with FIRL (collectively referred to as the "**Companies**").

In the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitation on our scope of works.



## 1. INTRODUCTION

### 1.1. Indus Netlink Limited

- a. INL [Corporate Identification No. (CIN): U74899DL2000 PLC105154; Income Tax Permanent Account No. (PAN): AAACI8665A] was incorporated under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation dated 10<sup>th</sup> April, 2000, issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate for Commencement of Business dated 26<sup>th</sup> May, 2000 by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at 25, Bazar Lane, Bengali Market, Connaught Place, New Delhi-110 001.
- c. The present authorized share capital of the Company is ₹50,00,000 divided into 5,00,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up share capital of the Company is ₹48,86,500 divided into 4,88,650 Equity Shares of ₹10 each.
- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services and other related activities. The Company has deployed its idle funds in securities investments.

### 1.2. Castle Rock Advisors Private Limited:

- a. CRAPL [Corporate Identification No. (CIN): U70109DL2007PTC162148; Income Tax Permanent Account No. (PAN): AADCC0982B] was incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 17<sup>th</sup> April, 2007, issued by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at House No. 181, Block-D, Pkt-17, Sector-03, Rohini, New Delhi- 110085.
- c. The present authorized share capital of the Company is ₹8,00,000 divided into 80,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up share capital of the Company is ₹7,77,000 divided into 77,700 Equity Shares of ₹10 each.





- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services, commission agency business and other related activities. The Company has deployed its idle funds in securities investments.

### **1.3. K2 Infosolutions Private Limited:**

- a. **KIPL** [Corporate Identification No. (CIN): U72900DL2011PTC226907; Income Tax Permanent Account No. (PAN): AAECK5245L] was incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 1<sup>st</sup> November, 2011, issued by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at House No. 181, Block-D, Pkt-17, Sector-03, Rohini, New Delhi- 110085.
- c. The present authorized share capital of the Company is ₹8,50,000 divided into 85,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up share capital of the Company is ₹8,00,500 divided into 80,050 Equity Shares of ₹10 each.
- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services, commission agency business and other related activities. The Company has deployed its idle funds in securities investments.

### **1.4. Fortune Industrial Resources Limited**

- a. **FIRL** [Corporate Identification No. (CIN): L51503DL1986PLC024329; Income Tax Permanent Account No. (PAN): AAACF1853B] was incorporated under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation dated 28<sup>th</sup> May 1986, issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate for Commencement of Business dated 11<sup>th</sup> June 1986, by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at 25, Bazar Lane, Bengali Market, New Delhi- 110 001.



- c. The present authorized share capital of the Company is ₹3,00,00,000 divided into 29,00,000 Equity Shares of ₹10 each aggregating to ₹2,90,00,000; and 1,00,000 Preference Shares of ₹10 each aggregating to ₹10,00,000. Present issued, subscribed and paid-up share capital of the Company is ₹1,10,00,000 divided into 10,00,000 Equity Shares of ₹10 each aggregating to ₹1,00,00,000; and 1,00,000 Preference Shares of ₹10 each aggregating to ₹10,00,000. The Preference Shares issued by the Company are non-convertible and compulsorily redeemable.
- d. The Company is a listed company and the equity shares of the Company are listed on the Metropolitan Stock Exchange of India Ltd (MSEI).
- e. Presently, the Company is engaged in investment in shares and other securities, providing loans and advances and other related activities. The Company is duly registered with the Reserve Bank of India (RBI) as a non-deposit accepting Non-Banking Finance Company (NBFC).

## 2. BACKGROUND INFORMATION OF THE ASSET BEING VALUED

The securities (equity shares) of the Company to determine the Share Exchange Ratio.

## 3. PURPOSE OF VALUATION

The purpose of this report is to determine the fair Share Exchange Ratio for the proposed amalgamation of INL, CRAPL and KIPL with FIRL in compliance with the requirement of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the prescribed rules alongwith applicable provisions of the Securities and Exchange Board of India ("SEBI") and Reserve Bank of India ("RBI"), if any. The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a fair share exchange ratio for the proposed amalgamation. This report set out the findings of our exercise.

## 4. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF REPORT

Date of Appointment	10 <sup>th</sup> September 2020
Valuation Date	31 <sup>st</sup> March 2020
Date of Valuation Report	22 <sup>nd</sup> September 2020

## 5. INSPECTIONS AND/OR INVESTIGATION UNDERTAKEN





Web Site of Ministry of Corporate Affairs (MCA) was visited to carry out the inspections of various documents filed by the Company as well as relevant documents of competitors as considered necessary in connection with performance of duties.

## **6. NATURE AND SOURCES OF DATA/INFORMATION USED OR RELIED UPON**

- i. Audited Financial Statements for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020;
- ii. Various fillings by the company with MCA;
- iii. Data available at Public Domain;
- iv. Valuation report of associates companies given by Corporate Professionals Capital Private Limited, a SEBI Registered (Category-I) Merchant Banker as on 31<sup>st</sup> March 2019 in compliance with applicable provisions of Income Tax Act, 1961.
- v. Other business related information and explanations given during the process of valuation as was required for filling the gaps including Management Representation; and
- vi. Reliance has been placed on the verbal explanations and information given to us by the directors and key managerial personnel.

## **7. PROCEDURES ADOPTED IN CARRYING OUT THE VALUATION AND VALUATION STANDARD FOLLOWED**

### **7.1 Procedure adopted**

- Receipt of proposal for valuation;
- Discussion with the management and acceptance of the proposal;
- Receipt of intimation about appointment and acceptance of proposal;
- Execution of valuation engagement letter and providing the checklist for required information, documents, financial statements and records;
- Receipt of information, documents as per the checklist leading to preliminary study including analysis of business;
- Cross verification of data and meeting with Directors and concerned officials of the company for clarifications / explanations;
- Industry analysis by researching publicly available data on packing industry including economic factors and industry trends;
- Collection of additional documents;







not available as the subject company. Hence this approach has not been considered.

### **8.2.2 Income Approach**

Income approach of valuation is based on the principle that the value of an asset depends on its ability to produce future economic benefits. Under this approach the future economic benefits arising out of the asset is discounted to the present value or capitalized to get the value. Valuation under Income Approach is dependent upon future free cash flow. The valuation can be done by applying Free Cash Flow for Firm (FCFF) or Free Cash Flow for Equity (FCFE). This method is relevant in case of a company generating a steady stream of incomes.

As the transferor companies do not have significant business operations, and therefore, do not have steady stream of income/business plans. So income approach cannot be used to derive their value.

In case of transferee company (FIRL), it has a number of associates companies. Due to this factor, we do not have detailed long term projections of the Company. We have, therefore, not used this method for the valuation exercise.

### **8.2.3 Cost Approach**

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Adjusted Net Asset Value is generally used methodology in the Cost Approach. This method is used to value a business based on the difference between the fair market value of the assets and its liabilities. It is a sound method for estimating the value of an investment companies.

As the Companies have significant investments in other companies, we have used this method to determine the value of the Companies.

## **9. MAJOR FACTOR TAKEN INTO ACCOUNT DURING THE VALUATION**



- 9.1 The basis of the fair share exchange ratio for the proposed amalgamation would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. It is important to note that we are not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair share exchange ratio.
- 9.2 The share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- 9.3 In order to consider reasonable methods for the valuation exercise, we have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations").
- 9.4 Equity shares of FIRL are listed on Metropolitan Stock Exchange of India ("MSEI"). However, it is not traded frequently. Moreover, as per information available at SEBI website (<https://www.sebi.gov.in/stock-exchanges.html>), MSEI recognition is valid only upto 15.09.2020. Therefore, we didn't consider market value for our valuation exercise.
- 9.5 The Companies have significant investments in other companies. Therefore, the per share value of these Companies include the value of those other companies.
- 9.6 We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the share exchange ratio for the proposed amalgamation, suitable minor adjustments/ roundoff have been done in the values.

#### 10. RECOMMENDATION OF SHARE EXCHANGE RATIO FOR THE PROPOSED AMALGAMATION OF INL, CRAPL AND KIPL WITH FIRL

Valuation Method	INL	CRAPL	KIPL	FIRL
Cost Approach	₹125.22	₹2,013.21	₹2,548.38	₹891.57
Income Approach	NA	NA	NA	NA
Market	NA	NA	NA	NA





Approach				
Value per share for the purpose of Share Exchange Ratio	₹125.22	₹2,013.21	₹2,548.38	₹891.57
Exchange Ratio (Rounded off)	7.12	0.44	0.35	

## 11. CONCLUSION

Based on the foregoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove and subject to our comments and caveats as detailed, we recommend the following Share Exchange Ratio for the Proposed Amalgamation.

### **For amalgamation of INL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 712 (Seven Hundred Twelve) equity shares of INL of ₹10 each fully paid up.

### **For amalgamation of CRAPL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 44 (Forty Four) equity shares of CRAPL of ₹10 each fully paid up.

### **For amalgamation of KIPL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 35 (Thirty Five) equity shares of KIPL of ₹10 each fully paid up.

## 12. RESTRICTIONS ON USE OF THE REPORT

Report is to be read in totality and not in parts, in conjunction with the relevant documents mentioned therein and specifically used for the purpose of Proposed Amalgamation of INL, CRAPL and KIPL with FIRL pursuant to section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the prescribed rules alongwith applicable provisions of the Securities and Exchange Board of India ("SEBI") and Reserve Bank of India ("RBI"), if any.

## 13. CAVEATS, LIMITATIONS AND DISCLAIMERS



### 13.1 Caveats and Limitations

- i) The company couldn't provide the financial statements of the associates/ related companies. Therefore, in order to determine the value of the investments made by the subject companies in these companies, we solely relied upon the valuation report of associates companies given by Corporate Professionals Capital Private Limited, a SEBI Registered (Category-I) Merchant Banker as on 31<sup>st</sup> March 2019 in compliance with applicable provisions of Income Tax Act, 1961.
- ii) Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, the undersigned, independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.
- iii) The company and its representatives warranted to the undersigned that the information supplied was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
- iv) The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
- v) This valuation reflects facts and conditions existing or reasonable foreseeable at the valuation date. Subsequent events have not been considered, and the undersigned has no obligation to update the report for such events and conditions.
- vi) The undersigned is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. Undersigned does not conduct or





provide environmental assessments and has not performed one for the subject property.

- vii) No change of any item in this valuation/conclusion report shall be made by anyone other than the undersigned and shall have no responsibility for any such unauthorized change.
- viii) It is assumed that there is full compliance with all applicable Central, State, and local environmental regulations and laws.
- ix) I have made no investigation of title to property, and assume that the owner's claim to the property is valid.

### 13.2 Disclaimers:

Valuation is an imprecise science with value being an estimate only and reasonable people can differ in their estimates of value. The assumptions are based on statements of facts provided by the Company or information available at public domain and not generated by the valuer. However, valuer has used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report.

### 14. GRATITUDE


We are grateful to the Management for making information and particulars available to us, often at a shorter notice, without which our assignment would not have been concluded in a time bound manner.

**Respectfully submitted,**

for **M/s D A B S K & Co.**

Chartered Accountants

FRN: 027243N



**CA Kaushal Kishor Singh**

**Partner**

M.No. 531953

**UDIN: 20531953AAAABF1478**

Date: 22<sup>nd</sup> September 2020

Place: New Delhi

# VALUATION REPORT

on Exchange Ratio of Equity Shares upon amalgamation of

**Indus Netlink Limited,**

**Castle Rock Advisors Private Limited,**

**K2 Infosolutions Private limited**

WITH

**Fortune Industrial Resources Private Limited**

Prepared by:

**Vikas Gupta**

IBBI Registered Valuer,

M.No. IBBI/RV/03/2020/12738

COP No. ICSIRVO/SFE/84

---



## TABLE OF CONTENTS

S.No.	Particulars	Page No.
1.	Introduction	2
2.	Background information of the asset being valued	4
3.	Purpose of valuation and appointing authority	4
4.	Identity of the Valuer and any other experts involved in the valuation	5
5.	Disclosure of the interest or conflict, if any	5
6.	Date of appointment, valuation date and date of valuation report	5
7.	Inspection and/or investigation undertaken	5
8.	Nature and source of data/information used and relied upon	5
9.	Procedures adopted in carrying out the valuation and valuation standard followed	6
10.	Premises of value, valuation approaches and methods	7
11.	Major factor taken into account during valuation	8
12.	Recommendation of share exchange ratio for the proposed amalgamation of INL, CRAPL and KIPL with FIRL	9
13.	Conclusions	9
14.	Restrictions on use of the report	10
15.	Caveats, limitations and disclaimers	10





*Strictly Private and Confidential*

Date: 22<sup>nd</sup> September 2020

To,  
The Board of Directors

<b>Indus Netlink Limited</b> 25, Bazar Lane, Bengali Market, Connaught Place, New Delhi- 110001 <i>(Transferor)</i>	<b>Castle Rock Advisors Private Limited</b> House No. 181, Block-D, Pkt-17 Sector-03, Rohini, New Delhi- 110085 <i>(Transferor)</i>
<b>K2 Infosolutions Private Limited</b> House No. 181, Block-D, Pkt-17 Sector- 03, Rohini, New Delhi- 110085 <i>(Transferor)</i>	<b>Fortune Industrial Resources Limited</b> 25, Bazar Lane, Bengali Market, New Delhi- 110001 <i>(Transferee)</i>

**Subject: Recommendation of Share Exchange Ratio**

Dear Sir(s),

We refer to our engagement letter whereby Indus Netlink Limited ("INL"), Castle Rock Advisors Private Limited ("CRAPL") and K2 Infosolutions Private Limited ("KIPL") (together referred to as the "**Transferor Companies**") and Fortune Industrial Resources Limited ("FIRL") (referred to as the "**Transferee Company**") have appointed Vikas Gupta, IBBI Registered Valuer (hereinafter referred to as "Valuer" or "we" or "us") for the recommendation of a Share Exchange Ratio for the proposed amalgamation of INL, CRAPL and KIPL with FIRL (collectively referred to as the "**Companies**").

In the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitation on our scope of works.





# VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

---

## 1. INTRODUCTION

### 1.1. Indus Netlink Limited

- a. **INL** [Corporate Identification No. (CIN): U74899DL2000 PLC105154; Income Tax Permanent Account No. (PAN): AAACI8665A] was incorporated under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation dated 10<sup>th</sup> April, 2000, issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate for Commencement of Business dated 26<sup>th</sup> May, 2000 by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at 25, Bazar Lane, Bengali Market, Connaught Place, New Delhi-110 001.
- c. The present authorized share capital of the Company is ₹50,00,000 divided into 5,00,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up share capital of the Company is ₹48,86,500 divided into 4,88,650 Equity Shares of ₹10 each.
- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services and other related activities. The Company has deployed its idle funds in securities investments.

### 1.2. Castle Rock Advisors Private Limited:

- a. **CRAPL** [Corporate Identification No. (CIN): U70109DL2007PTC162148; Income Tax Permanent Account No. (PAN): AADCC0982B] was incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 17<sup>th</sup> April, 2007, issued by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at House No. 181, Block-D, Pkt-17, Sector-03, Rohini, New Delhi- 110085.
- c. The present authorized share capital of the Company is ₹8,00,000 divided into 80,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up



## VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

---

share capital of the Company is ₹7,77,000 divided into 77,700 Equity Shares of ₹10 each.

- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services, commission agency business and other related activities. The Company has deployed its idle funds in securities investments.

### **1.3. K2 Infosolutions Private Limited:**

- a. **KIPL** [Corporate Identification No. (CIN): U72900DL2011PTC226907; Income Tax Permanent Account No. (PAN): AAECK5245L] was incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 1<sup>st</sup> November, 2011, issued by the Registrar of Companies, Delhi & Haryana, New Delhi.
- b. Presently, registered office of the Company is situated at House No. 181, Block-D, Pkt-17, Sector-03, Rohini, New Delhi- 110085.
- c. The present authorized share capital of the Company is ₹8,50,000 divided into 85,000 Equity Shares of ₹10 each. Present issued, subscribed and paid-up share capital of the Company is ₹8,00,500 divided into 80,050 Equity Shares of ₹10 each.
- d. The Company is a closely held unlisted company.
- e. Presently, the Company is engaged in consultancy services, commission agency business and other related activities. The Company has deployed its idle funds in securities investments.

### **1.4. Fortune Industrial Resources Limited**

- a. **FIRL** [Corporate Identification No. (CIN): L51503DL1986PLC024329; Income Tax Permanent Account No. (PAN): AAACF1853B] was incorporated under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation dated 28<sup>th</sup> May 1986, issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The Company was issued Certificate





## VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

---

for Commencement of Business dated 11<sup>th</sup> June 1986, by the Registrar of Companies, Delhi & Haryana, New Delhi.

- b. Presently, registered office of the Company is situated at 25, Bazar Lane, Bengali Market, New Delhi- 110 001.
- c. The present authorized share capital of the Company is ₹3,00,00,000 divided into 29,00,000 Equity Shares of ₹10 each aggregating to ₹2,90,00,000; and 1,00,000 Preference Shares of ₹10 each aggregating to ₹10,00,000. Present issued, subscribed and paid-up share capital of the Company is ₹1,10,00,000 divided into 10,00,000 Equity Shares of ₹10 each aggregating to ₹1,00,00,000; and 1,00,000 Preference Shares of ₹10 each aggregating to ₹10,00,000. The Preference Shares issued by the Company are non-convertible and compulsorily redeemable.
- d. The Company is a listed company and the equity shares of the Company are listed on the Metropolitan Stock Exchange of India Ltd (MSEI).
- e. Presently, the Company is engaged in investment in shares and other securities, providing loans and advances and other related activities. The Company is duly registered with the Reserve Bank of India (RBI) as a non-deposit accepting Non-Banking Finance Company (NBFC).

## 2. BACKGROUND INFORMATION OF THE ASSET BEING VALUED

The securities (equity shares) of the Company to determine the Share Exchange Ratio.

## 3. PURPOSE OF VALUATION AND APPOINTING AUTHORITY

**3.1 Purpose of valuation:** The purpose of this report is to determine the fair Share Exchange Ratio for the proposed amalgamation of INL, CRAPL and KIPL with FIRL in compliance with the requirement of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the prescribed rules. The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a fair share exchange ratio for the proposed amalgamation. This report set out the findings of our exercise.



## VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

**3.2 Appointing Authority:** In case of INL, CRAPL and KIPL appointing authority is Board of Directors and in case of FIRL appointing authority is Audit Committee.

#### 4. IDENTITY OF THE VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION

Name of the Valuer : Vikas Gupta  
Address of the Valuer : 1/56D, Office No. 202, Lalita Park,  
Laxmi Nagar, New Delhi- 110092  
Contact Detail : 9717755479  
Email address : [vikas@indamicus.in](mailto:vikas@indamicus.in)  
Credentials : IBBI Registered Valuer COP No.  
ICSIRVO/SFE/84

#### 5. DISCLOSURE OF INTEREST OR CONFLICT, IF ANY

The valuer or any of his relative or associate is not related with the Company.

#### 6. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF REPORT

Date of Appointment	10 <sup>th</sup> September 2020
Valuation Date	31 <sup>st</sup> March 2020
Date of Valuation Report	22 <sup>nd</sup> September 2020

#### 7. INSPECTIONS AND/OR INVESTIGATION UNDERTAKEN

Web Site of Ministry of Corporate Affairs (MCA) was visited to carry out the inspections of various documents filed by the Company as well as relevant documents of competitors as considered necessary in connection with performance of duties.

#### 8. NATURE AND SOURCES OF DATA/INFORMATION USED OR RELIED UPON

- i. Audited Financial Statements for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020;
- ii. Various fillings by the company with MCA;
- iii. Data available at Public Domain;





## **VIKAS GUPTA**

Registered Valuer

IBBI/RV/03/2020/12738

---

- iv. Valuation report of associates companies given by Corporate Professionals Capital Private Limited, a SEBI Registered (Category-I) Merchant Banker as on 31<sup>st</sup> March 2019 in compliance with applicable provisions of Income Tax Act, 1961.
- v. Other business related information and explanations given during the process of valuation as was required for filling the gaps including Management Representation; and
- vi. Reliance has been placed on the verbal explanations and information given to us by the directors and key managerial personnel.

### **9. PROCEDURES ADOPTED IN CARRYING OUT THE VALUATION AND VALUATION STANDARD FOLLOWED**

#### **9.1 Procedure adopted**

- Receipt of proposal for valuation;
- Discussion with the management and acceptance of the proposal;
- Receipt of intimation about appointment and acceptance of proposal;
- Execution of valuation engagement letter and providing the checklist for required information, documents, financial statements and records;
- Receipt of information, documents as per the checklist leading to preliminary study including analysis of business;
- Cross verification of data and meeting with Directors and concerned officials of the company for clarifications / explanations;
- Industry analysis by researching publicly available data on packing industry including economic factors and industry trends;
- Collection of additional documents;
- Determining valuations approach and methods;
- Valuation synthesis & revisiting the assumptions and decision made; and
- Report preparation and its validation.

#### **9.2 Valuation Standard followed**

International Valuations Standards (popularly known as 'IVS') issued by IVSC have been followed for preparation and valuation of the equity shares.



## **10. PREMISES OF VALUE, VALUATION APPROACHES AND METHODS**

### **10.1 Premise of Value**

For the purpose of arriving at valuation of the Companies, we have considered the valuation base as 'Fair Value'. The premise of the value determination is 'Going Concern' and the enterprise value so determined is of a company expected to continue to operate in future. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.

### **10.2 Approaches of Valuation**

It is universally recognised that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

There are three approaches to carry out valuation of equity shares:

- Market Approach
- Income Approach
- Cost Approach

Each of the above approaches are discussed in the following paragraphs.

#### **10.2.1 Market Approach**

Market based approach to business valuation attempt to establish the value of the business by comparing the business to similar businesses that have recently sold or by using comparable available of publicly traded companies. Obviously, this method is only going to work well if there are a sufficient number of similar businesses to compare. The Comparable companies are not available as the subject company. Hence this approach has not been considered.

#### **10.2.2 Income Approach**

Income approach of valuation is based on the principle that the value of an asset depends on its ability to produce future economic benefits. Under this





approach the future economic benefits arising out of the asset is discounted to the present value or capitalized to get the value. Valuation under Income Approach is dependent upon future free cash flow. The valuation can be done by applying Free Cash Flow for Firm (FCFF) or Free Cash Flow for Equity (FCFE). This method is relevant in case of a company generating a steady stream of incomes.

As the transferor companies do not have significant business operations, and therefore, do not have steady stream of income/business plans. So income approach cannot be used to derive their value.

In case of transferee company (FIRL), it has a number of associates companies. Due to this factor, we do not have detailed long term projections of the Company. We have, therefore, not used this method for the valuation exercise.

### **10.2.3 Cost Approach**

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Adjusted Net Asset Value is generally used methodology in the Cost Approach. This method is used to value a business based on the difference between the fair market value of the assets and its liabilities. It is a sound method for estimating the value of an investment companies.

As the Companies have significant investments in other companies, we have used this method to determine the value of the Companies.

## **11. MAJOR FACTOR TAKEN INTO ACCOUNT DURING THE VALUATION**

- 11.1** The basis of the fair share exchange ratio for the proposed amalgamation would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. It is important to note that we are not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair share exchange ratio.



## VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

**11.2** The share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.

**11.3** The Companies have significant investments in other companies. Therefore, the per share value of these Companies include the value of those other companies.

**11.4** We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the share exchange ratio for the proposed amalgamation, suitable minor adjustments/ roundoff have been done in the values.

### 12. RECOMMENDATION OF SHARE EXCHANGE RATIO FOR THE PROPOSED AMALGAMATION OF INL, CRAPL AND KIPL WITH FIRL

Valuation Method	INL	CRAPL	KIPL	FIRL
Cost Approach	₹125.22	₹2,013.21	₹2,548.38	₹891.57
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Value per share for the purpose of Share Exchange Ratio	₹125.22	₹2,013.21	₹2,548.38	₹891.57
Exchange Ratio (Rounded off)	7.12	0.44	0.35	

### 13. CONCLUSION

Based on the foregoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove and subject to our comments and caveats as detailed, we recommend the following Share Exchange Ratio for the Proposed Amalgamation.





## **VIKAS GUPTA**

Registered Valuer

IBBI/RV/03/2020/12738

---

### **For amalgamation of INL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 712 (Seven Hundred Twelve) equity shares of INL of ₹10 each fully paid up.

### **For amalgamation of CRAPL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 44 (Forty Four) equity shares of CRAPL of ₹10 each fully paid up.

### **For amalgamation of KIPL with FIRL**

100 (One Hundred) equity shares of FIRL of ₹10 each fully paid up for every 35 (Thirty Five) equity shares of KIPL of ₹10 each fully paid up.

## **14. RESTRICTIONS ON USE OF THE REPORT**

Report is to be read in totality and not in parts, in conjunction with the relevant documents mentioned therein and specifically used for the purpose of Proposed Amalgamation of INL, CRAPL and KIPL with FIRL pursuant to section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the prescribed rules.

## **15. CAVEATS, LIMITATIONS AND DISCLAIMERS**

### **15.1 Caveats and Limitations**

- i) The company couldn't provide the financial statements of the associates/ related companies. Therefore, in order to determine the value of the investments made by the subject companies in these companies, we solely relied upon the valuation report of associates companies given by Corporate Professionals Capital Private Limited, a SEBI Registered (Category-I) Merchant Banker as on 31<sup>st</sup> March 2019 in compliance with applicable provisions of Income Tax Act, 1961.
- ii) Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, the undersigned, independently did not verify such information and make no



## VIKAS GUPTA

Registered Valuer

IBBI/RV/03/2020/12738

---

representation as to the accuracy or completeness of such information obtained from or provided by such sources.

- iii) The company and its representatives warranted to the undersigned that the information supplied was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
- iv) The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
- v) This valuation reflects facts and conditions existing or reasonable foreseeable at the valuation date. Subsequent events have not been considered, and the undersigned has no obligation to update the report for such events and conditions.
- vi) The undersigned is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. Undersigned does not conduct or provide environmental assessments and has not performed one for the subject property.
- vii) No change of any item in this valuation/conclusion report shall be made by anyone other than the undersigned and shall have no responsibility for any such unauthorized change.
- viii) It is assumed that there is full compliance with all applicable Central, State, and local environmental regulations and laws.





## **VIKAS GUPTA**

Registered Valuer

IBBI/RV/03/2020/12738

---

- ix) I have made no investigation of title to property, and assume that the owner's claim to the property is valid.

### **15.2 Disclaimers:**

Valuation is an imprecise science with value being an estimate only and reasonable people can differ in their estimates of value. The assumptions are based on statements of facts provided by the Company or information available at public domain and not generated by the valuer. However, valuer has used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report.

### **16. GRATITUDE**

We are grateful to the Management for making information and particulars available to us, often at a shorter notice, without which our assignment would not have been concluded in a time bound manner.

**Respectfully submitted,**



**Vikas Gupta,  
Registered Valuer**

Regn. No. IBBI/RV/03/2020/12738

COP No. ICSIRVO/SFE/84

Date: 22<sup>nd</sup> September 2020

Place: New Delhi