

Mallika & Co.
Company Secretaries
(A peer reviewed firm)

To,

Mouldcraft (India) Pvt Ltd
153/1, Nirankari Colony,
Delhi-110 009

Maksad Infracon Pvt Ltd
127, Nirankari Colony,
Delhi-110 009

Saptrishi Finance Pvt Ltd
25, Bazar Lane, Bengali Market, New
Delhi-110 001

**Trimurti Petrochemicals and
Allied Services Pvt Ltd**
G-22/351, Ground Floor, Sector-7,
Rohini, Delhi-110 085

Fortune Industrial Resources Ltd
25, Bazar Lane, Bengali Market, New
Delhi-110 001

Sub: Report on Valuation of Shares and Share Exchange Ratio for the purpose of the proposed Scheme of Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd

Dear Sirs,

Preamble: There is a proposal for Amalgamation of **Mouldcraft (India) Pvt Ltd** ("the Transferor Company No. 1"), **Maksad Infracon Pvt Ltd** ("the Transferor Company No. 2"), **Saptrishi Finance Pvt Ltd** ("the Transferor Company No. 3") and **Trimurti Petrochemicals and Allied Services Pvt Ltd** ("the Transferor Company No. 4") with **Fortune Industrial Resources Ltd** ("the Transferee Company"), to be implemented through a Scheme of Amalgamation under the provisions of the Companies Act, 2013, and other applicable provisions. The aforesaid Proposed Scheme of Amalgamation is hereinafter referred to as "**the Scheme**"/ "**the Proposed Scheme**". The Transferor Company No. 1, 2, 3 and 4 and the Transferee Company are hereinafter collectively referred to as "**the Companies**".

I was engaged to carry out the valuation exercise and to recommend the share exchange ratio for the Proposed Scheme. In terms of the provisions of section 247 of the Companies Act, 2013, the Board of Directors of Saptrishi Finance Pvt Ltd in its meeting held on 10th May 2024; Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd in their respective board meetings held on 15th May 2024 and the Audit Committee of Fortune Industrial Resources Ltd in its meeting held on 28th May 2024, passed necessary resolutions for my appointment for the aforesaid purpose.



I, accordingly, report as under:

1. Objective:

The objective of the present valuation process is to determine a fair valuation of shares of the Companies and to recommend a share exchange ratio for the Proposed Scheme.

2. Disclosure regarding identity and interest of the Valuer:

The Valuer – Ms Mallika Goel, having her office at 785, Pocket-E, Mayur Vihar Phase II, Delhi-110091, is a Registered Valuer in respect of Securities or Financial Assets duly registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV/11/2022/14784. The Valuer is hereinafter referred to as **“the Registered Valuer/the Valuer”**.

The Registered Valuer does not have any conflict of interest in the present valuation exercise as she does not hold any share or other pecuniary interest in any of the Companies under the valuation except fee or any other payment received/to be received for carrying out any professional services, if any. The Registered Valuer is not associated with the management of the Companies, which are subject matter of the present valuation, their promoters or any other group company in any way other than in professional capacity, if any. The Registered Valuer has no current or expected interest in the Company or its assets and there is no conflict of interest among the Registered Valuer and the Companies under the valuation exercise or their Management. Prior to accepting this engagement, Registered Valuer has considered her independence.

The fees paid for the services in no way influenced the results of the analysis.

3. Source of Information

In connection with preparing this Report, I have received the following information from the management of the Companies:

- a. Memorandum and Articles of Association of the Companies.
- b. Audited Financial Statements of the Transferor and the Transferee Companies for the financial year ended 31st March, 2023 and 31st March 2024.
- c. Details and proposal including the statement of rationale and justification for the proposed Scheme of Amalgamation.
- d. The list of shareholders of the Transferor Companies and the Shareholding Pattern of the Transferee Company as on 31st March, 2024.



- e. Other relevant documents and information of the Companies.

During the valuation exercise, I had various discussions with the representative of the management of the Companies. In finalization of this Report, I have further relied on various secondary and other analysis, reviews and enquiries, as I considered relevant.

The **Cut-off date/ Valuation Date** for the purpose of the present valuation report is **31st March, 2024**.

Procedures Adopted in Carrying Out the Valuation:

In connection with this exercise, I have adopted the following broad procedures to carry out the valuation:

- i. Requested and received financial and qualitative information;
- ii. Discussion with the Companies to:
 - Understand the business and fundamental factors that affect its earning generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
 - Enquire about business plans and future performance estimates.
- iii. Undertook economic & industry analysis:
 - Research of publicly available market data including economic factors and industry trends that may impact the valuation;
 - Other publicly available information.
- iv. Analysis of information;
- v. Selection of appropriate internationally accepted valuation methodologies after deliberations;
- vi. Determination of value of the Companies;
- vii. Evaluation and finalization of share exchange ratio.

4. Scope/Limitation:

The Valuation exercise carried out by me does not constitute an audit carried out in accordance with Generally Accepted Accounting Principles/Auditing Standards. Accordingly, I do not express any opinion on the financial statements, assumptions underlying such financial statements and representations of management included in the Valuation Report. I do not



provide any assurance that the financial information or assumptions, upon which these have been based, are accurate.

The present exercise is limited to carry out the valuation exercise and to advise share exchange ratio in connection with the Proposed Scheme and does not necessarily constitute an enterprise valuation of these Companies. In carrying out the valuation, I have entirely relied upon the financial statements of the concerned Companies, assumptions and other information, documents & explanations provided by the management and discussions with the management from time to time regarding operations of these Companies.

5. Caveats, Limitations, and Disclaimers:

This report is a private and confidential document prepared under the specific instructions of the client(s). It is for the internal use of the client(s) and their shareholders/creditors and is not meant for external circulation except to any statutory agency or competent authority for the purpose of the Proposed Scheme. Any person making any investment or taking other decision on reliance of this report will be doing so at its/ his sole risk. I shall not be responsible for any decision taken by anybody on reliance of this report, in particular for the purpose other than the Proposed Scheme.

While my work involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client's existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Companies/their representatives. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

Valuation of Companies and businesses is not a precise science and the conclusions arrived at, in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and I normally express my opinion on the value as falling within a likely range. The object of the present valuation exercise is to determine the share exchange ratio for the purpose of the Proposed Scheme; I have determined the relative value to determine the share exchange ratio.

The ultimate analysis has been tempered by the exercise of judicious discretion by me and judgment considering the relevant factor. There will always be several factors, like management capability, present and prospective competition, yield on comparable securities, market sentiment, etc., which may not be apparent from the face of the financial statements, but could strongly influence the value.

In the course of valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the



Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Companies.

My report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

6. Compliance with the Rules and Standards:

While carrying out the present valuation exercise, I have relied on relevant provisions of the Companies Act, 2013; the Companies (Registered Valuers and Valuation) Rules, 2017; the International Valuation Standards (IVS), the Guidelines on Use of Caveats, Limitations and Disclaimers by the Registered Valuers in Valuation Reports (issued by IBBI); and other provisions to the extent relevant/applicable.

The present Valuation Report complies with and the same is done by the Valuer, in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017; the International Valuation Standards (IVS), and other applicable provisions, if any.

7. Brief Profile of the Companies:

7.1 The Transferor Company No. 1: Mouldcraft (India) Pvt Ltd

- a. Mouldcraft (India) Pvt Ltd** [Corporate Identity No. (CIN): U25199DL1996PTC083786; Income Tax Permanent Account No. (PAN): AAACM7533R] was originally incorporated on 11th December, 1996, under the provisions of the Companies Act, 1956, as a public limited company with the name and style as 'Mouldcraft (India) Ltd' vide Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

The Company was issued Certificate for Commencement of Business dated 1st January, 1997 by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

The Company was converted into a private limited company and name of the Company was changed to 'Mouldcraft (India) Pvt Ltd' vide Fresh Certificate of Incorporation dated 25th February, 2010, issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

- b.** The present registered office of the Transferor Company No. 1 is situated at 153/1, Nirankari Colony, Delhi-110 009.



- c. The present authorised share capital of the Transferor Company No. 1 is ₹5,00,00,000 divided into 50,00,000 Equity Shares of ₹10 each. The present issued, subscribed and paid-up share capital of the Transferor Company No. 1 is ₹1,84,33,000 divided into 18,43,300 Equity Shares of ₹10 each.
- d. The Transferor Company No. 1 was incorporated to carry on business relating to plastics, rubber and resins, etc. The Company has deployed its funds in Bank Fixed Deposits and providing advances, etc.

7.2 The Transferor Company No. 2: Maksad Infracon Pvt Ltd

- a. **Maksad Infracon Pvt Ltd** [Corporate Identity No. (CIN): U70200DL2009PTC189998; Income Tax Permanent Account No. (PAN): AAGCM0315D] was incorporated on 5th May, 2009, under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
- b. The present registered office of the Transferor Company No. 2 is situated at 127, Nirankari Colony, Delhi-110 009.
- c. The present authorised share capital of the Transferor Company No. 2 is ₹1,75,00,000 divided into 17,50,000 Equity Shares of ₹10 each. The present issued, subscribed and paid-up share capital of the Transferor Company No. 2 is ₹1,62,00,000 divided into 16,20,000 Equity Shares of ₹10 each.
- d. The Transferor Company No. 2 was incorporated to carry on real estate business. The Company has deployed its funds in Bank Fixed Deposits, securities investments and providing advances, etc.

7.3 The Transferor Company No. 3: Saptrishi Finance Pvt Ltd

- a. **Saptrishi Finance Pvt Ltd** [Corporate Identity No. (CIN): U65929DL1985PTC019972; Income Tax Permanent Account No. (PAN): AAHCS0266N] was originally incorporated on 30th January, 1985, under the provisions of the Companies Act, 1956, as a public limited company with the name and style as 'Saptrishi Finance Ltd' vide Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

The Company was issued Certificate for Commencement of Business dated 5th February, 1985 by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

The Company was converted into a private limited company and name of the Company was changed to 'Saptrishi Finance Pvt Ltd' vide Fresh



Certificate of Incorporation dated 22nd March, 2022 issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

- b. The present registered office of the Transferor Company No. 3 is situated at 25, Bazar Lane, Bengali Market, New Delhi-110 001.
- c. The present authorised share capital of the Transferor Company No. 3 is ₹4,25,00,000 divided into 42,50,000 Equity Shares of ₹10 each. The present issued, subscribed and paid-up share capital of the Transferor Company No. 3 is ₹4,24,50,000 divided into 42,45,000 Equity Shares of ₹10 each.
- d. The Transferor Company No. 3 was incorporated to carry on securities investment and lending business. The Company has made investments in various Group Companies' shares. It is a Core Investment Company (CIC) in terms of the RBI Regulations.

7.4 The Transferor Company No. 4: Trimurti Petrochemicals and Allied Services Pvt Ltd

- a. **Trimurti Petrochemicals and Allied Services Pvt Ltd** [Corporate Identity No. (CIN): U23209DL1997PTC090414; Income Tax Permanent Account No. (PAN): AABCT5178N] was incorporated on 24th October, 1997, under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
- b. The present registered office of the Transferor Company No. 4 is situated at G-22/351, Ground Floor, Sector-7, Rohini, Delhi-110 085.
- c. The present authorised share capital of the Transferor Company No. 4 is ₹2,00,00,000 divided into 20,00,000 Equity Shares of ₹10 each. The present issued, subscribed and paid-up share capital of the Transferor Company No. 4 is ₹1,76,67,800 divided into 17,66,780 Equity Shares of ₹10 each.
- d. The Transferor Company No. 4 was incorporated to carry on business relating to petroleum and chemicals. The Company has deployed its funds in Bank Fixed Deposits, securities investments, and providing advances.

7.5 The Transferee Company: Fortune Industrial Resources Ltd

- a. **Fortune Industrial Resources Ltd** [Corporate Identity No. (CIN): L51503DL1986PLC024329; Income Tax Permanent Account No. (PAN): AAACF1853B] was incorporated on 28th May, 1986, under the provisions of the Companies Act, 1956, as a public limited company vide Certificate of Incorporation issued by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.



The Company was issued Certificate for Commencement of Business dated 11th June, 1986 by the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

- b. The present registered office of the Transferee Company is situated at 25, Bazar Lane, Bengali Market, New Delhi-110 001.
- c. The present authorized share capital of the Transferee Company is ₹3,66,50,000 divided into 35,65,000 Equity Shares of ₹10 each aggregating to ₹3,56,50,000; and 1,00,000 Preference Shares of ₹10 each aggregating to ₹10,00,000. The present issued, subscribed and paid-up share capital of the Transferee Company is ₹1,56,14,370 divided into 14,73,937 Equity Shares of ₹10 each aggregating ₹ 1,47,39,370; and 87,500 Redeemable Preference Shares of ₹10 each aggregating ₹8,75,000.

Equity shares of the Transferee Company is listed on Metropolitan Stock Exchange of India Limited (MSEI).

- d. The Transferee Company is engaged in securities investments and lending business. The Company is registered as a non-deposit taking Non-Banking Financial Company (NBFC) with the Reserve Bank of India (RBI).

8. Rationale and Justifications:

The management of the Companies have provided the following justifications and reasons for the proposed Scheme of Amalgamation:

"The circumstances which justify and/or necessitate the proposed Scheme of Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd; and benefits of the proposed amalgamation as perceived by the Board of Directors of these Companies, to the Shareholders and other stakeholders are, inter alia, as follows:

- i. The proposed amalgamation of the Transferor Companies with the Transferee Company would result in consolidation and pooling of their resources into a single entity.
- ii. The Transferor Company No. 1 was incorporated to carry on business relating to plastics, rubber and resins, etc. The Company has deployed its funds in Bank Fixed Deposits and providing advances, etc. The Transferor Company No. 2 was incorporated to carry on real estate business. The Company has deployed its funds in Bank Fixed Deposits, securities investments and providing advances, etc. The Transferor Company No. 3 was incorporated to carry on securities investment and lending business. The Company has made investments in various Group Companies' shares. It is a Core Investment Company (CIC) in terms of the RBI Regulations.



The Transferor Company No. 4 was incorporated to carry on business relating to petroleum and chemicals. The Company has deployed its funds in Bank Fixed Deposits, securities investments, and providing advances.

The Transferee Company, on the other hand, is engaged in securities investments and lending business. The Transferee Company is registered with the Reserve Bank of India as a non-deposit taking Non-Banking Financial Company (NBFC). It is decided that after the sanction of the Scheme of Amalgamation, various activities being carried on in the Transferor Companies will be stopped. Combined funds of all the Transferor Companies will be utilised by the Transferee Company in the NBFC Business only. The Transferee Company will continue to focus on its NBFC Business.

- iii. The proposed amalgamation will substantially enhance the capital and net worth base of the Transferee Company which will enable the Transferee Company to further expand its NBFC Business.
- iv. The proposed amalgamation will enable the Shareholders of the un-listed Transferor Companies to hold shares in the listed Transferee Company and enjoy the resultant benefits.
- v. A larger capital base of the Listed Transferee Company will result in better liquidity and will benefit its Public Shareholders.
- vi. The proposed Scheme of Amalgamation would result in pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity. Post Scheme, the Transferee Company will enjoy large net worth and financial resources which are critical for any NBFC.
- vii. The proposed Scheme of Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.
- viii. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferor Companies and the Transferee Company.
- ix. The proposed amalgamation would enhance the shareholders' value of the Transferor and the Transferee Companies.



- x. The proposed Scheme of Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their shareholders, employees and other stakeholders and all concerned.”

9. Valuation approach, assumptions and methodologies:

9.1 There are a number of techniques/methods for Valuation of Shares. According to various judicial precedents the valuation of shares is a technical matter, which requires considerable skill and expertise. There are bound to be differences of opinion as to the correct value of the shares of the Company; simply because it is possible to value the shares in a manner different from the one adopted in a given case, it cannot be said that the valuation agreed upon has been unfair.

9.2 Approach and methodology as per Valuation Standards:

A. The International Valuation Standards (IVS) provides that consideration must be given to the relevant and appropriate valuation approaches. One or more valuation approaches may be used in order to arrive at the value in accordance with the basis of value. The three approaches described and defined below are the main approaches used in valuation. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution.

B. The principal valuation approaches are:

- i. market approach
- ii. income approach
- iii. cost/asset approach.

Each of these valuation approaches includes different, detailed methods of application.

The goal in selecting valuation approaches and methods for an asset/enterprise is to find the most appropriate method under the particular circumstances and inter-alia, considering the objectives and the intended use of the valuation report.

I. Market approach

- (a) Comparable Transactions Method:** The comparable transactions method, also known as the guideline transactions method, utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.



When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transaction's method.

If few recent transactions have occurred, the valuer may consider the prices of identical or similar assets that are listed or offered for sale, provided the relevance of this information is clearly established, critically analysed and documented. This is sometimes referred to as the comparable listing's method.

- (b) **Guideline publicly-traded comparable method:** The guideline publicly-traded method utilises information on publicly-traded comparable that are the same or similar to the subject asset to arrive at an indication of value.

This method is similar to the comparable transaction method. However, there are several differences due to the comparable being publicly traded, as follows: (a) the valuation metrics/comparable evidence are available as of the valuation date, (b) detailed information on the comparable are readily available in public filings, and (c) the information contained in public filings is prepared under well understood accounting standards.

The method should be used only when the subject asset is sufficiently similar to the publicly-traded comparable to allow for meaningful comparison.

- (c) **Value based on market quotes as available from recognized stock exchange:** In case of valuation of shares of a company which is listed and traded on the stock exchanges, the market price of such shares is also considered to arrive at the fair value of the shares. Generally, an average market price of the listed shares for a reasonably past period is taken.

II. Income Approach

- (a) **Discounted Cash Flow (DCF) Method:** Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset. In some circumstances for long-lived or indefinite-lived assets, DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalisation method.
- (b) **Other Income Approach methods:** In certain transactions and circumstances, other income approach methods like Profit Earning



Capacity (PECV) Method can also be applied. PECV method focuses on the future earning capability of the business enterprise, based on the past income generated by the Company. The PECV Method requires the determination of parameters like, future maintainable profit, appropriate income tax rate, expected rate of returns etc. the value is determined by capitalizing the future maintainable profits.

III. Cost Approach/Asset Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

The cost approach should be applied and afforded significant weight under the following circumstances:

- (a) participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- (b) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or,
- (c) the basis of value being used is fundamentally based on replacement cost, such as replacement value.

Broadly, there are three cost approach methods: (a) replacement cost method: a method that indicates value by calculating the cost of a similar asset offering equivalent utility, (b) reproduction cost method, a method under the cost that indicates value by calculating the cost to recreating a replica of an asset, and (c) summation method: a method that calculates the value of an asset by the addition of the separate values of its component parts.

- C. No single method is suitable in every possible situation. The selection process should, inter-alia, consider:
 - ii. the appropriate basis(es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,



- iii. the respective strengths and weaknesses of the possible valuation approaches and methods,
 - iv. the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and
 - v. the availability of reliable information.
- D.** Valuers are not required to use more than one method for the valuation, particularly when the valuer has a high degree of confidence in the accuracy and reliability of a single method, given the facts and circumstances of the valuation engagement. However, valuers should consider the use of multiple approaches and methods and more than one valuation approach or method should be considered and may be used to arrive at an indication of value, particularly when there are insufficient factual or observable inputs for a single method to produce a reliable conclusion. Where more than one approach and method are used, or even multiple methods within a single approach, the conclusion of value based on those multiple approaches and/or methods should be reasonable and the process of analysing and reconciling the differing values into a single conclusion, without averaging, should be described by the valuer in the report.
- E.** While the valuation standard includes discussion of certain methods within the cost, market and income approaches, it does not provide a comprehensive list of all possible methods that may be appropriate. It is the valuer's responsibility to choose the appropriate method(s) for each valuation engagement. Compliance with IVS may require the valuer to use a method not defined or mentioned in the IVS.
- 9.3** In the cases of transactions of the nature of merger or amalgamation or amalgamation between companies or merger or demerger of businesses, the consideration is often discharged primarily by issue of securities in the nature of equity of the acquirer or transferee entity with reference to an exchange ratio or entitlement ratio, considering the comparable and relative values. Such relative values are arrived at by applying an appropriate valuation approach or a combination of valuation approaches. If a combination of valuation approaches or methodologies is adopted, appropriate weightages are assigned to arrive at a single value. Relative values are usually derived by using similar valuation approaches, methodologies and weightages. Use of different methodologies or approaches may be justified in some circumstances, e.g., merger of a listed company and an unlisted company where market price method would be relevant only for a frequently traded listed company. It further provides that valuation base selected by a valuer shall be appropriate considering the purpose of engagement and the terms of the engagement. Valuer will



use the relevant valuation approach and adhere to other assumptions associated with the valuation bases.

9.4 Valuation Approach for Proposed Scheme

According to the standard valuation practice, the fundamental pre-condition for obtaining significant and comparable valuations in determining the equity share value transactions, is the consistency and comparability of the methods applied according to the characteristics of the company and company being valued.

In addition, the second fundamental principal often adopted for determining equity share value is the "stand alone" assumption. That is, a valuation perspective based on the current configuration and future prospects of the company on an independent basis, without taking any potential synergies from determining the equity share value into account.

As stated previously, the selected methodologies which represent recognized techniques widely used in valuation practice, both in India and internationally, should not be considered individually, but rather as different parts of a single valuation process. Independent use of the results obtained from each methodology, without duly considering the complementary relationship with other methodologies, will result into loss of the meaningfulness of the valuation process itself.

Valuation of equity shares is not an exact science and ultimately depends upon what is considered worth by a serious investor or buyer who may have been prepared to pay the goodwill. This exercise may be carried out on the basis of generally accepted methodologies, the relative emphasis of each, often varying with the factors such as:

- specific nature of business;
- economic Life Cycle in which the company is operating; and
- extent to which and comparable information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgement of the Valuer.

Valuation methods used for the Unlisted Transferor Companies:

The Transferor Companies in the valuation exercise are un-listed public companies. Accordingly, determination of the value of equity shares at market price is not possible.



There are no comparable listed company similar to the Transferor Companies. Further, I did not come across any comparable company transaction during the valuation exercise. Accordingly, the Comparable Companies Quoted Multiple ('CCM') Method or the Comparable Companies Transaction Multiple ('CTM') Method under the Market Approach Method cannot be applied. Accordingly, Market Approach Method has not been used in case of the Unlisted Transferor Companies.

Further, due to unavailability of consistent and reliable comparable projected financial statements and considering the fact that there has been no significant & consistent operating revenue in these companies and considering the balance sheet and the assets & liabilities of the Companies; valuation through Discounted Cash Flow Method (DCF) under the Income Approach would be also not quite relevant in the present case.

Though, I have calculated the Price Earning Capacity Value (PECV) under the Income Approach; considering the fact that there has been no significant and consistent operating revenue and with insignificant and incomparable future maintainable profits, I have provided Nil weightage to the PECV Method under the Income Approach.

Considering all facts and circumstances, including the balance sheet and the assets & liabilities of the Companies, the valuation for the purpose of amalgamation for the Unlisted Transferor Companies have been carried on the basis of net asset value (NAV)/ book value, as per the latest audited financial statements for the financial year ended 31st March, 2024.

In view of the aforesaid, 100% weightage has been given to the value derived as per the NAV Method under the Asset Approach.

Valuation methods used for the Listed Transferee Company:

As per the proviso to Regulation 158(1)(b) of the SEBI (ICDR) Regulations, 2018 read with the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June, 2023, as amended, the issuance of shares under schemes in case of allotment of shares by listed companies only to a select group of shareholders or shareholders of unlisted companies, pursuant to such schemes, shall follow the pricing provisions of the SEBI ICDR Regulations, 2018 and the relevant date for the purpose of computing pricing shall be the date of the board meeting in which the Scheme is approved.

As per regulation 158(1)(b) of the SEBI (ICDR) Regulations, 2018, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.



Equity shares of Fortune Industrial Resources Ltd are listed on Metropolitan Stock Exchange of India Limited (MSEI), but since there has been no trading in the equity shares of the Transferee Company on MSEI for more than one year, on the Metropolitan Stock Exchange of India Limited (MSEI), the shares should be considered as "infrequently/not frequently traded shares".

Again, as per the Regulation 165 of the SEBI (ICDR) Regulations, 2018 "where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies".

I have been informed that the meeting of Board of Directors of Fortune Industrial Resources Ltd for approval of draft Scheme of Amalgamation is scheduled on 25th June, 2024 and accordingly, in terms of the SEBI Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957; the relevant date for determination of market price should be 25th June, 2024.

But since the equity shares of Fortune Industrial Resources Ltd are not frequently traded; accordingly, the need to ascertain the market price date does not arise. Thus, the use for valuation under the Market Approach cannot be done.

Further, based on the review of Articles of Association (AOA) of the Transferee Company, I understand that, no methods have been prescribed in the AOA for determining the price of shares of the Transferee Company for the purpose of issuance of shares. Accordingly, requirement for determining the price of shares in accordance with the provisions of AOA is not applicable in the present case.

Moreover, I did not come across any comparable company transaction during the valuation exercise. Accordingly, the Comparable Companies Quoted Multiple ('CCM') Method or the Comparable Companies Transaction Multiple ('CTM') Method under the Market Approach Method cannot be applied. Accordingly, Market Approach Method has not been used in case of the Transferee Company.

Fortune Industrial Resources Ltd, being a listed entity, information relating to future projections (future profit & loss account, balance sheet and cash flow statements) may be highly price sensitive. Thus, the management of the Transferee Company has not provided future financial projections for the Company. Therefore, considering the same, I have not used the DCF Method under the Income Approach for the valuation exercise.



Though, I have calculated the price earning capacity value under the income approach, considering the fact that there has been no significant and consistent operating revenue and incomparable future maintainable profits; I have provided Nil weightage to the PECV Method under the Income Approach.

The business of the Transferee Company is also intended to be continued on going concern basis and there is no intention to dispose-off the Assets. Thus, considering all facts and circumstances, including the balance sheet and the assets & liabilities of the Companies, the valuation for the purpose of amalgamation for the Transferee Company has been carried on the basis of net asset value (NAV)/ book value, as per the latest audited financial statements for the financial year ended 31st March, 2024, which is also in line with provisions of Regulation 165 of the SEBI (ICDR) Regulations, 2018.

I have given 100% weightage to the NAV method under the Asset Approach for the Listed Transferee Company.

10. Share Exchange Ratio

On the basis of the aforesaid discussion, I recommend the following Share Exchange Ratio for the Amalgamation of Mouldcraft (India) Pvt Ltd, Maksad Infracon Pvt Ltd, Saptrishi Finance Pvt Ltd and Trimurti Petrochemicals and Allied Services Pvt Ltd with Fortune Industrial Resources Ltd:

Valuation Approach	Fortune Industrial Resources Ltd		Mouldcraft (India) Pvt Ltd		Maksad Infracon Pvt Ltd		Saptrishi Finance Pvt Ltd		Trimurti Petrochemicals and Allied Services Pvt Ltd	
	Value Per Share	Weight	Value Per Share	Weight	Value Per Share	Weight	Value Per Share	Weight	Value Per Share	Weight
Cost/Asset Approach ¹										
- NAV Method	782.60	100%	87.91	100%	108.05	100%	11.53	100%	58.75	100%
Income Approach ²										
- PECV Method	Negative	0%	6.09	0%	5.28	0%	0.11	0%	Negative	0%
Market Approach ³	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.



Relative Value per shares	782.60	87.91	108.05	11.53	58.75
Exchange Ratio (Rounded-off)	-	112:1000	138:1000	15:1000	75:1000

Any fraction of share arising out of the aforesaid share exchange process, if any, shall be dealt with as per the provisions of the SEBI Master Circular on the Scheme of Arrangement and other applicable provisions.

Separate workings of Valuation of Shares are enclosed herewith.

Notes:

¹The business of the Transferor Company and the Transferee Company is also intended to be continued on going concern basis and there is no intention to dispose-off the Assets. Further, considering all facts and circumstances, including the balance sheet and the assets & liabilities of the Companies, the valuation for the purpose of amalgamation for the Transferee Company has been carried on the basis of net asset value (NAV)/ book value, as per the latest audited financial statements for the financial year ended 31st March, 2024.

²In case of Transferor Companies, due to unavailability of consistent and reliable comparable projected financial statements and considering the fact that there has been no significant & consistent operating revenue in these companies and considering the balance sheet and the assets & liabilities of the Companies; valuation through Discounted Cash Flow (DCF) method under the Income Approach would also not be quite relevant in the present case. Further, the Equity Shares of Fortune Industrial Resources Ltd are listed at Metropolitan Stock Exchange of India Limited (MSEI). Being a listed entity, information relating to future projections (future profit & loss account, balance sheet and cash flow statements) may be highly price sensitive. Thus, the management of the Transferee Company has not provided future financial projections for the Company. Therefore, considering the same, I have not used the DCF Method under the Income Approach for the valuation exercise.

Though, for the Transferor and the Transferor Companies, I have calculated the price earning capacity value under the income approach, considering the fact that there has been no significant and consistent operating revenue and with insignificant and incomparable future maintainable profits; I have provided Nil weightage to the PECV Method under Income Approach.

³The Transferor Companies in the valuation exercise are un-listed public companies. Accordingly, determination of the value of equity shares at market price is not possible. In case of the listed Transferee Companies there has been no trading in shares for last more than one year. So, market price is not available. Further, I did not come across any comparable company transaction during the valuation exercise



relating to the Transferor and the Transferee Companies. Accordingly, the Comparable Companies Quoted Multiple ('CCM') Method or the Comparable Companies Transaction Multiple ('CTM') Method under the Market Approach Method cannot be applied. Accordingly, Market Approach Method has not been used in case of any company.

Thanking you,



Mallika Goel

Registered Valuer in respect of Securities or Financial Assets

IBBI Registration No.: IBBI/RV/11/2022/14784

CoP No.: DJVF/RVO/129/SFA

Date: 25th June, 2024

Place: Delhi

Encl: a. a.

Mouldcraft (India) Pvt Ltd
(Transferor Company No. 1)

Calculation of Net Asset Value
(As on 31st March 2024)

Particulars	Amount (₹ in lakhs)
Non-current Assets	
Non-current Investments	50.00
Long-term Loans & Advances	1,074.50
Current Assets	
Inventories	59.71
Cash & Bank Balances	526.64
Other Current Assets	2.70
Total Assets (A)	1,713.55
Less:	
Current Liabilities	93.04
Total Liabilities (B)	93.04
Net Asset Value (NAV) [A-B]	1,620.51
Number of Equity Shares (Face Value ₹10 each)	18,43,300
NAV per Equity Share (₹)	87.91



Valuation of Equity Shares of Mouldcraft (India) Pvt Ltd based on Profit Earning Capacity Value (PECV)

Period	PAT	Exceptional Item	Adjusted Profit after Tax	Weight	(₹ in lakhs)	
					Weighted Adjusted PAT	
01.04.2021 to 31.03.2022	4.92	-	4.92	1	4.92	
01.04.2022 to 31.03.2023	11.41	-	11.41	2	22.82	
01.04.2023 to 31.03.2024	17.68	-	17.68	3	53.04	
Total PAT except exceptional items (01.04.2021 to 31.03.2024)				6		80.78
Average PAT except exceptional items (01.04.2021 to 31.03.2024)						13.46
Capitalisation Rate of Industry @12%*						112.19
No. of Equity Shares						18,43,300
Value per Share based on Earning Based Valuation						6.09

*Source: Capitalization Rate taken as per CCI Guidelines



Maksad Infracon Pvt Ltd
(Transferor Company No. 2)

Calculation of Net Asset Value
(As on 31st March 2024)

Particulars	Amount (₹ in lakhs)
Non-current Assets	
Non-current Investments	1,094.41
Long-term Loans & Advances	338.00
Current Assets	
Inventories	50.00
Cash & Bank Balances	270.44
Other Current Assets	23.23
Total Assets (A)	1,776.07
Less:	
Current Liabilities	25.59
Total Liabilities (B)	25.59
Net Asset Value (NAV) [A-B]	1,750.48
Number of Equity Shares (Face Value ₹10 each)	16,20,000
NAV per Equity Share (₹)	108.05



Valuation of Equity Shares of Maksad Infracon Pvt Ltd based on Profit Earning Capacity Value (PECV)

Period	PAT	Exceptional Item	Adjusted Profit after Tax	Weight	(₹ in lakhs)	
					Weighted Adjusted PAT	
01.04.2021 to 31.03.2022	3.88	-	3.88	1	3.88	
01.04.2022 to 31.03.2023	-166.60	-	-166.60	2	-333.20	
01.04.2023 to 31.03.2024	130.32	-	130.32	3	390.96	
Total PAT except exceptional items (01.04.2021 to 31.03.2024)				6	61.64	
Average PAT except exceptional items (01.04.2021 to 31.03.2024)					10.27	
Capitalisation Rate of Industry @12%*					85.61	
No. of Equity Shares					16,20,000	
Value per Share based on Earning Based Valuation					5.28	

*Source: Capitalization Rate taken as per CCI Guidelines



Saptrishi Finance Pvt Ltd
(Transferor Company No. 3)

Calculation of Net Asset Value
(As on 31st March 2024)

Particulars	Amount (₹ in lakhs)
Current Assets	
Current Investments	476.50
Trade Receivables	2.70
Cash & Bank Balances	10.51
Other Current Assets	0.08
Total Assets (A)	489.79
Less:	
Current Liabilities	0.54
Total Liabilities (B)	0.54
Net Asset Value (NAV) [A-B]	489.26
Number of Equity Shares (Face Value ₹10 each)	42,45,000
NAV per Equity Share (₹)	11.53



Valuation of Equity Shares of Saptrishi Finance Pvt Ltd based on Profit Earning Capacity Value (PECV)

(₹ in lakhs)					
Period	PAT	Exceptional Item	Adjusted Profit after Tax	Weight	Weighted Adjusted PAT
01.04.2021 to 31.03.2022	-1.77	-	-1.77	1	-1.77
01.04.2022 to 31.03.2023	2.12	-	2.12	2	4.24
01.04.2023 to 31.03.2024	0.38	0.10	0.28	3	0.84
Total PAT except exceptional items (01.04.2021 to 31.03.2024)				6	3.31
Average PAT except exceptional items (01.04.2021 to 31.03.2024)					0.55
Capitalisation Rate of Industry @12%*					4.59
No. of Equity Shares					42,45,000
Value per Share based on Earning Based Valuation					0.11

*Source: Capitalization Rate taken as per CCI Guidelines



Trimurti Petrochemicals and Allied Services Pvt Ltd
(Transferor Company No. 4)

Calculation of Net Asset Value
(As on 31st March 2024)

Particulars	Amount (₹ in lakhs)
Non-current Assets	
Property, Plant & Equipment	0.18
Non-current Investments	276.39
Other Non-current Assets	4.84
Current Assets	
Cash & Bank Balances	116.25
Other Current Assets	647.71
Total Assets (A)	1,045.37
Less:	
Current Liabilities	7.35
Total Liabilities (B)	7.35
Net Asset Value (NAV) [A-B]	1,038.02
Number of Equity Shares (Face Value ₹10 each)	17,66,780
NAV per Equity Share (₹)	58.75



Valuation of Equity Shares of Trimurti Petrochemicals and Allied Services Pvt Ltd based on Profit Earning Capacity Value (PECV)

(₹ in lakhs)					
Period	PAT	Exceptional Item	Adjusted Profit after Tax	Weight	Weighted Adjusted PAT
01.04.2021 to 31.03.2022	23.32	-	23.32	1	23.32
01.04.2022 to 31.03.2023	-28.33	-	-28.33	2	-56.66
01.04.2023 to 31.03.2024	0.96	-	0.96	3	3.84
Total PAT except exceptional items (01.04.2021 to 31.03.2024)				6	-29.50
Average PAT except exceptional items (01.04.2021 to 31.03.2024)					-4.92
Capitalisation Rate of Industry @12%*					Negative
No. of Equity Shares					17,66,780
Value per Share based on Earning Based Valuation					Negative

*Source: Capitalization Rate taken as per CCI Guidelines



Fortune Industrial Resources Ltd
(Transferee Company)

Calculation of Net Asset Value
(As on 31st March 2024)

Particulars	Amount (₹ in lakhs)
Non-current Assets	
Property, Plant & Equipment	17.30
Current Assets	
Investments	13,386.61
Trade Receivables	2.05
Cash & Bank Balances	65.47
Short-term Loans & Advances	275.50
Other Current Assets	184.18
Total Assets (A)	13,931.11
Less:	
Current Liabilities*	2,396.13
Total Liabilities (B)	2,396.13
Net Asset Value (NAV) [A-B]	11,534.98
Number of Equity Shares (Face Value ₹10 each)	14,73,937
NAV per Equity Share (₹)	782.60

* Including Liability component of the Redeemable Preference Share Capital



Valuation of Equity Shares of Fortune Industrial Resources Ltd based on Profit Earning Capacity Value (PECV)

<i>(₹ in lakhs)</i>					
Period	PAT	Exceptional Item	Adjusted Profit after Tax	Weight	Weighted Adjusted PAT
01.04.2021 to 31.03.2022	-1.03	-	-1.03	1	-1.03
01.04.2022 to 31.03.2023	-92.41	-	-92.41	2	-184.82
01.04.2023 to 31.03.2024	-3.57	-	-3.57	3	-14.28
Total PAT except exceptional items (01.04.2021 to 31.03.2024)				6	-200.13
Average PAT except exceptional items (01.04.2021 to 31.03.2024)					-33.36
Capitalisation Rate of Industry @12%*					Negative
No. of Equity Shares					14,73,937
Value per Share based on Earning Based Valuation					Negative

*Source: Capitalization Rate taken as per CCI Guidelines



Calculation of Share Exchange Ratio

Company Name	NAV Per Equity Share (₹)	Exchange Factor	Share Ratio (number of equity shares of Transferee Company to be issued for every 1000 share of the respective Transferor Companies)
Transferee Company			
Fortune Industrial Resources Ltd	782.60	1000	
Transferor Companies			
Mouldcraft (India) Pvt Ltd	87.91	112.34	112
Maksad Infracon Pvt Ltd	108.05	138.07	138
Saptrishi Finance Pvt Ltd	11.53	14.73	15
Trimurti Petrochemicals and Allied Services Pvt Ltd	58.75	75.07	75

