

# Paras K. Savla

Registered Valuer

Asset Class - Securities or Financial Assets

Reg. No. IBBI/RV/06/2018/10102

904, Centrum IT Park,  
Opp. TMC Office, Wagle Estate,  
S G Barwe Road, Thane 400604

Date: 29-09-2021

To,

The Board of Directors

**Prataap Snacks Limited**

Khasra No 378/2, Nemawar

Road, Near Makrand House,

Indore, MP 452020 IN

The Board of Directors

**Avadh Snacks Private Limited**

R.S.NO. 123/P3, New R.S. NO. 128,

Ind. Plot No 1, Nikava, Jamnagar,

GJ 361162 IN

Board of Directors,

**Red Rotopack Private Limited**

Survey No. 128, Plot No 3,

Opp. Supertech, Nikava,

Kalawad, Gujarat – 361162

Dear Sirs,

**Sub: Determination of share swap ratio for the proposed scheme of amalgamation between “Prataap Snacks Limited”, “Avadh Snacks Private Limited” and “Red Rotopack Private Limited”**

I have been appointed to undertake valuation of Prataap Snacks Limited (“PSL” or “Transferee Company”), Avadh Snacks Private Limited (“ASPL” or “Transferor Company 1”) and Red Rotopack Private Limited (“RRPL” or “Transferor Company 2”) (collectively referred to as “companies”) for recommending the share swap ratio in this report (“Report”) for the proposed scheme of amalgamation (“The Scheme”), as required under Section 230 read with Section 232 and other relevant provisions of the Companies Act 2013 and as per SEBI circulars No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, CFD/DIL3/CIR/2017/26 dated March 23, 2017 r.w. Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22-12-2020 and in accordance with the terms of engagement. The Transferor Company 1 and the Transferor Company 2 are hereinafter collectively referred to as the “Transferor Companies”.

## 1. Brief Background of Transferor Company 1 [ASPL]

- ASPL is a private company, incorporated under the provisions of the Companies Act, 2013, bearing corporate identity number U15132GJ2017PTC098837, having its registered office at R.S.NO. 123/P3, New R.S. NO. 128, Ind. Plot No 1, Nikava, Jamnagar, GJ 361162 IN.
- ASPL was incorporated on August 25, 2017. It is, inter alia, engaged in the business of snacks foods.
- ASPL is a subsidiary of PSL. PSL holds 90.48% of the issued share capital of ASPL.
- ASPL has a wholly owned subsidiary, RRPL.



- Equity Capital Structure as on August 31, 2021

Particulars	INR
<b>Authorised Share Capital</b>	
1,00,00,000 Equity Shares of INR 10/- each	10,00,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	
6,50,000 Equity Shares of INR 10/- each	65,00,000
1,01,563 Equity Shares of INR 10/- each, paid up INR 6/- each	6,09,378
<b>Total</b>	<b>71,09,378</b>

#### Shares held by PSL in ASPL

Particulars
578,423 Equity Shares of INR 10/- each, fully paid up
101,563 Equity Shares of INR 10/- each, paid up INR 6/- each

#### 2. Brief Background of Transferor Company 2 [RRPL]

- RRPL is a private company, bearing Corporate Identity Number U25199GJ2015PTC085423, having its registered office at Survey No. - 128, Plot No. 3, Opp. Supertech, Nikava, Kalawad Gujarat 361162.
- The Transferor Company 2 is engaged, inter alia in manufacturing, processing, buying, selling, importing, exporting and other wise dealing all kinds card-board packing plastic packing, roto printing, polythene packing gunny bags, containers, bottles, hollow wares, whether made of leather plastic, and all types of packing solutions.
- RRPL is the wholly owned subsidiary of ASPL.
- Equity Capital Structure as on August 31, 2021

Particulars	INR
<b>Authorised Share Capital</b>	
7,50,000 Equity Shares of INR 10/- each	75,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	
7,50,000 Equity Shares of INR 10/- each	75,00,000
<b>Total</b>	<b>75,00,000</b>

#### 3. Brief Background of Transferee Company [PSL]

- The Transferee Company is a publicly listed company, incorporated under the provisions of the Companies Act, 1956, bearing corporate identity number L15311MP2009PLC021746, having its registered office at Khasra No 378/2, Nemawar Road, Near Makrand House, Indore, MP 452020 IN.



- The Transferee Company was incorporated on March 23, 2009. PSL is an Indian Snack Foods Company. It offers multiple variants of products across categories of Potato Chips, Extruded Snacks, Namkeen (traditional Indian snacks) under the 'Yellow Diamond' brand.
- The equity shares of PSL are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- PSL holds 90.48% issued share capital in the transferor company.
- Equity Capital Structure as on August 31, 2021

Particulars	INR in Mn
<b>Authorised Share Capital</b>	
3,20,00,000 Equity Shares of INR 5/- each.	16,00,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	
2,34,53,036 Equity Shares of INR 5/- each.	11,72,65,180
<b>Total</b>	<b>11,72,65,180</b>

#### 4. Valuation Background and Purpose

- I have been informed that the Board of Directors of the companies are considering a scheme of arrangement for amalgamation of Transferor Companies with Transferee Company with effect from "April 01, 2021" ("Appointed Date") in accordance with the provisions of section 230 to 232 of Companies Act, 2013, Section 2(1B) of the Income Tax Act, 1961 and other applicable provisions subject to necessary approvals.
- PSL is the holding company of ASPL and holds 90.48% of the issued share capital of ASPL.
- In consideration of the amalgamation of ASPL and RRPL with PSL, Equity Shares of INR 5/- each, fully paid of PSL would be issued to equity shareholders of ASPL, except to PSL. Shares held by PSL shall be cancelled and extinguished.

#### 5. Sources of Information

For the purpose of valuation exercise, I have relied upon the following sources of information as provided to me by the management of the company:

- (a) Audited Financial Statements of the companies for the year ended March 31, 2021
- (b) Unaudited Financial Statements of PSL for the period year June 30, 2021
- (c) Management certified consolidated financial projections of ASPL for the period October 1, 2021 to March 31, 2028
- (d) Draft scheme of amalgamation between the companies



- (e) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.
- (f) Such other information and explanations as I have required and which has been provided by the Management
- (g) Research websites such as investing.com, Capital IQ and Stern NYU

The Management has been provided with the opportunity to review the Draft Report (excluding the recommended Share Swap Ratio) as a part of my standard practice to make sure that factual inaccuracies/omissions are avoided in my final report.

#### 6. Valuation Base

As per Indian Valuation Standard 102 issued by The Institute of Chartered Accountants of India, Valuation Base means the indication of the type of value being used in engagement. In this engagement, Fair Value as determined shall be considered as the valuation base.

#### 7. Valuation Approach and Date

- i. The valuation exercise involves selecting a method suitable for the purpose of valuation, by the exercise of judgment by the valuer, based on the facts and circumstances as applicable to the business of the company to be valued.
- ii. As mentioned earlier, the present valuation exercise is being undertaken in order to derive the fair share swap ratio for the purpose of the amalgamation of ASPL and RRPL with PSL.
- iii. Management of the companies have represented that considering the regulatory requirement, the share swap ratio is to be carried out as on September 28, 2021 ("Valuation Date").

#### 8. Valuation Methodology

- i. Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can, therefore, be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness. The International Accounting Standard Board (IASB), which is the independent standard setting body of the IFRS Foundation, has set out two internationally accepted valuation methodologies for arriving at the fair value of a share namely, the income approach and the market approach.



- ii. For the purpose of determining fair value, a valuer may, therefore, use any of the approaches as per the generally / internationally accepted valuation methodologies which in its opinion are most appropriate based on the facts of each valuation.
- iii. The internationally / generally accepted valuation methodologies have been discussed hereinafter, along with the reasons for the choice of approach used based on the facts of the company.

**(A) Market Approach**

Under this approach the valuation is done on the basis of the quoted market price of the company in case it is a publicly-traded company, or publicly traded comparable businesses / date is reviewed in order to identify a peer group similar to the subject company and then their multiples are applied to the entity being valued to determine the fair value. Usually under the market-based approach, the methods that may be applied are:

**Market Price ("MP") Method**

Under this method, the market price of an equity shares of the company as quoted on a recognized 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. The market value generally reflects the investors' perception about the true worth of the company.

**Comparable Companies Multiple ("CCM") Method**

This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

**(B) Asset Approach**

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company. Usually, under the asset-based approach, the methods that maybe applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value.

**(C) Income Approach**

Usually, under the Income-Based Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method.

*Under DCF approach, the future free cash flows of the business are discounted to the valuation*



date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the company. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

*Under PECV method*, the average earning on the basis of the past 3-5 year are first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc. After this, the normalized earnings are then capitalized at an appropriate discount rate.

#### 9. Recommendation of Fair Share Swap Ratio for the proposed scheme of amalgamation

- i. My exercise is to work out the relative value of shares to facilitate the determination of a fair share swap ratio.
- ii. In order to consider reasonable methods for the valuation exercise, I have referred the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time ('ICDR Regulations') and the specific information/explanations. I have considered the following respective methods for the valuation:

- **PSL: Valuation of Equity Shares of INR 5/- each, fully paid.**

- i. The issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (hereinafter referred to as "the ICDR Regulations")<sup>1</sup>.
- ii. The equity shares of PSL are traded on BSE and NSE. As per definition provided under Regulation 164 (5) of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 the shares of PSL are frequently traded shares.
- iii. Regulation 164(1) states the price of the equity shares shall be not less than higher of the following -
  - (a) Average of the weekly high and low of the volume weighted average price during the 26 weeks preceding September 29, 2021; or
  - (b) Average of weekly high and low of the volume weighted average price during the 2 weeks preceding September 29, 2021.

---

<sup>1</sup> SEBI Circulars CFD/DIL3/CIR/2017/21 dated March 10, 2017 and CFD/DIL3/CIR/2017/26 dated March 23, 2017) read with SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22-12-2020



- iv. The Regulation 164 specifies the minimum price for issue of shares on a preferential basis. The Pricing Formula provided in Regulation 164 (1) has been considered for arriving at the value per equity share of PSL under the Market Price Method.
  - v. I have also considered EV/EBITDA trailing multiples of certain comparable companies of PSL engaged in the similar businesses to compute the Value per equity share using Comparable Companies Method.
  - vi. Considering the foregoing, Market Price Method and Comparable Companies Method under the Market Approach has been considered and equal weights have been applied for valuation of equity shares of PSL. The value so determined is exceeding the minimum price prescribed under regulation 164. In view of this value so determined is in compliant with the pricing provisions of Chapter V of the ICDR Regulations.
  - vii. The Asset Approach does not reflect the intrinsic value of the business in a going concern scenario. Further, since PSL is a listed company on NSE and BSE, information related to future profitability is price sensitive in nature and hence the management has not provided us with the projected financial statements of PSL. In view of this, I have not considered Income approach and Asset approach for valuation of equity shares of PSL.
- **ASPL: Valuation of equity shares of ASPL**
    - i. RRPL is wholly owned subsidiary of ASPL and thus no separate valuation is done for RRPL but instead consolidated financials were adopted for ASPL to arrive at the consolidated value.
    - ii. The Asset Approach does not reflect the intrinsic value of the business in a going concern scenario. Therefore, I have not considered Asset approach for the valuation of ASPL & RRPL.
    - iii. The management has provided consolidated projections of ASPL and the same has been considered for valuation to arrive at value based on the Discounted Cash Flow method. The management is of the view that it will take about 7 years to achieve normalized growth, and thus for this reason, for the purpose of valuation projected financials for 7 years have been considered. Additionally, cost of equity has been arrived through widely accepted CAPM methodology adjusted for company specific circumstances.
    - iv. Comparable Companies Multiple Method ('CCM') has been considered for the valuation of ASPL, based on the peer companies as identified.
    - v. Further weightage of 60% has been considered for Income Approach as it captures the entire growth prospects of the company appropriately. Multiples based market approach has been assigned weightage of 40% given that fact that it is based on historic fundamentals of the company.
    - vi. Valuation through CCM approach is determined for minority holding. Since, post-merger the Transferee Company shall gain complete control on the business operations of the transferor, additional control premium of 20% has been considered.



## 10. Conclusion

The fair share swap ratio has been arrived at on the basis of relative valuation of the Transferor & Transferee Companies based on the approach/method 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 the information bases, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.

In the ultimate analysis, the valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors. E.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 2019 (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 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 share, 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 art, not an exact science. Mathematical certainty is not demanded nor indeed is it possible."*

PSL holds 90.48% of the issued share capital of ASPL and since ASPL holds 100% of share capital of RRPL, Equity Shares of INR 5/- each of PSL will be issued only to minority shareholders of ASPL other than PSL. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in my opinion, a recommended share swap ratio would be as under -

- **To the external shareholders of ASPL – Swap ratio – 5.68:1 or 568 : 100**  
568 Equity Shares of INR 5/- each, Fully paid up of PSL to be issued to the external shareholders of ASPL for every 100 shares of ASPL.



The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its area of operations unless otherwise states, and the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.





This conclusion is subject to the Statement of Assumptions and Limiting Conditions stated in Annexure-II. I have no obligation to update this report or my conclusion of value for information that comes to my attention after the date of this report.

In accordance with my standard practice, the Management has been provided with an opportunity to review factual information in my draft Certificate to ensure that factual inaccuracies, omissions etc. are avoided in my final Certificate. I state that I am independent of the shareholders, directors and management of PSL, ASPL and RRPL and do not have any financial association with the shareholders, directors and management of PSL, ASPL and RRPL other than receipt of fees in connection with the professional services provided. My fee for the engagement is not contingent upon the results reported.

  
  
**Paras K. Savla**  
Registered Valuer  
Reg. No. IBBI/RV/06/2018/10102

**Encl.**

1. Annexure-I - Valuation Summary
2. Annexure-II - Statement of Assumptions and Limiting Conditions

**Annexure I - Valuation Summary**

**Determination of Share Swap Ratio -**

Valuation Approach	PSL (A)		ASPL (B)	
	Value per share	Weight	Value per share	Weight
Income Approach	NA	0%	4,446.22	60%
Asset Approach	NA	0%	NA	0%
Market Approach	738.80	100%	3,821.11	40%
<b>Value per share (INR)</b>	<b>738.80</b>		<b>4,196.17</b>	
<b>Share Swap Ratio (B/A)</b>	<b>5.68</b>			

In case of ASPL, weightage of 60% has been considered for Income Approach as it captures the entire growth prospects of the company appropriately. Multiples based market approach has been assigned weightage of 40% given that fact that it is based on historic fundamentals of the company.

**A. Value per Equity share of PSL:**

Approach	Value per share	Weight	Value per share
Income Approach	NA	0%	-
Asset Approach	NA	0%	-
<u>Market Approach</u>			
- Market Price Method (a)	683.09	50%	341.54
- Comparable Companies Method (b)	794.51	50%	397.25
<b>Value per share of PSL (INR)</b>	<b>738.80</b>		

**a. Market Price Method**

As explained in the methodology earlier, the market price is considered as higher of following:

- i. Average of the weekly high and low of the volume weighted average price during the 26 weeks preceding September 29, 2021; or
- ii. Average of weekly high and low of the volume weighted average price during the 2 weeks preceding September 29, 2021.

Accordingly, 26-week and 2-week VWAP average is computed using the VWAP of share prices of PSL as traded in BSE & NSE.



Duration	BSE - Average VWAP	NSE - Average VWAP
26-week VWAP Average	646.76	647.10
2-week VWAP Average	683.09	681.33
<b>Highest of all of the above</b>	<b>683.09</b>	
<b>Value per share of PSL</b>	<b>683.09</b>	

**b. Comparable Companies Method**

Details	A	B	C=A*B
	TTM Amount (in INR Mn)	Average Multiples of Comparable Companies	Enterprise Value
Operational EBITDA	517.35	36.24	18,746.77
<b>Enterprise Value (in INR Mn)</b>			<b>18,746.77</b>
Less: Net Debt (in INR Mn)			-113.14
<b>Equity Value (in INR Mn)</b>			<b>18,633.63</b>
Number of Shares (in Mn)			23.45
<b>Value Per Share (INR/share)</b>			<b>794.51</b>

**B. Value per Equity share of ASPL:**

- ASPL has issued 751,563 shares of face value INR 10/- each. Of such shares, 650,000 shares are fully paid up and 101,563 shares are partly paid up INR 6 each. Hence, weighted average shares 710,938 are considered for the determination of fair value per share in case of ASPL.
- Valuation through CCM approach is determined for minority holding. Since, post-merger the Transferee Company shall gain complete control on the business operations of the transferor, additional control premium of 20% has been considered

**a. Income Approach – Discounted Cash Flow Method**

(INR in Mn)

Particulars	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Cash Flow from Operations	81.08	145.16	202.02	280.39	353.45	381.73	392.60
Capex	(10.00)	(88.44)	(10.00)	(143.38)	(10.00)	(10.00)	(10.00)
Interest Income / (Interest Expense)	3.86	5.73	11.85	16.45	27.58	39.93	53.00
Changes in Debt	-	-	-	-	-	-	-
<b>Free cash flow to Equity ('FCFE')</b>	<b>74.95</b>	<b>62.45</b>	<b>203.87</b>	<b>153.45</b>	<b>371.04</b>	<b>411.66</b>	<b>435.60</b>
Terminal Value							4,356.66
<b>Total FCFE</b>	<b>74.95</b>	<b>62.45</b>	<b>203.87</b>	<b>153.45</b>	<b>371.04</b>	<b>411.66</b>	<b>4,792.26</b>
No of months	6	12	12	12	12	12	12
<b>Adjusted FCFE</b>	<b>37.47</b>	<b>62.45</b>	<b>203.87</b>	<b>153.45</b>	<b>371.04</b>	<b>411.66</b>	<b>4,792.26</b>
Period factor	0.5	1.5	2.5	3.5	4.5	5.5	6.5
Discount factor	0.93	0.81	0.70	0.60	0.52	0.45	0.39
<b>PV of FCFE</b>	<b>34.87</b>	<b>50.31</b>	<b>142.21</b>	<b>92.68</b>	<b>194.01</b>	<b>186.37</b>	<b>1,878.44</b>



Particulars	Value
Equity value (INR in Mn)	2,578.88
Less: Debt (INR in Mn)	-
Add: Cash & FDs (INR in Mn)	55.28
Equity value (INR in Mn)	2,634.15
No of Shares	710,938
Value Per Share (INR/share)	3,705.18
Add: Control Premium	20.0%
Value Per Share of ASPL (INR/share)	4,446.22

**Notes:**

DCF is prepared using Free Cash Flow to Equity (FCFE) approach. Following this approach, the Free Cash Flows are discounted with the Cost of Equity (COE).

**Terminal Value** - Terminal value is the value of a project's expected cash flow beyond the explicit forecast horizon. In this case, terminal value is computed using the terminal growth rate of 5%.

**Cost of Equity:**

Cost of Equity (COE)	Value
Risk Free Rate	6.23%
Equity Risk Premium	6.85%
Beta	0.90
Gross Cost of Equity	12.40%
Illiquidity Premium	20.0%
Net Cost of Equity	15.50%

**Risk free rate:**

The nominal risk-free rate of return is considered as 6.227%. 10-year Government of India securities yield as on the valuation date is used for the purpose of arriving at nominal risk-free rate.

**Equity risk premium:**

The Risk Premium R(m) based on the normal long-term return from the Indian stock market. We have considered the risk premium of 6.85%.

**Beta:**

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Median Beta of comparable companies engaged in similar business is considered.

**Illiquidity Premium:**

Illiquidity premium is a premium demanded by investors when any given security cannot be easily converted into cash for its fair market value. In the instant case, the illiquidity premium of 20% premium is considered.



**b. Market Approach – Comparable Companies Method**

Details	A	B	C=A*B
	TTM Amount (in INR Mn)	Median Multiple of Comparable Companies	Enterprise Value
Operational EBITDA	66.11	33.41	2,208.53
<b>Enterprise Value (in INR Mn)</b>			<b>2,208.53</b>
Less: Debt (INR in Mn)			-
Add: Cash & FDs (INR in Mn)			55.28
<b>Equity Value (in INR Mn)</b>			<b>2,263.81</b>
Number of Shares			710,938
<b>Value Per Share (INR/share)</b>			<b>3,184.26</b>
Add: Control Premium			20.0%
<b>Value Per Share of ASPL (INR/share)</b>			<b>3,821.11</b>



## Annexure-II - Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. My client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.
2. I owe responsibility to only to the client that has appointed me under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
3. While my work has 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 clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.
4. I do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. I express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
5. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value for the overall purpose of this report. Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
6. The client and its management/representatives warranted to me that the information they supplied was complete, accurate and true and correct to the best of their knowledge. I have relied upon the representations of the clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
7. I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or



estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

8. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
9. The valuation report is tempered by the exercise of judicious discretion by the valuers, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
10. I am fully aware that based on the opinion of value expressed in this report, I may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking my evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and tendering evidence before such authority shall be under the applicable laws.
11. While my work has 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 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 you and the client. My report is subject to the scope and limitations detailed hereinafter. 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.
12. The actual market price achieved may be higher or lower than my estimate of value depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. I also emphasize that my opinion is not the only factor that should be considered by the parties in agreeing the transaction price.
13. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to me as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.



14. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company 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 Company.
15. I am independent of the company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.
16. 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.
17. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
18. My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
19. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent.
20. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public (except in cases where the report needs to be provided before any Government Authority) through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without my prior written consent and approval. I retain the right to deny permission for the same.
21. Though some similarities exist between the conclusion of value as used for this purpose and others, it would be incorrect to use the value as determined within my report for any other purposes due to specific timing, performance, and marketability issues that arise in evaluating the fair market value of a company. Accordingly, any such use of the value as determined within this report for other purposes would be inaccurate and possibly misleading and no such use shall be made out of the context presented herein.
22. Addressee shall hold harmless the Registered Valuer, its partners/directors and employees free from all actions, claims, proceedings, losses, damages, costs and expenses, whatsoever and however caused, incurred, sustained or arising, which Registered Valuer, its partners/directors and employees may suffer, arising from, or in connection with, the provision of the services.

