

VALUATION  
OF  
EQUITY SHARES  
(FINANCIAL INSTRUMENT)  
OF  
MAMATA EXTRUSION SYSTEMS PRIVATE LIMITED  
AND  
MAMATA MACHINERY PRIVATE LIMITED  
TO DETERMINE EXCHANGE RATIO  
IN THE MATTER OF  
SCHEME OF ARRANGEMENT  
IN THE NATURE OF AMALGAMATION

Prepared By:

PINAKIN SHAH

REGISTERED VALUER

Reg No. IBBI/RV/05/2019/10728

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**I. APPOINTING AUTHORITY AND OBJECTIVE**

I Pinakin Shah, Registered Valuer, (Reg No. IBBI/RV/05/2019/10728) Ahmedabad, having office at A 201, Siddhi Vinayak Towers, Off: S. G. Highway, Makarba, Ahmedabad - 380051, have been engaged on 01/12/2019 by Board of Directors of Mamata Machinery Private Limited (Hereinafter referred as "Transferee Company" or as "MMPL" ), and Mamata Extrusion Systems Private Limited (Herein after referred as "Transferor Company" or "MESPL").

The objective of engagement is to carry out an independent assessment of the Swap/Exchange Ratio for the proposed amalgamation of Transferor Company with Transferee Company in accordance with the provisions of Section 232 read with 230 of the Companies Act, 2013 effective from 01/04/2019, subject to approval by National Company Law Tribunal, Ahmedabad (herein after referred as the "NCLT").

As informed to us, amalgamation of business activities would achieve following benefits:

- 1) Consolidation of operations and infrastructure of all the companies under the common management and thereby it is expected to give rise to savings in the administrative and other overheads, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of infrastructure and related costs.
- 2) Reduction in multiplicity of legal and regulatory compliances which are required at present to be separately carried out by the Transferor and the Transferee Companies.
- 3) Benefits of operational synergies, efficiencies and cost competitiveness in terms of sourcing, more focused operational efforts and simplification of business processes.

- 4) Improved organizational capability and leadership, arising from the combination of human capital who collectively have diverse skills, talented vast experience to compete successfully in an increasingly competitive industry;
- 5) The combination of the business would increase the long-term value for shareholders;

## **II. KEY ELEMENTS OF VALUATION EXERCISE CONDITIONS**

- 1) During the preparation of this report we have not conducted a site review of the business premises, nor have we audited or otherwise reviewed, or compiled the Financial Statements, which have been provided by the management of Transferee and Transferor Companies. It was assumed that these financial statements are true and accurate. The financial information presented in this report includes normalization adjustments made solely for the purpose to arrive at value conclusions presented in this report.
- 2) Because of the limited purpose as mentioned in the report, it may contain departures from generally accepted accounting principles prevailing in the country. Normalization adjustments as reported are hypothetical in nature and are not intended to present restated historical financial results or forecasts of the future.

## **III. VALUATION DATE**

The Analysis of the Fair Value of the equity of the Company has been carried out as on 01/04/2019.

## **IV. VALUATION BASE**

We have selected combination of following as valuation base which are appropriate for the intended purpose of the valuation.



a) highest and best use;

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. This base provides maximum value through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities.

b) going concern value;

Going concern value is the value of a business that is expected to continue to operate in the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, the necessary licenses, marketing systems, and procedures in place etc.

c) as is where is value;

As-is-where-is basis is the existing use of the asset which may or may not be its highest and best use.

d) synergies

Synergies is a concept which indicates that the combining effect of merged entities in terms of their value and benefits that is likely to be, greater than that of their individual values on a standalone basis. Synergy results from incremental benefits that accrue to the Transferee Company on account of post-acquisition factors, such as realisation of increased discretionary cash flow (as a result of the combinations of two or more business operations over and above the aggregate discretionary cash flow of the two-business viewed separately), or reduced risk in attaining same when two businesses combines.

**V. PROFILE OF CLIENTS AS ON VALUATION DATE  
TRANSFEREE COMPANY**

1) Name:



Mamata Machinery Private Limited (GSTIN: 24AABCM8241P1Z5)

2) Registered office:

Survey No. 423/P, Sarkhej □ Bavla Road, N.H. No. 8a, Tal. □ Sanand,  
Moraiya, Ahmedabad- 382213.

3) Board of Directors:

Name and Address	DIN	Designation
Shri Mahendra Narsinhbhai Patel 12/ A, Kairavi Bungalows, Vastrapur Road, Nr. Sarathi Hotel, Bodak Dev, Ahmedabad, Gujarat- 380054.	00104997	Managing Director
Shri Chandrakant Baldevbhai Patel  100, Surdhara Bungalows, Opp. T.V. Station, Mahalaxmi Society, Ahmedabad, Gujarat- 380054.	00380810	Managing Director
Smt. Nayana Mahendra Patel 12/ A, Kairavi Bungalows, Vastrapur Road, Nr. Sarathi Hotel, Bodak Dev, Ahmedabad, Gujarat- 380054.	00105627	Director
Ms Tarana Mahendrabhai Patel 12/ A, Kairavi Bungalows, Vastrapur Road, Nr. Sarathi Hotel, Bodak Dev, Ahmedabad, Gujarat- 380054.	03449948	Director

4) Main object:

The main objects provided under Memorandum of Association are as  
under:

To manufacture and deal in industrial machinery and equipment including size  
separation equipment, size reduction equipment, liquid solid separation

equipment, mixing and grinding equipment, granulators, anti-pollution equipment, blowers, driers and evaporators, heat exchanges, chemical pumps, vessels, tanks, conveying equipment for chemicals, fertilizers, paper sugar, mining and other industry, road making machineries, building and construction machineries, chemical machineries, precision machinery, sheet metal machinery, machine tools, rolling mills, engraving machinery, mechanical, structural and electrical machinery, injection moulding and extrusion machinery, welding equipments, hydraulic equipments, chemical equipments, laboratory equipments, agricultural equipments, implements pumps, engines, presses, apparatus and other machinery, plant, accessories, tools, fittings, ancillaries, components and engineering goods of every description.

To undertake structural, fabrication, machining, rubberizing, coating and lining of all machineries, equipments, appliances, machine tools, contrivances involving, mechanization and components thereof including pipes, tubes, sheets, moldings and other articles made of metals, plastics, rubber, fiber reinforced, plastics and other materials.

To manufacture, produce, repair, alter, convert, recondition, improve, exchange, barter, prepare for sale, buy, sell, hire, import, export, let out on hire, trade and deal in all kinds of machineries, plant, accessories, apparatuses, fittings, engineering goods, substances, implements, tools, trailers, forgings, castings, rolling stock and hardware for industrial, agricultural, building, mining, traffic, sporting, military or for any other applications.

To carry on business as precision engineers, mechanical engineers, electrical engineers, automobile engineers, chemical engineers, process engineers and general engineers and to draw, design, manufacture, erect, install, commission, operate, repair, advise for plants projects, machinery, equipments, tools, accessories, ancillaries, fittings, general hardware, components and systems and to render all kinds of consulting and technical services in connection therewith.

To promote, represent, organize, undertake, establish, conduct, handle, arrange, manage, own, operate, participate, facilitate, sponsor, encourage and provide the business as package tour operators for religious education and picnic purpose,



daily passenger service operators, conducted tour operators, traveling agent for booking and reserving accommodations, seats, berths, compartments, coupe, complete bogie on railways, motor ships, motor boats, Aeroplan's, steam ships, motor bus and omni buses, vehicle booking agents, hotel booking agent, authorized railway tour booking agent, ship booking agent, authorized airline ticket booking agent, representative of other travelling agencies, courier service agent, correspondence, parcel and postage booking agents, telephone booth operators to provide necessary services for passport and visa, to handle conferences and meetings, to handle inward foreign tourist activities in India and abroad, to provide for guides, safe deposits and baggage transports, to act as an agent of bankers and to arrange travelers cheques, coupon drafts and other mode of foreign exchanges on their behalf; To publish magazines, bulletins and other literature for tourism contractors or arrange buses, coaches, bogies, charter flights, helicopter, motor launches, boats, taxis, rickshaws and other vehicles for tourist and passengers and to provide such facilities for national and international tourist as may be incidental or necessary for accomplishment of above objects.

To carry on the business of the manufacturers of, processors of, assemblers of, installers of, maintainers of, repairers of, dealers of, importers of, as principals and agents or otherwise in electronics and electricals instruments, apparatus, equipment's, special purpose machineries and controls of every description including microprocessors based controls, control panels, computers, variable speed controls, temperature controls, electrical motor controls, displays, disc-drives, key-boards, computer peripherals of every type electronics or electrical products, their accessories of and in, electronic components, sub-assemblies and assemblies like printed circuit board, transistor, diodes, relays, thyristors, thermistors, integrated circuits of every type and description such as microprocessors, Rproms, EEproms, ROMs, RAMs, SRAMs, Logic circuits, applications specific integrated circuits, capacitors, resistors, coils, potentiometers, transformers, switches, power suppliers, inverters, converters,





frequency generators, filters, control cables and electrical and mechanical components fitting parts, apparatus accessories and equipment's of every kind.

To carry on the business of manufactures of processors of assemblers of maintainers of, repairers of, dealers of, importers of, as principals and agents or otherwise in or electrical motors of every type and size and description including A.C., D.C., torque, steppers, servo, permanent magnet, pancake, solid rotor, micro motion, linear, synchronous motors of every construction and style and from every materials and non-metals and their accessories and all other equipment's of every kinds capable of being used in connection therewith.

To carry on leasing business, hire purchase business of any and all of its branches in respect of movable and immovable property, including plant and machinery, land and building, appliances, equipment's, furniture and fixtures, computers and business. machine, electronic, electrical and mechanical instruments, vehicles, of all kinds, agricultural machinery, aero planes, launches, boats mechanical or otherwise, sewing machines, musical instruments, house hold equipment's, refrigeration and air conditioning plants, equipment's and commercial, industrial and the trading assets as the company may deem fit.

To carry on the business as an holding and investment company and to purchase or otherwise acquire, underwrite invest in acquire, hold trade or deal in immovable and movable properties of all kinds in any part of the country and in particulars lands, building, hereditaments, objects of art and decoration, gems, jewelry, precious stones and metals, mortgages, charges, debenture stocks, annuities, shares, stocks, debentures bonds, obligations, securities, concessions, options, product policies, book debts, and claims and any interests in immovable and movable property and any claims against such property or against any person or company and to vary all or any of the aforesaid investments.

5) Share Capital structure:

**A. Equity Share Capital**

Particulars	No. of Shares	Amount in Rs.
Authorised Share Capital	3,00,000	3,00,00,000/-
Issued, Subscribed and Paid-up Capital	2,85,200	2,85,20,000/-

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**B. Preference Share Capital**

NIL

## 6) Shareholding:

Sr. No.	Name of Shareholder	No. of Equity Shares held	% of Equity Shares	No. of Preference Shares held	% of Preference Shares
1	Mr. Mahendra N. Patel	63680	22.33	-	-
2	Smt. Nayanaben M. Patel	23500	8.24	-	-
3	Mamata Group Corporate Services Pvt. Ltd.	82302	28.86	-	-
4	Mamata Management Services LLP	61318	21.50	-	-
5	Mr. Chandrakant B. Patel	6200	2.17	-	-
6	Mrs. Bhagvati C. Patel	37200	13.04	-	-
7	Mr. Hasmukhbhai K. Patel jointly with Mrs. Charuben H. Patel	2000	0.70	-	-
8	Mrs. Charuben H. Patel jointly with Mr. Hasmukhbhai K.	1800	0.63	-	-

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	Patel				
9	Mr. Harshadbhai S. Patel jointly with Mrs. Alkaben H. Patel	1800	0.63	-	-
10	Mrs. Alkaben H. Patel jointly with Mr. Harshadbhai H. Patel	1800	0.63	-	-
11	Mrs. Nayanaben M. Patel jointly with Mr. Bhavin M. Patel	2800	0.98	-	-
12	Mr. Bhavin M. Patel jointly with Mrs. Nayanaben M. Patel	800	0.28	-	-
	Total	285200	100.00	-	-

**TRANSFEROR COMPANY**

1) Name:

Mamata Extrusion Systems Private Limited (GSTIN: 24AABCM0530D1ZA)

2) Registered office:

53 Madhuban, Nr Madalpurunderbridge, Ellisbridge, Ahmedabad 380006.

3) Board of Directors:

Name and Address	DIN	Designation
Shri Mahendra Narsinhbhai Patel Kairavi Bunglows, Vastrapur Road, Nr. Sarathi Hotel, Bodak Dev, Ahmedabad, Gujarat- 380054.	00104997	Director

Shri Chandrakant Baldevbhai Patel 100, Surdhara Bungalows, Opp. T.V. Station, Mahalaxmi Society, Ahmedabad, Gujarat- 380054.	00380810	Wholetime Director
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4) Main object:

The main objects provided under Memorandum of Association are as under:

To carry on the business to manufacture, produce, assemble, alter, acquire, build, construct, commission, convert, commercialize, dismantle, design, develop, display, demonstrate, erect, equip, establish, fabricate, finish, hold, handle, install, hire, let on hire, lease, repair, maintain, modify, market, own, Operate, Protect, Pull Down, reconstruct, renovate, recondition, remodel, import, export, buy, sell, resale, exchange, service, act as an agent, broker, financier, stockiest, contractor, consultant, engineers, collaborators or otherwise deal in all types of automatic and semi-automatic plants and machineries, including extrusion plants, injection moulding machines, dies, mould, material, handling equipment's, apparatus and related equipment's used in various plastics processing industries.

To carry on the business to manufacture, produce, assemble, alter, acquire, build, convert, commercialize, dismantle, design, develop, display, demonstrate, market, import, export, buy, sell, resale, exchange, act as an agent, broker, stockiest, collaborator or otherwise deal in parts, components, instruments, systems, devices, fitting, tools, tackles and accessories relating to various plastic processing industries.

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## 5) Share Capital structure:

Particulars	No. of Equity Shares	Amount in Rs.
Authorised Share Capital	5,00,000	5,00,00,000/-
Issued, Subscribed and Paid-up Capital	1,00,000	1,00,00,000/-

## 6) Shareholding:

Sr. No.	Name of Shareholder	No of Shares held	% Shares held
1	Mamata Machinery Private Limited	49,980	49.98
2	Mahendra Patel	25,010	25.01
3	Chandrakant Patel	25,010	25.01
	Total	1,00,000	100.00

**VI. PURPOSE OF VALUATION**

The valuation exercise is being carried out to ascertain the swap ratio for the proposed amalgamation of Transferor Company with Transferee Company in terms of provisions of Section 230 and 232 of the Companies Act, 2013.

The information contained herein is intended only for the sole use of the shareholders of the Transferor and Transferee Companies, and regulatory approvals for the proposed amalgamation.

**VII. SOURCE OF INFORMATION RELIED UPON**

We relied upon the following information made available to us by the management of Transferee Company and Transferor Companies for the purpose of this valuation:

- Memorandum and Articles of Association
- Audited Accounts for the Financial Year ended on March 31, 2018, March 31, 2019 and unaudited management certified for the period ended on 30/11/2019.
- Shareholding Pattern.

- d) Income Tax Return for previous three years.
- e) Valuation Report received from Mr. in respect of following real estate:
- f) Draft scheme of arrangement for the proposed amalgamation of Transferor Company with Transferee Company.
- g) Discussions with representative of the Management which were considered relevant for the purpose of the Analysis.
- h) Compliance documents maintained under the Companies Act, Income Tax and GST provisions.
- i) Such other information and explanations as may be required by us and provided by the management.

#### **VIII. VALUATION STANDARDS**

The Report has been prepared in compliance with the Valuation Standards issued by the Institute of Chartered Accountants of India and adopted by ICAI Registered Valuers Organisation.

#### **IX. BACKGROUND INFORMATION OF ASSETS BEING VALUED**

To carry out an independent assessment of the Swap Ratio for the proposed arrangement in the nature of amalgamation of Transferor Company with Transferee Company.

There is no Regulatory Advisory on valuation of share under amalgamation but we have considered principles, wherever applicable, provided under determination of fair market value under Rule 11UA [(1)] of Income Tax Rules 1962 and notification No. 620 dated 12.07.2017, notified by the Central Board of Direct Taxes ('CBDT'), on rules for determination of Fair Market Value ('FMV') for unquoted shares relevant for section 50 CA of the Income tax Act, 1961.



## X. VALUATION METHODOLOGY AND APPROACH

Valuation of the enterprise or its equity shares is not an exact science. This exercise may be carried out based on the generally accepted methodologies, the relative emphasis of each often varying with factors such as;

- i. Specific nature of the business
- ii. Listing and liquidity of the equity, in case of a listed Company.
- iii. Economic life cycle in which the industries or the company is operating and
- iv. Extent to which comparable company information is available

These factors are not evident on the face of the Balances sheet as well as on the records of the Company. However, these factors will directly influence the worth and ultimately the fair value of the share. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and commonly in vogue.

In this regard, we have evaluated suitability of three commonly used approaches on valuation to determine the fair value of companies.

The ICAI Valuation Standard 103 provides guidance for following three main valuation approaches:

### a) Market approach;

#### Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices. The following are some of the instances where the market approach is applied:



- i. where comparable or identical company is traded in the active market; or
- ii. there is a recent, orderly transaction in the asset to be valued; or
- iii. there are recent comparable orderly transactions identical or
- iv. comparable asset(s) and information for the same is available and reliable.

As all companies being private limited, comparable information available from the active market would not be effective bench mark to value the price per share of each company as there would be material differences between the companies to be valued and the market comparable, and require significant adjustments, hence we have not used this methodology in the Analysis.

#### Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

We have not considered this methodology in the Analysis as we understand that there are no comparable transactions in the sector to which the Company belongs.

#### b) Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Valuation method to be applied under income approach is Discounted Cash Flow (DCF) Method. The DCF method is one of the most common methods for valuing shares, businesses, etc. This method involves discounting of future cash flows

expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value.

This approach is not to be used if:

- a. there is significant uncertainty on the amount and timing of income/future cash flows;
- b. there is amalgamation of existing activities;
- c. the client has not shared information relating to the future cash flow, e.g., projections/budgets or growth expectations specific to the business.

We have not considered this methodology in the Analysis as the future cash flows have not been provided and there is amalgamation of existing activities.

#### c) **Cost approach**

We have used this method in the Analysis.

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 materialize and valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence. The management of the Transferor and Transferee Companies has obtained fair value report from Valuers for Land & Building.

This methodology ignores:

- the future returns the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

- the true business value of the Company as the current NAV would not be reflective of its growth potential going forward and thus would not reveal.

## XI. VALUATION

The valuation under Cost Approach i. e. combined Historical Cost and Replacement Cost Method.

- As apparent from the Balance sheets, the major portion of the assets held by the companies is fixed assets and current assets including short term loans and advances. As has been informed, no revaluation of the immovable assets held by the companies was made out in the past.
- As informed, all the current assets, loans and advances are stated at the values that can be realized in the ordinary course of the business. None of the Loans and Advances is doubtful of recovery.
- Fixed assets other than real estate, held by the companies are valued as per their Book Value, whereas real estate (land/buildings) are valued at approximate market value as per the Valuation Report taken by the Companies from the Registered Valuer, Mr. Parag Kishorbhai Sheth (Reg. No- IBBI/RV/07/2019/11235). As observed from the valuation report, the present market value of fixed assets of Transferee company is higher than their present book value.
- As informed, there are no contingent liabilities other than provided in the accounts.
- The Transferee Company has investment of 49,980 Equity Shares in Transferor Company and shall be cancelled post amalgamation.

### Transferee Company

- Mamata Machinery Private Limited

**Adjusted Book Value per Equity Share of Rs 100/-**

As on 31/03/2019

Rs (277.60/-)

The balance sheet value of real estate and investments is adjusted based on the valuation report provided by the management i. e. cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

#### Transferor Company

b) Mamata Extrusion Systems Private Limited

**Adjusted Book Value** per Equity Share of Rs 100/-

As on 31/03/2019

Rs 8582.43/-

The balance sheet value of assets is adjusted for advance payment of tax.

## **XII. OPINION OF FAIR VALUE OF THE EQUITY**

Based on the Analysis of the Business of the Companies, in our assessment, the fair value as at valuation date calculated on Cost Method i. e. Replacement Cost is as follows:

#### Transferee Company

c) Mamata Machinery Private Limited

**Adjusted Book Value** per Equity Share of Rs 100/-

As on 31/03/2019

Rs (277.60/-)

#### Transferor Companies

a) Mamata Extrusion Systems Private Limited

**Adjusted Book Value** per Equity Share of Rs 100/-

As on 31/03/2019

Rs 8582.43/-

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the swap ratio worked out is as under:

Exchange ratio		
	Value per equity share Rs	Swap ratio/exchange ratio
<b><u>Transferor Company</u></b>		
Mamata Extrusion Systems Private Limited Face Value Rs 100/-	Rs 1/-	8500
<b><u>Transferee Company</u></b>		
Mamata Machinery Private Limited Face Value Rs 100/-	Rs 8500/-	1

### XIII. SHARE EXCHANGE RATIO

1 (One) equity shares of Mamata Machinery Private Limited of INR 100/- each fully paid up for every 8500 (Eight Thousand Five Hundred) equity shares of Mamata Extrusion Systems Private Limited of INR 100/- each fully paid up.

### XIV. DISCLOSURE OF INTEREST

We acknowledge that we have no present or contemplated financial interest in the Transferor and Transferee Companies. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to

- modify this report for events and circumstances occurring subsequent to the date of this report.

## XV. LIMITATIONS AND DISCLAIMER

The scope of the report does not include detailed corroborative examination of the financial assertions and representation of management. However, although our work was not designed to verify the accuracy or reliability of any information given to us, a prima-facie review has been performed by us. It may be mentioned that all the Companies have been provided the opportunity to review the draft report (excluding our valuation analysis and recommendation) for the current job as a part of our standard practise to make sure that factual inaccuracies / omissions are avoided in our report.

- The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of the companies and only in connection with the proposed amalgamation as aforesaid including *for the purpose of obtaining regulatory approvals for the proposed amalgamation*. We are not responsible to any other person/party for any decision of such person of party based on this report.
- This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

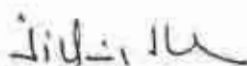
Our valuation is subject to the following Limitations / Exclusions:

- i. The report is to be read in totality and not in parts and in conjunction with the relevant documents referred to therein.
- ii. We have considered circumstances existing at the valuation date and events occurring up to the valuation date.
- iii. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report is as agreed as per term of our engagement. It may not be valid if done on the behalf of any other entity.



- iv. This report is issued on the understanding that the Companies have drawn our attention to all material information, which they are aware of concerning their financial positions and any other matter, which may have impact on my opinion, on the fair value, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to last audited balance sheet. We have no responsibility to update this report for events and circumstances occurring after the valuation date of this report.
- v. In the course of the valuation, we are provided with both written and verbal information. We have however, evaluated the information provided to us through broad inquiry, analysis and review (but have not carded out a due diligence or audit of the company for the purpose of this engagement). Our conclusion is based on the information given by/on behalf of the Companies. However, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements.
- vi. The valuations worked out are indicative and may differ substantially from actual transactions.
- vii. All the workings for valuation worked out are rounded off to the nearest rupee in thousand.
- viii. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, except in connection with proposed arrangement as aforesaid, can be done only with our prior permission in writing.

Place: Ahmedabad  
Date: 20/12/2019

  
Pinakin Shah  
Registered Valuer  
Reg No. IBBI/RV/05/2019/10728



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## Annexure 1

TRANSFEREE COMPANY  
Mamata Machinery Private Limited

**Table 1. Income Statement Reconstruction.** **Rs in Lakh**

	2017-18	2018-19
<b><u>Gross Revenues</u></b>	7728.24	8095.27
Less returns and discounts	0.00	0.00
<b><u>Net Sales</u></b>	7728.24	8095.27
Cost of goods sold (COGS)	3793.46	4065.24
<b><u>Gross Profit</u></b>	3934.78	4030.03
Total operating expenses	3975.94	3768.90
Operating income	-41.16	261.13
Other income / (expenses)	1371.62	1335.07
Net pre-tax income	1330.46	1596.20
Taxes	376.77	143.65
<b><u>Net Income</u></b>	953.69	1452.55
<b>Adjustments</b>		
Depreciation and Amortization expense	169.53	172.17
Interest expense (income)	463.27	314.15
<b><u>EBITDA</u></b>	1963.26	2082.52

for

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Table 2. Balance Sheet Reconstruction.

Rs In Lakh

As of Date:	31/03/2019		
Balance Sheet Items	Recorded	Adjustments	Adjusted
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	81.40	0.00	81.40
Accounts Receivable	1749.81	0.00	1749.81
Investments	1285.00	-49.48	1235.52
Deposits	2.55	0.00	2.55
Inventory	2310.54	0.00	2310.54
Other current assets	3364.04	0.00	3364.04
<b>Total Current Assets</b>	<b>8793.34</b>	<b>-49.48</b>	<b>8743.86</b>
<b>Fixed Assets</b>			
Furniture and fixtures	181.81	0.00	181.81
Equipment	432.41	0.00	432.41
Other fixed / long-term assets	702.18	0.00	702.18
Real estate	3120.67	881.29	4001.96
<b>Total Fixed Assets</b>	<b>4437.07</b>	<b>881.29</b>	<b>5318.36</b>
<b>Less Accumulated Depreciation</b>	<b>1506.41</b>	<b>-489.85</b>	<b>1016.56</b>
<b>Net Fixed Assets</b>	<b>2930.66</b>	<b>1371.14</b>	<b>4301.80</b>
Loans & Advances	13.77	0.00	13.77
<b>Total Assets</b>	<b>11737.77</b>	<b>1321.66</b>	<b>13059.43</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	2496.13	0.00	2496.13
Taxes payable	118.05	-102.16	15.89
Short-term portion of bank loan	50.76	0.00	50.76
<b>Other current liabilities</b>	<b>882.35</b>	<b>0.00</b>	<b>882.35</b>

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Total Current Liabilities	3547.29	-102.16	3445.13
Long-term Liabilities			
Bank loan	893.69	0.00	893.69
Inter Corporate	138.18	0.00	138.18
Members & Directors	0.00	0.00	0.00
Total Long-term Liabilities	1031.87	0.00	1031.87
Total Liabilities	4579.16	0.00	4477.00
Net Worth	7158.61	1423.82	8582.43
Equity Capital	285.20		285.20
Reserve & Surplus	6873.41	1423.82	8297.23

Rs in Lakh

	Recorded	Adjustments	Adjusted
Book Value	2510.03		3009.27
Fair Value Computation			
BOOK VALUE OF ASSETS			
A	11737.77	1321.66	13059.43
Adjusted by following			
Transferor Company Investment	-49.48		
Differed Tax	0.00		
Real Estate Valuation	1371.14		
AA	1321.66		
A+AA	13059.43		
BOOK VALUE OF LIABILITIES			
B	4579.16	0.00	4477.00
Adjusted by following			
Preference Capital	0.00		
provisions for tax liabilities	-102.16		
BB	-102.16		
B+BB	4477.00	0.00	4477.00
A-B	8582.43	1423.82	8582.43
PE	285.20		285.20
PV PER SHARE	100		100
FAIR VALUE	3009.27		3009.27
NO OF EQUITY SHARES	285200		285200

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## Annexure 2

## TRANSFEROR COMPANY

Mamata Extrusion Systems Private Limited

Table 1. Income Statement Reconstruction.

Rs in Lakh

	2017-18	2018-19
<b><u>Gross Revenues</u></b>	777.94	1033.22
Less returns and discounts	0.00	0.00
<b><u>Net Sales</u></b>	777.94	1033.22
Cost of goods sold (COGS)	422.10	523.95
<b><u>Gross Profit</u></b>	355.84	509.27
Total operating expenses	436.45	587.40
Operating income	-80.61	-78.13
Other income / (expenses)	86.77	84.82
Net pre-tax income	6.16	6.69
Taxes	-0.89	-0.86
<b><u>Net Income</u></b>	7.05	7.55
<b>Adjustments</b>		
Depreciation and Amortization expense	4.93	5.08
Interest expense (income)	30.63	17.81
<b><u>EBITDA</u></b>	41.72	29.58

Table 2. Balance Sheet Reconstruction.

Rs In Lakh

As of date:	31/03/2019		
Balance Sheet Items	Recorded	Adjustments	Adjusted
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	9.65	0.00	9.65
Accounts Receivable	263.19	0.00	263.19
Investments	0.00	0.00	0.00
Deposits	32.37	0.00	32.37
Inventory	911.31	0.00	911.31
Other current assets	181.38	-9.20	172.18
<b>Total Current Assets</b>	<b>1397.90</b>	<b>-9.20</b>	<b>1388.70</b>
<u>Diffrrd Tx Assets</u>	3.42	-3.42	0.00
<u>Long Term Loans &amp; Advances</u>	18.79	-16.81	1.98
<u>Non Current Assets</u>	22.21	-20.23	1.98
<i>Fixed Assets</i>			
Furniture and fixtures	13.25	0.00	13.25
Equipment	18.58	0.00	18.58
Other fixed / long-term assets	44.61	0.00	44.61
Real estate	0.00	0.00	0.00
<b>Total Fixed Assets</b>	<b>76.44</b>	<b>0.00</b>	<b>76.44</b>
Less Accumulated Depreciation	51.86	0.00	51.86
<b>Net Fixed Assets</b>	<b>24.58</b>	<b>0.00</b>	<b>24.58</b>
<b>Total Assets</b>	<b>1444.69</b>	<b>-29.43</b>	<b>1415.26</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	1318.87	0.00	1318.87
Taxes payable	0.00	0.00	0.00
Short-term portion of bank loan	0.00	0.00	0.00

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Other current liabilities	9.99	0.00	9.99
<b>Total Current Liabilities</b>	<b>1328.86</b>	<b>0.00</b>	<b>1328.86</b>
<b>Long-term Liabilities</b>			
Bank loan	29.00	0.00	29.00
Shareholder loan	235.00	0.00	235.00
Subordinated loan (e.g. seller financing note)	0.00	0.00	0.00
<b>Total Long-term Liabilities</b>	<b>264.00</b>		<b>264.00</b>
<b>Total Liabilities</b>	<b>1592.86</b>	<b>0.00</b>	<b>1592.86</b>
<b>Net Worth</b>	<b>-148.17</b>	<b>-29.43</b>	<b>-177.60</b>
Equity	100.00		100.00
Reserve	-248.17		-277.60

Rs in Lakh

	Recorded	Adjustments	Adjusted
<b>Book Value</b>	<b>-148.17</b>		<b>-177.60</b>
Fair Value Computation			
BOOK VALUE OF ASSETS			
A	1444.69	-29.43	1415.26
Adjusted by following			
tax paid as deduction at source	-16.81		
Prepaid Exp	-9.20		
unamortised amount of deferred expenditure	-3.42		
Revaluation effect of Real Estate	0.00		
Adjustment of Investment	0.00		
AA	-29.43		

A-AA	1415.26		
BOOK VALUE OF LIABILITIES			
B	1592.86	0.00	1592.86
Adjustment of Investment			
provision for Dividend	0.00		
provisions for tax liabilities	0.00		
BB	0.00		
B-BB	1592.86		
A-B	-177.60		-177.60
PE	100.00		100.00
PV PER SHARE	100		100
Adjusted Fair Value	-177.60		-177.60
NO OF EQUITY SHARES	100000		100000





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Table 3

## Computation of Exchange Ratio

AS ON 01/04/2019	Rs in Lakh			
Particular	MMPL	MSEPL		MSEPL
Equity Share Capital	285.20	100.00		
Reserves	6,873.41	(248.17)		
<b>Net-Worth</b>	<b>7,158.61</b>	<b>(148.17)</b>		
No of Equity Shares with FV of Rs.100.00 each	285,200	100,000		100,000
Book Value per Equity Share	2,510.03	-148.17		
Adjusted Net Worth	8582.43	-277.60		
Adjusted Book Value	8,580.00	-277.60		
Fair Value	8,580.00	1.00		1.00
Exchange Ratio	1	8,580.00		8,580.00
	1	8,500		8,500
Shares to be cancelled	-			49,980.00
Allotment by Exchange Ratio	6			6
Post Allotment	285,206			
Exchange Allotment by Value	0.00	-		0.00
Post Amalgamation Capital	28.52			-

