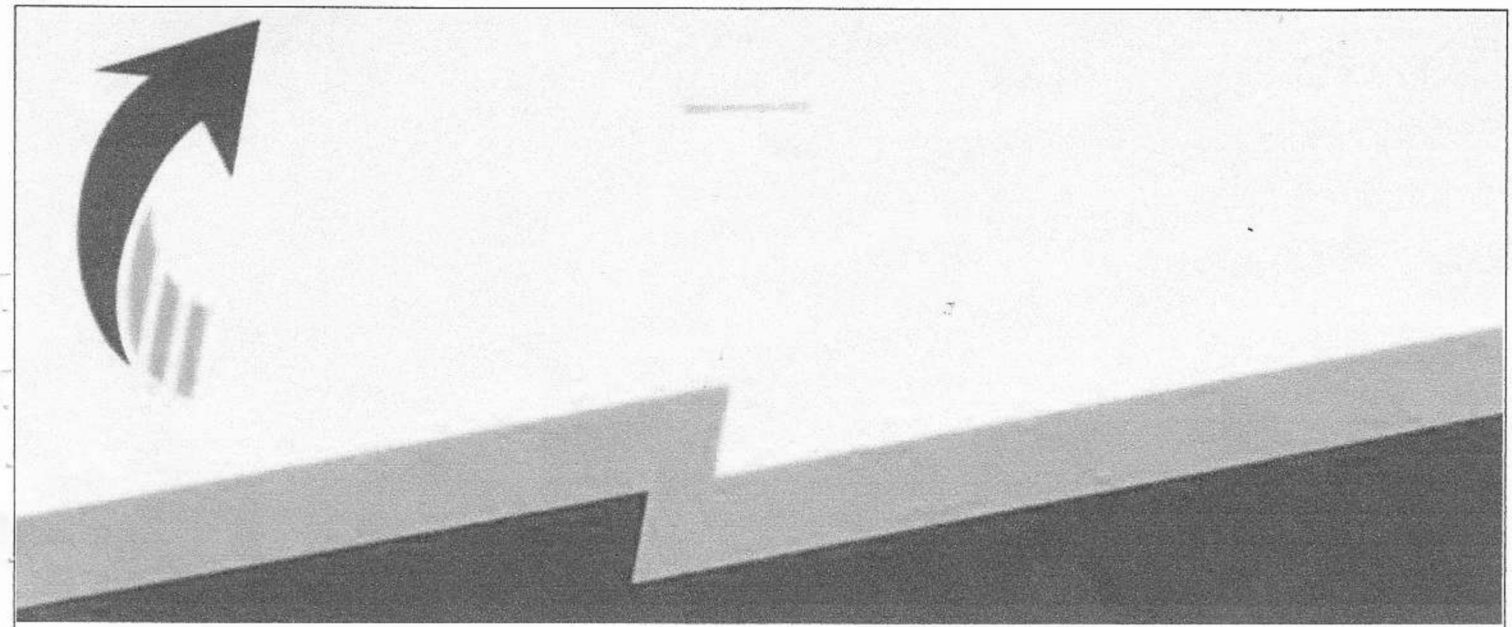
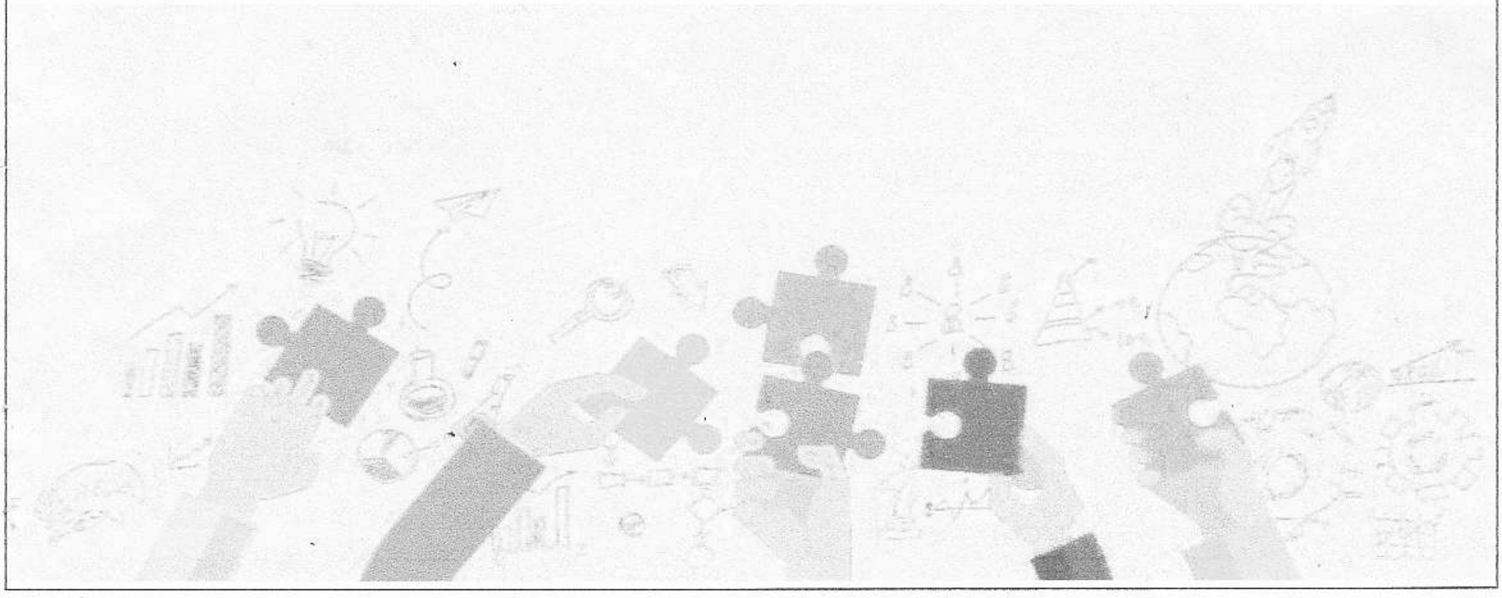


REPORT ON SHARE EXCHANGE RATIO

FOR AMALGAMATION OF

GALLANTT ISPAT LIMITED ("GIL" OR "TRANSFEROR COMPANY NO. 1"),
AAR COMMERCIAL COMPANY LIMITED ("AAR" OR "TRANSFEROR COMPANY NO. 2"),
HIPOLINE COMMERCE PVT LTD ("HIPOLINE" OR "TRANSFEROR COMPANY NO. 3"),
LEXI EXPORTS PVT LTD ("LEXI" OR "TRANSFEROR COMPANY NO. 4") **AND**
RICHIE CREDIT AND FINANCE PVT LTD ("RICHIE" OR "TRANSFEROR COMPANY NO. 5")
WITH
GALLANTT METAL LIMITED ("GML" OR "TRANSFEREE COMPANY").

VIKASH GOEL
REGISTERED VALUERS
REGN NO. IBBI/RV/01/2018/10339



VIKASH GOEL
CA, CFA, MS Finance, MBA, IIM-C
Registered Valuer
Regn. No. IBBI/RV/01/2018/10339

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Board of Directors
Gallantt Metal Ltd
"GALLANTT HOUSE",
I-7, Jangpura Extension,
New Delhi – 100014

Dear Sir,

Sub: Report on calculation of share exchange ratio for the proposed amalgamation between the "transferor companies" and the "transferee company".

We have been engaged by the management of **Gallantt Metal Ltd** ("**GML**" or "**Transferee Company**") for the purpose of assessing the share exchange ratio between the transferee company and the transferor companies viz;

- Gallantt Ispat Limited ("**GIL**" OR "**Transferor Company No. 1**"),
- Aar Commercial Company Limited ("**AAR**" OR "**Transferor Company No. 2**"),
- Hipoline Commerce Pvt Ltd ("**HIPOLINE**" OR "**Transferor Company No. 3**"),
- Lexi Exports Pvt Ltd ("**LEXI**" OR "**Transferor Company No. 4**") and
- Richie Credit and Finance Pvt Ltd ("**RICHIE**" OR "**Transferor Company No. 5**") jointly ("the companies").

It has been proposed to amalgamate the business of GIL, AAR, Hipoline, Lexi, and Richie with GML, subject to shareholder's consent, statutory and other approvals. The proposed amalgamation will be on going concern basis and by way of offer of shares of GML to the shareholders of GIL, AAR, Hipoline, Lexi, and Richie in the ratio of their present equity holdings ("the Transaction"). For this purpose, an exercise has been undertaken to estimate the fair market value of the equity shares of GIL, AAR, Hipoline, Lexi, Richie and GML to decide the number of shares to be issued by GML to the shareholders of the other five companies.

We hereby confirm that we have arrived at the swap ratios for each Transferor Company to be issued by GML for shares held by the shareholders of each Transferor Company as at March 31st, 2019.

1) 13 equity shares of GML of INR 10 each fully paid up for every 14 equity shares of GIL of INR 1 each fully paid up.
2) 5 equity shares of GML of INR 10 each fully paid up for every 1 equity shares of AAR of INR 10 each fully paid up.
3) 9 equity shares of GML of INR 10 each fully paid up for every 2 equity shares of HIPOLINE of INR 10 each fully paid up.
4) 84 equity shares of GML of INR 10 each fully paid up for every 1 equity shares of LEXI of INR 10 each fully paid up.
5) 101 equity shares of GML of INR 10 each fully paid up for every 2 equity shares of RICHIE of INR 10 each fully paid up.

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6) Any fractional amount of shares would be settled in accordance with the draft scheme of amalgamation (Para 14.4) to ensure that the shareholders of the transferor companies get the full value of their company's worth.

The detailed valuation report including computation of fair value of the equity shares of the Companies has been attached in subsequent pages.

Regards

VIKASH GOEL
Kolkata
Registered Valuer

Vikash Goel
(Regd. No.: IBBI/RV/01/2018/10339)
Date: 17-Jan-2020
FCA - M.No. 067151

Contents

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1. Purpose of the engagement

This valuation has been done pursuant to the scheme of Amalgamation ("Scheme" or "merger") under **sections 230 to 232**, read with and other applicable enabling provisions of **the Companies Act, 2013** and provisions of other applicable laws, for amalgamation of Gallantt Ispat Limited ("GIL" or "Transferor Companies No. 1") - a promoter Group Entity, AAR Commercial Co. Limited ('AAR" or "Transferor Companies No. 2") - Hipoline Commerce private Limited ("HIPOLINE" or "Transferor Companies No. 3") - a promoter Group Entity, Lexi Exports Private Limited ("LEXI" or "Transferor Companies No.4") and Richie Credit and Finance Private Limited ("RICHIE" or "Transferor Companies No. 5") with Gallantt Metal Limited ("GML" or "Transferee Company" or the "Company").

Slump Sale: The Board of GML has approved acquisition of 18 MW Power Plant Unit of Gallantt Ispat Limited under Slump Sale and this is a part of the Scheme of Amalgamation as approved by the Board of Directors of GML.

The business of the Transferor Companies and the Transferee Company can be combined and carried forward conveniently with combined strength. The amalgamation will enable the Transferee Company to consolidate its line of business by restructuring and re-organizing its business activities. The proposed amalgamation will enable the companies to broaden their business activities under the roof of the Transferee Company. It will result in economies of scale including reduction in overhead expenses relating to management and administration in better and more productive utilization of various resources. The aforementioned transaction will enable the establishment of a larger company with larger resources and larger capital base leading to further development of the business of the company concerned. The said scheme will strengthen and consolidate the position of the amalgamated company and will enable the company to increase its profitability. It will be beneficial for the Company concerned, the shareholders, employees and all concerned.

Under the circumstances, it is considered desirable and expedient to reorganize and restructure the business of GML by amalgamating the business of GIL, AAR, HIPOLINE, LEXI & RICHIE with effect from 1st April 2019, subject to shareholders' consents, statutory and other approvals. The proposed amalgamation will be on going concern basis and by way of offer of shares of GML to the shareholders of GIL, AAR, HIPOLINE, LEXI & RICHIE in the ratio of their present equity holdings.

For this purpose, an exercise has been undertaken to estimate the fair market value of the equity shares of GIL, AAR, HIPOLINE, LEXI, RICHIE & GML and to decide the number of shares to be issued by GML to the shareholders of all the transferor companies.

The arrangement will also result in better, efficient and more productive utilization of manpower and other resources. The merger of Transferor Companies GIL, AAR, HIPOLINE, LEXI & RICHIE with GML will enable GML to undertake business to be carried out by all the transferor companies in future under a single umbrella of management having greater focus and attention in an efficient manner.

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The valuation of shares is done on the basis of internationally accepted pricing methodology on arm's length basis. Given the above requirement, the Company has requested us to compute and conclude the fair value of equity shares of the Company on a 'going concern' basis.

2. Key dates

Appointment Date: We have been appointed by the management vide letter dated 26-Dec-2019.

Valuation date: The valuation exercise has been performed based on the information available to us as of 31ST March 2019. The share exchange ratio based on fair value should be considered to the value as on this date.

Date of report: Our valuation report has been submitted as of 17-Jan-2020.

3. Valuer

3.1 About the Valuer

Vikash Goel (the "Valuer"), is Registered Valuer having Registration No. IBBI/RV/01/2018/10339. The Valuer is registered with the Insolvency and Bankruptcy Board of India to undertake the Valuation of Securities and Financial Assets of the Companies.

Vikash is a Chartered Accountant (Fellow member of ICAI), CFA (ICFAI) and holds MS Finance and MBA in HR. He is also an alumnus of St Xavier's College, Kolkata and hails from Indian Institute of Management Calcutta (IIM-C). Vikash has extensive experience of close to 12 years spanning across Industry and Consulting and has worked with companies like PwC, EY, ICA and Zacks Research in India and Canada.

Vikash has conducted valuation across a variety of spectrum including but not limited to Issue of shares, Mergers and Acquisitions, Intangibles, Valuation of shares under Income Tax, Investment advisory around valuation of shares, mutual funds, hedge funds and derivatives and has been exposed to global valuation and business modelling practices for companies.

3.2 Disclosure of valuer interest or conflict

We hereby confirm that the valuer is suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the company (including the parties with whom the company is dealing, including the lender or selling agent, if any). The valuer accepts instructions only from the appointing authority or eligible instructing party with respect to the valuation engagement. We have no present or planned future interest in the company or its group companies, if any and the fee payable for this valuation is not contingent upon the value reported herein.

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4. Appointing Authority

I, Vikash Goel, Registered Valuer with IBBI (Regn Number IBBI/RV/01/2018/10339) have been appointed by the Management of GML to arrive at the share exchange ratio between GML, GIL, AAR, HIPOLINE, LEXI & RICHIE. This appointment is based under rules prescribed by The Companies Act, 2013.

5. Caveats, disclaimers and limitations

1. **Specific Purpose:** Valuation analysis and its results are specific to the purpose of valuation as mentioned in the section "Purpose". It may not be relevant for any other purpose or entity. This Report is prepared exclusively for the above stated purpose. Neither this report nor its content may be used for any other purpose without our prior written consent. This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. Our scope of work does not involve assessment of legality of the transaction and is limited to assessing the value of the companies to arrive at the share exchange ratio. In addition, we express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion.

2. **No audit or certification:** Our work does not constitute an audit or certification of the historical financial statements. We cannot and do not express an opinion on the accuracy of any financial information referred to in this report. We have relied on the assumptions made by the management of the companies. These assumptions require exercise of judgement and are subject to uncertainties.

3. **Inspections and Investigations:** The Valuation is being done as on the Valuation Date considering the information and documents produced before us for the purpose of ascertaining the share exchange ratio. We have relied on accuracy and completeness of all the information and explanations provided by the management. It was not in our scope to carry out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have received representations from the management and underlying documents and have accordingly assessed the fair value. We believe that given the nature of the valuation and the underlying reports made available to us, it is plausible to carry out such valuation.

4. **No Advice on the transaction:** Our Valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability, legality or otherwise of entering into the proposed transaction.

5. **Valuation date:** The valuation contained herein is not intended to represent at any time other than the date that is specifically stated in this report. We have no responsibility to update this report for events and circumstances occurring after the valuation date.

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6. **Reliance on information provided:** In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Management through broad inquiry, however we have not carried out a due diligence or audit procedures for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. Through the above evaluation, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the report.
   We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. The terms of our engagement were such that we were entitled to rely upon the information provided by the Management without detailed inquiry. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. The Management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. Accordingly, we assume no responsibility for any errors in the above information furnished by the Management and their impact on the present exercise.

7. **Actual results may differ:** The assumptions around future projections used in the preparation of this report, are based on the management's present expectation of both – the most likely set of future business events and the management's course of action related to them. Wherever we have not received detailed information from the management, we have used our assessment of value based on experiences and circumstances of the case. It is usually the case that some events and circumstances do not occur as expected or are not anticipated and this may materially affect our result of value. Hence, any changes in the projection or non-achieving of the projected financials will affect our valuation significantly.

8. **Questions or appearances:** Our engagement is limited to preparing the report to be submitted to the management. We shall not be liable to provide any evidence for any matters stated in the report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.

9. **Complete report:** This report shall at all times be read and interpreted in full, no part of it shall be read independently for any reason whatsoever.

10. **Fee:** The fee for the report is not contingent upon the results reported.

11. **Liability:** We owe responsibility to only the management of GML that has retained us and nobody else. We do not accept any liability to any third party (including the shareholders of GML, GIL, AAR, HIPOLINE, LEXI, RICHIE) in relation to this report. In any case, our liability to the Companies or any third party is limited to be not more than 50% of the amount of the fee received by us for the engagement. This provision shall survive the completion of this engagement.

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6. Sources of information

In connections with the preparations of this Valuation Report, we have received the following information from the management of the Companies.

- Brief background of the companies received from the management.
- Audited Financial Statement as on 31st March 2018 and 2019 of GML, GIL, AAR, Hipoline, Lexi and Richie.
- Projected financial statements for GML, GIL and AAR.
- Draft scheme of amalgamation as prepared by the management.
- Independent valuers report for valuation of various assets of GML and GIL
    - Er Naresh Kumar (Plant & Machinery)
    - Lakhan Lal Gupta (Land & Building)
    - Anoop Kumar Goyal (Financial Assets and Securities)
- information about the price and volume of trading of GIL, GML and AAR from bseindia.com
- Details of state of affairs as represented by the management as on the valuation date.
- Interviews and discussions with the management of the Companies to augment our knowledge of the operations of the Companies including taxations related litigation matters.
- Information and documents as provided by the Companies for the purpose of this engagement.
- We have also accessed public documents as available from external sources such as mca.gov.in to better understand and assess the value of the business.
- Market / industry information.

We have also obtained explanations and information considered reasonably necessary for our exercise from the executives and representatives of the Companies. The Companies have been provided with the opportunity to review the draft Valuation Report (excluding the recommend swap ratio) for this engagement to make sure that factual inaccuracies are avoided in our final Valuation Report.

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7. Rationale for the amalgamation

1. **Slump Sale:** The management and board of GIL has proposed that effective from opening of the business hour on April 01, 2019, GIL will sell and transfer 18 MW Power Plant to Gallantt Metal Limited on "Slump Sale" basis at a consideration of Rs. 35.00 Crores as a going concern. Slump Sale of the said Power Plant is a part of "Scheme of Amalgamation and Slump Sale" under Section 230 to 232 of the Companies Act, 2013. Sale and Transfer of Power Plant through Slump Sale is a measure of strategic tax planning of the amalgamated entity.

2. **Gallantt Metal Ltd (GML),** the Transferee Company, is a pioneer in the Steel and Power sector and is having its footprints spanning across Gujarat, Maharashtra and Rajasthan.

3. **Gallantt Ispat Ltd (GIL),** the Transferor Company 1, is a pioneer in the Steel, Power and Agro sector and has gained its presence and is having its footprints spanning across Uttar Pradesh, Bihar, Jharkhand and Delhi NCR.

4. **AAR Commercial Company Limited (AAR)** is one of the Transferor Companies in this Scheme of Amalgamation and Slump Sale. Presently, AAR is engaged in the business of investing in Industrial Enterprises and advancing of loan and investments as permitted by the Memorandum of Association of the Company but is not carrying out Banking activities. AAR has plan to develop and complete real estate project. It is exploring further opportunities and has in the meantime deployed its funds in investment in securities of the GIL. GIL inter alia engaged in the business of real estate and the AAR is also exploring opportunities in the real estate sector. AAR holds major portion (17.62%) of the equity share capital of GIL. GIL and GML are under same Promoter Group. Thus, the amalgamation may ensure focused management in a single combined entity thereby resulting in efficiency of management and maximizing overall shareholder value.

5. **Hipoline Commerce Private Limited (HIPOLINE)** is a Non-Banking Financial Company and is forming part of the Promoter and Promoter Group of Transferee Company and it holds 11.17% shareholding in the Transferee Company i.e. GML. Amalgamation of HIPOLINE with GML may result in clarifying and making transparent the shareholding of the Transferee Company. The amalgamation may bring in advantages of synergy in operations and economies of scale. The pooling of resources of companies may create strong financial structure and facilitate resource mobilisation and achieve better cash flows.

6. **Lexi Exports Private Limited (LEXI)** and **Richie Credit & Finance Private Limited (RICHIE)** holds 14.671% and 6.173% shareholding respectively in the Transferee Company under the Public Category. Amalgamation of LEXI and RICHIE with the Transferee Company may result in clarifying and making transparent the shareholding of the Transferee Company. Also, the amalgamation may bring in advantages of synergy in operations and economies of scale. The pooling of resources of companies may create strong financial structure and facilitate resource mobilisation and achieve better cash flows.

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7. The management believes that the proposed amalgamation will bring in advantages of synergy in operations and economies of scale. The pooling of resources of companies will create strong financial structure and facilitate resource mobilisation and achieve better cash flows. The combined net worth in a single entity shall facilitate in attracting funds from strategic investors and/or financial institutions at competitive rates. Thus, the synergies created by the merger will increase the operational efficiency and integrate business functions of the amalgamated entity and help to pursue inorganic and organic growth opportunities of such business. It will also lead to more efficient utilisation of capital and create a consolidated base for future growth of the amalgamated entity.

8. The management believes that the amalgamation will also result in administrative and operational rationalisation and efficiencies, reduction in overheads and other expenses and optimal utilisation of various resources. It will prevent cost duplication, overlapping of administrative responsibilities and multiplicity of records, legal and regulatory compliances generally involved with running two separate entities. It will enable a dedicated management to focus and accelerate growth of the amalgamated entity.

9. The management believes that the amalgamation will result in not only pooling of efficient human resources and putting them to optimum utilisation for the growth of the merged entity but also attracting efficient manpower by the merged entity.

10. The assets of the amalgamated entity may far exceed its liability and rights of the creditors of the Transferor Companies and the Transferee Company are not expected to be prejudiced in any way.

11. The Scheme is expected to be in the larger interest of the public shareholders of the GIL and AAR and Transferee Company as amalgamation of the two companies will lead to cancellation of inter-corporate cross shareholdings of the Transferee Company and Transferor Companies as well. These may result into reduced combined paid-up capital leading to higher earnings per share.

12. The Scheme envisages transfer of entire undertaking of the Transferor Companies as a going concern to the Transferee Company and is in the interest of its shareholders, creditors, employees and all concerned.

13. In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 230 to 232 and other relevant provisions of the Companies Act, 2013.

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8. Approach and methodology

Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

8.1 Valuation as per International Valuation Standards

As per International Valuation Standards (IVS), "Valuers are not required to use more than one method for the valuation of an asset, 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."

IVS 105 – Valuation Approaches and Bases describes three main approaches to Valuation such as:

1. Market Approach
2. Income Approach
3. Cost Approach

IVS 105 states that *"Although no one approach or method is applicable in all circumstances, price information from an active market is generally considered to be the strongest evidence of value. Some bases of value may prohibit a valuer from making subjective adjustments to price information from an active market. Price information from an inactive market may still be good evidence of value, but subjective adjustments may be needed."* **While we have used the price inputs for valuation of GML, GIL and AAR, that are listed but since these are infrequently traded shares, we have applied other methods of valuation as well.**

Market Approach

Stock exchange quotations reflect the value of shares or the value of investment in a quoted stock. Value of equity shares under this method is computed based on historical average of market price quotations of company's shares on stock exchanges. GML, GIL and AAR are listed on stock exchange. Therefore, we have used this method for valuation of the Companies.

Another variation of Market Approach of valuation is Comparable Companies' Multiples Method. The CCM method uses multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies. It is based on the principle that 'comparable

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transactions/market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation'. The relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The commonly used trading multiples in pricing analysis are Enterprise Value (EV) to Sales ratio (EV/Sales) or Market Capitalization / Sales ratio, Enterprise Value to EBITDA ratio (EV/EBITDA), and Price Earning ratio (P/E ratio).

We have also used the P/E multiple approach for the purpose of valuation. The underlying idea of this approach is a valuation theory that similar assets sell at similar prices. We have used comparable companies in the same industry and have arrived at the median P/E representing the industry standard. Consequently, we have arrived at the value of the companies by multiplying the respective earnings.

This method is relevant where separate set of buyers and sellers are involved. Since in this case, the purpose of the merger is to integrate six companies under the same umbrella of management, which will result in improvement of operational and administrative efficiency and create requisite infrastructure for obtaining good business, this method has been used.

Income Approach

Value of the business using Income approach is estimated based on the earning capacity of the entity or net present value of cash flows earned from the business. Profit Earnings Capacity Value (PECV) Method or Discounted Cash Flow (DCF) Method is used to estimate the value of the entity using Earning Approach. Whereas DCF Method estimates the value of business by the cash flows which are forecasted to be earned in future, PECV method capitalizes future maintainable profits (based on past trends and expected change in business activities) to estimate the value of the business.

We have used Discounted Cash Flow Method (DCF Method) for the purpose of valuation of Transferee Company, Viz Gallantt Metal Limited and Transferor Companies, viz. Gallantt Ispat Limited and AAR Commercial Company Limited because each of the companies have positive revenues and fluctuating profits. Based on the financial projections given by the management, the companies are expected to generate positive free cash flows in the future years. The process of amalgamation or merger has been initiated with a view to bringing operations of the six companies under one umbrella and strengthening their long-term viability.

Cost Approach

Value of a business entity using Cost Approach is estimated using either net book value or replacement value or realizable value. Audited Balance Sheets of GML, GIL, AAR, HIPOLINE, LEXI & RICHIE are available as at 31-03-2019. Market value of the fixed assets and quoted investments held by the companies as at 31-03-2019 are also available for HIPOLINE, LEXI & RICHIE. Thus, we have used Net Asset Value method for all the companies and have adjusted them for changes in fair value of assets. Calculation of net asset value and value of equity shares of the companies are as at 31-03-2019.

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8.2 Valuation as per SEBI (ICDR) Regulations

8.2 Valuation as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations)

As per the SEBI (ICDR) Regulations pricing rules for frequently traded shares states that "if the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or

b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date."

Further, SEBI ICDR) Regulations defines 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"

On applying the above pricing methodology as per SEBI (ICDR) Regulations, we observed that the shares of the Transferee Company, Gallantt Metal Limited (listed), and two listed Transferor Companies (Gallantt Ispat Limited and AAR Commercial Company Limited) are not frequently traded turnover during the twelve calendar months preceding the relevant date since the turnover in shares is less than ten per cent of the total number of shares.

Therefore, we have applied the methods of valuation provided for infrequently traded shares. In this respect SEBI (ICDR) Regulations, 2018 states that "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: Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed"

Regulation 158 of the SEBI ICDR Regulations specifies that issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 165 of the ICDR Regulations. Further, as stated hereinabove, Regulation 165 specifies that the price determined by the issuer for infrequently traded listed shares 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. In the Proposed Amalgamation inter-alia, Hipoline Commerce Private Limited, Lexi Exports Private Limited and Richie Credit & Finance Private Limited are unlisted entities proposed to be amalgamated with Gallantt Metal Limited (listed entity) together with Gallantt Ispat Limited and AAR Commercial Company Limited (both listed entities).

We have, in the capacity of Independent Valuer, accordingly, given due cognizance to the applicable SEBI ICDR Regulations while arriving at the fair valuation and hereby certify that the Issuer is in compliance of the SEBI ICDR Regulation with regard to the pricing of shares.

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9. Background and Valuation – Gallantt Metal Limited

9.1 Gallantt Metal Limited (GML) – Background

CIN	L27109DL2005PLC350524	
Date of Incorporation	07/02/2005	
Registered Address	I - 7, Jangpura Extension New Delhi Dl 110014 In	
Listing status	Listed	
Directors / Signatories	Dindayal Jalan	[DIN: 00006882]
	Jyotirindra Nath Dey	[DIN: 00180925]
	Dinesh R Agrawal	[DIN: 01017125]
	Chandra Prakash Agrawal	[DIN: 01814318]
	Nitin Mahavir Prasad Kandoi	[DIN: 01979952]
	Prashant Jalan	[DIN: 06619739]
	Richa Bhartiya	[DIN: 06905283]
	Ashtbhuja Prasad Srivastava	[DIN: 08434115]
	Sandip Kumar Agarwal	[PAN: ACMPA9249D]
	Arnab Banerji	[PAN: BZCPB5840H]
Authorised Share Capital	INR 83,00,00,000	
Paid up Share Capital	INR 81,32,23,240	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferee Company as on March 31, 2019 was as under:

Capital Structure

Particulars	Amount in INR
Authorised Share Capital	
8,30,00,000 equity shares of Rs. 10/- each all fully paid up	**83,00,00,000/-**
Issued, Subscribed and Paid-up Capital	
8,13,22,324 equity shares of Re. 1/- each all fully paid up.	**81,32,23,240/-**

Gallantt Metal Limited, (CIN: L27109DL2005PLC350524) is a listed public limited company incorporated under the Companies Act, 1956 having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi – 110014 and Corporate Office Is located at 1, Crooked Lane, 2nd Floor, Room Nos. 222 and 223 Kolkata 700 069. The Transferee Company is primarily engaged in the business of Iron & Steel and Power business like converters, producers, exporters, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds and forms of iron and steel including sponge iron, pig iron, hot rolling & cold rolling steel strips, ingots. billets, rnild, high carbon, etc. and power generation etc. GML's production facilities is located at Samakhyali, Taluka Bhachau, District Kutch, Bhachau, Gujarat, 370135, India. The equity shares of GML are listed on BSE Limited and National Stock Exchange of India Limited.

VIKASH GOEL * Kolkata * Registered Valuer

9.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	84,558.04	106,378.53
Other Income	476.23	540.21
Total Revenue from Operations	**85,034.27**	**106,918.74**
	-	-
Expenses	-	-
Cost of Materials consumed	59,979.66	79,113.89
Purchase of Stock in Trade	1,106.23	1,788.05
Changes in Inventory	814.04	-1,432.63
Excise Duty on Sale of Goods	2,150.49	-
Employee Benefit Expenses	2,518.27	2,989.90
Financial costs	656.16	598.99
Depreciation Expenses	1,496.96	1,409.29
Other expenses	9,378.93	11,451.74
Total Expenses	**78,100.74**	**95,919.23**
Profit before exceptional items	**6,933.53**	**10,999.51**
Exceptional items	-	-
Profit/(Loss) before Tax	6,933.53	10,999.51
Tax (Current Yr / Deferred Tax / MAT Credit)	2,000.24	3,836.86
Profit After Tax	**4,933.29**	**7,162.65**

VIKASH GOEL
Kolkata
Registered Valuer

BALANCE SHEET (INR Lakhs)	31-Mar-18	31-Mar-19
Equity & Liabilities		
Equity		
Equity Share Capital	8,132.23	8,132.23
Other Equity	33,092.03	40,015.23
Total Equity	41,224.26	48,147.46
Liabilities		
Non Current Liabilities		
Provisions	28.32	57.85
Total Non Current Liabilities	28.32	57.85
Current Liabilities		
Financial Liabilities		
Borrowings	5,469.60	5,126.49
Trade Payables	7,891.09	1,846.06
Other Financial Liabilities	297.05	611.24
Other Current Liabilities	1,041.65	512.90
Short Term Provisions	44.13	57.07
Current Income tax liabilities (net)	56.37	15.51
Total Current Liabilities	14,799.89	8,169.27
Total Equity & Liabilities	56,052.47	56,374.58
Assets		
Non Current Assets		
Property, Plant & Equipment	21,881.97	20,790.22
Capital Work in progress	2,860.21	12,748.00
Financial Assets	-	-
- Investments	4,266.08	4,266.08
- Other financial assets	76.68	92.68
Tax Assets (Net)	1,503.99	2,089.49
Other Non Current Assets	1,350.84	21.20
Total Non Current Assets	31,939.77	40,007.67
Current Assets		
Inventories	10,978.77	11,072.50
Financial Assets		
Trade Receivables	5,051.87	3,756.88
Cash & Cash Equivalents	453.72	154.86
Bank Balances other than above	32.68	95.18
Loans	7,014.26	211.28
Other Financial Assets	8.80	10.90
Other Current Assets	572.60	1,065.31
Total Current Assets	24,112.70	16,366.91
Total Assets	56,052.47	56,374.58

VIKASH GOEL Kolkata Registered Valuer

9.3 Valuation of Gallantt Metal Ltd

Gallantt Metal Ltd is the transferee company and the management expects it to touch new highs after the amalgamation of the five companies – most important of them being GIL. FY 2018-19 was an excellent year for GML and reported stellar financial performance. GML has reported a Revenue from operations at Rs 1,063.79 Crores grew by 25.69% on year to year basis (standalone) and Profit after tax stood at Rs 71.63 Crores thereby recorded a growth of 45.19% in Net Profit on year to year basis (standalone). As part of the Gallantt Group, GML has also strengthened the internal operations by upgrading technology, streamlining processes and rationalization of human resources.

GML is a pioneer in the Steel and Power sector and is able to attract the best talents available in the industry. The Transferee Company is having its footprints spanning across Gujarat, Maharashtra and Rajasthan. The management team at GML comprises of astute industry professionals and successful entrepreneurs with extensive working experience in Iron & steel industry. Each of the team members brings valuable business insight to the overall operational and management process of the company. The advisory board is pioneered with industry veterans having skills and technical expertise to work alongside the management to achieve business goals. The GML's team is working towards a common goal to supersede over its competitors and create value proposition for shareholders. GML has strong base of reputed Customers like Emami, Reliance, Adani, Sanghi Cement etc.

Plant Capacities: The plant capacity of GML is as follows.

GALLANTT METAL LIMITED				
Facilities	**Unit**	**Existing Capacity**	**Proposed Expansion**	**Total Capacity**
Sponge Iron	MTPA	225,000	148,500	373,500
Steel Melt Shop	MTPA	282,000	147,000	429,000
Rolling Mill	MTPA	274,980	147,420	422,400
Power Plant	MW	33	18	51

As mentioned in Part 8.2, since the shares of GML are infrequently traded, we have not taken the market value of GML for valuation purposes.

9.3.1 Valuation based on Cost Approach:

While calculating the value of GML under Cost approach, we have taken the Net Asset Value of GML and adjusted it for the changes in the Fair Value of assets.

The value of GML under Cost Approach is summarised as under:

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Particulars	Amount (INR Lakhs)
Value of Assets	56,374.58
Less: Value of Liabilities	8,227.12
Book Value of Equity	**48,147.46**
Adjustments for Fair Value #	18,519.14
Adjusted Book Value of Equity	**66,666.60**

We have adjusted the book value of Investments against fair value of investments (Shares of Gallantt Ispat Ltd). Although we have calculated the value of GIL using other means subsequently in this report, we have taken the market value of GIL as per stock price information from the Stock Exchanges. Since the GIL and GML invest in each other, using the fair value of GIL in GML would create a circularity. Hence, we have first calculated the value of GML and have taken the market value of GIL (INR 21.85 per share) instead of calculated Fair Value of GIL for calculation of Fair Value of Investments of GML. Further, we have obtained fair value of other assets through representations from the management and Valuation Report on Land & Building and Plant & Machinery obtained from respective registered valuers.

9.3.2 Valuation Based on Market Approach

We have conducted the valuation of GML based on Market Approach using the Price/Earnings of comparable companies that are traded in the stock market. The average price of last 4 months (monthly closing price from valuation report date) was taken to arrive at the average price and it was compared against last reported EPS for the period ending 31st March 2019.:

Gallantt Metal Ltd (Peer Companies)	Profit After Tax (INR Lakhs)	Avg. Price	P/E Ratio
Usha Martin	39,868	30.64	2.34
Sunflag Iron & Steel Co. Ltd	11,059	30.70	4.83
Adhunik Industries Ltd	381	96.09	118.63
Kalyani Steel Ltd	13,205	213.80	7.07
JSW Steel Ltd	825,900	247.39	7.20
Median P/E Ratio			**7.07**

Value based on P/E Ratio Multiple	Amount (INR Lakhs)
Median P/E Multiple in the Industry	7.07
Reported PAT (Rs Lakhs)	7,162.65
Value of Equity (Rs Lakhs)	50,623.95

9.3.3 Valuation Based on Income Approach

We have used the discounted cash flow method to value GML under the Income Approach. The company has shown stellar results in the past and continues to generate positive cash flows. Accordingly, we have valued GML on a going concern basis.

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The Free Cash Flow (FCF) approach is the most preferred Discounted Cash flow method for determining the current value of a company using future cash flows adjusted for time value. Free Cash Flow approach leads us to the 'Control perspective' of an acquirer who would like to be in a position to change the firm's policies. Free Cash Flow to the Firm (FCFF) is used to value the firm as a whole (including, shareholders and bondholders). Using FCFF approach, the value of the firm is defined as a FCFF discounted at the Weighted Average Cost of Capital (WACC). The FCFF discounted at WACC gives us the value of the firm's operating assets. We can still find out the Total Value of the Firm that is used for acquisition purposes by adding Non-Operating Assets.

We have used management provided projections around future revenues and expenses and have adjusted them wherever considered necessary to arrive at the Free Cash Flow to the firm. Our key assumptions for FCF valuation are as follows:

Two stage DCF model:

Our DCF model has been classified in two stages; explicit forecast period (till FY 2024) and the long-term terminal growth. Revenues and Expenses along with Balance sheet has been projected till 2024 and we have assumed a long-term terminal growth beyond 2024.

Calculation of discount rate:

We have used Weighted Average Cost of Capital (WACC) as the discount rate which is the weighted average of the Target Debt (0 percent) and Target Equity (100 percent) in the capital structure of the company.

Given the target of NIL debt, our Cost of Debt is NIL.

For Calculation of Cost of Equity (Ke), we have used Capital Asset pricing Model (CAPM) and have assumed a risk-free rate (Rf) of 6.38 percent which is represented by the long term government bond yield. Our Market Return (Rm) assumption is 15.21 percent which is the long return of BSE SENSEX. For Calculation of Beta (B), we have taken a one year price of GML ("GALLANTT") on NSE and compared with NSEx return over the same period. Our Beta arrived at was 0.80. Accordingly, our Cost of Equity is calculated as:

$Ke = Rf + (Rm - Rf) * B$
$Ke = 6.38\% + (15.21\% - 6.38\%) \times 0.80$
$Ke = 13.38\%$

Accordingly, our Weighted Average Cost of Capital is 13.38 percent.
[WACC = 13.38% x 1.0 + 0% x 1.0]

Calculation of Free Cash Flows:

For the explicit forecast period till 2024, we have assumed Revenues and profits as projected by the management. The Profit After Tax margins are between 2.7 percent and 6.7 percent which is considered to be plausible.

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For the purposes of calculation of Free Cash Flows, we have taken the Firm Value approach as follows:

FCFF = PAT + NCC + Interest (1 – t) – FCI – WCI

PAT	=	Profit After Tax (or Net Income)
NCC	=	Non-Cash Charges E.g. Depreciation, Provisioned Expenses
t	=	Marginal Tax Rate
FCI	=	Fixed Capital Investment (Net Capital Expenditure)
WCI	=	Working Capital Investment (Changes in Non-Cash Working Capital)

Terminal Value:

We have assumed that the long-term growth rate of Free Cash Flows will be 7 percent.

Calculation of Value of Equity

After considering the Free Cash Flows for the explicit forecast period and terminal value discounted at WACC, we have added back Cash and deducted Debt to arrive at the Equity Value of Operating Assets.

Particulars (INR Lakhs)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	85,228.13	110,630.64	118,366.89	118,524.37	118,527.64
Profit After Tax	2,057.54	2,617.56	3,057.19	3,159.85	3,232.34
Add: Depreciation	1,409.37	2,467.28	2,467.28	2,467.28	2,467.28
Less: Capital Expenditure	9,910.88	-	-	-	-
Less: Changes in Non-Cash Working Capital	-5,649.95	4,410.80	1,272.36	7.87	0.16
Add: Interest on S T Borrowing (post of tax)	478.13	478.13	478.13	478.13	478.13
Free Cashflows	**-315.89**	**1,152.17**	**4,730.23**	**6,097.38**	**6,177.58**
A) Present Value of Cash Flows (Explicit Forecast Period)	**-278.63**	**896.35**	**3,245.80**	**3,690.31**	**3,297.75**
B) Present Value of Terminal Cash Flows	19,603.31				
C) Enterprise Value (A + B)	**30,454.89**				
Add: Cash on Valuation Date	250.04				
Less: Debt on Valuation Date	0				
Value of Equity	**30,704.93**				

Note that we have not adjusted the fair value of Non-Operating Assets (Investment in Gallantt Ispat Ltd) as post-merger, GIL will be amalgamated as part of GML and hence the value of Non-operating assets will be NIL.

9.2.4 Valuation based on three approaches

Particulars	**Amount (INR Lakhs)**
Adjusted Net Asset Value	66,666.60
DCF Value of Equity	30,704.93
Relative Valuation (P/E Ratio)	50,623.95
Value of Equity (Equal Weighted average) (INR Lakhs)	**49,331.83**

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10. Background and Valuation - Gallantt Ispat Limited

10.1 Gallantt Ispat Limited (GIL) – Background

CIN	L27109DL2005PLC350523	
Date of Incorporation	11/02/2005	
Registered Address	I - 7, Jangpura Extension New Delhi Dl 110014 In	
Listing status	Listed	
Directors	Dindayal Jalan	[DIN: 00006882]
	Mayank Agrawal	[PAN: AFYPA4212K]
	Santosh Kumar Agrawal	[DIN: 01045228]
	Smita Modi	[DIN: 01141396]
	Nitesh Kumar	[PAN: AQJPK5734A]
	Prem Prakash Agarwal	[DIN: 01397585]
	Chandra Prakash Agrawal	[DIN: 01814318]
	Nitin Mahavir Prasad Kandoi	[DIN: 01979952]
	Sangeeta Upadhyay	[DIN: 06920195]
	Ashtbhuja Prasad Srivastava	[DIN: 08434115]
	Amit Jalan	[PAN: ABNPJ6926C]
Authorised Share Capital	INR 49,88,50,000	
Paid up Share Capital	INR 28,23,61,720	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Companies as on March 31, 2019 was as under:

Capital Structure	
Particulars	Amount in INR
Authorised Share Capital	
49,88,50,000 equity shares of Re. 1/- each all fully paid up	49,88,50,000/-
Issued, Subscribed and Paid-up Capital	
28,23,60,720 equity shares of Re.1/- each all fully paid up	28,23,60,720/-

Gallantt Ispat Limited (CIN; L27109DL2005PLC350523) is a listed Company, registered under Companies Act, 1956, having its registered office at "GALLANTT HOUSE", I-7, Jangpura Extension, New Delhi – 110014 and Corporate Office Is located at 1, Crooked Lane, 2nd Floor, Room Nos. 222 and 223 Kolkata 700 069. At present, the company is running an integrated steel plant at GIDA Industrial Area, Gorakhpur, Uttar Pradesh to manufacture Sponge Iron, Mild steel billets, Re-Rolled products (TMT bars) and a Modern Roller Flour Mill unit. The company was incorporated to deal in and carry on in India and elsewhere the business as manufacturers, processors, converters, producers, exporters, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds and forms of iron and steel including Sponge iron, pig iron,

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hot rolling & cold rolling steel strips, ingots, billets, rnild, high carbon, spring, high speed, tool, alloy, stainless steels, iron-metals and blooms, slabs, bars, joists, rods, squares, structurals, tubes, poles, flanges, beams, joints, pipes sheets casting, wires, rails, rolling materials, rollers etc semi-manufactured and other materials made usually or partly of iron, steel alloys and metal products required in or used for industrial, defence, agricultural, transport, commercial, domestic, building power. Transmission and/or constructional purposes including the rerolling activity and the activity of generation of power for captive consumption and/or for sale/transmission. Apart from Iron & Steel and Power businesses, this Company is also engaged in real estate business and Agro business.

10.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	58,688.23	122,927.06
Other Income	152.89	204.50
Total Revenue from Operations	58,841.12	123,131.56
Expenses		
Cost of Materials consumed	43,461.41	93,613.29
Purchase of Stock in Trade	-	-
Changes in Inventory	-1,993.06	934.60
Excise Duty on Sale of Goods	1,142.78	-
Employee Benefit Expenses	1,340.64	2,632.95
Financial costs	857.17	967.94
Depreciation Expenses	1,836.71	2,589.53
Other expenses	5,513.51	6,939.54
Total Expenses	52,159.16	107,677.85
Profit before exceptional items	6,681.96	15,453.71
Exceptional items	-	1,177.67
Profit/(Loss) before Tax	6,681.96	16,631.38
Tax (Current Yr / Deferred Tax / MAT Credit)	1,320.16	3,609.34
Profit After Tax	5,361.80	13,022.04

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BALANCE SHEET (INR Lakhs)	31/Mar/18	31/Mar/19
Equity & Liabilities		
Equity		
Equity Share Capital	2,823.61	2,823.61
Other Equity	41,773.24	73,577.37
Total Equity	44,596.85	76,400.98
Liabilities		
Non Current Liabilities		
Financial Liabilities		
- Borrowings	11,949.39	11,584.66
- Other Non Current Liabilities	1,359.30	1,241.96
- Provisions	17.58	71.02
Total Non Current Liabilities	13,326.27	12,897.64
Current Liabilities		
Financial Liabilities		
Borrowings	11,794.91	12,565.58
Trade Payables	6,124.94	600.84
Other Financial Liabilities	0.52	1.29
Other Current Liabilities	21,825.26	2,292.52
Current Income tax liabilities (net)	0.73	-
Total Current Liabilities	39,746.36	15,460.23
Total Equity & Liabilities	97,669.48	104,758.85
Assets		
Non Current Assets		
Property, Plant & Equipment	46,875.12	44,243.66
Intangible Assets	0.25	47.00
Capital Work in progress	1,111.71	6,007.30
Financial Assets	-	-
- Investments	4,634.11	4,267.98
- Other financial assets	0.87	0.68
Tax Assets (Net)	1,425.58	1,371.67
Other Non Current Assets	86.49	63.94
Total Non Current Assets	54,134.13	56,002.23
Current Assets		
Inventories	12,165.51	13,109.12
Financial Assets		
Trade Receivables	4,755.92	7,863.26
Cash & Cash Equivalents	120.52	88.28
Bank Balances other than above	625.87	246.61
Loans	-	-
Other Financial Assets	24,521.95	24,518.02
Other Current Assets	1,345.58	2,931.33
Total Current Assets	43,535.35	48,756.62
Total Assets	97,669.48	104,758.85

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10.3 Valuation of Gallantt Ispat Limited

Gallantt Ispat Limited (GIL) is a pioneer in the Steel, Power, Agro and Real Estate sector and is able to attract the best talents available in the industry. It is having its footprints spanning across U.P., Bihar, Jharkhand and Delhi NCR. The management team at GIL comprises of astute industry professionals and successful entrepreneurs with extensive working experience in Iron & steel industry. Each of the team members brings valuable business insight to the overall operational and management process of the company. The advisory board is pioneered with industry veterans having skills and technical expertise to work alongside the management to achieve business goals. The GIL's team is working towards a common goal to supersede over its competitors and create value proposition for shareholders. GIL has strong base of reputed Customers like Shalimar Corp., Uttar Pradesh Rajkiya Nirman Nigam, National Construction Company, etc.

Plant Capacities: The plant capacity of GIL is as follows.

GALLANTT ISPAT LIMITED		
Capacity Utilization	**Project**	**FY2019**
Rolling Mill (TMT Bars)	V	85%
Sponge Iron IV (Phase V)	V	90%
Pellet Plant (Including Grinding)	V	90%
Induction Furnace	V	85%
Sponge Iron	ALL	90%
Billets I (MS)	II	85%
Silico Manganese	III	40%
18MW Power	III	75%
Billets II	IV	0%
35MW Power	IV	55%
ERW Rolling Mill (MS)	IV	85%
Rolling Mill II (Billets)	IV	0%

10.3.1 Goodwill / Brand Value of GIL

While calculating the value of equity of GIL, we have also taken into account the premium that GIL may command on account of its inherent goodwill and brand. While we have accessed the same and identified separately in the value of GIL, this value of goodwill and brand is embedded in the value of GIL. The value of GIL's brand is calculated as INR 274.62 crore. The above value is independent of accounting requirements and may not be construed to be the value of Goodwill that may arise for accounting purposes under Ind AS 103 – Business Combination.

Goodwill Method	Value (INR Lakhs)	Weights	Weighted Value (INR Lakhs)
Number of Years' Purchase	26,333.14	50%	13,166.57
Future Maintainable Profit Approach	28,591.31	50%	14295.66
Goodwill Value (Rs Lakhs)			**27,462.23**

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10.3.2 Valuation based on Cost Approach:

While calculating the value of GIL under Cost approach, we have taken the Net Asset Value of GIL and adjusted it for the changes in the Fair Value of assets. We have received representations from the management around the fair value of assets. In the course of assessment of fair value of assets, we have also accessed the independent valuers reports as provided by the management.

The value of GIL under Cost Approach is summarised as under:

Particulars	Amount (INR Lakhs)
Value of Assets	1,04,758.85
Less: Value of Liabilities	28,357.87
Book Value of Equity	**76,400.98**
Less: Book Value of Investments	4,267.98
Less: Book Value of Land	2,073.28
Less: Book Value of PP&E (Other than Land)	35,511.38
Less: Book Value of Other Assets	59,747.21
Add: Fair Value of Investments	23,939.02
Add: Far Value of Land	29,636.63
Add: Fair Value of PP&E (Other than Land)	38,908.98
Add: Fair Value of Other Assets	59,169.81
Adjusted Book Value of Equity	**1,26,455.57**

The Fair Value of Gallantt Metal Ltd is identified separately in this report. Since the shares are not frequently traded, the value is arrived at using other methods such as Cost Approach, Income Approach and Market Approach.

10.3.3 Valuation based on Market Approach

We have done the valuation of GIL based on Market Approach using the Price/Earnings:

Gallantt Ispat Ltd (Peer Companies)	PAT (INR Lakhs)	Price 31-Dec	Price 29-Nov	Price 31-Oct	Price 30-Sep	Avg. Price	P/E Ratio
Usha Martin	**39,868**	27.00	29.85	38.65	27.05	**30.64**	**2.34**
Sunflag Iron & Steel Co. Ltd	**11,059**	37.80	31.35	25.15	28.50	**30.70**	**4.83**
Adhunik Industries Ltd	**381**	49.20	116.75	122.70	95.70	**96.09**	**118.63**
Kalyani Steel Ltd	**13,205**	248.55	223.60	192.90	190.15	**213.80**	**7.07**
JSW Steel Ltd	**825,900**	270.05	261.55	228.00	229.95	**247.39**	**7.20**
Median P/E Ratio							**7.07**

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Value based on P/E Ratio Multiple	Amount (INR Lakhs)
Median P/E Multiple in the Industry	7.07
Reported PAT (Rs Lakhs)	13,022.04
Value of Equity (Rs Lakhs)	92,036.79

10.3.4 Valuation based on Income Approach

We have used the discounted cash flow method to value GIL under the Income Approach. The company has shown stellar results in the past and continues to generate positive cash flows. Accordingly, we have valued GIL on a going concern basis.

The Free Cash Flow (FCF) approach is the most preferred Discounted Cash flow method for determining the current value of a company using future cash flows adjusted for time value. Free Cash Flow approach leads us to the 'Control perspective' of an acquirer who would like to be in a position to change the firm's policies.

Free Cash Flow to the Firm (FCFF) is used to value the firm as a whole (including, shareholders and bondholders). Using FCFF approach, the value of the firm is defined as a FCFF discounted at the Weighted Average Cost of Capital (WACC). The FCFF discounted at WACC gives us the value of the firm's operating assets. We can still find out the Total Value of the Firm that is used for acquisition purposes by adding Non-Operating Assets.

We have used management provided projections around future revenues and expenses and have adjusted them wherever considered necessary to arrive at the Free Cash Flow to the firm. Our key assumptions for FCF valuation are as follows:

Two stage DCF model:
Our DCF model has been classified in two stages; explicit forecast period (till FY 2024) and the long-term terminal growth. Revenues and Expenses along with Balance sheet has been projected till 2024 and we have assumed a long-term terminal growth beyond 2024.

Calculation of discount rate:
We have used Weighted Average Cost of Capital (WACC) as the discount rate which is the weighted average of the Debt (13.37 percent) and Equity (86.83 percent) in the capital structure of the company.

We have taken Pre-Tax cost of Debt as 8.5 percent and adjusted with a 25 percent tax rate to arrive at a Post Tax Cost of Debt of 6.38 percent.

For Calculation of Cost of Equity (Ke), we have used Capital Asset pricing Model (CAPM) and have assumed a risk-free rate (Rf) of 6.38 percent which is represented by the long-term government bond yield. Our Market Return (Rm) assumption is 15.21 percent which is the long return of BSE SENSEX. For Calculation of Beta (B), we have taken a one-year price of GIL ("GALLISPAT") on NSE and compared with NSE return over the same period. While the Beta arrived at was 0.40, we

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have taken an additional unsystematic risk premium of 5 percent because the company does not trade high volumes in the market.

The Cost of Equity is calculated as:
Ke = Rf + (Rm – Rf) * B + Adjusted Unsystematic Risk Premium
Ke = 6.38% + (15.21% - 6.38%) x 0.40 + 5%
Ke = 14.87%

Consequently, our Weighted Average Cost of Capital is.
WACC = 14.87% x 0.8683 + 6.38% x 0.1367
WACC = 13.75%

Calculation of Free Cash Flows:
For the explicit forecast period till 2024, we have assumed Revenues and profits as projected by the management. The Profit Before Tax Margins are consistent with management projections and range from 8.6 percent to 17.6 percent over the explicit forecast period while the Profit After Tax margins are between 7.1 percent and 14.5 percent which is considered to be plausible.

In our calculation of Free Cash Flows, we have included the effect of Brand value of INR 274.62 crore that's embedded in the Free cash flows of GIL.

For the purposes of calculation of Free Cash Flows, we have taken the Firm Value approach as follows:

FCFF = PAT + NCC + Interest (1 – t) – FCI – WCI

PAT	=	Profit After Tax (or Net Income)
NCC	=	Non-Cash Charges E.g. Depreciation, Provisioned Expenses
t	=	Marginal Tax Rate
FCI	=	Fixed Capital Investment (Net Capital Expenditure)
WCI	=	Working Capital Investment (Changes in Non-Cash Working Capital)

Terminal Value:
We have assumed that the long-term growth rate of Revenues will be 7 percent. We have further assumed that in the long run, Depreciation will be offset by Capital Expenditure and hence these numbers set off each other. Working Capital would be 20 percent of Revenues and Interest will be maintained.

Value of Non Operating Assets
The Discounted Cash Flow Method typically values the operating assets that are used to generate cash flows. However, there are non operating assets (e.g. Land and Investments) that may drive further valuation of the company. In case of GIL, we have added the difference between the fair value and book value of Investments and Land to arrive at the total Value of Equity.

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Calculation of Value of Equity

After considering the Free Cash Flows for the explicit forecast period and terminal value discounted at WACC, we have added back Cash and deducted Debt to arrive at the Equity Value of Operating Assets.

Particulars (INR Lakhs)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	1,08,514.69	1,07,768.67	1,63,183.89	1,64,373.77	1,92,335.97
Profit After Tax	7,382.50	7,689.60	12,595.61	13,305.67	27,904.76
Add: Depreciation	2,467.86	2,101.62	3,249.56	3,268.60	4,549.78
Less: Capital Expenditure	7,333.70	9,500.00	13,840.00	19,960.00	-
Less: Changes in Working Capital (Excl Cash)	-19,766.82	- 6.51	7,255.86	57.19	131.75
Add: Interest on S T Borrowing (post of tax)	522.78	496.52	884.63	1,158.36	832.10
Free Cashflows	22,806.26	794.24	- 4,366.06	- 2,284.56	33,154.90
A) Present Value of Cash Flows (Explicit Forecast Period)	20,048.86	613.80	- 2,966.17	- 1,364.41	17,407.05
B) Present Value of Terminal Cash Flows	**1,92,165.76**				
C) Enterprise Value (A + B)	**2,25,904.88**				
Add: Cash on Valuation Date	334.89				
Less: Debt on Valuation Date	11,584.66				
Value of Equity (Operations)	**214,655.11**				
Value of Non-Operating Assets	47,234.39				
Value of Equity	**261,889.50**				

10.2.4 Valuation based on three approaches

Particulars	**Amount (INR Lakhs)**
Adjusted Net Asset Value	1,26,455.57
DCF Value of Equity	2,61,889.50
Relative Valuation (P/E Ratio)	92,036.79
Value of Equity (Equal Weighted average)	**1,60,127.28**

As mentioned in Part 8.2, since the shares of GML are infrequently traded, we have not taken the market value of GML for valuation purposes and the fair value may be treated as calculated above.

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11. Background and Valuation - AAR Commercial Company Limited

11.1 AAR Commercial Company Limited (AAR) – Background

CIN	L63090DL1982PLC354818	
Date of Incorporation	28/06/1982	
Registered Address	Flat No. 22, Second Floor, Right Side, Bazar Lane, Bhogal, New Delhi Dl 110014 In	
Listing status	Listed	
Directors	Avijit Das	[PAN: AHXPD4883E]
	Uma Sharma	[DIN: 06862354]
	Anupam Khetan	[DIN: 07003797]
	Udit Agarwal	[DIN: 07036864]
	Nishi Agrawal	[DIN: 08441260]
	Arvind Kumar Modi	[PAN: AUHPM5239Q]
Authorised Share Capital	INR 12,45,00,000	
Paid up Share Capital	INR 10,01,40,000	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Companies as on March 31, 2019 was as under:

Capital Structure	
Particulars	Amount in Rs.
Authorised Share Capital	
1,24,50,000 equity shares of Rs. 10/- each all fully paid up	12,45,00,000/-
Issued, Subscribed and Paid-up Capital	
1,00,14,000equity shares of Rs.10/- each all fully paid up	10,01,40,000/-

AAR Commercial Company Limited (CIN: L63090DL1982PLC354818) is a listed as well as commercial company, engaged in the business of trading and investment in shares and trading in fabrics and general merchandise. The Company's activities comprises primarily of investing in long term investments in equity shares, listed and unlisted, and equity related securities of companies in a wide range of industries. The company was incorporated to carry on the business as carriers of passengers and goods by land, air and water and/or that purpose to hire, take on lease, acquire by purchase any taxi cabs, omnibuses, motor-lorries, motor trucks etc. to purchase for investment or re-sale, to reclaim or take on lease or exchange, hire for any term of use or otherwise acquire any lands, buildings etc. Subject to Section 58A, and directions issued by the RBI to carry on the business of and to act as financiers and to lend and, advance, or deposit money to such person or persons, firm or firms, Company or Companies with or without security upon such terms as may be thought proper/ and/or to accept deposit and to guarantee the performance of contracts by any such person or persons, firm or firms, company or companies, provided however that the Company shall not carry on any banking business as defined in the Banking Regulations Act, 1949. Apart

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from the above, to carry on the business of financing Industrial Enterprises whether by way of making loans or advances to or subscribing to the Capital of Industrial Enterprises in India.

11.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	-	-
Other Income	29.18	127.37
Total Revenue from Operations	29.18	127.37
Expenses		
Cost of Materials consumed	-	-
Purchase of Stock in Trade	-	-
Changes in Inventory	-	-
Excise Duty on Sale of Goods	-	-
Employee Benefit Expenses	3.55	11.32
Financial costs	-	-
Depreciation Expenses	-	-
Other expenses	7.74	15.23
Total Expenses	11.29	26.55
Profit/(Loss) before Tax	17.89	100.83
Tax (Current Yr / Deferred Tax / MAT Credit)	0.64	20.18
Profit After Tax	17.25	80.64
Transfers	-3,898.19	3,165.79
Total Comprehensive Profit/(Loss) for the year / Profit Transferred to Balance Sheet	3,915.44	-3,085.14

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BALANCE SHEET (INR Lakhs)	31/Mar/18	31/Mar/19
	-	-
Equity & Liabilities		
Equity		
Equity Share Capital	1,001	1,001
Other Equity	10,365	13,612
Total Equity	11,367	14,613
Liabilities		
Non Current Liabilities		
Financial Liabilities	-	-
Deferred Tax Liabilities (Net)	951	2,063
Total Non Current Liabilities	951	2,063
Current Liabilities		
Financial Liabilities	-	-
Other Financial Liabilities	1	3
Other Current Liabilities	-	-
Short Term Provisions	-	-
Current Income tax liabilities (net)	-	-
Total Current Liabilities	1	3
Total Equity & Liabilities	12,318	16,678
Assets		
Non Current Assets		
Property, Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in progress	-	-
Financial Assets	-	-
- Investments	12,212	14,974
- Other financial assets	-	-
Tax Assets (Net)	-	-
Other Non Current Assets	22	9
Total Non Current Assets	12,235	14,983
Current Assets		
Inventories	-	-
Financial Assets		
Trade Receivables	-	-
Cash & Cash Equivalents	25	1,658
Bank Balances other than above	-	-
Loans	46	26
Other Financial Assets	-	-
Other Current Assets	13	11
Total Current Assets	83	1,696
Total Assets	12,318	16,678

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11.3 Valuation of AAR Commercial Co Ltd

11.3.1 Valuation based on Cost Approach:

While calculating the value of AAR under Cost approach, we have taken the Net Asset Value of AAR and adjusted it for the changes in the Fair Value of assets.

The value of AAR under Cost Approach is summarised as under:

Particulars	Amount (INR Lakhs)
Value of Assets	16,678.46
Less: Value of Liabilities	2,065.41
Book Value of Equity	**14,613.05**
Less: Book Value of Investments	14,974.38
Add: Fair Value of Investments #	28,212.61
Adjusted Book Value of Equity	**27,851.29**

We have adjusted the book value of Investments against fair value of investments (Shares of Gallantt Ispat Ltd). We have taken the Fair value of GIL as calculated above in this report. Further, we have obtained fair value of other assets through representations from the management and Valuation Report on Land & Building and Plant & Machinery obtained from respective registered valuers.

11.3.2 Valuation based on Market Approach

We have done the valuation of AAR based on Market Approach using the Price/Earnings:

AAR Commercial (Peer Companies)	PAT (INR Lakhs)	Price 31-Dec	Price 29-Nov	Price 31-Oct	Price 30-Sep	Average Price	P/E Ratio
Radhey Trade	**23,22,130**	25.95	26.00	21.00	17.40	**22.59**	**31.37**
JMD Ventures	**-75,81,701**	4.66	4.93	5.23	5.13	**4.99**	**-**
Kabsons Industries	**89,31,406**	2.75	2.95	3.04	3.05	**2.95**	**5.78**
Vosagar Polytex							**36.00**
New Light Apparell							**49.44**
Maxgrow India							**62.00**
Median P/E Ratio							**36.00**

Value based on P/E Ratio Multiple	Amount (INR Lakhs)
Median P/E Multiple in the Industry	36.00
Reported PAT (Rs Lakhs)	87.10
Value of Equity (Rs Lakhs)	3,135.46
Value of Non-Operating Assets	28,212.61
Value of Equity (Rs Lakhs)	**31,348.07**

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11.3.3 Valuation based on Income Approach

We have used the discounted cash flow method to value AAR under the Income Approach. The company has shown stellar results in the past and continues to generate positive cash flows. Accordingly, we have valued AAR on a going concern basis.

The Free Cash Flow (FCF) approach is the most preferred Discounted Cash flow method for determining the current value of a company using future cash flows adjusted for time value. Free Cash Flow approach leads us to the 'Control perspective' of an acquirer who would like to be in a position to change the firm's policies. Free Cash Flow to the Firm (FCFF) is used to value the firm as a whole (including, shareholders and bondholders). Using FCFF approach, the value of the firm is defined as a FCFF discounted at the Weighted Average Cost of Capital (WACC). The FCFF discounted at WACC gives us the value of the firm's operating assets. We can still find out the Total Value of the Firm that is used for acquisition purposes by adding Non-Operating Assets.

We have used management provided projections around future revenues and expenses and have adjusted them wherever considered necessary to arrive at the Free Cash Flow to the firm. Our key assumptions for FCF valuation are as follows:

Two stage DCF model:
Our DCF model has been classified in two stages; explicit forecast period (till FY 2024) and the long-term terminal growth. Revenues and Expenses along with Balance sheet has been projected till 2024 and we have assumed a long-term terminal growth beyond 2024.

Calculation of discount rate:
We have used Weighted Average Cost of Capital (WACC) as the discount rate which is the weighted average of the Target Debt (0 percent) and Target Equity (100 percent) in the capital structure of the company.

We have arrived at a Post Tax Cost of Debt of 6.38 percent by adjusting it with a 25 percent tax rate. But as given the target of debt is NIL, our Cost of Debt will be NIL.

For Calculation of Cost of Equity (Ke), we have used Capital Asset pricing Model (CAPM) and have assumed a risk-free rate (Rf) of 6.38 percent which is represented by the long-term government bond yield. Our Market Return (Rm) assumption is 15.20 percent which is the long return of BSE SENSEX. For Calculation of Beta (B), we have taken a one-year price of AAR ("AAR") on NSE and compared with NSE return over the same period. Our Beta arrived at was 1. Accordingly, our Cost of Equity is calculated as:

Ke = Rf + (Rm – Rf) * B
Ke = 6.38% + (15.20% - 6.38%) x 1
Ke = 16.20%

Accordingly, our Weighted Average Cost of Capital
WACC = 16.20% x 1.0 + 6.38% x 0
WACC = 16.20%

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Calculation of Free Cash Flows:

For the purposes of calculation of Free Cash Flows, we have taken the Firm Value approach as follows:

FCFF = PAT + NCC + Interest (1 – t) – FCI – WCI

PAT	=	Profit After Tax (or Net Income)
NCC	=	Non-Cash Charges E.g. Depreciation, Provisioned Expenses
t	=	Marginal Tax Rate
FCI	=	Fixed Capital Investment (Net Capital Expenditure)
WCI	=	Working Capital Investment (Changes in Non-Cash Working Capital)

Terminal Value:

We have assumed that the long-term growth rate of Free Cash Flows will be 7 percent.

Value of Non Operating Assets

The Discounted Cash Flow Method typically values the operating assets that are used to generate cash flows. However, there are non operating assets (e.g. Land and Investments) that may drive further valuation of the company. In case of AAR, the company has substantial investment in GIL. Accordingly, we have added the difference between the fair value and book value of Investments in GIL to arrive at the total Value of Equity.

Calculation of Value of Equity

After considering the Free Cash Flows for the explicit forecast period and terminal value discounted at WACC, we have added back Cash and deducted Debt to arrive at the Equity Value of Operating Assets.

Our assessment and observations did not reveal substantial operations of AAR on DCF basis. This is in line with our discussions with the management. Hence our Free Cash Flows are similar to the Profits After Tax of the Company.

Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	159.22	199.02	248.78	310.97	388.72
Profit After Tax	94.67	111.13	130.46	153.15	179.79
Add: Depreciation	-	-	-	-	-
Less: Capital Expenditure	-	-	-	-	-
Less: Changes in Working Capital (Excl Cash)	-	-	-	-0.00	-
Add: Interest (post of tax)	-	-	-	-	-
Free Cashflows	**94.67**	**111.13**	**130.46**	**153.15**	**179.79**
Present Value of Cash Flows	**81.47**	**82.31**	**83.15**	**84.00**	**84.86**
Present Value of Terminal Value	504.47				
Enterprise Value	**920.26**				
Add: Cash	1,658.32				
Less: Debt	0.00				
Value of Equity (Operating Assets)	**2,578.58**				
Value of Non-Operating Assets	28,212.61				
Value of Equity	**30,791.20**				

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11.3.4 Valuation based on three approaches

Particulars	Amount (INR Lakhs)
Adjusted Net Asset Value	27,851.29
DCF Value of Equity	30,791.20
Relative Valuation (P/E Ratio)	31,348.07
Value of Equity (Equal Weighted average) (INR Lakhs)	**29,996.85**

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12. Background and Valuation - Hipoline Commerce Private Limited

12.1 Hipoline Commerce Private Limited (HIPOLINE) – Background

CIN	U51909WB1995PTC076045	
Date of Incorporation	18/12/1995	
Registered Address	27A, Waterloo Street, First Floor, Room No. 118 Kolkata WB 700069 IN	
Listing status	Unlisted	
Directors	Sunita Dinesh Agarwal Akash Dineshkumar Agarwal Shree Raman	[DIN: 02014941] [DIN: 02015012] [DIN: 07967646]
Authorised Share Capital	INR 4,72,83,000	
Paid up Share Capital	INR 2,12,63,100	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Companies as on March 31, 2019 was as under:

Capital Structure	
Particulars	Amount in Rs.
Authorised Share Capital	
47,28,300 equity shares of Rs. 10/- each all fully paid up	4,72,83,000/-
Issued, Subscribed and Paid-up Capital	
21,26,310 equity shares of Rs.10/- each all fully paid up	2,12,63,100/-

Hipoline Commerce Private Limited (CIN: U51909WB1995PTC076045) is a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 03563. Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Company is located at "Mehta House", 27A, Waterloo Street, Room No. 118, Kolkata – 700069, West Bengal.

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12.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	40.66	531.46
Other Income	-	23.10
Total Revenue from Operations	40.66	554.56
Expenses		
Cost of Materials consumed	-	811.03
Purchase of Stock in Trade	-	-
Changes in Inventory	-	-
Excise Duty on Sale of Goods	-	-
Employee Benefit Expenses	-	1.17
Financial costs	-	0.87
Depreciation Expenses	0.24	-
Other expenses	0.85	0.52
Total Expenses	1.09	813.59
Profit before exceptional items	39.58	-259.03
Exceptional items	-	-
Profit/(Loss) before Tax	39.58	-259.03
Tax (Current Yr / Deferred Tax / MAT Credit)	11.09	-
Profit After Tax	28.48	-259.03
Transfers	-	-
Total Comprehensive Profit/(Loss) for the year / Profit Transferred to Balance Sheet	28.48	-259.03

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BALANCE SHEET (INR Lakhs)	31/Mar/18	31/Mar/19
	-	-
Equity & Liabilities		
Equity		
Equity Share Capital	422.71	212.63
Other Equity	2,840.78	3,539.42
Total Equity	3,263.50	3,752.05
Liabilities		
Non Current Liabilities		
Financial Liabilities		
Borrowings	-	23.62
Deferred Tax Liabilities (Net)	-	-
Total Non Current Liabilities	-	23.62
Current Liabilities		
Financial Liabilities		
Borrowings	-	0.69
Trade Payables	-	102.41
Other Financial Liabilities	-	-
Other Current Liabilities	-	0.24
Short Term Provisions	5.28	0.16
Current Income tax liabilities (net)	-	-
Total Current Liabilities	5.28	103.50
Total Equity & Liabilities	3,268.78	3,879.16
Assets		
Non Current Assets		
Property, Plant & Equipment	11.27	11.27
Intangible Assets	-	-
Capital Work in progress	-	-
Financial Assets	-	-
- Investments	2,742.56	3,669.49
- Other financial assets	-	-
Tax Assets (Net)	-	-
Other Non Current Assets	-	-
Total Non Current Assets	2,753.83	3,680.76
Current Assets		
Inventories	-	57.22
Financial Assets		
Trade Receivables	-	-
Cash & Cash Equivalents	30.87	3.86
Bank Balances other than above	-	-
Loans	391.89	45.13
Other Financial Assets	-	-
Other Current Assets	92.19	92.19
Total Current Assets	514.95	198.40
Total Assets	3,268.78	3,879.16

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12.3. Valuation of Hipoline Commerce Private Limited

12.3.1 Valuation based on Cost Approach:

While calculating the value of Hipoline under Cost approach, we have taken the Net Asset Value of Hipoline and adjusted it for the changes in the Fair Value of assets.

The investments in quoted shares have been revalued using the fair market values as on the valuation date. We have observed that most of these quoted investments are not frequently traded on the respective stock exchanges.

Hipoline has investments in a number of unquoted investments totalling to INR 244.75 Lakhs. Based on the representations received from the management, it is difficult to obtain the financial statements of these companies. However, as per the management, there is no reason to believe that there would be a significant change in the value of these investments from their cost of acquisition. Accordingly, we have valued the unquoted investments at cost.

The value of Hipoline under Cost Approach is summarised as under:

Particulars	**Amount (INR Lakhs)**
Value of Assets	3,879.16
Less: Value of Liabilities	127.12
Book Value of Equity	**3,752.05**
Less: Book Value of Investments	3,669.49
Add: Fair Value of Investments	5,768.66
Adjusted Book Value of Equity	**5,851.22**

12.3.2 Valuation based on Income and Market Approach:

Hipoline is a private company and operates as a Non-Banking Finance Company under RBI. Based on the representations received from the management, the company does not have active NBFC operations. Given the nature of operations, we did not observe any comparable companies that are traded which could be used for valuation of Hipoline under Market Approach. Accordingly, we have not valued the company under Market Approach.

Since the operations of Hipoline does not allow us to forecast the future cash flows with reasonable certainty, we believe that using the Income approach would significantly jeopardise our valuation assessment. Accordingly, we have not valued Hipoline under Income Approach.

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13. Background and Valuation - Lexi Exports Private Limited

13.1 Lexi Exports Private Limited (LEXI) – Background

CIN	U51909WB1993PTC058926	
Date of Incorporation	24/05/1993	
Registered Address	207, Maharshi Devendra Road 1st Floor, Room No. 27 Kolkata WB 700007 IN	
Listing status	Unlisted	
Directors	Ashwin Gupta	[DIN: 00098712]
	Shweta Gupta	[DIN: 00098835]
Authorised Share Capital	INR 3,30,00,000	
Paid up Share Capital	INR 14,29,670	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Companies as on March 31, 2019 was as under:

Capital Structure	
Particulars	Amount in Rs.
Authorised Share Capital	
34,30,000 equity shares of Rs. 10/- each all fully paid up	3,43,00,000/-
Issued, Subscribed and Paid-up Capital	
1,42,967 equity shares of Rs.10/- each all fully paid up	14,29,670/-

Lexi Exports Pvt Ltd (CIN: U51909WB1993PTC058926) is a Private incorporated on 24 May 1993. It is classified as Non-govt company and is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B. 05. 04965. This Non-Banking Finance Company is engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments.

VIKASH GOEL * Kolkata * Registered Valuer *

13.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	0.08	50.07
Other Income	-	0.04
Total Revenue from Operations	0.08	50.11
Expenses		
Cost of Materials consumed	-	-
Purchase of Stock in Trade	-	-
Changes in Inventory	-	-
Excise Duty on Sale of Goods	-	-
Employee Benefit Expenses	0.05	1.08
Financial costs	-	-
Depreciation Expenses	-	-
Other expenses	0.20	1.26
Total Expenses	0.24	2.34
Profit before exceptional items	-0.17	47.77
Exceptional items	-	-
Profit/(Loss) before Tax	-0.17	47.77
Tax (Current Yr / Deferred Tax / MAT Credit)	-	3.70
Profit After Tax	-0.17	44.07
Transfers	-	8.81
Total Comprehensive Profit/(Loss) for the year / Profit Transferred to Balance Sheet	-0.17	35.26

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BALANCE SHEET (INR Lakhs)	31/Mar/18	31/Mar/19
Equity & Liabilities		
Equity		
Equity Share Capital	328.84	14.30
Other Equity	1,764.74	2,120.37
Total Equity	2,093.58	2,134.67
Liabilities		
Non Current Liabilities		
Financial Liabilities		
Borrowings	-	-
Other Non Current Liabilities	-	-
Provisions	0.06	0.10
Deferred Tax Liabilities (Net)	-	-
Total Non Current Liabilities	0.06	0.10
Current Liabilities		
Financial Liabilities		
Borrowings	-	4.65
Trade Payables	-	-
Other Financial Liabilities	-	-
Other Current Liabilities	24.82	0.24
Short Term Provisions	-	-
Current Income tax liabilities (net)	-	-
Total Current Liabilities	24.82	4.89
Total Equity & Liabilities	2,118.45	2,139.66
Assets		
Non Current Assets		
Property, Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in progress	-	-
Financial Assets	-	-
- Investments	2,102.28	2,094.35
- Other financial assets	-	0.34
Tax Assets (Net)	-	-
Other Non Current Assets	-	-
Total Non Current Assets	2,102.28	2,094.69
Current Assets		
Inventories	-	-
Financial Assets	-	-
Trade Receivables	-	-
Cash & Cash Equivalents	1.96	3.76
Bank Balances other than above	-	-
Loans	14.20	41.21
Other Financial Assets	-	-
Other Current Assets	-	0.00
Total Current Assets	16.16	44.97
Total Assets	2,118.45	2,139.66

13.3 Valuation of Lexi Exports Private Limited

13.3.1 Valuation based on Cost Approach:

While calculating the value of Lexi under Cost approach, we have taken the Net Asset Value of Lexi and adjusted it for the changes in the Fair Value of assets. The value of Lexi under Cost Approach is summarised as under:

Particulars	Amount (INR Lakhs)
Value of Assets	2,139.66
Less: Value of Liabilities	4.99
Book Value of Equity	**2,134.67**
Less: Book Value of Investments	2,094.35
Add: Fair Value of Investments	7,237.40
Adjusted Book Value of Equity	**7,277.72**

13.3.2 Valuation based on Income and Market Approach:

LEXI is a private company and operates as a Non Banking Finance Company under RBI. Based on the representations received from the management, the company does not have active NBFC operations. Given the nature of operations, we did not observe any comparable companies that are traded which could be used for valuation of LEXI under Market Approach. Accordingly, we have not valued the company under Market Approach.

Since the operations of LEXI does not allow us to forecast the future cash flows with reasonable certainty, we believe that using the Income approach would significantly jeopardise our valuation assessment. Accordingly, we have not valued LEXI under Income Approach.

VIKASH GOEL
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14. Background and Valuation - Richie Credit & Finance Private Limited

14.1 Richie Credit & Finance Private Limited (RICHIE) – Background

CIN	U65921WB1985PTC117558	
Date of Incorporation	07/11/1985	
Registered Address	207, Maharshi Devendra Road 1st Floor, Room No. 27 Kolkata WB 700007 IN	
Listing status	Unlisted	
Directors	Ashwin Gupta	[DIN: 00098712]
	Shweta Gupta	[DIN: 00098835]
Authorised Share Capital	INR 3,51,00,000	
Paid up Share Capital	INR 10,20,000	

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Companies as on March 31, 2019 was as under:

Capital Structure	
Particulars	Amount in Rs.
Authorised Share Capital	
35,10,000 equity shares of Rs. 10/- each all fully paid up	3,51,00,000/-
Issued, Subscribed and Paid-up Capital	
1,02,000 equity shares of Rs.10/- each all fully paid up	10,20,000/-

Richie Credit & Finance Private Limited (CIN: U65921WB1985PTC117558) was incorporated to carry on the business of a Non-Banking Finance Company engaged in the business of Investment, Financing, advancing loan and making inter-corporate loan and investments. The Company is Registered with the Reserve Bank of India as a Non-Banking Finance Company vide Registration No. B.05.06989. The Company is a Non-listed Private Limited Company incorporated under the Companies Act, 1956.

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14.2 Summary Financial Statements

Profit & Loss Statement (INR Lakhs)	31-Mar-18	31-Mar-19
Revenue from Operations		
Revenue from Operations	4.14	18.07
Other Income	0.03	-
Total Revenue from Operations	4.18	18.07
	-	-
Expenses	-	-
Cost of Materials consumed	-	-
Purchase of Stock in Trade	-	-
Changes in Inventory	-	-
Excise Duty on Sale of Goods	-	-
Employee Benefit Expenses	-	0.24
Financial costs	-	-
Depreciation Expenses	-	-
Other expenses	1.03	2.09
Total Expenses	1.03	2.33
Profit before exceptional items	3.14	15.73
Exceptional items	-	-
Profit/(Loss) before Tax	3.14	15.73
Tax (Current Yr / Deferred Tax / MAT Credit)	0.82	0.88
Profit After Tax	2.32	14.86
Transfers	0.46	2.97
Total Comprehensive Profit/(Loss) for the year / Profit Transferred to Balance Sheet	1.86	11.89

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BALANCE SHEET (INR Lakhs)	31/Mar/18	31/Mar/19
Equity & Liabilities		
Equity		
Equity Share Capital	282.99	10.20
Other Equity	1,097.48	1,400.91
Total Equity	1,380.47	1,411.11
Liabilities		
Non Current Liabilities		
Financial Liabilities		
Borrowings	-	-
Other Non Current Liabilities	-	-
Provisions	0.22	0.22
Deferred Tax Liabilities (Net)	-	-
Total Non Current Liabilities	0.22	0.22
Current Liabilities		
Financial Liabilities		
Borrowings	-	1.75
Other Current Liabilities	35.10	0.20
Short Term Provisions	0.41	0.29
Current Income tax liabilities (net)	-	-
Total Current Liabilities	35.51	2.24
Total Equity & Liabilities	1,416.20	1,413.58
Assets		
Non Current Assets		
Property, Plant & Equipment	-	-
Intangible Assets	-	-
Capital Work in progress	-	-
Financial Assets		
- Investments	1,342.44	1,338.14
- Other financial assets	-	-
Tax Assets (Net)	-	-
Other Non Current Assets	-	-
Total Non Current Assets	1,342.44	1,338.14
Current Assets		
Inventories	-	-
Financial Assets		
Trade Receivables	-	-
Cash & Cash Equivalents	24.37	11.44
Bank Balances other than above	-	-
Loans	41.76	59.34
Other Financial Assets	-	-
Other Current Assets	7.63	4.65
Total Current Assets	73.76	75.43
Total Assets	1,416.20	1,413.58

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14.3 Valuation of Richie Credit & Finance Private Limited

14.3.1 Valuation based on Cost Approach:

While calculating the value of Richie under Cost approach, we have taken the Net Asset Value of Richie and adjusted it for the changes in the Fair Value of assets. The value of Richie under Cost Approach is summarised as under:

Particulars	Amount (INR Lakhs)
Value of Assets	1,413.58
Less: Value of Liabilities	2.46
Book Value of Equity	**1,411.11**
Less: Book Value of Investments	1,338.14
Add: Fair Value of Investments	3,045.70
Adjusted Book Value of Equity	**3,118.67**

14.3.2 Valuation based on Income and Market Approach:

RICHIE is a private company and operates as a Non Banking Finance Company under RBI. Based on the representations received from the management, the company does not have active NBFC operations. Given the nature of operations, we did not observe any comparable companies that are traded which could be used for valuation of RICHIE under Market Approach. Accordingly, we have not valued the company under Market Approach.

Since the operations of RICHIE does not allow us to forecast the future cash flows with reasonable certainty, we believe that using the Income approach would significantly jeopardise our valuation assessment. Accordingly, we have not valued RICHIE under Income Approach.

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15. Computation of Fair Share Exchange Ratio:

Particulars	GML	Weight	GIL	Weight	AAR	Weight	Hipoline	Weight	Lexi	Weight	Richie	Weight
Cost Approach (INR lakhs)	66,666.60	33.33%	1,26,455.57	33.33%	27,851.29	33.33%	5,851.22	100 %	7,277.72	100%	3,118.67	100%
Income Approach (INR lakhs)	30,704.93	33.33%	2,61,889.50	33.33%	30,791.20	33.33%	-		-			
Market Approach (INR Lakhs)	50,623.95	33.33%	92,036.79	33.33%	31,348.07	33.33%	-		-			
Value of Equity (INR Lakhs)	49,331.83		1,60,127.28		29,996.85		5,851.22		7,277.72		3,118.67	
Number of shares	81,322,324		282,360,720		10,014,000		2,126,310		142,967		102,000	
Relative Value per share (INR)	60.66		56.71		299.55		275.18		5,090.49		3,057.52	
Share Exchange Ratio with GML	1		0.93		4.91		4.54		83.92		50.40	
Share Exchange Ratio with GML (Rounded)	1		13 : 14		5 : 1		9 : 2		84 : 1		101 : 2	

Based on the calculations above, The Transferee Company (GML) will issue shares to Transferor companies in the following ratio:

- 13 equity shares of GML of INR 10 each fully paid up for every 14 equity shares of GIL Ltd of INR 1 each fully paid up.
- 5 equity shares of GML of INR 10 each fully paid up for every 1 equity shares of AAR Ltd of INR 10 each fully paid up.
- 9 equity shares of GML of INR 10 each fully paid up for every 2 equity shares of HIPOLINE Ltd of INR 10 each fully paid up.
- 84 equity shares of GML of INR 10 each fully paid up for every 1 equity shares of LEXI Ltd of INR 10 each fully paid up.
- 101 equity shares of GML of INR 10 each fully paid up for every 2 equity shares of RICHIE Ltd of INR 10 each fully paid up.
- Any fractional amount of shares would be settled in accordance with the draft scheme of amalgamation (Para 14.4) to ensure that the shareholders of the transferor companies get the full value of their company's worth.

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Note: Rationale for not using Income Approach and Market Approach for HIPOLINE, LEXI and RICHIE

HIPOLINE, LEXI and RICHIE are private companies and operate as Non-Banking Finance Companies under RBI. Based on the representations received from the management of the respective companies, these companies do not have active or substantial NBFC operations.

Given the nature of operations, we did not observe any comparable companies that are traded which could be used for valuation of HIPOLINE, LEXI and RICHIE under Market Approach. Accordingly, we have not valued these companies under Market Approach.

Since the operations of HIPOLINE, LEXI and RICHIE does not allow us to forecast the future cash flows with reasonable certainty, we believe that using the Income approach would significantly jeopardise our valuation assessment. Accordingly, we have not valued these companies under Income Approach.

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16. Annexure: Comparative summary of financial statements of the companies

Profit & Loss Statement	LEXI 31-Mar-19	Richie 31-Mar-19	Hipoline 31-Mar-19	AAR 31-Mar-19	GIL 31-Mar-19	GML 31-Mar-19
Revenue from Operations						
Revenue from Operations	5,006,690	1,806,514	53,146,165	-	12,292,706,000	10,637,853,000
Other Income	4,377		2,310,006	12,737,423	20,450,000	54,021,000
Total Revenue from Operations	**5,011,067**	**1,806,514**	**55,456,171**	**12,737,423**	**12,313,156,000**	**10,691,874,000**
Expenses						
Cost of Materials consumed			81,102,612	-	9,361,329,000	7,911,389,000
Purchase of Stock in Trade				-	-	178,805,000
Changes in Inventory				-	93,460,000	-143,263,000
Excise Duty on Sale of Goods				-	-	-
Employee Benefit Expenses	108,000	24,000	117,000	1,131,600	263,295,000	298,990,000
Financial costs			87,411	-	96,794,000	59,899,000
Depreciation Expenses				-	258,953,000	140,929,000
Other expenses	126,205	209,345	52,142	1,523,108	693,954,000	1,145,174,000
Total Expenses	**234,205**	**233,345**	**81,359,165**	**2,654,708**	**10,767,785,000**	**9,591,923,000**
Profit before exceptional items	**4,776,862**	**1,573,168**	**-25,902,994**	**10,082,715**	**1,545,371,000**	**1,099,951,000**
Exceptional items	-	-	-	-	**117,767,000**	-
Profit/(Loss) before Tax	4,776,862	1,573,168	-25,902,994	10,082,715	1,663,138,000	1,099,951,000
Tax (Current Yr / Deferred Tax / MAT Credit)	369,501	87,543		2,018,263	360,934,000	383,686,000
Profit After Tax	**4,407,361**	**1,485,625**	**-25,902,994**	**8,064,452**	**1,302,204,000**	**716,265,000**
Transfers	881,472	297,125		316,578,519	-	-
Profit Transferred to Balance Sheet	**3,525,889**	**1,188,500**	**-25,902,994**	**-308,514,067**	**1,302,204,000**	**716,265,000**
Number of Shares	142,967	102,000	2,126,310	10,014,000	282,360,720	81,322,324
EPS (Reported)	24.66	11.65	-12.18	0.81	4.61	-

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BALANCE SHEET	LEXI 31/Mar/19	Richie 31/Mar/19	Hipoline 31/Mar/19	AAR 31/Mar/19	GIL 31/Mar/19	GML 31/Mar/19
Equity Share Capital	1,429,670	1,020,000	21,263,100	100,140,000	282,361,000	813,223,000
Other Equity	212,037,465	140,091,345	353,941,659	1,361,165,254	7,357,737,000	4,001,523,000
Total Equity	**213,467,135**	**141,111,345**	**375,204,759**	**1,461,305,254**	**7,640,098,000**	**4,814,746,000**
Borrowings			2,362,123	-	1,158,466,000	-
Other Non-Current Liabilities				-	124,196,000	-
Provisions	10,303	22,146		-	7,102,000	5,785,000
Deferred Tax Liabilities (Net)				206,286,800	-	-
Total Non-Current Liabilities	**10,303**	**22,146**	**2,362,123**	**206,286,800**	**1,289,764,000**	**5,785,000**
Borrowings	465,000	175,000	68,547	-	1,256,558,000	512,649,000
Trade Payables			10,241,452	-	60,084,000	184,606,000
Other Financial Liabilities				254,200	129,000	61,124,000
Other Current Liabilities	23,600	20,000	23,741	-	229,252,000	51,290,000
Short Term Provisions		29,116	15,860	-	-	5,707,000
Current Income tax liabilities (net)				-	-	1,551,000
Total Current Liabilities	488,600	224,116	10,349,600	254,200	1,546,023,000	816,927,000
Total Equity & Liabilities	**213,966,038**	**141,357,607**	**387,916,482**	**1,667,846,254**	**10,475,885,000**	**5,637,458,000**
Property, Plant & Equipment			1,127,000	-	4,424,366,000	2,079,022,000
Intangible Assets				-	4,700,000	-
Capital Work in progress				-	600,730,000	1,274,800,000
- Investments	209,435,434	133,814,110	366,949,403	1,497,437,676	426,798,000	426,608,000
- Other financial assets	33,614			-	68,000	9,268,000
Tax Assets (Net)					137,167,000	208,949,000
Other Non-Current Assets				854,172	6,394,000	2,120,000
Total Non-Current Assets	**209,469,048**	**133,814,110**	**368,076,403**	**1,498,291,848**	**5,600,223,000**	**4,000,767,000**
Inventories			5,722,006	-	1,310,912,000	1,107,250,000
Trade Receivables				-	786,326,000	375,688,000
Cash & Cash Equivalents	375,501	1,144,180	385,747	165,831,970	8,828,000	15,486,000
Bank Balances other than above				-	24,661,000	9,518,000
Loans	4,121,036	5,934,318	4,513,312	2,578,462	-	21,128,000
Other Financial Assets				-	2,451,802,000	1,090,000
Other Current Assets	453	465,000	9,219,014	1,143,974	293,133,000	106,531,000
Total Current Assets	4,496,990	7,543,498	19,840,079	169,554,406	4,875,662,000	1,636,691,000
Total Assets	**213,966,038**	**141,357,607**	**387,916,482**	**1,667,846,254**	**10,475,885,000**	**5,637,458,000**

___ End of Report ___

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