[redacted]

DOOGAR & ASSOCIATES

Chartered Accountants

To,
The Board of Directors
INDSIL HYDRO POWER AND MANGANESE LIMITED
Indsil House,
Door No. 103-107,
RS Puram, Coimbatore
Tamil Nadu - 641002

To,
The Board of Directors
INDSIL ENERGY AND ELECTROCHEMICALS PRIVATE LIMITED
Indsil House,
Door No. 103-107,
RS Puram, Coimbatore
Tamil Nadu - 641002

16thJune, 2017

Dear Sir / Madam,

Sub:

Recommendation of Share ExchangeRatio for the amalgamation of Indsil Energy and Electrochemicals Private Limited (Transferor Company) with Indsil Hydro Power and Manganese Limited (Transferee Company) in exchange of shares in Indsil Hydro Power and Manganese Limited

Dear Sir,

We refer to our engagement letter dated 29thMay, 2017 between **Doogar & Associates, Chartered Accountants,** and**Indsil Hydro Power and Manganese Limited,** wherein Indsil Hydro Power and Manganese Limited ("Indsil Hydro"), and Indsil Energy and Electrochemicals Private Limited ("Indsil Energy") (together referred to as "the Companies") have requested Doogar & Associates, Chartered Accountants (hereinafter referred as "D&A", or "we"), for recommendation of the Share ExchangeRatio.

Scope & Purpose of Valuation

We understand that the management of Indsil Hydro and Indsil Energy proposes to amalgamate Indsil Energywith Indsil Hydro in consideration of shares in Indsil Hydro pursuant to scheme of amalgamation between Indsil Hydro and Indsil Energy and their respective shareholders under section 230 to 232 of the Companies Act, 2013.

In this regards, we have been appointed to undertake the fair valuation of the Companies to determine the share Exchangeratio for the proposed scheme.

DOOGAR & ASSOCIATES FRN: 000561N New Delhi Chartered Accountants

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FAX : 91-11-26219491 Email : client@doogar.com, admin@doogar.com
website : www.doogar.com

The scope of our services is to conduct a relative valuation of the shares of the Companies and to recommend a Share Exchange Ratio in accordance with generally accepted valuation methodology.

This Report is subject to the scope limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

For the aforementioned purpose, we have relied on the following information about the Companies received from the management and / or gathered from public domain:

- ✓ Audited Financial Statement of Indsil Hydro, and Indsil Energy for the financial year 2016-17, 2015-16, and 2014-15;
- ✓ Projected Standalone financial statements of the Indsil Hydro and Indsil Energy from 1 April 2017 onwards, with key financial assumptions;
- ✓ Management Assumptions related to Risk and Growth Projections;
- ✓ We have also received necessary explanations and information, which we believed were relevant to the present valuation exercise from the executives and management of the Company;
- ✓ Information (industry related as well as company specific) available on various public domains;
- ✓ Latest Shareholding pattern of the Companies;
- ✓ Draft Scheme of Amalgamation

For our analysis, we have relied on published and secondary source of data. We have not independently verified the accuracy or timeliness of the same.

SCOPE LIMITATIONS & DISCLAIMERS

- ✓ This Valuation Report, its contents and the results herein are specific to the purpose mentioned in this report; specific to the date of this Valuation report and based on the audited balance sheet of the companies as at 31 March 2017. The management has represented that the business activities of Indsil Hydro and Indsil Energy have been carried out in the normal and ordinary course and we have been given to understand that there has been investment in Transferor Company, suitable adjustments have been made while estimating the Fair Value, and recommendation of Swap.

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- ✓ In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Report. We have not carried out a due diligence or audit of the Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

- ✓ The Enterprise Value/ Equity Value arrived at under DCF approach is based on the financial position as conveyed to us on zero date and any change in the same on the closing date would impact the cash flow and, hence, the valuation.Our conclusions are based on these assumptions and information given by/ on behalf of the Companies. The respective management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Valuation Report. However, nothing has come to our attention to indicate that the information provided was materially misstated / incorrect. 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.

- ✓ During the course of work, we have relied upon the Financial Projections of Indsil Hydro and Indsil Energy, as provided to us by the management. The realizations of the projections are dependent on the continuing validity of the assumptions on which they are based. Since, the projections relate to the future, actual results may be different from the projected results because events and circumstances do not occur as expected, and differences may be material.

- ✓ Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. There is, therefore, no undisputable single exchange ratio. While

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we have provided our recommendation of the exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the exchange ratio.

- ✓ This report and its contents is prepared for the Companies and to be used only for the specific engagement and regulatory reporting purposes and must not be copied, disclosed or circulated or referred to or quoted in any correspondence, registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or discussion with any person. The report is confidential to the Companies and it is given on the express undertaking that will not be communicated, in whole or in part, to any third party without prior written consent of the Valuers. Neither this report nor its contents may be used for any other purpose other than in connection with this Proposed Amalgamation without prior written consent of the Valuers.

- ✓ Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and the opinions given are fair and reasonable, neither ourselves, nor any of our partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We owe responsibility only to the Board of Directors of the Companies and nobody else. We are not Liable to any third party in relation to the issue of this report. In no event we shall be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the Companies, their management, directors, employees or agents.

- ✓ A valuation of this nature is necessarily based on prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof.Events occurring after the date hereof, may affect this Report and the assumptions used in preparing it, and we have no obligation to update this Report.

- ✓ The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Our conclusion of value assumes that the assets & liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the date hereof.

- ✓ In addition, we express no opinion or recommendation as to how the shareholders or creditors of Companies should vote at their respective meeting(s) to be held in connection with the Proposed Amalgamation.

- ✓ The fee for this engagement is not contingent upon the results of this report.

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- ✓ Any person / party intending to provide finance / deal in the shares / business of any of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures and therefore forms reliable basis for the valuation.
- ✓ In the course of valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.

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BACKGROUND OF COMPANIES

Indsil Hydro Power and Manganese Limited

Indsil Hydro was incorporated on 30th day of August, 1990 under the then companies act of 1956, in the State of Tamil Nadu under the name and style 'Indsil Electrosmelts Limited' and obtained the certificate of commencement of business on 7th November, 1990. Subsequently, the name of the company was changed as 'Indsil Hydro Power and Manganese Limited' on 18th December 2008. The registered office of the Transferee Company is situated at Indsil House, Door No: 103-107, R S Puram, Coimbatore – 641002, Tamil Nadu, India. The equity shares of the Transferee Company are listed on BSE Limited (**"BSE"**). The Transferee Company is engaged in the business of manufacture of manganese alloys and hydro power generation.

The shareholding pattern of the company as on 15th June 2017 is as follows;

Category	No. of Shares	Shareholding in Percentage
Promoter and Promoter Group	86,35,618	54.36%
Public and Others	72,47,832	45.62%
Non-promoter Non-public	3,342	0.02%
Total	**1,58,86,792**	**100%**

Source: Management Information

Financial Position of the Company for the financial year 2015-16, and 2016-17 is as follows;

(Amount, Rs. In Crores)

Equity & Liabilities	2015-16	2016-17
Shareholder's Fund	98.18	99.28
Non-Current Liabilities	29.99	30.70
Current Liabilities	38.95	38.70
Total	**167.12**	**168.69**
Assets		
Fixed Assets	34.78	32.32
Non-Current Investments	21.87	21.87
Other Non-Current assets	16.63	16.04
Current Assets	93.85	98.45
Total	**167.12**	**168.69**

Source: Audited Balance Sheet

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Indsil Energy and Electrochemicals Private Limited

Indsil Energy was incorporated on the 21st day of August, 1996 under the Companies Act, 1956, in the State of Tamil Nadu under the name and style of 'Indsil Energy Limited' and obtained the certificate of commencement of business on 27th September 1996. Subsequently, the name of the company was changed to 'Indsil Energy and Electrochemicals Private Limited' on 4th October 2002. Later, the company was converted into a private limited company with effect from 16th December 2014.The registered office of the Transferor Company is situated at "Indsil House" Door No.103-107, Thiruvenkatasamy Road West, R S Puram Coimbatore – 641002, Tamil Nadu, India. The Transferor Company is engaged in the business of manufacture of manganese alloys and generation of electricity through thermal power plant.

The shareholding pattern of the company as on 15th June 2017 is as follows:

Category	No. of Shares	Shareholding in Percentage
Promoter and Promoter Group	2,16,07,776	88.63%
Public and Others	27,70,613	11.37%
Total	**2,43,78,389**	**100%**

Source: Management Information

Financial Position of the Company for the financial year 2015-16, and 2016-17 is as follows;

Equity & Liabilities	2015-16	2016-17
Shareholder's Fund	77.13	81.43
Non-Current Liabilities	13.81	12.65
Current Liabilities	85.77	94.77
Total	**176.71**	**188.85**
Assets		
Fixed Assets	48.52	48.51
Non-Current Investments	25.07	25.02
Other Non-Current assets	4.81	5.28
Current Assets	98.31	110.04
Total	**176.71**	**188.85**

Source: Audited Balance Sheet

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VALUATION APPROACH

Arriving at the fair share exchange ratio for the proposed amalgamation would require determining the relative values of each company. These values are to be determined independently but on relative basis, and without considering the effect of proposed amalgamation.

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company & industry and other attendant circumstances.

Different methodologies are adopted for valuation of manufacturing, investment, property and trading companies. For instance, investment and property companies are valued based on the market value or fair value of their underlying assets while manufacturing companies are valued in relation to profits from business and relative value of assets.

There are three generally accepted approaches to valuation:

- **COST APPROACH**
- **INCOME APPROACH**
- **MARKET APPROACH**

COST APPROACH:

The "cost" approach is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis This valuation approach is mainly used in case where the asset base dominate earnings capability or in case where the valuing entity is a Holding company deriving significant value from its Assets & Investments.

For valuation of Indsil Hydro and Indsil Energy, we have considered this method, as these entities have significant assets and liabilities in their balance sheet and thus for the valuation of the companies, we have assigned appropriate weight to this method.We have estimated the NAV of equity shares of the companies as per balance sheet as at 31 March 2017.

INCOME APPROACH

Discounted Cash Flow Method

The income approach is widely used for valuation under "Going Concern" basis. It focusses on the income generated by the company in the past as well as its future earning

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capability. The Discounted Cash Flow ("DCF") Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.Under the Discounted Cash Flow method (DCF), the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

Estimating Future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital. We have taken the earnings before interest and tax, to which we have added depreciation. Further such earnings are adjusted for non-operating incomes and expenses so as to arrive at EBITDA. The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. Usually "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.

Appropriate discount rate to be applied to cash flows:

The Free Cash Flows arrived at above are discounted at appropriate discount rate to arrive at the Present Value thereof. This discount rate should reflect the opportunity cost to the providers of capital. The opportunity cost equals the rate of return the capital provider expects to earn on other investments of equivalent risk. The discounting factor reflects not only the time value of money, but also risk associated with the business' future operations.

Enterprise Value

The Enterprise Value (aggregate of present value of explicit period and terminal period cash flows) so derived, is further adjusted for the borrowings, cash, non-operating assets liabilities (e.g. fair value of investments in subsidiaries / associates, value of surplus assets, any contingent liabilities, etc.) and preference shareholders liability, if any, to arrive at value to the owners of the business.The free cash flows available in the explicit period and those in perpetuity are discounted by discounting factor based on WACC.

For valuation of Indsil Hydro and Indsil Energy, we have assigned appropriate weight to this method.

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MARKET APPROACH

Under this approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies.

Comparable Company Quoted Multiple (CCM)/ Comparable Transaction Multiple (CTM) Method

Under CCM, value of the Company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Under CTM, value of the company is arrived on the basis of transactions related to sale/ purchase/ investment in similar companies in the market outside of Stock Market.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the absence of comparable companies / transactions of same size, we have not considered this method for the purpose of valuation.

Market Price Method

This method is applicable for companies whose shares are quoted in recognized stock exchange within India. The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

Under this method of valuation, we have calculated market price of the share as volume weighted average price for preceding 26 weeks from the date of the report.

Minimum Pricing Guidelines (as per ICDR)

In compliance with the SEBI circular dated 10th March, 2017 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations), issuance of shares pursuant to order under section 230 to 234 of the Companies Act, 2013 requires to follow pricing guidelines that apply to preferential issue, if any such issue is to be made to shareholders of an unlisted company.

YOGESH KASSOCIATES FRN: 000561N New Delhi Chartered Accountants

The Relevant date for the purpose of computing pricing shall be the last working day immediately prior to the date of the board meeting.

In the present case, the trading volumes of the equity shares of Indsil Hydro were more than 10% of the total number of shares during the twelve calendar months preceding the relevant date i.e. 16th June, 2017 and accordingly equity shares of the Company was classified as frequently traded shares under preferential issue pricing guidelines, thus minimum pricing requirements of ICDR are applicable on amalgamation of Indsil Energy with Indsil Hydro.

In this case, the value of Indsil Hydro for the purpose of recommending exchange ratio shall be price not less than higher of the following;

a) The average of weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the 26 weeks preceding the relevant date.
b) The average of weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the 2 weeks preceding the relevant date.

The minimum pricing guidelines are applicable in case of Indsil Hydro, and accordingly value per share of Indsil Hydro has been estimated using the above pricing formulae. In our case, the value as estimated using the different valuation methodologies is less than the pricing formulae as prescribed under ICDR. Hence, the value as per ICDR is considered as relevant price.

CONCLUSION ON VALUATION APPROACH

Fair Value for the purpose of amalgamation have to be determined after taking into consideration all the factors and methodologies. Though different values have been arrived at, under each of the above methodologies.For the purposes of recommending a Share exchange ratio, it is necessary to arrive at a single value for the equity shares of Indsil Hydro and Indsil Energy. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values but at their relative values to facilitate the determination of fair exchange ratio. For this purpose appropriate weight have been assigned to each methods.

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New Delhi
Chartered Accountants

The relative value per share and the share exchange ratio recommended is provided as follows;

(Value per Share in INR)

Valuation Approach	Indsil Hydro		Indsil Energy	
	Value per Share	Weight	Value per Share	Weight
Net Asset Value Method	62.78	1	31.98	1
Discounted Cash Flow Method	77.98	2	40.95	2
Market Price Method	75.86	2	NA	-
Fair Value per share	**74.09**		**37.96**	
Value per Share as per ICDR (Min Price)	**77.94**		NA	
Relative Price	**77.94**		**37.96**	
Share Exchange Ratio (Rounded off)			**0.49**	

BASIS OF AMALGAMATION

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we consider that the fair share exchange ratio for the amalgamation of Indsil Energy into Indsil Hydro is as follows.

In consideration of amalgamation of Indsil Energy with Indsil Hydro, the members of Indsil Energy shall receive

49 Equity Share(s) of Rs.10/- each fully paid-up of Indsil Hydro for every 100 Equity Share of Rs.2/- each fully paid-up of Indsil Energy.

This report to be read in its entirety.

Yours Faithfully,

For Doogar & Associates,
Chartered Accountants,
Firm Regn No. 000561N

DOOGAR & ASSOCIATES FRN: 000561N New Delhi Chartered Accountants

Vardhman Doogar
Membership No. 517347
Partner

RAJA & RAMAN
CHARTERED ACCOUNTANTS

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To,
Company Secretary,
Indsil Hydro Power & Manganese Limited,
T.V. Samy Road (West),
R.S. Puram,
Coimbatore, Tamil Nadu-641002.

INDEPENDENT AUDITOR'S CERTIFICATE ON MINIMUM PRICE

1. This certificate is issued in accordance with the terms of our engagement letter dated 29thJune, 2017.

2. We, Raja and Raman, Chartered Accountants, the Statutory Auditors of Indsil Hydro Power & Manganese Limited ("the Company" / "the Transferee Company") have been requested by the management of the Company to certify the accompanying Annexure 1 ("the Statement") "Computation of minimum price at which shares should be allotted" ("Minimum Price") which contains the details as required pursuant to Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") which we have stamped and initialed for Identification only. The certificate has been requested by the Management for onward submission to BSE Limited.

3. **Management's responsibility**

Themanagement is responsible for the following:

a) Preparation ofthe Statement and maintainthe relevant supporting records and documents in accordance with Chapter VII of the ICDR Regulations.
b) Ensuring that the minimum price of equity share is applied for the purpose of valuation and determining the share exchange ratio.
c) Ensuring that the equity shares price shall not be less than the higher of the following:
   (i) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
   (ii) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

RAJA & RAMAN Coimbatore 641 013. Chartered Accountants

Auditor's Responsibility

4. Our responsibility is limited to the extent of certifying the particulars contained in the Statement, for the purpose of this certificate. We have conducted our verification according to the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"). We have provided reasonable assurance which is required by the Standard on Auditing.

5. We have relied upon the following information:
   a. Proposed Scheme of Amalgamation
   b. The Statement for computation of Minimum Price (Annexure 1)
   c. Valuation report from Independent Valuer
   d. Data of 26 Weeks preceding the relevant date taken from BSE domain
   e. Outcome of Board meeting held on 16th June, 2017
   f. Other relevant records and documents.

6. This is also our responsibility to provide reasonable assurance which is required by ICDR that:
   a. The method of calculation of minimum price of equity share for the purpose of share exchange ratio is in accordance with the Chapter VII of the ICDR Regulations.
   b. The average of the weekly high and low of the volume weighted average price of the equity shares as per the statement, is calculated arithmetically accurate.
   c. The price per equity share which is used for equity share valuation of the Transferee Company as considered in the valuation report is not less than the minimum price (i.e. higher than or equal to minimum price).

Opinion

7. Our opinion is on the basis of our verification which we have done for this purpose is that:
   a. The calculation of minimum price of equity share i.e. Rs.77.94 per share is arithmetically accurate;
   b. The method which is used for the purpose of calculation of minimum price of equity share as per the statement is in accordance with the Chapter VII of ICDR regulations; and
   c. The price per share of equity share which is used for determination of share exchange ratio is not less than the minimum price.

RAJA & RAMAN Chartered Accountants Coimbatore 641 018.

Restriction on Use

8. This Certificate is addressed and provided to the Management of the Company pursuant to the requirements of ICDR Regulations for onward submission to the BSE and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Raja and Raman
Chartered Accountants
Firm Reg No.: 003382S

E. R. Rajaram, FCA
Partner
Membership No.: 018755

Place: Coimbatore
Date: 1st July, 2017
C No. IND-HYD003/17-18

Annexure 1:

Statement of Computation of Minimum Price in pursuant to Chapter VII of the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the "ICDR Regulations")

Alternate 1

The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the Bombay stock exchange during the twenty six weeks preceding the relevant date i.e. 16th June, 2017.

Week	From	To	Weekly High (Rs.)	Weekly Low (Rs.)	Average Price (Rs.)
1	9-Jun-17	15-Jun-17	77.92	74.63	76.27
2	2-Jun-17	8-Jun-17	81.32	77.89	79.60
3	26-May-17	1-Jun-17	87.91	80.21	84.06
4	19-May-17	25-May-17	92.44	79.18	85.81
5	12-May-17	18-May-17	96.33	84.43	90.38
6	5-May-17	11-May-17	82.74	62.51	72.62
7	28-Apr-17	4-May-17	62.86	59.52	61.19
8	21-Apr-17	27-Apr-17	64.57	59.38	61.98
9	14-Apr-17	20-Apr-17	65.14	62.64	63.89
10	7-Apr-17	13-Apr-17	69.18	64.64	66.91
11	31-Mar-17	6-Apr-17	69.07	68.20	68.64
12	24-Mar-17	30-Mar-17	70.53	67.90	69.21
13	17-Mar-17	23-Mar-17	70.83	67.95	69.39
14	10-Mar-17	16-Mar-17	71.95	70.21	71.08
15	3-Mar-17	9-Mar-17	70.72	66.48	68.60
16	24-Feb-17	2-Mar-17	69.05	67.54	68.30
17	17-Feb-17	23-Feb-17	69.43	67.48	68.45
18	10-Feb-17	16-Feb-17	71.70	68.49	70.10
19	03-Feb-17	9-Feb-17	73.60	69.26	71.43
20	27-Jan-17	2-Feb-17	75.62	70.30	72.96
21	20-Jan-17	26-Jan-17	70.30	70.30	70.30
22	13-Jan-17	19-Jan-17	70.30	66.11	68.20
23	6-Jan-17	12-Jan-17	69.35	64.90	67.12
24	30-Dec-16	5-Jan-17	64.90	54.03	59.46
25	23-Dec-16	29-Dec-16	55.76	53.62	54.69
26	16-Dec-16	22-Dec-16	57.94	54.70	56.32
			Average for 26 weeks		**69.88**

RAJA & RAMAN Chartered Accountants Coimbatore 641 018.

Alternate 2

The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a Bombay stock exchange during the two weeks preceding the relevant date i.e. 16th June, 2017.

Week No.	From	To	Weekly High (Rs.)	Weekly Low (Rs.)	Average Price (Rs.)
1	9-Jun-17	15-Jun-17	77.92	74.63	76.27
2	2-Jun-17	8-Jun-17	81.32	77.89	79.60
			Average for 2 weeks		**77.94**

Notes:

1. The relevant date for the purpose of arriving at the minimum price in terms ofICDR Regulations is 16thJune, 2017.

2. The average of the weekly high and low of volume weighted average prices of the Equity Shares quoted on the BSE during the twenty six weeks/two weeks preceding the Relevant Date, i.e. 16th June, 2017, is mentioned above. The data is taken from www.bseindia.com, as the company is only registered on Bombay Stock Exchange (BSE).

3. Minimum Price in terms of ICDR Regulations is Rs.77.94 (Higher of Alternative 1&2 above)

RAJA & RAM
Coimbatore
641 018

Amalgamtion of Indsil Energy with Indsil Hydro
Computation of Share Exchange Ratio

	Indsil Hydro			Indsil Energy		
Valuation Approach	**W.P.Ref**	**Value per Share**	**Weight**	**W.P.Ref**	**Value per Share**	**Weight**
Adjusted Net Asset Value Method	A	62.78	1	E	31.98	1
Discounted Cash Flow Method	B	77.98	2	F	40.95	2
Market Price Method	C	75.86	2		NA	-
Fair Value		**74.09**			**37.96**	
Value per Share as per ICDR (Min Price)	**D**	**77.94**			**NA**	
Relative Value		**77.94**			**37.96**	
Share Exchange Ratio					**0.49**	

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Amalgamtion of Indsil Energy with Indsil Hydro

W.P.Ref - A

Adjusted Net Asset Value Method - Indsil Hydro

S.No.	Calculation of Adjusted NAV	Amount (Rs. in Lacs)
A	Net Asset Value	9,928.21
B	Add: Incremental Value of Investments	45.85
C = A+B	**Adjusted NAV**	**9,974.06**
	No. of Equity Shares (In Lacs)	158.87
	Adjusted NAV Per Share (In Rs.)	**62.78**

Calculation of Net Asset Value

(Rs. in Lacs)

S. No.	Particulars	Amount
A	**Non Current Assets:**	
	Fixed Assets	3,232.46
	Non Current Investments	2,186.81
	Long Term Loans and Advances	1,604.15
		7,023.43
B	**Current Assets:**	
	Current Investments	5.75
	Inventories	2,830.61
	Trade Receivables	2,335.41
	Cash and Bank	431.84
	Short Term Loans and Advances	4,173.06
	Other Current Assets	68.52
		9,845.18
C=A+B	**Total Assets**	**16,868.61**
D	**Non Current Liabilities:**	
	Long Term Borrowings	1,662.50
	Deferred Tax Liabilities	165.51
	Long Term Provisions	1,242.24
		3,070.25
E	**Current Liabilities**	
	Short Term Borrowings	640.28
	Trade Payables	2,040.92
	Other Current Liabilities	999.69
	Short Term Provisions	189.25
		3,870.14
F=D+E	**Total Liabilities**	**6,940.40**
G=C-F	**Net Asset Value**	**9,928.21**

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Amalgamtion of Indsil Energy with Indsil Hydro **W.P.Ref - B**

Discounted Cash Flow Method - Indsil Hydro

(Rs. in Lacs)

Particulars	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22	Terminal Year
Profit after Taxes	1,597	1,669	1,787	1,828	1,831	1,831
Less: Dividends (Net of Tax)	253	253	253	253	253	253
Add: Depreciation	417	396	376	357	340	340
Add: Interest (Net of Tax)	389	466	458	445	448	448
Less: Change in Net Working Capital	1,718	147	28	65	197	85
Less: Change in Capex	-	-	-	-	-	-
Free Cash Flow to Firm	**432**	**2,131**	**2,340**	**2,313**	**2,169**	**2,281**
Present Value Factor @ 17.19%	0.85	0.73	0.62	0.53	0.45	
PV of FCFF	**368**	**1,551**	**1,454**	**1,227**	**981**	

PV of Explicit Period	**5,581.79**
PV of Terminal Cash Flows	**6,440.00**
Enterprise Value	**12,021.79**
Add: Cash and Equavalent	431.84
Add: Investments	2,238.40
Less: Debt	2,302.78
Equity Value Pre Money (in Lacs)	**12,389.25**
Number of Shares	158.87
Value per Share	**77.98**

Calculation of WACC

Particulars	Value (In Lakhs)	Weight	Cost	WACC
Debt (Kd)	9,340.37	11%	7.85%	0.87%
Equity (Ke)	75,146.34	89%	18.35%	16.32%
WACC				**17.19%**

Risk Free Rate	6.69%
Market Risk Rate	16.16%
Beta	0.98
Cost of Equity	**15.95%**
Additional Risk Premium	2.39%
Adjusted Cost of Equity	**18.35%**

Calculation of Cost of Debt

Rate of Interest (Target)	12.00%
Less: Tax Rate	34.61%
Cost of Debt	**7.85%**

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Amalgamtion of Indsil Energy with Indsil Hydro
Financial Projections of Indsil Hydro

Balance Sheet **(Amount, Rs. In Lacs)**

Sources of Funds	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22
	Projected	Projected	Projected	Projected	Projected
Equity Share Capital	1,589	1,589	1,589	1,589	1,589
Reserves and Surplus	9,936	11,605	13,391	15,220	17,051
	11,525	**13,193**	**14,980**	**16,808**	**18,640**
Long Term Borrowings	1,247	831	416	-	-
Defferred Tax Liabilities	166	166	166	166	166
Long Term Provisions	1,242	1,242	1,242	1,242	1,242
	2,655	**2,239**	**1,823**	**1,408**	**1,408**
Short Term Borrowings	1,208	1,312	1,385	1,441	1,501
Trade Payables	1,770	1,963	2,099	2,204	2,314
Other Current Liabilities	96	108	117	123	128
Short Term Provisions	189	189	189	189	189
	3,263	**3,573**	**3,790**	**3,957**	**4,132**
Total	**17,442**	**19,005**	**20,593**	**22,173**	**24,179**
Applications of Funds	**Mar'18**	**Mar'19**	**Mar'20**	**Mar'21**	**Mar'22**
Gross Fixed Assets	9,814	9,814	9,814	9,814	9,814
Less: Acc Dep	6,998	7,394	7,771	8,128	8,468
Net Fixed Assets	2,816	2,419	2,043	1,686	1,346
Non Current Investments	2,187	2,187	2,187	2,187	2,187
Long Term Loans and Advances	1,420	1,223	1,006	884	884
	6,422	**5,829**	**5,236**	**4,756**	**4,417**
Current Investments	-	-	-	-	-
Inventory	3,470	3,755	3,965	4,120	4,283
Sundry Debtors	2,423	2,688	2,867	3,010	3,161
Cash and Bank	886	2,490	4,283	6,045	8,078
Loans and Advances	4,173	4,173	4,173	4,173	4,173
Other Current Assets	69	69	69	69	69
	11,020	**13,176**	**15,357**	**17,417**	**19,763**
Total	**17,442**	**19,005**	**20,593**	**22,173**	**24,179**

Profit and Loss Account **(Amount, Rs. In Lacs)**

Particulars	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22
	Projected	Projected	Projected	Projected	Projected
Revenue from Operations (Net)	14,541	16,130	17,201	18,061	18,964
Other Income	619	619	619	619	619
Total Revenue	**15,160**	**16,749**	**17,821**	**18,681**	**19,584**
Cost of Material Consumed	7,193	7,940	8,451	8,860	9,289
Employee Benefit Expenses	925	1,110	1,277	1,340	1,407
Other Expenses	4,001	4,469	4,746	4,964	5,193
Total Expenses	**12,119**	**13,519**	**14,473**	**15,164**	**15,889**
Profit before Int, Dep, and Taxes	**3,041**	**3,230**	**3,347**	**3,517**	**3,695**
Depreciation	417	396	376	357	340
Interest	594	713	700	680	684
Profit before Taxes	**2,030**	**2,121**	**2,271**	**2,479**	**2,671**
Provision for Tax	433	453	485	650	840
Profit after Taxes	**1,597**	**1,669**	**1,787**	**1,828**	**1,831**

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Amalgamtion of Indsil Energy with Indsil Hydro **W.P.Ref - C**

Market Price Method - Indsil Hydro

Under this method of valuation, calculation is done on the basis of 26 weeks volume weighted average price before the relevant date.

Particulars	From 16 Dec,2016 To 15 June, 2017
Total Turnover during the period (In Rs.)	23,06,99,631
No. of Shares Traded during the period	30,41,059
Volume Weighted Average Price (In Rs.)	75.86

Source: www.bseindia.com

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Amalgamtion of Indsil Energy with Indsil Hydro
Minimum Price as per ICDR - Indsil Hydro

W.P.Ref - D

Calculation of Market Price as per ICDR

Particulars	Price (In Rs.)
Average of weekly High and Low of VWAP (26 Weeks)	69.88
Average of weekly High and Low of VWAP (2 Weeks)	77.94
Higher of Average of weekly High & Low of VWAP (26 OR 2	77.94

Week No.	From	To	Weekly High	Weekly Low	Average	
1	09-Jun-17	15-Jun-17	77.92	74.63	76.27	
2	2-Jun-17	08-Jun-17	81.32	77.89	79.60	**77.94**
3	26-May-17	01-Jun-17	87.91	80.21	84.06	
4	19-May-17	25-May-17	92.44	79.18	85.81	
5	12-May-17	18-May-17	96.33	84.43	90.38	
6	5-May-17	11-May-17	82.74	62.51	72.62	
7	28-Apr-17	04-May-17	62.86	59.52	61.19	
8	21-Apr-17	27-Apr-17	64.57	59.38	61.98	
9	14-Apr-17	20-Apr-17	65.14	62.64	63.89	
10	7-Apr-17	13-Apr-17	69.18	64.64	66.91	
11	31-Mar-17	06-Apr-17	69.07	68.20	68.64	
12	24-Mar-17	30-Mar-17	70.53	67.90	69.21	
13	17-Mar-17	23-Mar-17	70.83	67.95	69.39	
14	10-Mar-17	16-Mar-17	71.95	70.21	71.08	
15	3-Mar-17	09-Mar-17	70.72	66.48	68.60	
16	24-Feb-17	02-Mar-17	69.05	67.54	68.30	
17	17-Feb-17	23-Feb-17	69.43	67.48	68.45	
18	10-Feb-17	16-Feb-17	71.70	68.49	70.10	
19	03-Feb-17	09-Feb-17	73.60	69.26	71.43	
20	27-Jan-17	02-Feb-17	75.62	70.30	72.96	
21	20-Jan-17	26-Jan-17	70.30	70.30	70.30	
22	13-Jan-17	19-Jan-17	70.30	66.11	68.20	
23	6-Jan-17	12-Jan-17	69.35	64.90	67.12	
24	30-Dec-16	05-Jan-17	64.90	54.03	59.46	
25	23-Dec-16	29-Dec-16	55.76	53.62	54.69	
26	16-Dec-16	22-Dec-16	57.94	54.70	56.32	**69.88**

Source: www.bseindia.com

Calculation of Frequently Traded

Particulars	From 1 June, 2016 To 31 May, 2017*
Total Shares Traded During the period (A)	6541871
Total No. of Shares as on 31.03.2017 (B)	15886792
Trading Turnover (A)/(B)	41%
Status	**Frequently Traded**

*** Period (12 months preceding the relevant date)**

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Amalgamtion of Indsil Energy with Indsil Hydro **W.P.Ref - E**

Adjusted Net Asset Value Method - Indsil Energy

(Rs. In Lacs)

S. No.	Particulars	Amount
A	**Non Current Assets:**	
	Fixed Assets	4,851
	Non Current Investments	2,502
	Long Term Loans and Advances	528
		7,880
B	**Current Assets:**	
	Inventories	9,642
	Trade Receivables	155
	Cash and Bank	245
	Short Term Loans and Advances	600
	Other Current Assets	362
		11,004
C=A+B	**Total Assets**	**18,885**
D	**Non Current Liabilities:**	
	Long Term Borrowings	851
	Deferred Tax Liabilities	392
	Long Term Provisions	22
		1,265
E	**Current Liabilities**	
	Short Term Borrowings	7,241
	Trade Payables	1,380
	Other Current Liabilities	826
	Short Term Provisions	30
		9,477
F=D+E	**Total Liabilities**	**10,742**
G=C-F	**Net Asset Value**	**8,143**
H	Preference Share Capital	1500
I=G-H	**Net Asset Value**	**6,643**
I	Number of Shares (in Lacs)	207.70
J=I/H	**Net Asset Value per Share**	**31.98**

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Amalgamtion of Indsil Energy with Indsil Hydro
Discounted Cash Flow Method - Indsil Energy

W.P.Ref - F

(Amount, Rs. In Lacs)

Particulars	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22	Terminal Year
Profit after Taxes	1,449	1,839	1,891	2,029	2,172	2,172
Less: Dividends (Net of Tax)	183	183	183	183	183	183
Add: Depreciation	355	338	321	305	290	290
Add: Interest (Net of Tax)	670	563	562	586	613	613
Less: Change in Net Working Capital	-203	-14	-327	-306	-211	249
Less: Change in Capex	-	-	-	-	-	-
Free Cash Flow to Firm	**2,494**	**2,571**	**2,917**	**3,042**	**3,102**	**2,642**
Present Value Factor @ 17.22%	0.85	0.73	0.62	0.53	0.45	
PV of FCFF	**2,128**	**1,871**	**1,811**	**1,611**	**1,401**	

PV of Explicit Period	**8,822**
PV of Terminal Cash Flows	**8,643**
Enterprise Value	**17,465**
Add: Cash and Equavalent	245
Add: Non Cash Investment	2,502
Less: Loans and Liabilities	8,807
Less: Preference Equity	1,500
Equity Value Post Money (in Lacs)	**9,905**
Investment to be recd	1,400
Equity Value Pre Money (in Lacs)	**8,505**
Number of Shares	207.70
Value per Share	**40.95**

Calculation of WACC

Particulars	Value (In Lakhs)	Weight	Return	WACC
Debt (Kd)	30,465.47	31%	7.85%	2.43%
Equity (Ke)	65,085.10	66%	21.85%	14.43%
Preference (Kp)	3,000.00	3%	12.09%	0.37%
WACC				**17.22%**

Risk Free Rate	6.69%
Market Risk Rate	16.16%
Beta	1.22
Cost of Equity	**18.21%**
Additional Risk Premium	3.64%
Adjusted Cost of Equity	**21.85%**

Calculation of Cost of Debt

Rate of Interest (Target)	12.00%
Less: Tax Rate	34.61%
Cost of Debt	**7.85%**

Calculation of Cost of Preference Equity

Coupon Rate	10.00%
Add: Dividend Distribution Tax	20.92%
Cost of Debt	**12.09%**

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Amalgamtion of Indsil Energy with Indsil Hydro
Financial Projections of Indsil Energy

Balance Sheet **(Amount, Rs. In Lacs)**

Sources of Funds	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22
	Projected	Projected	Projected	Projected	Projected
Equity Share Capital	415	415	415	415	415
New Share Capital	1,400	1,400	1,400	1,400	1,400
Preference Share Capital	1,500	1,500			
Reserves and Surplus	7,495	9,152	11,044	13,073	15,245
	10,810	**12,468**	**12,859**	**14,888**	**17,060**
Long Term Borrowings	1,175	783	392	-	-
Defferred Tax Liabilities	392	392	392	392	392
Long Term Provisions	20	20	20	20	20
	1,587	**1,196**	**804**	**412**	**412**
Short Term Borrowings	4,766	5,185	5,385	6,449	6,331
Trade Payables	441	476	495	518	542
Other Current Liabilities	52	60	65	68	72
Short Term Provisions	-	-	-	-	-
	5,260	**5,721**	**5,946**	**7,035**	**6,944**
Total	**17,657**	**19,384**	**19,609**	**22,335**	**24,417**
Applications of Funds	**Mar'18**	**Mar'19**	**Mar'20**	**Mar'21**	**Mar'22**
Gross Fixed Assets	8,650	8,650	8,650	8,650	8,650
Less: Acc Dep	4,154	4,492	4,813	5,118	5,407
Net Fixed Assets	4,495	4,158	3,837	3,532	3,243
Capital WIP incl intangibles in developmen	-	-	-	-	-
Non Current Investments	2,502	2,502	2,502	2,502	2,502
Long Term Loans and Advances	528	528	528	528	528
	7,525	**7,187**	**6,866**	**6,562**	**6,272**
Inventory	8,115	8,098	7,773	7,467	7,255
Sundry Debtors	451	496	519	545	572
Cash and Bank	605	2,642	3,490	6,801	9,356
Loans and Advances	600	600	600	600	600
Other Current Assets	362	362	362	362	362
	10,132	**12,197**	**12,743**	**15,774**	**18,145**
Total	**17,657**	**19,384**	**19,609**	**22,335**	**24,417**

Profit and Loss Account **(Amount, Rs. In Lacs)**

Particulars	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22
	Projected	Projected	Projected	Projected	Projected
Revenue from Operations (Net)	16,244	17,856	18,677	19,611	20,592
Other Income	581	581	581	581	581
Total Revenue	**16,824**	**18,437**	**19,258**	**20,192**	**21,172**
Cost of Material Consumed	8,115	8,823	9,152	9,563	9,993
Purchase of Traded Goods	2,477	2,601	2,731	2,868	3,011
Employee Benefit Expenses	436	458	481	505	530
Other Expenses	2,262	2,606	2,885	3,015	3,152
Total Expenses	**13,291**	**14,488**	**15,248**	**15,951**	**16,687**
Profit before Int, Dep, and Taxes	**3,533**	**3,949**	**4,009**	**4,241**	**4,485**
Depreciation	355	338	321	305	290
Interest	1,025	862	859	896	937
Profit before Taxes	**2,153**	**2,750**	**2,829**	**3,040**	**3,259**
Provision for Tax	704	911	938	1,011	1,087
Profit after Taxes	**1,449**	**1,839**	**1,891**	**2,029**	**2,172**

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