R. U. KAMATH & CO.
CHARTERED ACCOUNTANTS

A-203, Shaheen Chambers,
Dawood Baug, Off. J. P. Road,
Andheri (W), Mumbai-400 058.
Tel. : 2679 7663, Fax : 2679 7664
E-mail : support@rukamath.com
Website : www.rukamath.com

STRICTLY PRIVATE AND CONFIDENTIAL

15th January, 2019

To,
The Board of Directors
Swiss Glascoat Equipments Limited
H-106, G.I.D.C. Estate,
Vitthal, Udyognagar 388 121

The Board of Directors
HLE Engineers Private Limited
Survey No.60/1 Ground Floor,
Plot-1&2, Nr. Shukan Bungalow,
Opp. Maheshvari Bhavan,
City Light Area, Surat 395001

Re: Recommendation of Share Entitlement Ratio for the purpose of proposed demerger of the Demerged Undertaking of HLE Engineers Pvt. Ltd. with Swiss Glascoat Equipments Limited

Dear Sir(s),

As requested by the management of Swiss Glascoat Equipments Limited and HLE Engineers Private Limited (hereinafter collectively referred to as the "Management"), we have carried out the fair valuation of equity shares of Swiss Glascoat Equipments Limited and valuation of the Demerged Undertaking of HLE Engineers Private Limited to determine the Share Entitlement Ratio for the proposed Scheme of Arrangement involving demerger of the operating business on a going concern basis (hereinafter referred to as "Demerged Undertaking") of HLE Engineers Private Limited (hereinafter referred to as "HLE" or "Demerged Company") into Swiss Glascoat Equipments Limited (hereinafter referred to as "SGEL" or "Resulting Company"). The scheme of arrangement also proposes amalgamation of Yashashvi Agrochemical Private Limited (hereinafter referred to as "YAPL" or "Transferor Company") with HLE Engineers Private Limited.

R. U. KAMATH & CO. MUMBAI

1. PURPOSE OF VALUATION

1.1 As informed, the Management are contemplating:

1.1.1 A proposal for demerger of the Demerged Undertaking of HLE into SGEL, (hereinafter referred to as "Demerger") pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (including statutory modifications or re-enactments thereof) for the time being in force, (hereinafter referred to as "Scheme"). Subject to necessary approvals, demerger will be effective from the appointed date of 1st April 2018. The entitlement of the shareholders of HLE under Demerger will be discharged by way of issue of equity shares and 9.50% non-convertible, cumulative redeemable preference shares of SGEL to them.

1.2 In this connection, we, M/s. R.U. Kamath & Co., Chartered Accountants, have been appointed to carry out the valuation of the proposed Demerged Undertaking of HLE and valuation of SGEL to recommend the share entitlement ratio for Demerger, having regard to the Securities and Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, read with Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017.

2. BRIEF BACKGROUND OF THE COMPANIES

2.1 SWISS GLASCOAT EQUIPMENTS LIMITED (SGEL)

2.1.1 Swiss Glascoat Equipments Limited ("SGEL" or the "Resulting Company") is a listed public company incorporated under the provisions of the Companies Act, 1956 on 26th August, 1991 bearing CIN L26100GJ1991PLC016173 as a public limited company, in the name of Shri Glasteel Equipments Limited.

2.1.2 The name of the Company was changed from Shri Glasteel Equipments Limited to Swiss Glascoat Equipments Limited on 3rd March, 1992.

2.1.3 The Registered Office of SGEL is situated at H-106, G.I.D.C. Estate, Vitthal, Udyognagar 388 121.

2.1.4 The equity shares of SGEL are listed on the Bombay Stock Exchange ("BSE").

2.1.5 SGEL is engaged in the business of design, manufacture, development, dealing, selling and market of standard as well as customized glass lined equipment, reactors,

receivers, storage tanks, dryers, filters, heat exchangers, condensers, columns, agitators, valves, pipes and fittings and spares thereof.

2.1.6 The Shareholding pattern of SGEL as on March 31, 2018, is as under:

Shareholders	No. of shares	% shareholding
Promoters	32,66,243	50.25%
Public	32,33,757	49.75%
Total	65,00,000	100%

2.2 **HLE ENGINEERS PRIVATE LIMITED (HLE)**

2.2.1 HLE Engineers Private Limited ("HLE" or the "Demerged Company") is a private limited company incorporated under the provisions of the Companies Act, 1956 on 25th April, 1980 bearing CIN U29100GJ1980PTC003739 as a private limited company, in the name of Heerasons Chemicals Private Limited.

2.2.2 The name of the Company was changed from Heerasons Chemicals Private Limited to HLE Engineers Private Limited on August 18, 2016.

2.2.3 The Registered Office of HLE is situated at Survey No.60/1 Ground Floor, Plot-1&2, Nr. Shukan Bungalow, Opp. Maheshvari Bhavan, City Light Area, Surat 395001.

2.2.4 HLE is engaged in the business of manufacture, marketing and sale of filtration, drying and process equipment for the pharmaceutical, chemical, agrochemical and other industries. HLE is one of the leading manufacturers and installers of Agitated Nutsche Filters (ANF), Agitated Nutsche Filter Dryers (ANFD), Rotary Vacuum Paddle Dryers (RVPD) and Filter-Dryers. It is also engaged in the manufacture and marketing of speciality and industrial chemicals, agrochemicals and intermediates and generation of wind power.

2.2.5 The Shareholding pattern of HLE as on March 31, 2018 was as under:

Shareholders	No. of shares	% shareholding
Promoters	20,62,665	99%
Others	20,835	1%
Total	20,83,500	100%

Subsequently, the Board of Directors have allotted 10,41,752 Equity shares to all the shareholders in the ratio of 1:2. Pursuant to this bonus issue, the present shareholding pattern of HLE as on date is as under:

R. U. KAMATH & CO. MUMBAI

Shareholders	No. of shares	% shareholding
Promoters	30,93,999	99%
Others	31,253	1%
Total	31,25,252	100%

3. EXCLUSIONS AND LIMITATIONS

3.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, and in conjunction with the relevant documents referred to herein.

3.2 No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

3.3 Our work does not constitute an audit or certification of the historical financial statements/ prospective results, including the working results of the Companies referred to in this report and should not be construed as such. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and is as per the agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

3.4 A valuation of this nature involves consideration of various factors, including those impacted by prevailing market trends, in general, and industry trends, in particular. This report is issued on the understanding that the managements of the respective Companies have drawn our attention to all the matters, which they are aware of, concerning the financial position of the Companies and any other matter, which may have an impact on our opinion and on the fair value of the shares of the Companies, including any significant changes that have taken place, or are likely to take place in the financial position of the Companies, subsequent to the Appointed Date for the proposed Scheme of Arrangement. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

R. U. KAMATH & CO. MUMBAI

3.5 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 Companies through broad inquiry, analysis and review, but have not carried out a due diligence or an audit of the information provided for the purpose of this engagement. Public information, estimates, industry and statistical information relied upon in this report have been obtained from sources considered by us to be reliable. However, we have not independently verified such information and make no representation as to the accuracy or completeness of such information from or provided by such sources. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Companies. We assume no responsibility for any errors in the above information furnished by the Companies and its consequential impact on the present exercise.

3.6 Our report should not be construed as our opining or certifying the compliance of the proposed Scheme of Arrangement with the provisions of any law, including companies, taxation and capital market related laws, or as regards any legal implications or issues arising from such proposed demerger.

3.7 This report is being issued only in connection with the proposed Scheme of Arrangement, exclusively for the use of the Companies and for submission to any regulatory/statutory authority, as may be required under any applicable law.

3.8 Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

3.9 It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Scheme of Arrangement, as aforesaid, can be done only with our prior permission in writing.

3.10 The fee for the engagement and this report is not contingent upon the results reported.

3.11 Neither R. U. Kamath & Co., nor its partners, managers, employees, nor any of their agents, make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is

carried out. All the aforestated parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

4. SOURCES OF INFORMATION

4.1 For the purpose of the valuation exercise, we have relied upon the following sources of information provided by the management:

(a) Memorandum and Articles of Association of the Companies;

(b) Audited financial statements of SGEL for the year ended March 31, 2018;

(c) Audited financial statements of HLE for the year ended March 31, 2018;

(d) Audited financial statements of Yashashvi Agrochemical Private Limited (YAPL), a wholly owned subsidiary of HLE, for the year ended March 31, 2018;

(e) Audited financial statements of HL Equipment (Firm) for the year ended March 31, 2018;

(f) Management certified position of assets and liabilities of Demerged Undertaking of HLE as on March 31, 2018, prepared in compliance with section 2(19AA) of the Income Tax Act, 1961;

(g) Share capital details of SGEL as on March 31, 2018

(h) Share capital details of HLE as on March 31, 2018 and as on the date of this report;

(i) Composite Scheme of Arrangement between SGEL and HLE and YAPL and their respective shareholders and creditors, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 (including statutory modifications or re-enactments thereto) for the time being in force;

(j) Other relevant details regarding the Companies, such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain; and

(k) Such other information and explanations as we required and which have been provided by the managements of the respective companies. We have relied on the representations made to us by the management, including financial information, significant transactions and events occurring subsequent to the balance sheet date. We have assumed such representations to be reliable and

R. U. KAMATH & CO. MUMBAI

our conclusions are dependent on such information being complete and accurate in all material respects.

5. SALIENT FEATURES OF THE COMPOSITE SCHEME OF ARRANGEMENT

5.1 The Composite Scheme envisages:

a) Demerger of the Demerged Undertaking of HLE and vesting of the same in SGEL; and

b) Amalgamation of Yashashvi Agrochemical Private Limited (YAPL) with HLE post the Demerger of the Demerged Undertaking.

5.2 The salient features of Demerger are given below:

5.2.1 Demerger of the Demerged Undertaking of HLE Engineers Private Limited (hereinafter referred as "Demerged Company") into SGEL (hereinafter referred as "Resulting Company").

5.2.2 "Demerged Undertaking" means and comprises of the business of the Demerged Company of manufacture, marketing and sale of filtration, drying and process equipment for the pharmaceutical, chemical, agrochemical and other industries, specialty and industrial chemicals and intermediates along with its manufacturing plant, manufacture and marketing of agro-chemical intermediates, pharmaceuticals, pharmaceutical intermediates, fine and specialty chemicals along with its manufacturing plant, generation of wind power along with land and wind mill, rights and obligations as partner of M/s. HL Equipments and investment in the shares of Swiss Glascoat Equipments Limited.

5.2.3 The scheme envisages transfer of all the assets and liabilities, duties, obligations, contracts, etc., of the Demerged Undertaking of HLE to SGEL, by way of demerger, at their book values, with effect from the Appointed Date i.e. 1st April, 2018.

5.2.4 Demerger would also be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, in that:

a) All the properties of the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger would become the properties of the Resulting Company (SGEL) by virtue of such Demerger.

b) All the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company, immediately before the Demerger, would become the liabilities of the Resulting Company (SGEL), by virtue of such Demerger.

R. U. KAMATH & CO. MUMBAI

c) The properties and the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company would be transferred to the Resulting Company (SGEL) at the values appearing in the books of account of the Demerged Company immediately before the Demerger. For this purpose, any change in the value of assets consequent to their revaluation, if any, would be ignored.

d) The Resulting Company (SGEL) (which is covered under the definition of Resulting Company u/s 2(41A) of the Income Tax Act, 1961) would issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis.

e) Shareholders holding at least 75% value of shares of the Demerged Company would become the shareholders of the Resulting Company (SGEL), by virtue of the Demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any business thereof by the Demerged Company; and

f) The transfer of the Demerged Undertaking of the Demerged Company would be on a going concern basis.

5.2.5 The equity shares of the Resulting Company held by the Demerged Company on the Record Date shall stand cancelled in their entirety, without any further act, instrument or deed.

5.2.6 As a consideration, Resulting Company (SGEL) will issue Equity and 9.50% Non-Convertible, Cumulative, Redeemable Preference Shares (CRPS) to the shareholders of the Demerged Company. We are informed that the CRPS are being issued to ensure compliance with the minimum public shareholding criteria of 25% of the post-Scheme equity share capital in the Resulting Company.

5.2.7 The terms and conditions of 9.50% Non-Convertible, Cumulative, Redeemable, Preference Shares (CRPS) to be issued by SGEL to the shareholders of the Demerged Company have been laid out in the Scheme.

5.3 The salient features of the amalgamation are given below:

5.3.1 From 1st April 2018 (Appointed Date), YAPL shall stand merged with and be vested in HLE on a going concern basis.

R. U. KAMATH & CO. MUMBAI

5.3.2 Since YAPL is a wholly owned subsidiary of HLE, upon the Scheme becoming effective, the equity shares of YAPL held by HLE shall stand cancelled in their entirety and no new shares of HLE will be issued.

6. VALUATION APPROACH

6.1 For the purpose of valuation, generally the following approaches are adopted:

(a) the "Market Multiple" approach;

(b) the "Net Asset Value" approach;

(c) the "Discounted Cash Flow" approach.

Additionally, in the case of Listed Entities the Market Price approach is also adopted.

6.2 MARKET MULTIPLE APPROACH

6.2.1 Under the Market Multiple Approach, the Price Earning Capitalization (PEC) method is followed.

6.2.2 Under the Price Earning Capitalization (PEC) method, the value of Company is determined by capitalizing the latest available earnings of the Business / Company by the relevant comparable earnings multiple.

6.3 NET ASSET VALUE APPROACH

6.3.1 The Net Asset Value Approach represents the value of the business, with reference to historical cost of assets owned and the attached liabilities on the valuation date.

6.3.2 Under this method of calculation of the share value, the net asset value ascertained on the basis of the book value, is generally considered as one of the accepted modes of valuation of shares. However, such value usually represents the support value of a going concern. The Net Asset Value approach represents the value; with reference to the historical cost of the assets owned by the company/ undertaking and attached liabilities as at the valuation date. Under this method, the value is determined by dividing the net assets of the company/ undertaking by the number of shares.

R. U. KAMATH & CO. MUMBAI

6.3.3 Since the shares are valued on a "going concern" basis and an actual realization of the operating assets is not contemplated, we have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets have, therefore, been considered at their book values except for Investments which have been considered at their fair values.

6.4 DISCOUNTED CASH FLOW APPROACH

6.4.1 Under the Discounted Cash Flow method, the value of the company/ undertaking is determined by discounting the future cash flows of the company/ undertaking by the weighted average cost of capital of the Company.

6.5 MARKET PRICE APPROACH

6.5.1 Under the Market Price Approach, the price of an equity share, 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. Since the equity shares of SGEL are regularly traded on the stock exchange, we have considered the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 and Circular No. CFD/DIL3/CIR/2017/26 dated 23rd March, 2017 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes the price, being 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; and

(ii) 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 two weeks preceding the relevant date.

R. U. KAMATH & CO. MUMBAI

7. VALUATION METHODOLOGIES

7.1 Valuation approaches on Demerger

7.1.1 **Under the "Market Multiple Approach"** - We have used the PEC method for HLE. We have relied on the following information provided by the Management of HLE:

a) Standalone audited financials of HLE for March 31, 2018;

b) Non-recurring income and expenses for HLE;

c) We have arrived at the adjusted Profit after tax for HLE after making adjustments for non-recurring incomes and expenses;

d) To the best of our knowledge, there are no contingent liabilities which will adversely impact the valuation of HLE;

e) For the valuation of HLE, using the PEC method, we first arrived at the PE multiple of HLE. Since HLE is an unlisted company, we have calculated the PE Multiple based on simple average of PE Multiple as on 4th January 2019 of various entities engaged in comparable nature of business. Based on such calculation, the PE Multiple so arrived was 37.21;

f) Based on the above, we have multiplied the PE multiple of 37.21 to the profit after tax of the Demerged Undertaking of INR 62.34 million to arrive at the equity value of INR 2,319.59 million;

g) Further, we have also calculated the adjusted equity value of the Demerged Undertaking by considering the Value of Investment in SGEL i.e. 32,25,953 equity shares restated at a fair value of INR 199.38 which comes to INR 643.20 million. The calculation of fair value of INR 199.38 has been explained in the fair exchange ratio paragraph herein below;

h) In addition to above, we have also considered a value of INR 352.92 million as contribution in HL Equipment (Firm), which comes to 80% of the total value of the Firm. The value of the Firm based on Market Multiple Approach comes to INR 441.15 million; and

i) Based on the above, the equity value of the Demerged Undertaking of HLE comes to INR 3,315.71 million. The price per share based on Market Multiple method comes to INR 1,060.94 by dividing the above equity value by the total number of equity shares - 31,25,252.

R. U. KAMATH & CO. MUMBAI

j) As regards SGEL, we have calculated the volume weighted average price of equity shares of SGEL during the two weeks preceding the date of the board meeting being higher (at INR 195.43) and the volume weighted average price during the 26 weeks preceding the date of the board meeting (INR 175.04). The higher of the above two average price i.e. INR 195.43 per share has been considered.

Note: Since the Board Meeting for approval of the Scheme of Arrangement is to be held on January 16, 2019, we have considered the relevant date to be January 15, 2019 in terms of SEBI ICDR regulation with respect to preferential allotment.

7.1.2 **Under the "Net Asset Value Approach"** - We have relied upon the following:

a) Audited financial statements of HLE for the year ended March 31, 2018; and the Details of Issued Share Capital as on the date of this report;

b) Audited financial statements of SGEL for the year ended March 31, 2018;

c) Audited financial statements of YAPL for the year ended March 31, 2018;

d) Audited financial statements of HL Equipment (Firm) for the year ended March 31, 2018.

e) We have also revalued the Value of Investment in SGEL i.e. 32,25,953 equity shares by restating it at a fair value of INR 199.38 which comes to INR 643.20 million. The calculation of fair value of INR 199.38 has been explained in the fair exchange ratio paragraph herein below.

Based on the above, the Net Asset Value of the Demerged Undertaking of HLE comes to INR 618.58 million and the fair value per share comes to INR 197.93 and the Net Asset Value of SGEL comes to INR 514.77 million and the fair value per share comes to INR 79.19.

7.1.3 **Under the "Discounted Cash Flow Approach"** - We have calculated the total enterprise value of the entities by using the free cash flow for the period of seven years ended March 2025.

a) We have also considered the value of Investments in SGEL i.e. 32,25,953 equity shares restated at a fair value of INR 199.38 which comes to INR 643.20 million. The calculation of fair value of INR 199.38 has been explained in the fair exchange ratio paragraph herein below.

R. U. KAMATH & CO. MUMBAI

b) In addition to above, we have also considered a value of INR 420.91 million as contribution in HL Equipment (Firm), which comes to 80% of the total value of the Firm. The value of the Firm based on DCF method comes to INR 526.14 million.

c) Based on the above, the equity value of the Demerged Undertaking of HLE comes to INR 2,967.19 million. The price per share based on DCF method comes to INR 949.43 by dividing the above equity value by the total number of equity shares - 31,25,252.

d) For the valuation of SGEL, using the DCF method, we have calculated the total enterprise value of the entities by using the free cash flows for the period of seven years ended March 2025.

e) We have also considered the value of Investments in Liquid Funds of INR 10.03 million.

f) Based on the above, the equity value of SGEL comes to INR 2,128.57 million. The price per share based on DCF method comes to INR 327.47 by dividing the above equity value by the total number of equity shares - 65,00,000.

7.1.4 **Under the "Market Price Approach"**

a) Since the equity shares of SGEL are listed on BSE and the shares are being 'frequently traded' (in terms of Regulation 71A of SEBI Issue of Capital and Disclosure requirements (ICDR) Regulations) on the BSE, we have followed the SEBI ICDR regulation 76(1) read with Circular No. CFD/DIL3/CIR/2017/21 dated 10.3.2017 and Circular No. CFD/DIL3/CIR/2017/26 dated 23.3.2017 and calculated the volume weighted average price of equity shares of SGEL during the two weeks preceding the date of the board meeting being higher (at INR 195.43) and the volume weighted average price during the 26 weeks preceding the date of the board meeting (INR 175.04). The higher of the above two average price i.e. INR 195.43 per share has been considered.

Note: Since the Board Meeting for approval of the Scheme of Arrangement is to be held on January 16, 2019, we have considered the relevant date to be January 15, 2019 in terms of SEBI ICDR regulation with respect to preferential allotment.

b) Since the equity shares of HLE are not listed on any of the stock exchanges, the market price is not available for valuation of the Demerged Undertaking of HLE and hence the Market Price Approach has not been considered.

8. RECOMMENDATION OF FAIR EXCHANGE RATIO

8.1 The fair basis of demerger of an undertaking can be determined only after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above approaches, for the purposes of recommending a share entitlement ratio, it is necessary to arrive at a single value for the shares of each Company / Undertaking. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out the relative value of shares of the Companies to facilitate the determination of an entitlement ratio.

8.2 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment, taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiments, etc., which are not evident from the face of the balance sheet, but which will strongly influence the worth of the share.

8.3 To arrive at a single weighted average value for the Demerged Undertaking of HLE, we considered it appropriate to give equal weights to each of the 3 approaches i.e. Market Multiple, Net Asset Value and Discounted Cash Flow. To arrive at a single weighted average value for the equity shares of SGEL, we considered it appropriate to give twice the weight to the Market Multiple Method (as compared to each of the Net Asset Value and Discounted Cash Flow approach), considering that the price discovery of the shares has already been, to that extent, carried out.

8.4 In the case of SGEL, we found that the resulting weighted average value of each equity share of SGEL i.e. INR 199.38 is higher than the price arrived at pursuant to SEBI ICDR regulation 76(1) read with Circular No. CFD/DIL3/CIR/2017/21 dated 10.3.2017 and Circular No. CFD/DIL3/CIR/2017/26 dated 23.3.2017 i.e. INR 195.43. Since, the statutory guidelines prescribe only the minimum threshold, the fair value per equity share of INR 199.38 (being the higher of the two) has been adopted for determining the swap ratio.

R. U. KAMATH & CO. MUMBAI

8.5 In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the following is the fair share entitlement ratio:

Valuation Approach	HLE (Demerged Undertaking)		SGEL	
	Value per share (INR)	Weights	Value per share (INR)	Weights
Market Multiple	1060.94	1	195.43	2
NAV	197.93	1	79.19	1
DCF	949.43	1	327.47	1
Fair Value	**736.10**		**199.38**	
Share Entitlement ratio	**3.69:1**			

The issue of new equity shares and CRPS shall be made in compliance with the provisions of the minimum public shareholding prescribed under the Securities Contracts (Regulation) Act, 1956 and Securities Contracts (Regulation) Rules made thereunder (hereinafter collectively referred to as the "SCRA"). The Share Entitlement Ratio for the equity shares and CRPS to be issued to the shareholders of the Demerged Company will be such, that minimum public shareholding of 25% (Twenty-Five Percent) is maintained post allotment of the Share Entitlement Ratio above.

Accordingly, 309 (Three Hundred and Nine) Equity Shares of SGEL of face value INR 10/- each and 60 (Sixty) 9.5% Cumulative Redeemable Preference Shares of face value INR 10/- each may be allotted in exchange of every 100 equity shares of HLE of INR 10/- each.

8.6 Since YAPL is a wholly owned subsidiary of HLE, upon the Scheme becoming effective, the equity shares of YAPL held by HLE shall stand cancelled in their entirety and no new shares of HLE will be issued.

For R.U. Kamath & Co.
Chartered Accountants
Firm's Regn. No.: 106450W

R. U. KAMATH & CO. MUMBAI

(R.U. Kamath)
Partner
Membership No.: 034431
Place: Mumbai