Uday Pasad & Associates
Chartered accountant
6, Savitri Smruti , Pandit Malviya Road, Dombivali (East) Mumbai-421201

EQUITY VALUATION REPORT

TO DETERMINE THE SHARE EXCHANGE RATIO IN RELATION TO THE AMALGAMATION OF

NETWORTH INSURANCE BROKING PVT LIMITED
(TRANSFEROR CO. NO.1)

NETWORTH SOFTTECH LIMITED
(TRANSFEROR CO NO. 2)

NETWORTH WEALTH SOLUTIONS LIMITED
(TRANSFEROR CO NO. 3)

MONARCH NETWORTH COMTRADE LIMITED
(TRANSFERROR CO NO. 4)

WITH

MONARCH NETWORTH CAPITAL LIMITED
(TRANSFEREE COMPANY)

PREPARED BY:-
UDAY PASAD & ASSOCIATES
CHARTERED ACCOUNTANTS
Off- 5, Savitri Smriti, Pandit Malviya Road, Dombivali,
Email: udayindia2006@yahoo.com

To,
The Board of Directors
Monarch Networth Capital Limited
Office no.901/902, 9th Floor, Atlanta Centre,
Opp.Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai-400063.

To
The Board of Directors
Networth Insurance Broking Pvt. Ltd
Office no.901/902, 9th Floor, Atlanta Centre,
Opp.Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai-400063.

To,
The Board of Directors
Networth Softtech Ltd.
Office no.901/902, 9th Floor, Atlanta Centre,
Opp.Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai-400063.

To
The Board of Directors
Networth Wealth Solutions Ltd.
Office no.901/902, 9th Floor, Atlanta Centre,
Opp.Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai-400063.

To,
The Board of Directors
Monarch Networth Comtrade Ltd.
Office no.901/902, 9th Floor, Atlanta Centre,
Opp.Udyog Bhavan, Sonawala Road,
Goregaon (East), Mumbai-400063.

Sub: Recommendation of fair share exchange ratio for the proposed amalgamation of Networth Insurance Broking Pvt. Ltd (NIBL), Networth Softtech Ltd. (NSL), Networth Wealth Solutions Ltd. (NWSL), Monarch Networth Comtrade Ltd. (MNCTL) with Monarch Networth Capital Limited (MNCL).

Dear Sirs / Madams.

We understand that the Board of Directors of Companies (hereinafter referred to as Board) are considering to amalgamate NIBL, NSL, NWSL and MNCTL into MNCL by implementing a Scheme of Amalgamation under the provisions of Section 230 - 232 of the Companies Act, 2013. As a part of this proposed merger NIBL, NSL, NWSL and MNCTL would be merged with MNCL and would cease to exist. The Shareholders of NIBL, NSL, NWSL and MNCTL will be issued shares of MNCL as a consideration for the proposed merger.

We have carried out a relative valuation of the equity shares of NIBL, NSL, NWSL, MNCTL and MNCL (hereinafter will referred as "Merger Companies")with a view to arriving at the exchange ratio of the equity shares of MNCL for the equity shares of Transferor Companies for the proposed merger.

Valuation Report

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

Valuations have been computed assuming a reasonably good economic and business environment with factoring of all known risk factors. The methodology adopted may not be the sole criteria for valuing the business and may vary for different categories of stakeholders. The perspective and intrinsic business value build-up are based on current facts and our perceived achievable targets.

SCOPE OF SERVICES, LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

SCOPE OF SERVICES

As a part of the advisory services, M/s Monarch Networth Capital Limited has appointed M/s Uday Pasad & Associates Chartered Accountants, to undertake the valuation of the companies involved in this amalgamation as a prelude to business consolidation. The scope of our work for the same is as under:

- Valuation of the companies involved in this amalgamation.
- Suggest a share exchange ratio for the purpose of the proposed amalgamation

SCOPE LIMITATION

The valuation exercise was carried out under the following limitations:

- The valuation of the companies is based on various assumptions made by the respective companies and their management relating to the operations of their businesses and representation made theirs too in this context any change in these assumptions could have an impact on their valuation.
- While preparing this valuation report we have relied at the unaudited Balance Sheet and Income Statement of Transferor Companies and Transferee Company for the year ended 31st December, 2017 as provided by the Management of the Company.
- This report is prepared exclusively for the purpose of Amalgamation of "MNCL" with "NIBL", "NSL", "NWSL" and "MNCTL". The assumption contained herein, which is expressly adopted for the purpose of this Report, is based on the information made available to us at the time of making this report.

QUALIFICATIONS

This Valuation Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Valuation Report and (iii) are based on the balance sheet of the Companies as at 31 December, 2017. The Management has represented that the business activities of Merger Companies have been carried out in the normal and ordinary course between 31 December, 2017 and the Valuation Date and that no material adverse change has

occurred in their respective operations and financial position between 31 December, 2017 and the Valuation Date. A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

The recommendation(s) rendered in this Valuation Report only represent our recommendation(s) based upon information received till 31st December 2017 furnished by the Companies and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). Further, the determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single exchange ratio. While 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 of equity shares of Merger Companies. You acknowledge and agree that you have the final responsibility for the determination of the exchange ratio at which the proposed merger shall take place and factors other than our Valuation Report will need to be taken into account in determining the exchange ratio; these will include your own assessment of the proposed Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.

ASSUMPTIONS AND EXCLUSIONS

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Valuation Report and (ii) the accuracy of information made available to us by the Companies. We have not carried out a due diligence or audit of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. 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. Our conclusions are based on these assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have 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. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the Valuation 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 3 more extensive examinations might disclose.

The Valuation 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. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Valuation Date.

This Valuation Report does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Company's claim to the title of assets has been made for the purpose of this Valuation Report and the Company's 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. The book values of the assets and liabilities of the Companies have been considered as representative of their intrinsic value in the absence of any report of external valuers.

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

We owe a responsibility to only the Board of Directors of the Companies which have retained us, and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to Merger Companies.

We do not accept any liability to any third party in relation to the issue of this Valuation Report. This Valuation Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion.

This Valuation Report is subject to the laws of India

UDAY PASAD & ASSOCIATES
M. No. 46581
CHARTERED ACCOUNTANTS

Disclaimer

The Valuation Advisory Report on Exchange Ratio of shares upon amalgamation of MNCL" with "NIBL", "NSL", "NWSL" and "MNCTL ("Report") has been prepared from information extracted from desk research, published reports and other data supplied by the management of Merger Companies and other sources believed to be reliable and true. The Report cannot be distributed, published, reproduced or used, without prior express written consent of ours.

Merger Companies have provided the factual data, business details, and projected financial statements which have relied on. While the information provided herein is believed to be true and reliable to the best of our knowledge and belief, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

In furnishing the Report, we reserve the right to amend or replace the Report at any time. The information contained herein is based on certain assumptions and analysis of information provided by the management of Merger Companies, available at the time the Report was prepared. We do not purport to give any representation, warranty or other assurance in relation to this Report.

The Report highlights the approach of the valuation, identifies various factors affecting the valuation, summarizes the methodology adopted keeping in view the circumstances of Merger Companies and arrives at the value of the Merger Companies.

The purpose of this Report is to value Merger Companies for the purpose of arriving at the Share Exchange Ratio pursuant to the amalgamation of MNCL" with "NIBL", "NSL", "NWSL" and "MNCTL as on 01ST April, 2017 ("Appointed Date").

BACKGROUND OF THE COMPANIES

1. MONARCH NETWORTH CAPITAL LIMITED
(Hereinafter referred to as 'MNCL' or 'Transferee Company')

1.1 BASIC INFORMATION:

MNCL bearing CIN: L65920MH1993PLC075393 was incorporated on 2nd December 1993 in accordance with the provisions of the Companies Act, 1956. The Certificate of Incorporation was obtained from Registrar of Companies, Mumbai and the certificates for Commencement of Business was received on the 06th day of December 1993.

At present, the registered office of the Transferee Company is situated at Office no.901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai-400063.

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The Transferee Company is widely held listed Company having its equity shares listed on Bombay Stock Exchange (BSE).

1.2 CAPITAL STRUCTURE:

The Share Capital of Monarch Networth Capital Limited/ Transferor Company as on 31st December, 2017 is as follows:

Particulars	Amount (Rupees)
Authorised Share Capital :	
5,00,000 - 6% Cumulative Redeemable Preference Shares of Rs.100/- Each	5,00,00,000
60,00,000 - Redeemable Preference Shares of Rs. 10/- Each	6,00,00,000
3,05,000 - Equity Shares of Rs.10/- Each	30,50,00,000
TOTAL AUTHORISED CAPITAL	41,50,00,000
Issued, Subscribed and paid up Capital:	
30,11,600 - Equity shares of Rs.10/- each	30,31,16,000
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	30,31,16,000

Extract of Unaudited income statement Monarch Networth Capital Ltd for the quarter ended 31st December, 2017.

Particulars	**Amount (Rupees in lakhs)**
Revenue From operations	2179.01
Other Income	177.27
Total Income	**2356.28**
Total Expenses	1690.25
Profit before Exceptional items &Tax	**666.01**
Exceptional items	(2.41)
Profit before Tax	**663.60**
Tax Expense	240.20
Profit After Tax	**423.40**

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Extract of balance sheet **Monarch Networth Capital Ltd.** as on 31ST December, 2017.

Particulars	**Amount (Rupees in lakhs)**
SOURCES OF FUNDS	
Share Capital	3031.16
Reserve and surplus	4231.95
Non-Current Liabilities	830.34
Current Liabilities	18287.73
Total - Equity and Liabilities	26381.19
Non-Current Assets	8055.88
Current Assets	18325.31
Total - Assets	26381.19

2. **NETWORTH INSURANCE BROKING PRIVATE LIMITED**
(Hereinafter referred to as 'NIBL' or 'Transferor Company 1'),

2.1 BASIC INFORMATION:

NIBL bearing CIN: U66030MH2008PTC184334 was incorporated on 07th July, 2008 in accordance with the provisions of the Companies Act, 1956 and Certificate of Incorporation was obtained from Registrar of Companies, Mumbai.

At present, the registered office of the NIBL is situated at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai- 400063, Maharashtra.

The Transferor Company 1 is a Wholly Own Subsidiary ("WOS") of the Transferee Company.

2.2 CAPITAL STRUCTURE:

The Share Capital of **Networth Insurance Broking Pvt. Limited/ Transferor Company 1** as on 31st December, 2017 is as follows:

Particulars	Amount (Rupees)
Authorised Share Capital : 15,00,000 - Equity Shares of Rs.10/- Each	 1,50,00,000
TOTAL AUTHORISED CAPITAL	1,50,00,000
Issued, Subscribed and paid up Capital:	

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10,000 - Equity shares of Rs.10/- each	1,00,000
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	1,00,000

Extract of unaudited income statement **Networth Insurance Broking Pvt. Ltd.** for the period ended on 31st December, 2017

Particulars	**Amount (Rupees)**
Revenue From operations	0
Other Income	0
Total Income	0
Total Expenses	1200
Profit before Exceptional items &Tax	**(1200)**
Exceptional items	0
Profit before Tax	(1200)
Tax Expense	0
Profit After Tax	**(1200)**

Extract of balance sheet **Networth Insurance Broking Pvt. Limited** as on 31st December, 2017

Particulars	**Amount (Rupees)**
Sources of Funds	
Share Capital	1,00,000
Reserve and surplus	(73,748)
Non-Current Liabilities	0
Current Liabilities	2,80,282
Total - Equity and Liabilities	**3,06,534**
Non-Current Assets	0
Current Assets	3,06,534
Total - Assets	**3,06,534**

3. **NETWORTH SOFTTECH LIMITED**
(Hereinafter referred to as 'NSL' or 'Transferor Company No 2'),

3.1 BASIC INFORMATION:

NSL bearing CIN: U72200MH2007PLC172069 was incorporated on 29th June, 2007 in accordance with the provisions of the Companies Act, 1956. The Certificate of Incorporation was obtained from Registrar of Companies, Mumbai and the certificate of Commencement of Business was obtained on the 20th day of August, 2007.

At present, the registered office of the NSL is situated at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai-400063.

The Transferee Company holds 20.91% of Issued, Subscribed and Paid-up Equity Share Capital of the Transferor Company 2.

3.2 CAPITAL STRUCTURE:

The Share Capital of **Networth Softtech Limited/ Transferor Company 3** as on 31st December, 2017 is as follows:

Particulars	**Amount (Rupees)**
Authorised Share Capital : 1,20,00,000 - Equity Shares of Rs.10/- Each	 12,00,00,000
TOTAL AUTHORISED CAPITAL	1,50,00,000
Issued, Subscribed and paid up Capital: 71,75,000 - Equity shares of Rs.10/- each	 7,17,50,000
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	7,17,50,000

Extract of unaudited income statement of **Networth Softtech Limited** for the period ended on 31st December, 2017

Particulars	**Amount (Rupees)**
Revenue From operations	0
Other Income	0
Total Income	0
Total Expenses	5,96,303
Profit before Exceptional items &Tax	**(5,96,303)**
Exceptional items	0
Profit before Tax	(5,96,303)
Tax Expense	0

Profit After Tax	**(5,96,303)**

Extract of the balance sheet of **Networth Softtech Limited** as on 31ST December, 2017

Particulars	Amount (Rupees)
SOURCES OF FUNDS	
Share Capital	7,17,50,000
Reserve and surplus	15,63,931
Non-Current Liabilities	0
Current Liabilities	6,29,472
Total - Equity and Liabilities	**7,39,43,402**
Non-Current Assets	7,17,77,671
Current Assets	21,65,731
Total - Assets	**7,39,43,402**

4. NETWORTH WEALTH SOLUTIONS LIMITED
(Hereinafter referred to as 'NWSL' or 'Transferor Company no. 3),

4.1 BASIC INFORMATION:

NWSL bearing CIN: U67120MH2008PLC179566 was incorporated on 29th February, 2008 in accordance with the provisions of the Companies Act, 1956. The Certificate of Incorporation was obtained from Registrar of Companies, Mumbai and the certificate of Commencement of Business was received on the 27th day of March 2008.

At present, the registered office of the NWSL is situated at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai-400063.

The Transferor Company 3 is Wholly Own Subsidiary ("WOS") of the Transferee Company.

4.2 CAPITAL STRUCTURE:

The Share Capital of **Networth Wealth Solutions Limited/ Transferor Company 3** as on 31st December, 2017 is as follows:

Particulars	Amount (Rupees)
Authorised Share Capital :	
50,00,000 - Equity Shares of Rs.10/- Each	5,00,00,000

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TOTAL AUTHORISED CAPITAL	5,00,00,000
Issued, Subscribed and paid up Capital: 10,00,000 - Equity shares of Rs.10/- each	 1,00,00,000
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	1,00,00,000

Extract of Unaudited income statement of **Networth Wealth Solutions Limited** for the period ended on 31st December, 2017.

Particulars	**Amount (Rupees)**
Revenue From operations	43,46,701
Other Income	0
Total Income	43,46,701
Total Expenses	14,71,623
Profit before Exceptional items &Tax	**28,75,078**
Exceptional items	0
Profit before Tax	**28,75,078**
Tax Expense	1,06,183
Profit After Tax	**27,68,895**

Extract of balance sheet **Networth Wealth Solutions Limited** as on 31ST December, 2017

Particulars	**Amount (Rupees)**
Sources of Funds	
Share Capital	1,00,00,000
Reserve and surplus	(10,54,70,170)
Non-Current Liabilities	0
Current Liabilities	10,40,36,933
Total - Equity and Liabilities	**85,66,763**
Fixed Asset	4,45,701
Non-Current Assets	10,23,880
Current Assets	70,97,182
Total - Assets	**85,66,763**

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5. **MONARCH NETWORTH COMTRADE LIMITED**
(Hereinafter referred to as 'MNCTL' or 'Transferor Company No. 4'),

5.1 BASIC INFORMATION:

MNCTL bearing CIN: U67120MH2000PLC128451 was incorporated on 25th August, 2000 in accordance with the provisions of the Companies Act, 1956. The Certificate of Incorporation was obtained from Registrar of Companies, Mumbai and the certificates for Commencement of Business was received on the 03rd day of October 2000. The Company was incorporated with the name of "Networth Commodities and Investments Limited" but later on, the name was changed to "Monarch Networth Comtrade Limited" and a fresh certificate of incorporation was obtained from Registrar of Companies Mumbai dated the 17th day of March, 2017.

At present, the registered office of the MNCTL is situated at Office No. 901/902, 9th Floor, Atlanta Centre, Opp. Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai-400063.

The Transferee Company holds 99.96 % of Issued, Subscribed and Paid-up equity share Capital of the Transferor Company 4.

5.2 CAPITAL STRUCTURE:

The Share Capital of **Monarch Networth Comtrade Limited/ Transferor Company 4** as on 31st December, 2017 is as follows:

Particulars	**Amount (Rupees)**
Authorised Share Capital : 50,00,000 - Equity Shares of Rs.10/- Each	5,00,00,000
TOTAL AUTHORISED CAPITAL	5,00,00,000
Issued, Subscribed and paid up Capital: 14,00,700 - Equity shares of Rs.10/- each	1,40,07,000
TOTAL ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	1,40,07,000

Extract of Unaudited income statement of **Monarch Networth Comtrade Limited** for the period ended on 31st December, 2017

Particulars	Amount (Rupees)
Revenue From operations	3,57,17,035
Other Income	77,95,770

Total Income	4,35,12,805
Total Expenses	3,51,56,203
Profit before Exceptional items &Tax	**83,56,602**
Exceptional items	-5,921
Profit before Tax	**83,62,523**
Tax expense	24,29,584
Profit After Tax	**59,32,939**

Extract of the balance sheet of **Monarch Networth Comtrade Limited** as on 31ST December, 2017

Particulars	**Amount (Rupees)**
Sources of Funds	
Share Capital	1,40,07,000
Reserve and surplus	1,69,78,553
Non-Current Liabilities	13,83,70,828
Current Liabilities	24,15,85,087
Total - Equity and Liabilities	**41,09,41,468**
Fixed Asset	53,806
Deferred tax assets	30,309
Non-Current Assets	93,04,478
Current Assets	40,15,52,875
Total - Assets	**41,09,41,468**

VALUATION METHODOLOGY

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 the business, future prospects of the company & industry and other attendant circumstances. Different methodologies are adopted for valuation of manufacturing, investment, property and trading companies. 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 the relative value of assets. Different methodologies used for the purpose of valuation are explained below:

Arriving at the exchange ratio of equity shares for the merger of Merger Companies would require determining the value of the equity shares of "NIBL", "NSL", "NWSL" and "MNCTL" in terms of the value of the equity shares of MNCL. These values are to be determined independently but on a

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relative basis, and without considering the current transaction.

For the proposed amalgamation, we have considered the following commonly used and accepted methods for determining the fair exchange ratio, to the extent relevant and applicable:

1. Market Price method (Market approach)
2. Comparable Companies' Multiples method / Guideline Company method (Income approach)
3. Discounted Cash Flows method (Income approach)
4. Net Asset Value method (Asset approach)

It should be understood that the valuation of any company or its assets are inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of the methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona tide manner based on our previous experience of assignments of a similar nature.

Market Price Method

The value 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. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

For determining the prices of shares of MNCL, we have considered SEBI Circular No. CFD/DIL3/CIR/2017/2I dated March 10, 2017, Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, and SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes using Market prices being higher of the following:

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(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.

Considering the above-mentioned prescription, we arrived at a value of INR 79 per equity share for MNCL.

Further, since all other Transferor Companies i.e. "NIBL", "NSL", "NWSL" and "MNCTL" is not listed on any recognized exchange, we have not considered the Market price method for their valuation.

Comparable Companies' Multiple (CCM) / Guideline Company method

Under this method, the value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. This method is categorized both under market approach (as it derives the multiples from the stock market) and under income approach (as it is based on applying a capitalization factor (or multiple) to the income of the Company).

Though we have considered EV/Sales, EV/EBITDA and Price to Earnings ratios of comparable companies for Transferor Companies respectively for our valuation analysis, we have not assigned any weight to this method. Further MNCL is listed stocks, fairly traded with reasonable volumes, hence no weights have been assigned to this method.

We have not used the comparable transactions analysis as this Transaction is in the form of share to share fair exchange, therefore absolute multiples paid in comparable Transactions are not relevant.

Further, typically, due to different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts are embedded in the transaction values.

Due to lack of information on such parameters we have not considered it appropriate to use transaction multiples in our conclusion.

Discounted Cash Flows (DCF) Method

The DCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with the Weighted Average cost of capital (WACC). The DCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms.

In the DCF approach, the appraiser estimates the cash flows of any business, after all, operating expenses, taxes, and necessary investments in working capital and capex are being met. As this methodology is focused on finding the value of the firm so the interest charges (post-tax) should be added back.

Since we were not provided with the financial projections of the Companies, hence, this method has not been used.

Net Asset Value (NAV) Methodology

The asset-based valuation technique 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 the case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in the case where the assets base dominate earnings capability.

We have computed the Net Asset Value of equity shares of the Companies. The total value for equity shareholders is then divided by the estimated total number of equity shares of the respective companies as on the appointed date of the proposed merger in order to work out the value per equity share of the Companies.

Relative Weights to different methods

Considering that MNCL is well traded and considering SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, and SEBI (Issue of Capital and Disclosure Requirements) Regulations, we have given 100% weight to the value of equity share of MNCL as computed under Market Price method.

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We have given 100% weight to the equity value of Transferor Companies i.e. "NIBL", "NSL", "NWSL" and "MNCTL as computed using Net Asset Value (NAV) method as the companies are not regular in having a profit year after year and business operation of the transferor companies is very insignificant as compares to their peer in market hence DCF method and CCM method would not be representative of fair value.

CONCLUSION

The fair share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies for the proposed amalgamation based on the various methodologies explained herein The values as per different methods is presented below

Valuation Approach	Asset Approach		Income Approach		Market Approach		Relative Value per Share	Exchange Ratio (rounded off)
	Value (Rs.)	Weight (in %)	Value (Rs.)	Weight (in %)	Value (Rs.)	Weight (in %)		
MNCL (A)	0	0%	0	0%	79	100%	79	-
NIBL (B)	2.63	100%	0	0%	NA	NA	2.63	0.03 (B/A)
NSL (C)	10.22	100%	0	0%	NA	NA	10.22	0.13 (C/A)
NWSL (D)	-95.47	100%	0	0%	NA	NA	-95.47	-1.21 (D/A)
MNCTL (E)	22.12	100%	0	0%	NA	NA	22.12	0.28 (E/A)

On the basis of the above discussions and computations and based on the values of equity shares of "MNCL", "NIBL", "NSL", "NWSL" and "MNCTL" we hereby recommend following share exchange ratio for the proposed amalgamation as follows:-

a) *Nil Equity of the Transferee Company to be issued to shareholders of NIBL because the Transferor Company 1 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the Transferor Company 1.*

b) *13 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares of held in NSL/ Transferor Companies No. 2 pursuant to this Scheme of Amalgamation.*

c) *Nil Equity of the Transferee Company to be issued to shareholders of NWSL because the Transferor Company 3 is wholly owned by the Transferee Company and the Transferee Company along with its nominee shareholders holds all the shares issued by the Transferor Company 3.*

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d) *28 Equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) Equity shares held in MNCTL/ Transferor Companies No. 4 pursuant to this Scheme of Amalgamation.*

We recommend fresh issue of 7,37,918 equity shares (ranked *pari-passu*) in total to be given to the shareholders of transferor companies as under:

Sr. No.	Name of Company	No. of Shares of MNCL to be issued
1	NETWORTH INSURANCE BROKING PVT LIMITED	0
2	NETWORTH SOFTTECH LIMITED	7,37,750
3	NETWORTH WEALTH SOLUTIONS LIMITED	0
4	MONARCH NETWORTH COMTRADE LIMITED	168
	Total	7,37,918

Uday Pasad & Associates
Chartered Accountants

U. Pasad

UDAY PASAD & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 46581

Uday Pasad
Proprietor
Memb. No. : 046581

Date: 12th February, 2018
Place: Mumbai