Fair Equity Share Swap Ratio
in relation to the
'Proposed Scheme of Arrangement'

March 2021

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Ref. No.: LM/Mar32/2021

March 03, 2021

To,

The Board of Directors
Sarguja Rail Corridor Private Limited
Adani Corporate House, Shantigram,
Near Vaishno Devi Circle,
S. G. Highway, Khodiyar,
Ahmedabad 382 421

The Board of Directors
Adani Tracks Management Services Private Limited
Adani Corporate House, Shantigram,
Near Vaishno Devi Circle,
S. G. Highway, Khodiyar,
Ahmedabad - 382 421

Dear Sir(s)/ Madam(s),

Sub: Fair Equity Share Swap Ratio in relation to the Proposed Scheme of Arrangement

We, BDO Valuation Advisory LLP (**'BDO Val' or 'We' or 'Us'**), have been appointed vide letter dated February 03, 2021 to recommend the fair equity share swap ratio for amalgamation of Adani Tracks Management Services Private Limited (**'ATMSPL'**) with Sarguja Rail Corridor Private Limited (**'SRCPL'**) (together referred to as **'Client(s)' or 'Companies'**) on a going concern basis, as per the Proposed Scheme of Arrangement pursuant to provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**'Proposed Scheme'**).

We are pleased to present herewith our report on the same.

The cut-off date for the present valuation exercise has been considered as at March 31, 2021 and the market factors have been considered till March 02, 2021. The attached report details the valuation methodologies, calculations and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selected portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.
This letter should be read in conjunction with the attached report.

Regards,
For BDO Valuation Advisory LLP
IBBI No.: IBBI/RV-E/02/2019/103

Lata R Gujar More
IBBI No.: IBBI/RV/06/2018/10488
Partner

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1. Brief Background of the Companies

Adani Tracks Management Services Private Limited ('ATMSPL')

1.1. Adani Tracks Management Services Private Limited ("ATMSPL") (CIN: U45202GJ2019PTC109348) is a company incorporated under the provisions of the Companies Act, 1956. ATMSPL is engaged in the business of development, establishment, construction, repairing, operations, maintenance leasing, consultancy and management and/or other services of any type in connection with setting up railway tracks, railway sidings, railway locomotives and management of railway projects or facility including without limitation to act as managers, administrators, executors, receivers, operators, custodians, nominees, promoters, developers, agents, attorneys, representatives, counsellors, consultants and advisers of railway projects. ATMSPL is a wholly owned subsidiary of Adani Ports and Special Economic Zone Limited and it does not have any major operations.

1.2. The issued and paid up share capital of ATMSPL as on date of report is INR 0.5 Mn divided into 50,000 equity shares of INR 10/- each.

Sarguja Rail Corridor Private Limited ('SRCPL')

1.3. SRCPL (CIN: U60200DL2010PTC202278), is a wholly owned subsidiary of Brahmi Tracks Management Services Private Limited, is incorporated under the provisions of the Companies Act, 1956. SRCPL is engaged in the business of undertaking development and construction of Railway Corridor / Private Siding to cater to transportation of coal from coal mines Parsa East and Kanta Basan, Kanta and Kente Extension ("Mining Site") to the nearest railway line of Indian Railways i.e., Surajpur Road Railway Station.

1.4. SRCPL has taken ~1,000 acres of land on lease from Chhattisgarh State Power Generation Company Limited ("CSPGCL") for a period of 50 years vide Land Lease Agreement dated December 8, 2017 for the purpose of setting up the Private Siding.

1.5. The Construction of Phase-I of 33 kms (i.e., Private Siding connecting from Surajpur Road Railway Station to Ramanujnagar Loading Point) and Phase-II of 37 kms (i.e., Private Siding connecting from Ramanujnagar Loading Point to Mining Site), a total of 70 kms, has been completed and rakes movement on Phase-I has commenced from October 2014 and Phase-II has commenced from April 2018.

1.6. SRCPL has entered into a Track Access and Usage Agreement with Rajasthan Rajya Vidyut Utpadan Nigam Limited ("RRVUNL") on July 22, 2015 whereby SRCPL gives RRVUNL the non-exclusive right to use the Private Siding. The Agreement also stipulates the Annual Contracted Quantity of coal in the 'Access Schedule'.

1.7. As per the said Agreement, the Annual Contracted Capacity of Coal was 11.00 Million Metric Tonnes per annum ("MMTPA") for FY 2020, 12.49 MMTPA for FY 2021 and is 15.93 MMTPA from FY 2022 to FY 2044.

1.8. The RRVUNL's peak requirement of coal is 35.20 MMTPA based on the RRUVNL notification for annual coal requirement.

1.9. RRVUNL in joint venture with Adani Enterprise Limited **("AEL")** is the mine developer and operator for PEKB, Parsa, Kente Extn. AEL is also the mine developer and operator for Gidhmuri & Paturia in joint venture Sainik Mining & Allied Services Limited.

2. Purpose of Valuation

2.1. We understand that following is the proposed scheme of arrangement:

- Merger of ATMSPL into SRCPL on a going concern basis.
- Under Proposed Scheme, as consideration for the merger of ATMSPL to SRCPL, the equity shareholders of ATMSPL will be issued equity shares of SRCPL.

Companies under the Proposed Scheme and their respective shareholders will comply with the provisions of section 230 to 232 and other relevant provisions of the Companies Act, 2013, along with the applicable provisions of Securities and Exchange Board of India **('SEBI')** - if any.

2.2. In this regard, we have been appointed to undertake the valuation to recommend the fair equity share swap ratio for the Proposed Scheme.

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3. Exclusions and Limitations

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

3.2. The scope of work is restricted to recommendation of fair equity share swap ratio for amalgamation of ATMSPL into ARCPL.

3.3. This report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the report date and (iii) are based on the provisional financial statements of the Companies as at March 31, 2021. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur post the Report date and March 31, 2021.

3.4. This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the companies for providing select information and only in connection with the purpose mentioned above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, National Company Law Tribunal and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event, the companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in the report, with or without our consent, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.

3.5. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not conducted any geological study for analyzing the reserves of mines. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies or any of its subsidiaries or associated companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.

3.6. In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

3.7. Any matters related to legal title and ownership are outside the purview and scope of this valuation exercise. Further, no legal advice regarding the title and ownership of the subject property has been obtained while conducting this valuation exercise. Valuation may be significantly influenced by adverse legal, title or ownership, encumbrance issues.

3.8. This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our report.

3.9. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.

3.10. During the course of our work, we have relied upon the certain opinion documents made available by the management and representatives of the Companies. Though we have reviewed it, we have not independently verified the same. As these opinions/assumptions require the exercise of judgment and are subject to uncertainties, there can be no assurance that these assumptions are accurate.

3.11. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

3.12. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.

3.13. Further, this report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, revise or reaffirm this report if the information provided to us changes.

3.14. We have considered relevant valuation approaches based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.

3.15. Our scope is limited to the purposes stated hereinabove. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Arrangement with the provisions of any law including the Companies Act 2013, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from the Proposed Arrangement.

3.16. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.

3.17. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

3.18. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any party in relation to the issue of this report.

3.19. BDO Val owes responsibility to only the Boards of Directors of ATMSPL and SRCPL; with reference to terms of engagement letter 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 the Clients. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

3.20. This Report does not look into the business/commercial reasons behind the Proposed Arrangement nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Arrangement as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available.

3.21. Further this Report does not in any manner address the prices at which the equity shares of the Companies will trade following the announcement of the Scheme and we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting to be held in connection with the Proposed Arrangement.

3.22. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Clients (or its representatives) 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). We have no obligation to update this report.

3.23. Further, after declaration of Covid-19 as a pandemic by World Health Organization and consequent imposition of lockdown in India has caused a widespread disruption in businesses as well as on financial markets in India and globally alike. Our assumptions for the valuation is surrounded by these unprecedented uncertainty across all the industries and sectors including the time period over which these circumstances could prevail. The valuation assumptions, the underlying projections and the outcome of the valuation analysis could materially change as a result of the continued or increased uncertainty around the prevalence of Covid-19 circumstances and hence a reliance on our valuation must be placed considering these unprecedented circumstances.

4. Sources of Information

4.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management representatives of the Companies:

- Audited financial statements of SRCPL for FY 18, FY 19 and FY 20;
- Unaudited financial statements of SRCPL for the period ended January 31, 2021
- Provisional balance sheet for the year ended March 31, 2021 of SRCPL and
- Interim Condensed financial statements of ATMSPL for the period ended March 02, 2021;
- Tax Audit Report and Tax Computation, for FY 19 and FY 20;
- Details of carried forward losses, unabsorbed Depreciation and MAT credit as on March 31, 2020;
- Detailed Seller Model with assumptions;
- Private Siding Agreement with South East Central Railway dated April 11, 2018;
- Private Siding Notification dated April 20, 2018 and June 12, 2018 issued by Ministry of Railways, Government of India;
- Track Access and Usage Agreement between SRCPL and RRVUNL dated July 22, 2015;
- Land Lease Agreement between SRCPL and CSPGCL dated October 29, 2015 and December 08, 2017;

- Operations & Maintenance Agreement between SRCPL and United Rail-Road Consultants Private Limited dated March 12, 2018;
- Operations Agreement between SRCPL and CSPGCL dated October 29, 2015;
- Credit Assessment Report of SRCPL issued by Crisil based on information available as on November 2019;
- Credit Rating Report for the Bank Loan Facilities of SRCPL issued by Brickwork Ratings India Pvt Ltd dated November 12, 2019;
- Debenture Subscription Agreement between SRCPL and Universal Trade and Investments Limited dated June 6, 2017 and addendum to this Agreement dated June 22, 2017;
- Debenture Purchase Agreement dated June 23, 2020 by and among Universal Trade and Investments Limited, Adani Properties Private Limited and SRCPL;
- Facility Agreement executed among SRCPL, Bank of Baroda and IndusInd Bank dated January 30, 2018;
- Sanction letters from Bank of Baroda and IndusInd Bank dated June 17, 2017 and September 1, 2017;
- Sanction letter from Bank of Baroda for fresh term loan dated July 9, 2020;
- Loan Agreement between SRCPL and Adani Properties Private Limited dated March 16, 2020;
- Pre-Feasibility Report for Prior Environmental Clearance of Kente Extension Opencast Coal Mine & Integrated Washery Project;
- Mining Plan and Mine Closure Plant for Parsa Coal Block dated September 15, 2016;
- Relevant data and information provided to us by the management and representatives of the Companies either in written or oral form or in form of soft copy and information available in public domain.
- Draft Composite Scheme of Arrangement; and
- Management Representation Letter addressed to BDO VAL.

5. Procedures Adopted

5.1. In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial information;
- Obtained data available in public domain;
- Undertook industry analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation;
- Undertook desktop based analysis of mines in located in Hasdeo Arand Coal Field
- Detailed analysis of Comparable Companies for the business;
- Discussions (over call/emails/conferences) with the management to understand the business and fundamental factors that could affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
- Selection of valuation methodology/(ies) as per internationally accepted valuation methodologies;
- Determined the fair equity share swap ratio based on the selected methodology.

For the purpose of arriving at the valuation of the Companies/businesses we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.

The Companies have been provided with the opportunity to review the draft Report (excluding the recommended fair equity share swap ratio) as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final Report.

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6. Valuation Approaches

6.1. It is pertinent to note that the valuation of any company or its assets is 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, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.

6.2. 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 methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

6.3. It may be noted that BDO Valuation Advisory LLP is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards ("IVS") for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council ('IVSC') in carrying out the valuation exercise.

6.4. The Report Date is the valuation date (**'Valuation Date'**). For valuation exercise, market parameters have been considered up to and including March 02, 2021.

6.5. There are three generally accepted approaches to valuation:

(a) "Cost" Approach

(b) "Income" Approach

(c) "Market" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

Cost Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

This valuation approach is mainly used in case where the assets base dominates earnings capability. Since, ATMSPL is does not have any major operations, we have considered Summation method to arrive at valuation of ATMSPL.

Income Approach

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow ('DCF') method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital ('WACC'), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "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.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

SRCPL owns the infrastructure assets railway track, wherein the future earning capability of the asset is important. Therefore, we have considered DCF Method under Income Approach for valuation of SRCPL.

Market Approach

Under the Market 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. The Market approach generally reflects the investors' perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of 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. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('CTM') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Since the Companies are not listed on any stock exchange, Market Price Method is not considered for the valuation. Further, in absence of availability of comparable companies exactly comparable

to business of SRCPL and non-availability of comparable transactions for similar business, we have not considered CCM / CTM method for valuation.

7. Conclusion on Valuation Approach

7.1. In order to consider reasonable methods for the valuation exercise, we have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time **('ICDR Regulations')** and the specific information/explanations available of ATMSPL and SRCPL. We have considered the following respective methods for the valuation:

ATMSPL: Since there are no major operations in the company, Comparable Companies Multiple Method ('CCM') and Comparable Transactions Multiple Method ('CTM') under the Market Approach have not been considered for the valuation. We have not considered market price method as the shares of ATMSPL are not listed on recognized stock exchange.

Since ATMSPL does not have any operations as on the valuation date, we have considered Summation method under Cost approach for the valuation of ATMSPL.

SRCPL: Comparable Companies Multiple Method ('CCM') and Comparable Transactions Multiple Method ('CTM') under the Market Approach have not been considered for the valuation of SRCPL in absence of exact comparable companies to business of company and non-availability of comparable transactions for similar business. We have not considered market price method as the shares of the Company are not listed on recognized stock exchange.

We have considered the Discounted Cash Flow Method under Income Approach **to valuation of SRCPL as the** true worth of the SRCPL's business would be reflected in its future earnings potential. The cashflows on the basis of contractual revenue from RRVUNL from PEKB, Parsa, Kente Extn mines and an additional off take from the identified and potential explorable mines in the Hasdeo Arand Coal Field.

8. Basis of Fair Equity Share Swap Ratio

8.1. The basis of the fair equity share swap ratio for the Proposed Amalgamation would have to be determined after taking into consideration all the factors and methods mentioned hereinabove including various qualitative factors relevant to the company / undertaking and the business dynamics and growth potentials of the businesses, having regard to information base, key underlying assumptions and limitations

8.2. Further as discussed earlier we have used Summation Method under Cost Approach to arrive at valuation of ATMSPL, and Discounted Cash Flow under Income Approach to arrive at valuation of SCRPL.

8.3. We have independently applied methods discussed above, as considered appropriate, and arrived at a fair equity share swap ratio.

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9. Conclusion

9.1. 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 sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible".

9.2. In the light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion the fair equity share swap ratio for the amalgamation of ATMSPL into SRCPL would be as follows (recommendation):

a) In the event of amalgamation of ATMSPL into SRCPL:

Valuation Approach	Valuation Method	ATMSPL		SRCPL	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Income Approach	DCF Method	NA	NA	252.2	100%
Market Approach	MP Method	NA	NA	NA	NA
Cost Approach	Summation Method	10.0	100%	NA	NA
Value Per Share		10.0		252.2	
Swap Ratio (Rounded Off)		25.22		NA	

NA= Not Adopted/Not Applicable

9.3. Recommendation:

Therefore, the following is the recommended Fair Equity Share Swap Ratio:

1. 100 equity shares of face value INR 10 each fully paid up of SRCPL for every 2,522 equity shares of face value of INR 10 each fully paid of ATMSPL for the amalgamation of ATMSPL into SRCPL.

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