Galactico
Corporate Services Limited

A SEBI Registered Category I Merchant Banker

Strictly Private and Confidential

Ref. No: Valuations\2020-21\D02

The Board of Directors,
Dhoot Transmission Private Limited,
Gat No. 312, Nanekarwadi,
Tal - Chakan, Khed, Pune (MH) – 410501 IN.

The Board of Directors,
Dhoot Electricals Systems Private Limited,
Plot No. AL-18, AL-19, MIDC, Shendra SEZ Area,
Aurangabad (MH) - 431021 IN.

Dear Sirs,
Sub: Valuation Analysis of the Equity Shares of Dhoot Transmission Private Limited - Shendra SEZ Unit.

We refer to the discussion held with your good self for carrying out the Valuation of the Business for the slump sale of Dhoot Transmission Private Limited - Shendra SEZ Unit (hereinafter referred as "Transferor") to Dhoot Electricals Systems Private Limited (hereinafter referred as "Transferee") with effect from appointed date of April 01, 2020 ("Appointed Date") and closing date of October 31, 2020. In accordance with the terms of the agreement, we are enclosing our report along with this letter. In attached report, we have summarized our Valuation Analysis of the Business together with the description of methodologies used and limitation on our Scope of Work.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of the Dhoot Transmission Private Limited and Management of the Dhoot Electricals Systems Private Limited. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Galactico Corporate Services Limited. Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same. The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Trust the above meets your requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,
For Galactico Corporate Services Limited

Sancheti

Galactico Corporate Services Limited

Vishal Sancheti
Authorised Signatory
Place : Nashik
Date : November 5, 2020

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A SEBI Registered Category I Merchant Banker

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ABOUT THE TRANSACTION, SCOPE OF SERVICES

About the Transaction:

We, **Galactico Corporate Services Limited ("GCSL") as a SEBI Registered (Category I) Merchant Banker** have been informed by the Board of Directors ("BOD") of Dhoot Electricals Systems Private Limited that for diverse good causes and commercial reasons and as a measure of business reorganization, the company entered into the Agreement to assign the Business (referred to as "Business Transfer Agreement" dated March 4, 2020) for acquiring as a going concern Dhoot Transmission Private Limited - Shendra SEZ Unit on Slump Sale basis, the business of manufacturing of Wiring Harnesses, Enamelled Copper Wires and Power Cords and Auto Electronics ("the Business") of Dhoot Transmission Private Limited - Shendra SEZ Unit, together with all its employees, assets, liabilities and incidental benefits in respect thereof. As informed by the BOD, the effective date for aforesaid business acquisition is April 1, 2020 and Closing date is October 31, 2020. As per Clause 2.2 of the said agreement, the purchase consideration for the aforesaid business acquisition is to be discharged fully in cash by Dhoot Electricals Systems Private Limited within a period of 30 days from the Closing Date.

As per the Business Transfer Agreement, business of Dhoot Transmission Private Limited - Shendra SEZ Unit will be transferred on a going concern basis and in consideration; cash would be paid to the Dhoot Transmission Private Limited. We are informed that the transaction is a "Slump Sale" within the meaning of Section 2(42C) read with Section 2(19AA) (Explanation 1) and Section 50B of the Income-tax Act, 1961.

Scope of Services:

This valuation report has been prepared by **Galactico Corporate Services Limited, a SEBI Registered Category – I, Merchant Banker** to determine the fair market value in accordance with Section 50B of the Income-tax Act, 1961.

To arrive at value of the Company, we have applied methodology as specified in Section 50B of the Income-tax Act, 1961 i.e. Net Worth based on book value as on the Closing Date of the Agreement (October 31, 2020).

Galactico Corporate Services Limited

COMPANY ASSESSMENT

Dhoot Transmission Private Limited ("Company") has its registered office in Pune. The Company was incorporated on April 28, 1998. The Board of Directors comprises of Rahul Radhavallabh Dhoot, Kiran Radhavallabh Dhoot and Anupama Rahul Dhoot. Established by Mr. Rahul Dhoot in 1998, Dhoot Transmission Private Limited is making an instrumental contribution to the evolving needs of automotive and domestic appliances market, both in India and abroad. Over the last 16 years, the company has emerged as one of the leading Indian manufacturers of wiring harnesses and power cords for this market.

The key factor in this trailblazing journey has been the unwavering vision of the Group. The vision that is shaped by its core values- trust, integrity, quality, innovation and commitment. Designing cost effective quality solutions and achieving complete customer delight with timely delivery, has been a prime focus area at Dhoot Transmission, since its inception.

Vast knowledge base, world class R&D, design excellence, matchless expertise in prototyping and process validation and latest manufacturing infrastructure are the Company's core strengths. All this is backed by the best global technology and a young, dynamic R & D team. Well-equipped set up, sourcing and quality, competitive pricing, passion for growth, a ceaseless quest for perfection and unshakable customer trust holds a bright promise for Dhoot Transmission into the future.

Galactico Corporate Services Limited

SOURCES OF INFORMATION

For the purpose of this exercise, we have relied upon the following documents:

- Management certified financials as on October 31, 2020.
- Profile of the firm.
- Business Transfer Agreement dated March 4, 2020.
- Term sheet (i.e. Brief) of the transaction.
- We have also relied on the various representations, information and explanations given by the firm.

Galactico Corporate Services Limited

VALUATION METHODOLOGY, APPROACH AND ANALYSIS

METHODOLOGIES CONSIDERED FOR NET ASSET VALUE METHOD:

As per the Business Transfer Agreement, business of Dhoot Transmission Private Limited - Shendra SEZ Unit will be transferred on a going concern basis and in consideration; cash would be paid to the Dhoot Transmission Private Limited. We are informed that the transaction is a "Slump Sale" within the meaning of Section 2(42C) read with Section 2(19AA) (Explanation 1) and Section 50B of the Income-tax Act, 1961.

The following is the summary with respect to use of valuation method which has been considered for estimating the fair value of the equity shares. Fair market value is determined in accordance with Section 50B of the Income-tax Act, 1961.
For the purpose of Valuation, "Net Worth" shall be the aggregate value of total assets of the undertaking or division as reduced by the value of liabilities of such undertaking or division as appearing in its books of account:

Aggregate value of total assets shall be,—
(a) In the case of depreciable assets: Written down value of the block of assets
(b) In the case of capital assets in respect of which the whole of the expenditure has been allowed or is allowable as a deduction under Section 35AD: NIL; and
(c) In the case of other assets: Book value of such assets.

Any change in the value of assets on account of revaluation of assets is ignored for the purposes of computing the net worth.

Galactico Corporate Services Limited

VALUATION - DHOOT TRANSMISSION PRIVATE LIMITED - SHENDRA SEZ UNIT

Valuation of Equity Shares as on October 31, 2020

Particulars	Valued at	Amount (Rs.)
Fixed Assets		
Tangible Assets	Written Down Value	28,00,82,726
Long Term Loans & Advances	Book Value	39,38,455
Current Assets		
Inventories	Book Value	14,82,32,914
Trade Receivables	Book Value	20,10,00,684
Cash and Bank Balances	Book Value	1,11,373
Short-term loans & advances	Book Value	70,38,036
Total Assets (A)		**64,04,04,188**
Non-current Liabilities		
Long Term Borrowings	Book Value	73,37,398
Long Term Provisions	Book Value	30,69,578
Current Liabilities		
Short Term Borrowings	Book Value	19,92,29,726
Trade Payables	Book Value	29,99,83,024
Other Current Liabilities	Book Value	1,60,56,025
Total Outside Liabilities (B)		**52,56,75,752**
Net Worth (C) (A-B)		**11,47,28,436**

Based on our Analysis of the Company and subject to our comments and exclusions & limitations as further detailed in this report, we have arrived at the Net Worth of the Dhoot Transmission Private Limited - Shendra SEZ Unit for the purpose of Slump Sale within the meaning of Section 2(42C) read with Section 2(19AA) (Explanation 1) and Section 50B of the Income-tax Act, 1961 at Rs. 11,47,28,436.

Galactico Corporate Services Limited

PURCHASE PRICE ALLOCATION - DHOOT TRANSMISSION PRIVATE LIMITED - SHENDRA SEZ UNIT IN THE BOOKS OF DHOOT ELECTRICALS PRIVATE LIMITED

Particulars	Valued at	Amount (Rs.)
Fixed Assets		
Tangible Assets	Written Down Value	28,00,82,726
Long Term Loans & Advances	Book Value	39,38,455
Current Assets		
Inventories	Book Value	14,82,32,914
Trade Receivables	Book Value	20,10,00,684
Cash and Bank Balances	Book Value	1,11,373
Short-term loans & advances	Book Value	70,38,036
Total Assets (A)		**64,04,04,188**
Non-current Liabilities		
Long Term Borrowings	Book Value	73,37,398
Long Term Provisions	Book Value	30,69,578
Current Liabilities		
Short Term Borrowings	Book Value	19,92,29,726
Trade Payables	Book Value	29,99,83,024
Other Current Liabilities	Book Value	1,60,56,025
Total Outside Liabilities (B)		**52,56,75,752**
Net Worth (C) (A-B)		**11,47,28,436**
Purchase Consideration (D)		**12,15,94,642**
Goodwill (E) (D-C)		**68,66,206**

Based on our Analysis of the Company and subject to our comments and exclusions & limitations as further detailed in this report, we have arrived at the amount of the Goodwill to be booked by Dhoot Electricals Private Limited for purpose of Slump Sale transaction of Dhoot Transmission Private Limited - Shendra SEZ Unit within the meaning of Section 2(42C) read with Section 2(19AA) (Explanation 1) and Section 50B of the Income-tax Act, 1961 at Rs. 68,66,206.

Galactico Corporate Services Limited

EXCLUSIONS AND LIMITATIONS

This Valuation Report has been issued on the specific request of Dhoot Transmission Private Limited and Dhoot Electricals Systems Private Limited to ascertain the Net Worth for the purpose of Slump Sale. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its contents can be used for any other purpose without prior written consent of Galactico Corporate Services Limited. We understand that the findings of this report will be used for accounting and financial reporting purposes only.

Although every effort has been made by us to verify and corroborate each document and to ensure that no inaccurate or misleading data, information, statement or opinion appears in this document, we wish to make it clear that the information and data appearing herein are the responsibility of the contributors. Accordingly, we do not accept any responsibility whatsoever for the consequences of any such inaccurate or misleading information or data, opinion or statement.

Our report is subject to the scope limitations detailed hereinafter.

- We have not made an appraisal or independent valuation of any of the assets or liabilities of the Company and have not conducted an audit or due diligence or reviewed/validated the financial data provided by the management. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

- We have summarized the Valuation Analysis of the equity shares of the Company based on the information as was provided to us and other publically available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion. However, we would like to state that in the process of evaluation, nothing has come to our attention to indicate that the information provided was, materially mis-stated or incorrect or would not afford reasonable grounds to believe it is incorrect upon which the report is based.

- We have no present or planned future interest in Dhoot Transmission Private Limited and Dhoot Electricals Systems Private Limited and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Dhoot Transmission Private Limited & Dhoot Electricals Systems Private Limited and has drawn our attention to all matters of which they are aware, which may have an impact on our report up to the date of signature.

- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

- Any decision to purchase, sell or transfer any interest in the Subject Interest shall be the sole responsibility of the Company Management, as well as the structure to be utilized and the price to be accepted.

Galactico Corporate Services Limited

EXCLUSIONS AND LIMITATIONS

- This valuation report has been prepared as per the said provisions and ultimately depends upon a number of factors which in turn calculated as per the documents provided. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided to us.

- In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the management of the Company that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

- Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly, we are unable to or do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

- We express no opinion to the Company's underlying decision to affect the proposed slump sale or as to how the holders of equity shares should vote at their respective meetings held in connection with the proposal. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

- No investigation of the Company's claim to the title of assets or property owned by the Company has been made for the purpose of this fairness opinion. With regard to the Company's claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

- In furnishing the report, we reserve the right to amend or replace the report at any time. Our views are necessarily based on economics, the market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the report. Nothing contained within the report is or should be relied upon as a promise or representation as to the future. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Galactico Corporate Services Limited