

1. In the valuation report submitted by the Company from Sangita Kumari Gupta, Registered Valuer, it is observed that under the head 'Sources of Information', the Valuer has considered audited financials of FHLL and HIL as on March 31, 2023. Thus, the financials used are more than 6 months old. In view of the above Company is advised to: a. submit fresh Valuation Report and Fairness opinion in the captioned scheme, wherein period under consideration for valuations, other than Income Approach, should not be older than 3 months. b. Updated audited financials of unlisted company involved in the scheme of arrangement (not older than six month). c. Latest compliance report as per the Annexure IV of SEBI circular dated June 20, 2023. (considering the revised valuation.) d. In case the existing share exchange ratio considered in the Scheme is changed/altered due to fresh Valuation report, the company shall also provide the following: i. Revised draft scheme with the revised share exchange ratio ii. A confirmation from the company inter alia highlighting the changes made in the scheme and also confirming that other than mentioned in said confirmation letter, there is no other change in the scheme which was earlier filed with the Exchange(s) iii. Audit Committee Report iv. Independent Director's Committee Report v. Certified true copy of the resolution of BOD approving the revised scheme documents. vi. Revised pre and post scheme Shareholding pattern - The reply is unsatisfactory. 2. In the valuation report submitted by the Company, it is observed that the registered valuer has considered Income Approach to derive at the estimated value per share of FHLL. From the workings submitted by the valuer, the following is noted: i. the valuer has projected Net profit before tax (NPBT) of Rs. 3870.86 lakhs for the FY 23-24, Rs. 12,869.61 lakhs for FY 24-25, Rs. 24571.24 lakhs for FY 25-26, Rs. 54050.69 lakhs for FY 26-27 and Rs. 70,440.79 lakhs for FY 27-28. However, from the audited financials submitted for FHLL, it is observed that NPBT for the FY 20-21 is Rs. 10 lakhs, for the FY 21-22 is Rs. 18 lakhs and for the FY 22-23 is Rs. 34 lakhs. Thus, it is observed that the projected NPBT considered by the valuer is not in line with the NPBT for last 3 financials years. Therefore, kindly provide the rationale and in detailed justification from the valuer on the aforesaid. ii. It is further observed that, there are major fluctuations in the NPBT projected by the valuer from the FY 23-24 to the FY 27-28. Therefore, kindly provide clarification from the Valuer for such substantial fluctuations in the NPBT projected by the valuer and rationale for deriving at the same. – The reply is unsatisfactory. 3. After submission of revised valuation report, kindly provide Confirmation from the listed entity signed by Company Secretary/ Compliance Officer inter alia stating that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with stock exchange and period under consideration for valuation. 4. From the additional documents submitted by the Company, it is observed that the Company has not satisfactorily replies to the following queries, therefore kindly provide the same a. Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme by the BoD of the listed company b. How the scheme will be beneficial to the public shareholders of the listed company and details of change in value of public shareholders pre and post scheme of arrangement – Please explain in terms of value generation. C. Please provide Confirmation from the Company that the accounting treatment specified in the scheme is in compliance with Accounting standards/Indian Accounting Standards.