



**PRIVATE & CONFIDENTIAL**

31 May 2014

To,  
The Board of Directors  
Gontermann – Peipers (India) Limited  
Diamond Harbour Road,  
Post- Pailan,  
24 Parganas (S),  
Kolkata –700104,  
West Bengal, India.

**Sub: Fairness opinion on the Share Exchange Ratio for the proposed Scheme of Amalgamation of Geetapuram Port Services Limited and North East Natural Resources Private Limited with Gontermann – Peipers (India) Limited (hereinafter together referred as “the Companies”) and their respective shareholders**

This is with reference to our engagement letter whereby Gontermann – Peipers (India) Limited (hereinafter referred to as “GPIL” or “the Company”), has requested Srei Capital Markets Limited (“SCML”), a SEBI registered Merchant Banker, (as required under clause 24(h) of the Listing Agreement with the stock exchanges and as per the requirements of SEBI Circular CIR/CFD/DIL/5/2013 dated 04 February 2013 read with SEBI Circular CIR/CFD/DIL/8/2013 dated 21 May 2013) to provide fairness opinion on share exchange ratio for the purpose of amalgamation of Geetapuram Port Services Ltd (“GPSL”) and North East Natural Resources Private Limited (“NENRPL”) with GPIL pursuant to the relevant provisions of the Companies Act, 1956 as amended and the corresponding provisions of the Companies Act, 2013 upon their notification (including any statutory modifications(s) or re-enactment(s) thereof) as provided for in the Scheme of Amalgamation (“Scheme”) with effect from the Appointed Date of 01 April 2013 (“Appointed Date”).

For the aforesaid purpose, the Management of GPIL has appointed G.P. Agrawal & Co., Chartered Accountants (hereinafter referred to as “Valuer”) to prepare a report recommending the share exchange ratio for the purpose of the proposed Scheme, to be placed before the Board of Directors/Audit Committee of GPIL, as per the requirement of SEBI Circular CIR/CFD/DIL/5/2013 dated 04 February 2013 read with SEBI Circular CIR/CFD/DIL/8/2013 dated 21 May 2013. Accordingly the Valuer has conducted the valuation of GPSL, NENRPL and GPIL as on 31 March 2013 in order to arrive at the share exchange ratio.

In connection to the above, we have been requested by the management of GPIL to provide a fairness opinion on valuation of shares of the Companies for arriving at the share exchange ratio as per the Valuer’s report dated 10 April 2014 (“Valuation Report”). It should be noted that we are not attempting to review the absolute equity value of the Companies but only the share exchange ratio based on their comparative values. Further, we are also not commenting on the fairness or the economic rationale of the proposed Scheme of Amalgamation.

As per the draft Scheme, the shareholders of GPSL will be issued shares of GPIL as a consideration for the proposed amalgamation of GPSL with GPIL and NENRPL being a wholly owned subsidiary of GPSL, upon its amalgamation with GPIL, the shares held by GPSL in NENRPL shall stand cancelled upon the coming into effect of the Scheme and no shares of GPIL shall be issued to shareholders of NENRPL.

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As per the Valuer's recommendation, the share exchange ratio for the proposed amalgamation of GPSL with GPIL would be 40 (Forty) fully paid up equity shares of GPIL of INR 10/- (Ten) each for 1 (One) fully paid up equity share in GPSL of INR 10/- (Ten) each.

The detailed terms and conditions of the proposed amalgamation are more fully set forth in the draft Scheme. Our fairness opinion is based on the understanding that the draft Scheme shall not be materially altered and the parties hereto agree that the fairness opinion would not stand good in case the final Scheme alters the proposed transaction.

**COMPANY PROFILES**

GPIL is a Public Limited Company incorporated on 27 December 1966. It is primarily engaged in the business of manufacturing rolls. GPIL was promoted in technical collaboration of Gontermann-Peipers GmbH, Germany. The technology has since been absorbed and it is continuously supplying rolls with varied specifications as required by various customers worldwide. GPIL has two divisions namely Cast Roll and Forge Roll. The Company manufactures and sells iron and steel rolls of numerous grades. The equity shares of GPIL are listed on BSE Limited ("BSE") and The Calcutta Stock Exchange Ltd. ("CSE").

We understand, that the working of GPIL was adversely affected on account of abnormal rise in cost of major raw materials, time and cost overrun in the expansion cum modernization, under-utilization of capacity and for various other reasons. As a result of this, GPIL started facing liquidity crunch and it was not able to fulfill some of its financial obligations. In order to overcome debt repayment obligations, GPIL made a reference to the Corporate Debt Restructuring Cell ("CDR Cell") through UCO Bank for restructuring of the debts of the Company through CDR Mechanism envisaged under the Reserve Bank of India (RBI) guidelines dated 23 August 2001 and subsequent amendments thereto. Pursuant thereto, the CDR-Empowered Group ("CDR - EG") approved a restructuring scheme in terms of which the Existing Facilities were restructured in December 2012. GPIL has executed the Master Restructuring Agreement in April 2013 (the "MiRA") with the CDR Lenders in furtherance of the CDR Scheme, besides various other related documents as envisaged under the CDR Scheme.

**Shareholding Pattern – GPIL**

The issued and subscribed equity share capital of GPIL as on 31st March 2013 is INR 13,91,50,000 consisting of 1,39,15,000 equity shares of face value of INR 10 each, held as follows:

Shareholder	% of holding
Promoter and Promoter Group	56.13
Non Promoter	43.87
<b>Total</b>	<b>100.00</b>

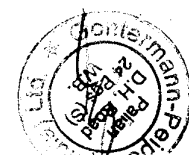
Subsequently there have been following changes in the capital structure of GPIL:-

- a. Cumulative Optionally Convertible Redeemable preference shares ("COCRPS") amounting to INR 40 lacs have been redeemed subsequent to 31 March 2013. Consequently, the paid-up COCRPS capital of the Company stands reduced to INR 91,87,000 as on 31 March 2014.
- b. GPIL has allotted 83,20,000 equity shares of face value of INR 10/- each at a premium of INR 4.75 on preferential basis to the promoters/promoters group entities on 29 May 2014 and subsequent to such allotment, the issued and subscribed paid up equity capital of the GPIL stands increased to INR 22,23,50,000 from INR 13,91,50,000/-

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GPSL was incorporated on 22 January 1999 as a public limited Company and is an unlisted Company. GPSL is engaged in operating and administering port services and all related activities to port including handling and storage of cargo for import export and coastal transportation. GPSL has a wholly owned subsidiary, NENRPL.

**Shareholding Pattern - GPSL**

The issued and subscribed equity share capital of GPSL as on 31st March 2013 is INR 5,00,000 consisting of 50,000 equity shares of face value of INR 10 each, held as follows:

Shareholder	% of holding
Bodies Corporate	99.98
Others	0.02
Total	100.00

There has been no change in the capital structure of GPSL subsequent to 31 March 2013.

NENRPL was incorporated on 19 March 2009, to carry on in India or elsewhere the business of prospecting, exploring, operating and working on mines, quarries and to win, set, crush, smelt, process, excavate, dig, break, acquire, develop, exercise, turn to account, survey, produce, prepare, remove, sell, import, export, supply, and to act as agent, broker, adaitia, stockist, distributor, consultant, contractor, manager, operator or otherwise to deal with all sort of present and future ores, mineral, deposit, goods, substances and materials, including sand, stones, soils, chalk, clay, china clay, bentonite, boryles calcite and coal, lignite, rockphosphate, brimstone, bauxite, limestone, precious and other stones, gold, silver, diamonds, iron, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, rutile, sulphate, tin, zinc, zircon, tungsten, silicon, brass and other allied materials, by-products, mixtures, blends, residues and substances. Till date, no mining activities have been carried out by NENRPL. NENRPL is a wholly owned subsidiary of GPSL.

The Companies belong to the same promoter group.

**SOURCES OF INFORMATION**

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a. Discussions, Workings and Valuation report from G.P Agrawal & Co., Chartered Accountants dated 10<sup>th</sup> April 2014.
- b. Annual report for last 5 years ended 31 March, 2013 of GPIL, GPSL and NENRPL. Unaudited statement for 9 months ended 31 December, 2013 of GPIL and GPSL.
- c. Discussions with management of GPIL regarding current operations, future plans, capital expenditure; and
- d. Information, discussions and documents as provided by the Companies and the Valuer for the purpose of this engagement;
- e. Management Representation from the Companies.
- f. Draft Scheme of Amalgamation of GPSL and NENRPL with GPIL.

**SCOPE LIMITATIONS**

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

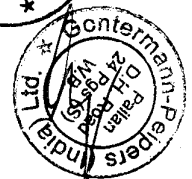
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Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Companies or their businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the share exchange ratio for the proposed Scheme of Amalgamation. It may not be valid for any other purpose or if done on behalf of any other entity.

Our analysis and result are also specific to the date of this report and based on information set forth earlier in this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Company have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact in our opinion, on the share exchange ratio for the proposed Scheme of Amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the Proposed Appointed Date for the proposed Scheme of Amalgamation. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. Also, we have been given to understand by the management of the Company that it has 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.

We express no opinion whatever and make no recommendations at all to Geetapuram Port Services Ltd, North East Natural Resources Private Limited and Gontermann - Peipers (India) Limited underlying decision to effect the proposed Scheme of Amalgamation or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the Companies should vote at their respective meeting held in connection with the proposed Scheme of Amalgamation. We do not express and should not be deemed to have expressed any views on any other term of the proposed Scheme of Amalgamation. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of GPIL will trade following the announcement of the proposed Scheme of Amalgamation or as to the financial performance of GPIL following the consummation of the proposed Scheme of Amalgamation.

No investigation of the Companies claim to title of assets has been made for the purpose of this exercise and the Companies' 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 whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the proposed Scheme of Amalgamation 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 Scheme of Amalgamation.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Company in that regard.

## DISTRIBUTION OF THE REPORT

It is understood that our report is for the benefit of and confidential use by the Board of Directors / shareholders of GPIL, and only in connection with the Scheme of Amalgamation including for the purpose

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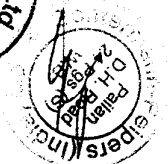
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of obtaining judicial and regulatory approvals for the Scheme of Amalgamation. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates 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. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Scheme of Amalgamation as aforesaid can be done only with our prior permission in writing. We acknowledge that this report will be shared to the extent as may be required, with the relevant High Court, stock exchanges, advisors of the Companies in relation to the Scheme, as well as with the statutory authorities.

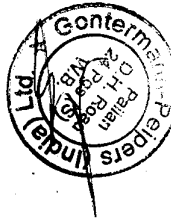
#### CONCLUSION

Based on the information and data made available to us (including the Valuation Report) and explanation given to us, to the best of our knowledge and belief, in our opinion, the proposed share exchange ratio recommended by the Valuer, for the proposed Scheme, is fair and reasonable.

Yours Faithfully

For and on Behalf of  
Srei Capital Markets Limited

*Tushar Choudhary*  
Tushar Choudhary  
Associate Vice President



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