ANNEXURE - C

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SHARP & TANNAN

Chartered Accountant

August 30, 2016

Strictly Privileged & Confidential

The Board of Directors

Delta Corp Limited
10, Kumar Place, 2408,
General Thimayya Road,
Pune 411 001,
Maharashtra

The Board of Directors

Guass Networks Private Limited
349, Udyog Vihar,
Phase II Gurgaon,
Gurgaon 122 016,
Haryana

Dear Sir/Madam,

Re: Report on Valuation of Gauss Networks Private Limited ("GNPL") for the proposed amalgamation of GNPL into and with Delta Corp Limited

This is with reference to the engagement letter and discussions held, wherein we, M/s Sharp & Tannan (referred to as **"Valuer"**or **"we"** or **"us"**), have been appointed to value the equity shares of Gauss Networks Private Limited ("GNPL") for the proposed amalgamation of **GNPL** into and with **Delta Corp Limited ("DCL")** (hereinafter jointly referred to as "**Companies**") with effect from the **Appointed Date of April 1, 2016**.

1. BRIEF BACK GROUND

1.1 Delta Corp Limited ("DCL")

1.1.1 DCL is a gaming and entertainment company, with a dominant presence in Goa's offshore casino market. DCL is the largest and only listed gaming company in India. The equity shares of DCL are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

1.1.2 The issued &paid up equity share capital of DCL as at March 31, 2016 was INR 230.66 million divided into 230,664,104 equity shares of INR 1/- each(face value) and its shareholding pattern was as follows on June 30, 2016:

Sl. No.	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	9,42,57,471	40.86%
b.	Public	13,64,06,633	59.14%
Total		**23,06,64,104**	

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1.1.3 The Management of DCL represented that DCL does not have any outstanding warrants /options, as at the date hereof.

1.1.4 Subsequent to March 31, 2016 there is no change in the issued, subscribed and paid-up capital of DCL.

1.2 **Gauss Networks Private Limited ("GNPL")**

1.2.1 GNPL is a private limited company incorporated on August 29, 2013 and is headquartered in Gurgaon, India. Gaussian Networks Private Limited ("GNNPL") is a subsidiary of GNPL.

1.2.2 GNNPL is primarily engaged in the business of owning and operating Adda52.com and Adda52Rummy.com, online poker and rummy websites respectively. Both the portals offer daily cash-free "free roll" tables, real cash tables and cash tournaments. Both the gaming sites can be accessed both via desktop and the mobile web (WAP).

1.2.3 GNPL has developed and owns the products and its in-house technology and GNNPL is engaged in operating the portals.

1.2.4 The issued, subscribed & paid up share capital of GNPL as on March 31, 2016 is INR 510,010 comprising of 40,248 equity shares of INR 10/- each and 10,753 compulsorily convertible preference shares of INR 10/- each ("CCPS"). The equity share capital of GNPL on a fully diluted basis is 51,001 equity shares of INR 10/- each.

1.2.5 The issued, subscribed & paid up share capital of GNNPL as on March 31, 2016 is INR 360,010 comprising of 36,000 equity shares of INR 10/- each out of which 35,999 equity shares (99.99% of equity stake) are held by GNPL.

1.2.6 The Management of GNPL has represented that GNPL and GNNPL does not have any outstanding warrants /options, as at the date hereof.

1.2.7 Subsequent to March 31, 2016 there is no change in the issued, subscribed and paid-up capital of GNPL and GNNPL.

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2. SCOPE &PURPOSE OF EXCHANGE RATIO

2.1 We are given to understand that the Board of Directors of the Companies proposed to undertake the amalgamation of GNPL with DCL ("Amalgamation") with effect from the Appointed Date of April 1, 2016. This is proposed to be achieved by way of a Scheme of Arrangement and Amalgamation pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 & other applicable provisions made there-under and Companies Act, 2013 ("Scheme").

2.2 As part of the proposed Scheme, all assets and liabilities of GNPL as on the Appointed Date shall eventually stand transferred to and vested with DCL. Further, upon Amalgamation, GNPL will cease to exist and as consideration equity shareholders of GNPL shall receive preference shares of DCL.

2.3 For this purpose, as requested, we have carried out valuation of equity shares of GNPL as on **March 31, 2016** in connection with the proposed Amalgamation. This Valuation Report ("**Valuation Report**") may be placed before the audit committee, as per the SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015 and to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the Scheme.

2.4 This Valuation Report is subject to the exclusions, limitations & 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.

3. SOURCES OF INFORMATION

3.1 In connection with preparing this Valuation Report, we have received & relied upon the following sources of information from the Management of the Companies:

3.1.1 Draft Scheme of Arrangement and Amalgamation.

3.1.2 Consolidated Audited annual accounts of GNPL for FY 2013-14 to FY 2014-15.

3.1.3 Consolidated provisional annual accounts of GNPL for FY 2015-16.

3.1.4 Consolidated projected annual account of GNPL for FY 2016-17.

3.1.5 Shareholding pattern of GNPL and GNNPL as on March 31, 2016.

3.1.6 Representation from the management of GNPL dated July 30, 2016.

3.1.7 Representation from the management of DCL dated July 30, 2016.

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3.1.8 Published and secondary source of data , whether or not made available by the companies and such other analysis, reviews and inquiries as we considered necessary.

4. SCOPE LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS

4.1 This Valuation Report, its contents and the results herein are (i) specific to the purpose mentioned in this report; (ii) specific to the date of this Valuation Report and (iii) are based on the balance sheet of GNPL (consolidated) as at March 31, 2016. The Management has represented that the business activities of GNPL and GNNPL have been carried out in the normal and ordinary course between 31st March 2016 and date hereof and that no material adverse change has occurred in their respective operations and financial position between March 31, 2016 and date hereof.

4.2 In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information (both written & verbal) made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Valuation Report. We have not carried out a due diligence or audit of the Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. In rendering this Valuation 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. We do not express any opinion or offer any form of assurance that the explanations, financial information or other information as prepared and provided by the Companies is accurate and complete. 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, in case of any doubt, they have checked the relevance or materiality of any specific information with respect to the present exercise with us.

Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

4.3 Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The respective Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or mis-statements 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. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect. 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 a more extensive examination might disclose.

4.4 During the course of work, we have relied upon the financial projections of GNPL (Consolidated) provided to us by the Management. The assumptions underlying the projections have not been

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reviewed or independently verified by us and accordingly there can be no assurance that these assumptions are accurate. We must emphasize that realizations of the free cash flow forecast used in the analysis will be dependent on the continuing validity of the assumptions on which they are based. The assumptions used in their preparation, as we have been explained, are based on the management's present expectation of both the most likely set of future business events and circumstances and the management's course of action related to them. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since, the projections relate to the future, actual results may be different from the projected results because events and circumstances do not occur as expected, and differences may be material.

4.5 Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. 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. You acknowledge and agree that you have the final responsibility for the determination of the Exchange Ratio at which the proposed Amalgamation shall take place and factors other than this Valuation Report will need to be taken into account in determining the Exchange Ratio; these will include your own assessment of the proposed Amalgamation and may include the input of other professional advisors.

4.6 This report and its contents is prepared for the Companies and to be used only for the specific engagement and regulatory reporting purposes and must not be copied, disclosed or circulated or referred to or quoted in any correspondence, registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or discussion with any person. The report is confidential to the Companies and it is given on the express undertaking that will not be communicated, in whole or in part, to any third party without prior written consent of the valuer. Neither this report nor its contents may be used for any other purpose other than in connection with this proposed Amalgamation without prior written consent of the Valuer.

4.7 Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and the opinions given are fair and reasonable, neither ourselves, nor any of our partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We owe responsibility only to the Board of Directors of the Companies and nobody else. We are not liable to any third party in relation to the issue of this report. In no event we shall be liable for any loss, damage, cost or expense arising in

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any way from fraudulent acts, misrepresentations or wilful default on the part of the Companies, their management, directors, employees or agents.

4.8 A valuation of this nature is necessarily based on 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. However, we reserve the right to amend or replace the report at any time in the event of any material change in the facts presented to us.

4.9 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 & liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the date hereof.

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

4.11 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. In addition, this Valuation Report does not in any manner address the price at which equity shares will trade following approval of the Amalgamation and we express no opinion or recommendation as to how the shareholders or creditors of Companies should vote at their respective meeting(s) to be held in connection with the proposed Amalgamation.

4.12 The fee for this engagement is not contingent upon the results of this report.

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5. VALUATION APPROACH

5.1 Approaches for Valuation

There are three generally accepted approaches to valuation:

a. "Cost" Approach
b. "Market " Approach
c. "Income" Approach

a. Cost Approach

The "Cost" approach focuses on the net worth or net assets of a company. The Cost Approach to valuation includes two methods - Break Value (**"BV"**) Method and Net Asset Value (**"NAV"**) Method.

BV Method:

- Under the BV Method, the assets and liabilities are considered at their realizable/market value including intangible assets & contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the potential liabilities, which would have to be paid, would be deducted and resultant figure would be the BV of the company.

- This valuation approach is mainly used in case where the asset base dominate earnings capability or in case where the valuing entity is a Holding Company deriving significant value from its Assets & Investments.

NAV Method:

- Under this method, total value of the business is based on sum of the Net Assets Value as recorded in the balance sheet.

- NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business.

b. Income Approach

The "Income" approach focuses on the profit/earnings potential of the business being valued. The Income Approach to valuation includes two methods – Profit Earning Capacity Value (**"PECV"**) Method and Discounted Cash Flow (**"DCF"**) Method. The "Income" approach focuses on the income generated by the company as well as its future earning capability.

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PECV Method:

- The PECV method focuses on the past income generated by the company as well as the future earning capability of the business enterprise. The PECV method requires the determination parameters, which are relevant to the company whose shares are being valued. These are (i) the 'future maintainable profits', (ii) the 'appropriate income tax rate' and (iii) the 'expected rate of return'. The value is determined by capitalizing the future maintainable profits (net of tax) by the expected rate of return.

DCF Method:

- The DCF Method seeks to arrive at a value of a business based on the strength of its future cash flows. This method also captures the risk involved with these cash flows.

- Under this method, the business is valued by discounting its free cash flows for an explicit forecast period and the perpetuity value thereafter. The free cash flows to the firm ("**FCFF**") represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by Weighted Average Cost of Capital ("**WACC**"). WACC is an appropriate rate of discount to calculate the present value of the future free cash flows as it considers debt-equity risk and also debt-equity ratio of the company/industry.

- To the present value of the cash flows so arrived, adjustments are made for the value of debt, surplus/non-operating assets including investments, surplus cash & bank balance and contingent assets/liabilities and other liabilities, if any, in order to arrive at the value for the equity shareholders. The total value for the equity shareholders so arrived has to be then divided by the number of equity shares in order to work out the value per equity share of the company.

c. **Market Approach**

Market Price Method:

Under this method, the market price of an equity share as quoted on a recognized 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 frequently traded. The market value generally reflects the investors' perception about the true worth of the company.

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Comparable Companies Multiple ("CoCo Multiple") Method:

- Under CoCo Multiple Method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifested 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.

Comparable Transactions Method:

With regard to the multiples applied in an earnings based valuation, they are generally based on data from the recent transactions in a comparable sector, but with appropriate adjustment after due consideration has been given to the specific characteristics of the business being valued.

5.2 **Valuation Methodologies Applied**

5.2.1 The application of any particular method of valuation depends on the purpose for which the valuation is done. In arriving at the value of the equity shares of GNPL, from amongst the generally accepted valuation methodologies, we have applied methodologies most relevant, applicable and appropriate to the circumstances.

5.2.2 For valuation of GNPL we have primarily relied on the Market Approach – CCM method and have benchmarked our results with the CTM method. Under the market approach we have considered the comparable companies multiples and comparable transactions multiples of companies engaged in the business similar to that of GNPL in India and abroad.

5.2.3 Income Approach has not been considered on account of absence of any projected financial information for a sufficient period. Cost Approach does not capture the value based on the potential earning capacity of the company and hence, is not considered in the present case.

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6. VALUATION OF GNPL

6.1 It should be understood that the valuation of any company or its assets is inherently subjective 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.

6.2 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 Supreme Court of India in the case reported in 176 ITR417 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 on exact science. Mathematical certainty is not demanded, nor indeed is it possible."

6.3 Considering all the relevant factors and circumstances as discussed and outlined above, we believe that the value of INR 2,238.71 million as at March 31, 2016 on a going concern basis for the 100% equity value of GNPL on a fully diluted basis is fair.

6.4 Further, we have been informed by the Management and based on the draft Scheme of Amalgamation provided to us, we understand that DCL would be acquiring the existing 10,753 compulsorily convertible preference shares and 2501 equity shares from the existing shareholders of GNPL, as part of the agreed transaction, in cash before the effective date of the Scheme of Amalgamation. The agreed consideration for the said acquisition is INR 472.98 million.

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6.5 We have been informed by the Management of DCL, the consideration for the Amalgamation of GNPL would be discharged as under:

- 1 (One) fully paid up 1% Redeemable Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted for every one fully paid up equity share of Rs.10 held in GNPL.
- 1 (One) fully paid up Optionally Convertible Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted for every one fully paid up equity share of Rs.10 held in GNPL.
- 6,000 (Six Thousand) fully paid up Optionally Convertible Preference Shares of Rs. 21,667 (Twenty One Thousand Six Hundred and Sixty Seven) each of DCL shall be issued and allotted to the Founders of GNPL.
- The above Optionally Convertible Preference Shares will be converted into equity shares after 12 months from the effective date, at the price as may be determined based on Regulation 76(1)(a)or(b) of the issue of Capital and Disclosure Requirements(ICDR).

Thanking You,

Yours faithfully,

For **Sharp &Tannan**
Chartered Accountants
Firm Registration No. – 109982W

Edwin Augustine
(Partner)
Membership No. - 043385

Date: August 30, 2016
Place: Mumbai

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