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To
The Board of Directors
Sturdy Industries Limited
21, Industrial Area, Baddi
Himachal Pradesh
173205

Re : Determination of Fair Value of the Equity Shares of Sturdy Industries Limited (SIL) and Tirupati Aluminum Limited(TAL) for the purpose of determination of Share Exchange Ratio for proposed merger of SIL with TAL

Dear Sirs,

We have been appointed by the management of SIL for the purpose of estimation of the Fair Value of Equity Shares of SIL ("Transferee Company") and TAL ("Transferor Company") for the above mentioned purpose.

The management has proposed a composite scheme of arrangement under section 391 to 394 of the Companies Act, 1956 whereby TAL will be merged with SIL. The valuation opinion is required for the determination of the Share Exchange Ratio for the proposed merger.

We conducted the valuation exercise on the basis of information/documents and explanations supplied to us by the management of your Company. Based on the same, our report on valuation of Equity Shares of SIL and TAL is being submitted for you kind reference.

1. PURPOSE OF VALUATION

Based on discussion with the management, we understand that the purpose of valuation is to determine the share swap ratio for the Composite Scheme of arrangement for revival of Sturdy Industries Limited and amalgamation of Tirupati Aluminium Limited (transferor company) with Sturdy Industries Limited (transferee company) and re-organization of share capital of Sturdy Industries Limited (Transferee Company). In this context, the management requires our assistance in determining the *fair value* of equity shares of both the Companies to determine the share exchange ratio.

2. SOURCE OF INFORMATION



For the valuation exercise, we have relied on the following sources of information:

1. Discussions with the Company's Management
2. Memorandum and Articles of Association
3. Audited Financial Statements of Sturdy Industries Limited of FY 2012-13, 2013-14 & 2014-15
4. Audited Financial Statements of Tirupati Aluminium Limited FY 2012-13, 2013-14 & 2014-15
5. Market related data like share price of SIL and other relevant information from public domain like Bombay Stock Exchange etc.
6. Other relevant internal details such as history of the Company, its promoters, shareholding patterns, past and present activities, future plans and prospects, other information and explanation as provided by the executives and representatives of the Company

It may be mentioned that all factual information appearing in the report has been provided and confirmed by the management of SIL

3. COMPANY BACKGROUND AND PRESENT STATUS

The transferee company i.e. STURDY INDUSTRIES LIMITED (hereinafter referred to as 'SIL') is a listed having its registered office at Plot No 21, Industrial Area, BADDI, (Himachal Pradesh) which was incorporated on 27th July, 1989. The shares of the Company are presently listed at yje Bombay Stock Exchange, Mumbai.

The present Authorized Share Capital of the Company is Rs. 18,50,00,000/- (Rupees Eighteen Crore) divided into 2,00,000 (Two Lac) Preference Shares of Rs. 100/- (One Hundred) each and 8,25,00,000 (Eight Crore Twenty Five Lac) Equity Shares of Rs. 2/- each.

The Issued, Subscribed and Paid up Capital of the Company as on date is Rs. 14,86,17,920/- (Fourteen Crore Eighty Six Lac Seventeen Thousand Nine Hundred Twenty) divided into 2,00,000 (Two Lac) Preference Shares of Rs. 100/- (One Hundred) each and 6,43,08,960 (Six Crore Forty Three Lac Eight Thousand Nine Hundred Sixty) Equity Shares of Rs. 2/- each

The company is engaged in the business of Manufacturing, Processors, converters, Importer, Exporters, buyers, and Dealers of all kind and forms of HDEP, LDPE, LLDPE, Plastic Products, Blown Films and Pipes Storage Tanks, Wooven Fabrics, Laminated and unlaminated jute bags and other incidental and domestic plastic and rubber products and chemicals of all kinds description.

However, there were huge losses in the company for more than last three years. The promoters of the Company have been trying hard to come out from such worst scenario. However, with the increase cost of production, almost entire capital of Sturdy Industries Limited went near to erosion. Hence the Company has decided to go for amalgamation with the fund reached company.



4. VALUATION TECHNIQUES

There are various methods commonly adopted for valuation of equity shares, including the "Market Price Method" (MP) and the "Book Value Method" (BV). Each method proceeds on different fundamentals assumptions, which have greater or lesser relevance, and at time no relevance to a given solution. Thus, the method which is adopted for a particular valuation is largely dependent on the facts of a particular case.

We have considered the following methods of valuation:

- a) Market Price Method(MP)
- b) Book Value Method(BV)
- c) Price Earning Capacity Value Method (PECV)

Market Price Method (MP)

The Market Price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity share of that Company, where such quotation are arising from the share being regularly and freely traded in, subject to the element of speculation support that may be inbuilt in the value of the share. However, no specific method has been prescribed for calculation of Market Price of equity shares. In such a case, since the transferee company is a listed company, it was felt appropriate to rely on method as provided in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. As amended from time to time,

Accordingly, the Market Value has been calculated as follows:

Particulars	Amount
26 Weeks Average (A)	1.7940
2 Weeks Average (B)	1.3595
Higher of the (A) or (B)	1.7940

Hence, in our opinion, the Market Value of SIL comes to Rs. 1.7940 per share.

Book Value Method (BV)

Under the Book Value Method, the Book Value, as at the latest audited balance-sheet date, is calculated starting from the total assets of the company and deducting there from all debts, dues, borrowings and liabilities, including current and likely contingent liabilities and preference capital, if any. In other words, it should represent the true "net worth" of the business after providing for all outside present and potential liabilities. The resultant figure so arrived at, also known as 'Net Worth' is then divided by the number of equity shares, which gives the Book Value per equity share,

In this case, the Book Value of Equity Shares has been calculated on the basis of values as reported in the Audited Financial Statements as on 31.03.2015 and other financial



information provided by the management as on the Valuation Date (i.e. 28th September, 2015). Accordingly, the number of shares considered for calculating book value has been taken to be 6,43,08,960 issued till March 31st, 2015.

Hence, in our opinion, the Book Value per Equity Share of SIL comes to **Rs. 2.22** the detailed workings for which are attached as Exhibit-A.

Price Earning Capacity Value Method (PECV)

Since, the company was in losses in past two financial years 2013-14 and 2014-15 the Price Earning Capacity Value is NIL for per equity shares of SIL.

Fair Value (FV)

The Fair Value of Equity' Share would have to be determined after considering above methodologies. Though different values have been arrived at under both the above methodologies, for the purpose of Fair Value per Equity Share, it is necessary to arrive at a single value. It is however important to note that in doing so, we are not attempting to arrive at a absolute value of the Equity Share of the Company but at their comparative value to facilitate the determination of the Share Exchange Ratio. Accordingly, the Fair Value per Equity Share has been calculated as under:

Particulars	Value (Rs.)	Weights	Total(Rs.)
Book Value	2.22	1	2.22
Market Value	1.79	2	3.58
Price Earning Capacity Value	0.00	2	0.00
TOTAL		5	5.80
Fair Value			1.16

In our opinion, the recommended share value of Sturdy Industries Limited on the valuation date is Rs. 1.16

TIRUPATI ALUMINIUM LIMITED

BUSINESS DESCRIPTION

TIRUPATI ALUMINIUM LIMITED (hereinafter referred to as 'TAL') is also a Listed Company and was incorporated, on the 17th day of October, 1994 under the provisions of the Companies Act, 1956 having its registered office at 44/1, Pipli Wala Town, Mani Majra, Chandigarh-160101. The shares of the Company were listed on Ludhiana Stock Exchange Limited (LSE), Ludhiana which is not in operation now and the same are on the Dissemination Board of National Stock Exchange w.e.f. December 01, 2014.

The present Authorized Share Capital of the Company is Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lac) divided into 35,00,000 (Thirty Five Lac) Equity Shares of Rs. 10/- (Ten) each.



The Issued, Subscribed and Paid up Capital of the Company as on date is Rs. 3,00,23,000/- (Three Crore Twenty Three Thousand) divided into 30,02,300 (Thirty Lac Two Thousand Three Hundred) Equity Shares of Rs. 10/-(Ten) each.

The company is engaged in the business of Manufacturing and Trading of Aluminium Wire Rod and other includes manufacturing of Plastic Pipes and Irrigation Systems.

VALUATION METHODOLOGY

Since the shares of TAL were not traded on LSE due to the non availability of the trading platform. Therefore, the valuation of Equity Shares of TAL has been done in accordance with Guideline (or Comparable) Publicly Traded Company Methodology, which is explained hereunder.

By its very nature, valuation work cannot be regarded as an exact science and given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions, which have to be made. There can therefore be no standard formulae to establish an indisputable value, although certain appropriate formulae are useful in establishing reasonableness.

The basic valuation methodologies adopted can be classified as:

1. Asset based approach;
2. Market based approach; and
3. Income based approach.

A) Asset Based Approach

The Asset based approach considers the Net Asset value, Replacement value or Realisable value as an indication of the fair market value of that asset.

We have adopted Net Asset value method and relied upon the report of MASTER CAPITAL SERVICES LIMITED under this approach to have idea of book value of shares.

Under this method book value of total assets and total liabilities as per latest Audited Financial statement 31/03/2015 are considered for arriving at Net Asset value of the company.

B) Market Based Approach

The market approach involves identifying comparable companies (usually publicly-listed) within the same segment of the industry and uses the comparable companies' financial information to derive various pricing multiples. These multiples are then used in calculating the fair market value.

C) Earnings based Approach



The earnings based method considers price earnings capacity value per share, discounted cash flow, earnings multiple method as an indication of the fair value of the share. Under this method profits of various years are averaged and capitalisation rate is applied to arrive at the fair value.

VALUATION OF EQUITY SHARES OF TIRUPATI ALUMINIUM LIMITED:

1. Net Asset Value Method as per Audited Balance Sheet as at 31.03.2015

Particulars	TIRUPATI ALUMINIUM LIMITED
Assets	
Fixed Assets	2,42,10,269.86
Investments	65,24,940.00
Long term loan & Advances	5,98,005.00
Net Current Assets	11,79,38,825.56
Other non-current Assets	27926.22
Total Assets(A)	14,92,99,966.64
Less:-	
Liabilities	
Long term borrowings	8,46,90,600.00
Long term provisions	93,600.00
Total Liabilities (B)	8,47,84,200.00
Total Net Worth (C)	6,45,15,766.64
TOTAL NO. OF EQUITY SHARES (D)	30,02,300
NET ASSET VALUE per Share (C)/(D)	21.49

2. Profit Earning Value per Share (PECV) Method

Since, the company was in loss in FY 2014-15 the Price Earning Capacity Value is NIL for per equity shares of TAL.

3. Average market prices:

The equity shares of the Tirupati Aluminium Limited were listed on the LSE but there has been no trading in the shares of the Company on LSE during 6 (Six) calendar months preceding the month in which this appointed date is being made. Based on the information



available, the equity shares of the Tirupati Aluminium Limited are infrequently traded on LSE and trading price cannot be considered for valuation.

1. Market Approach

The Average market price parameter is not applicable for this Company since the shares of the Company are not traded in stock exchanges.

2. Value of Equity Shares considering above two approaches

Particulars	Weight	Tirupati Aluminium Limited
1. Net Asset Value per Share	1	21.49
2. Price Earning Capacity Value Per Share	2	0
Total	3	21.49
Fair Value		7.16
30% Discounting for Illiquidity		2.149

In our opinion, to make the face value equal for both the companies the total number of equity shares has been modified to Rs. 2 as face value therefore, the recommended fair value of Rs. 2 Face value of Equity share of Tirupati Aluminium Limited on the valuation date is Rs. 1.00

SUGGESTED FAIR SHARE EXCHANGE RATIO FOR THE MERGER

The Share Exchange Ratio has been arrived on the basis of a relative valuation of the shares of both the companies based on the methodology explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of the companies, having regard to information base, management representation and perception, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to tampered by exercise of judicious discretion and judgment taking into account all the relevant factors, There will always be several factors e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheet but which will strongly influence the worth of a share. Valuation is an art not and exact science. Mathematical certainty is not demanded nor indeed is it possible.



In the backdrop of the above, and on a consideration of all the relevant factors and circumstances, in our opinion the Fair share exchange ratio for the proposed merger of TAL into SIL would be:

For every 10(Ten) Equity Shares held of Rs. 10 Face value held in TAL will receive 43 (Forty Three) Equity Shares of Rs. 2 Face Value of SIL in exchange.

For B.M. Varma & Co.
Chartered Accountants
Firm Registration No. 001099N

CA Gurdev Bassi
(Partner)
M No. 092009
Date :- 22/02/2016
Place :- Chandigarh

EXHIBIT -A

CALCULATION OF BOOK VALUE PER SHARE

Particulars	Amount
Equity Share Capital(A)	12,86,17,920.00
Reserves & Surplus(B)	1,41,31,125.36
Book Value (A+B)	14,27,49,045.36
Number of Shares (C)	6,43, 08,960
BV per Equity Share	2.22

