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REVISED VALUATION FOR THE PURPOSES OF DEMERGER

REPORT FOR (A) VALUATION OF BUSINESSES OF HARISH TEXTILE ENGINEERS PVT LTD AND VALUATION OF ENGINEERING SERVICES BUSINESS UNDERTAKING OF CORPORATE COURIER AND CARGO LIMITED

AND

(B) SUGGESTED SHARE SWAP RATIO

PROLOGUE

IN THE CAPTIONED MATTER WE HAD GIVEN A REPORT DATED24.04.2017 OF (a) VALUATION OF BUSINESS OF HARISH TEXTILE ENGINEERS PVT LTD (HTEPL) AND OF ENGINEERING SERVICES BUSINESS UNDERTAKING OF CORPORATE COURIER AND CARGO LIMITED (CCCL) AND (b) SUGGESTED SWAP RATIO PURSUNAT TO THE PROPOSED DEMERGER OF ENGINEERING SERVICES BUSINESS UNDERTAKING OF CCCL WITH HTEPL.

SUBSEQUENT TO THE ISSUE OF OUR AFORESAID REPORT, HTEPL HAS INCREASED ITS PAID UP EQUITY CAPITAL FROM RS. 70.0 LACS TO RS. 240 LACS BY ISSUE OF BONUS SHARES.

IN VIEW OF THE INCREASE IN EQUITY SHARE CAPITAL OF HTEPL, THE BOARD OF DIRECTORS OF BOTH THE COMPANIES HAVE REQUESTED US TO GIVE REVISED REPORT FOR SUGGESTED SHARE SWAP RATIO PURSUNAT TO THE PROPOSED DEMERGER OF ENGINEERING SERVICES BUSINESS UNDERTAKING OF CCCL WITH HTEPL.

IN OUR VIEW, THE VALUATION OF BUSINESS OF HTEPL AND OF ENGINEERING SERVICES BUSINESS UNDERTAKING OF CCCL WOULD NOT CHANGE ON ACCOUNT OF INCREASE IN PAID UP EQUITY OF HTEPL. HOWEVER, DUE TO INCREASE IN PAID UP EQUITY CAPITAL OF HTEPL, THE NUMBER OF SHARES TO BE ISSUED BY HTEPL TO SHAREHOLDERS OF CCCL IN SHARE SWAP WILL CHANGE.

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FOR EASY READY REFERENCE, THE ENTIRE REPORT AND REVISED SWAP WORKING ARE GIVEN HEREUNDER.

I PREAMBLE

1. CORPORATE COURIER AND CARGO LTD (**CCCL**) WITH ITS REGISTERED OFFICE AT 19, PARSI PANCHAYAT ROAD, ANDHERI (EAST), MUMBAI-400069 IS A COMPANY WHOSE EQUITY SHARES ARE LISTED ON THE BOMBAY STOCK EXCHANGE (BSE). CCCL IS ENGAGED IN THE BUSINESSES OF : (a) ENGINEERING SERVICES AND (b) CIVIL CONSTRUCTION AND REAL ESTATE

2. HARISH TEXTILE ENGINEERS PVT LTD (HTEPL) IS ENGAGED IN THE BUSINESS OF MANUFACTURE OF TEXTILE PROCESSING MACHINERY AT ITS FACTORIES IN UMBERGAM AND BHILAD, GUJARAT. HTEPL WAS INCORPORATED in 2010. ON AND WITH EFFECT FROM 1/4/2016, ALL THE TEXTILE MACHINERY MANUFACTURING ACTIVITIES OF HARISH GROUP (**WITH TRACK RECORD OF OVER SIX DECADES**) HAVE BEEN CONSOLIDATED INTO HTEPL AND WITH THIS THE TURNOVER OF HTEPL FOR THE CURRENT YEAR ENDED ON 31/3/2017 HAS INCREASED SUBSTANTIALLY. HARISH GROUP IS ALSO ENGAGED IN THE ACTIVITIES OF: (a) METAL TRADING (b) EDUCATION RELATED SERVICES (c) SANITATION AND HYGIENE PRODUCTS BEING MARKETED IN THE BRAND NAME “SWACH DHARA” AND HTEPL IS IN THE PROCESS OF SETTING UP PROJECTS FOR HEALTHCARE, HOSPITALITY AND NATURE CURE AND REAL ESTATE DEVELOPMENT.

3. HTEPL HAS ENTERED INTO AN AGREEMENT WITH PACIFIC HARISH INDUSTRIES LTD., A GROUP/ASSOCIATE COMPANY, TO ACQUIRE ITS BUSINESSES FOR MANUFACTURE OF NON-WOVEN FABRIC (NW) AND POLYSTER FIBRE (PF) FROM RECYCLED MATERIAL ON SLUMP SALE BASIS. THE ACQUSITION OF THESE BUSINESSES WILL BE EFFECTIVE FROM

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1/4/2017 OR FROM SUCH DATE AS ALL THE STATUTORY AND OTHER REQUISITE APPROVALS ARE RECEIVED, WHICHEVER IS LATER **(HEREINAFTER CALLED THE EFFECTIVE DATE)**

4. THUS, ON AND FROM THE **EFFECTIVE DATE**, HTEPL WILL BE ENGAGED IN THE BUSINESSES OF: (A) MANUFACTURE OF TEXTILE PROCESSING MACHINERY AT UMBERGAM AND BHILAD (B) MANUFACTURE OF NON-WOVEN AT UMBERGAM (C) MANUFACTURE OF POLYSTER FIBRE AT GONDHE, NASHIK. (D) METAL TRADING BUSINESS (E) HEALTHCARE (ONE PROJECT TO COMMENCE SOON AND OTHER IN PIPE LINE) (F) SANITATION AND HYGIENE PRODUCTS MARKETED IN THE BRAND NAME “SWACHH DHARA” MANUFACTURED AT UMBERGAM AND BHILAD (G) REAL ESTATE PROJECT BEING DEVELOPED AT UMBERGAM AND VARIOUS PROJECTS IN PIPE LINE IN MUMBAI (I) HOSPITALITY (IN PIPE LINE) AND (J) EDUCATION RELATED SERVICES

5. HTEPL HAS ALSO PLANNED A NEW LINE FOR PRODUCTION OF POLYSTER STAPLE FIBRE (PSF) AT GONDHE, NASHIK. THE PSF SO MANUFACTURED WILL BE PARTLY USED AS RAW MATERIAL FOR NON-WOVENS AND BALANCE WILL BE SOLD IN THE MARKET.

6. CCCL IS, INTER-ALIA, ENGAGED IN THE BUSINESS OF RENDERING ENGINERRING SERVICES AND HAS A DISTINCT ENGINEERING SERVICES BUSINESS UNDERTAKING **(ESBU)**

7. IT WAS DECIDED IN PRINCIPLE BY THE BOARD OF DIRECTORS OF CCCL AND HTEPL THAT EBSU OF CCCL WILL DEMERGE WITH HTEPL. THE DEMERGER IS PROPOSED TO BE WITH EFFECT FROM 1/4/2017 OR FROM SUCH OTHER DATE AS THE BOARDS OF BOTH THE COMPANIES MAY DECIDE.

8. WE HAVE BEEN APPOINTED BY THE BOARD OF DIRECTORS OF HTEPL AND CCCL, TO VALUE THE BUSINESS OF HTEPL AND OF ESBU OF CCCL AND TO SUGGEST THE SHARE SWAP RATIO.

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9. IN THIS BACKDROP, OUR SUGGESTIONS ARE AS UNDER:

II METHOD OF VALUATION CONSIDERED SUITABLE

1. This being the case of Demerger of ESBU of CCCL with HTEPL, one would essentially have to value the ESBU of CCCL and the Business of HTEPL and then arrive at a suitable share swap ratio based on respective and relative valuations/imputed market capitalization of each businesses. We have, therefore, made an exercise to determine the IMPUTED market capitalization of HTEPL and benchmark it against the imputed market capitalization of ESBU based on the Valuation of each Business.

2. Various methods of valuation have been judicially and otherwise recognized in India for the purposes of valuation of Businesses or shares of companies. Some of the methods that have found the highest acceptance and their suitability to the valuation exercise in reference are briefly discussed hereunder:

- **Net Worth Method**-This method is suited to companies or businesses that are ripe for liquidation or for Investment companies or assets rich companies that do not have much operational income or for businesses that have greater proportion of surplus assets. This method is not suited to value HTEPL or the EBSU of CCCL

- **The Earnings Per Share and Price Earning Ratio Method (i.e. Earnings capitalisation method)** This method is considered as most suited to value the Business of HTEPL and the EBSU OF CCCL.

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- **The Market Price of shares Method-** Is considered appropriate for an entity whose shares are listed and regularly traded on the stock exchanges in normal market conditions. However, this method is not adopted to value the ESBU of CCCL in that CCCL has more than one business undertakings and it is difficult to ascertain the market value of share of CCCL attributable to any one business undertaking.

- **Discounted Cash Flow or Discounted Free Cash flow**- method is applied to value the present value of a Business as a function of its future cash earning capacity. This method is used when there is a reasonable certainty of timing, quantum and quality of cash flow which has close relation with the underlying assets. Having regard to the volatile performance of HTEPL in the past and cyclical nature of its business, the cash flows may not accrue evenly to HTEPL from year to year. Furthermore the NW and PSF businesses are in huge expansion phase which will tend to mute cash flows in the initial years post expansion. Hence, DCF or DFCF method is not considered suitable to Value the business of HTEPL.

3. Shri Harshad Patel, a Director of CCCL was the Promoter of Sadhna Soaps which was once a house hold name in washing soaps and enjoyed huge brand value and brand recall. Shri Harshad Patel has vast experience and expertise in Business and Engineering related services. Under his mentorship, CCCL has been able to commence and rapidly grow and expand ESBU. ESBU is relatively a young business for CCCL. In its very first year of operation, ESBU has reported Net Profit of Rs. 12/- lacs and CCCL management is quite confident of rapidly expanding this business and ensure maintainable PAT of Rs. 50/ lacs to 60 lacs PA. Thus Earnings Capitalisation Method is considered to be appropriate to value the potential market capitalisation of ESBU.

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4. Since HTEPL has been ENGAGED IN ITS BUSINESS for quite some time and since there is earnings track record and earnings visibility for the near to longer term, the Earnings Capitalisation method is the most appropriate method to value the shares of HTEPL.

5. **THE EARNINGS TRACK RECORD AND PROJECTIONS OF HTEPL, NW, PF AND CONSOLIDATED PROJECTIONS ARE GIVEN IN ANNEXURES HERETO. HOWEVER, FOR THE PURPOSES OF VALUATION OF THE BUSINESS OF HTEPL, ONLY THE WORKING AND PROJECTIONS OF HTEPL (WITHOUT CONSIDERING THE WORKING AND PROJECTIONS OF NW AND PF) ARE CONSIDERED, AS THE SLUMP SALE OF NW AND PSF HAVE NOT BEEN COMPLETED AS OF THE DATE OF THIS REPORT.**

III BRIEF BACKGROUND OF HTEPL (AS PRESENTED BY THE MANAGEMENT OF HTEPL)

1. **HTEPL is the flag ship of “Harish Group” and is one of the leading companies in India engaged in the manufacture of Textile Processing Machinery.**

2. **HTEPL has also developed and executed prestigious orders of processing machinery for non-textile clients like SRF, Carborandum Universal and St. Gobain Group.**

3. **Harish Group has been engaged in the business of Manufacture of Textile and other machinery for over 65 years. Even though, HTEPL is relatively a new Company, with consolidation of all the textile machinery manufacturing of Harish Group in HTEPL w.e.f. 1/4/2016, HTEPL has captured the history and experience of over six decades of Harish Group.**

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4. **The textile processing machinery is manufactured at the factories located in Umbergam and Bhilad, Gujarat. HTEPL has one of the finest infrastructure set up in the industry for its business.**

5. **HTEPL is also engaged in the business of Manufacture and marketing of Sanitation and Hygiene Products marketed in the brand name of "Swachh Dhara".**

6. **HTEPL has a Metal Trading Division and has also diversified into the Business of Real Estate Development.**

7. **HTEPL has presence also in the Healthcare, Hospitality and Education related services through projects being executed and through its Subsidiary and Associate Companies/concerns.**

8. **Pacific Harish Industries Ltd (PHIL) is a group company engaged in the business of manufacture of Non- Wovens (NW) at Umbergam, Gujarat and PSF (PF) from recycled material at Gondhe, near Nshik.**

9. **PHIL is one of the major producers of NW in India. PHIL is a major supplier of NW Products to major Auto Companies. NW Products are also used for filtration by various major industries.**

10. **Part of the PF production is used as Raw material by NW and balance is sold in the market.**

11. **HTEPL has entered into an agreement/arrangement with PHIL to acquire its NW and PF business as a going concern by way of Slump Sale/Demerger WEF 1/4/2017 or from the date of receipt of all the statutory and other requisite approvals, whichever is later.**

12. **HTEPL also has plans to set us a new line for PF and this line is expected to go on stream in the next 12 months. There are also plans to expand and diversify NW business which is likely to be fully implemented in the next 12 months.**

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IV VALUATION OF BUSINESSES AND SUGGESTED SHARE SWAP RATIO:

I. Re: <u>ESBU OF CCCL</u>

1. Based on the projections made by the Management of CCCL, the maintainable PAT of ESBU is taken at Rs. 54.0 lacs per annum. (PROJECTIONS OF ESBU ARE GIVEN IN ANNEXURE III)

2. For a business like ESBU P/E ratio of 20 is considered fair in that:

   i. ESBU is housed in a listed entity.

   ii. This business has huge growth potential.

   iii. There are minimal overheads and related expenses and this is a business with very high profit margins.

   iv. This being a niche business there is very little competition.

   v. Peers like Voltas and other such services companies have a higher PE ratio.

   vi. Softer interest rate regimen expected over the medium to short term.

Thus, the ESBU is valued at Rs. 10.8 crores at 20 times the Maintainable PAT.

3. CCCL OWES RS. 1.74 CRORES TO HEM EXIM PL. HEM EXIM PL HAS AGREED TO TAKE 12,00,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP CCCL IN FULL AND FINAL SETTLEMENT OF ALL ITS CLAIM IN

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RESPECT OF THE SAID DEBT OWED TO IT BY CCCL. CCCL IS IN THE PROCESS OF ISSUING THE SAID SHARES TO HEM EXIM PL.

4. FOR THE PURPOSES OF THIS VALUATION REPORT IT IS PRESUMED THAT THE SAID 12,00,000 EQUITY SHARES OF RS. 10/- EACH OF CCCL HAVE BEEN ISSUED TO HEM EXIM PL AND THUS FOR THE PUSPOSES OF THIS VALUATION REPORT THE PAID UP EQUITY OF CCCL IS TAKEN AT RS. 7.20 CRORES COMPRISING OF 72,00,000 EQUITY SHARES OF RS. 10/- EACH

II. RE: <u>VALUATION OF HTEPL</u>

VALUATION BASED ON EARNINGS CAPITALISATION METHOD

1. Last Five years' performance of HTEPL is Given In Annexure I

2. After faring consistently, HTEPL received a set- back in its performance in FY: 2015-16 and incurred a net loss of Rs. 66.25 lacs. The management of HTEPL has explained that this loss is attributable to a new Unit commenced in Ahmedabad in the FY: 2015-16 which did not perform as per expectation. The exceptional loss attributable to the Ahmedabad Unit alone was Rs. 110.25 lacs and barring this exceptional, non- recurring loss, there would have been a profit of over Rs. 35.0 lacs in FY: 2015-16. This Unit has been closed in FY: 2015-16 and hence no such loss is likely to recur.

3. <u>All the Textile Machinery Manufacturing activities of Harish Group have been consolidated in HTEPL on and from 1/4/2016. With this consolidation, the Turnover of HTEPL in FY: 2016-17 has substantially increased from Rs. 24.80 crores in FY: 2015-16 to Rs. 40.93 crores in FY: 2016-17. As per the Provisional accounts for FY:</u>

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2016-17 HTEPL seems to have staged a remarkable turn- around by earning PAT of Rs. 1.36 crores in FY: 2016-17.

4. Based on the business plans and projections for the next five years prepared by HTEPL and having regard to the past performance and various other qualitative and quantitative aspects, the average maintainable turnover of HTEPL is taken at Rs. 50 TO 55 crores and Maintainable PAT is taken at Rs. 2.0 crores.

5. LMW which is engaged in the manufacture of Textile Spinning Machinery and Stovec Industries which engaged in manufacture of Textile Printing and Processing Machineries can be considered to be a closest peer group listed companies. LMW has a PE of 23 with respect to the reported Earnings and Stovec has a PE of 35.

6. Considering the Goodwill of Harish Group, the probability of softer interest rate regimen and other qualitative and quantitative factors, a PE of 15 is considered as fair to compute the value of Business of HTEPL.

7. Thus, the business of HTEPL are valued at a market capitalisation of Rs. 30 crores. (i.e. 2 crores PAT * 15 PE)

V RE: THE OVERALL VALUATION OF THE PROPOSED RESULTANT ENTITY AND SUGGESTED SHARE SWAP RATIO AND SUGGESTED RATIO OF SHARES TO BE ISSUED BY HTEPL TO SHAREHOLDERS OF CCCL

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1. Based on the individual valuation of the ESBU of CCCL AND HTEPL, the overall valuation of the proposed Resultant ENTITY would come to Rs. 40.80 CRORES as under:

Name of the Company	Valuation (in Rs. Crores)	% SHARE IN TOTAL VALUATION
1 ESBU OF CCCL	10.8	28% (Roundedoff)
3 HTEPL	30.0	72%(Roundedoff)
TOTAL	**40.80**	**100%**

2. It would be very fair if in the resultant entity shareholders of each of the two companies hold shares in Resultant Company in proportion to % share in the total valuation of each of the concerned businesses

VI SUGGESTED SHARE SWAP RATIO

In the back drop of the valuation matrix set out above, and having regard to the Paid up Equity capital of HTEPL at Rs. 240.0 LACS divided into 24,00,000 Equity shares of Rs. 10/- each, the suggested share swap ratio is as under:

For shareholders of CCCL **FOR 100 equity shares of Rs. 10/- each held in CCCL, 13 EQUITY SHARES OF RS. 10/- EACH IN HTEPL which would result into issue of 936000 equity shares of Rs. 10/- each of HTEPL to the shareholders of CCCL AND THEREBY GIVING THE SHAREHOLDERS OF CCCL 28% EQUITY STAKE IN THE**

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DILUTED EQUITY OF HTEPL POST THE PROPOSED DEMERGER. THE FULLY DILUTED EUQITY OF HTEPL POST DEMERGER WOULD BE RS. 3,33,60,000.

DATA/PRESENTATIONS/PROJECTIONS/INFORMATION RELIED ON

We have relied upon the following information and data provided to us. Some of this being technical matters and/or involving business plans and projections have been relied on as presented/provided.

1. Audited Accounts of HTEPL and CCCL For FY: 2015-16 AND EARLIER YEARS.

2. Financial Projections and Business Plans made by HTEPL AND CCCL for the FYs 2017-18 to 2021-22.

3. Provisional accounts for FY: 2016-17 of HTEPL and CCCL.

4. Management's representation on contingent liabilities, Business Plans and Projections.

5. Data and details of Projects already executed by the Promoters.

MUMBAI

IDATED 28/09/2017 **(FCA KIRAN MEHTA)**

ANNEXURE I- TRACK RECORD OF HTEPL

i. Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17*
Sales	**29.58**	**14.38**	**20.7**	**16.77**	**24.80**	**40.93**
Other Operating Income	**0.15**	**0.06**	**0.06**	**0.06**	**0.47**	**1.47**
Total Income	**29.73**	**14.39**	**20.75**	**16.83**	**25.27**	**42.40**

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Profit before Depreciation and Tax	0.33	0.87	1.34	0.88	0.06	3.10
Depreciation	0.06	0.25	0.61	0.70	0.81	1.48
Profit before tax	0.27	0.62	0.73	0.18	(0.75)	1.62
Tax Provision	0.09	0.21	0.28	0.10	(0.09)	0.26
Profit after tax	0.18	0.41	0.45	0.08	(0.66)	1.36

*As Per provisional unaudited accounts

ANNEXURE-II

PROJECTIONS FOR NON WOVEN BUSINESS ALONG WITH NEW PSF LINE

(IN RS. CRORES)

Nos	Particulars	Projected	Projected	Projected	Proj.	Proj.
		2017-18	2018-19	2019-20	2020-21	2021-22
1	SALES-	52	75	90	100	110.0
2	PBT	3.64	6	7.20	8.0	8.80
3	PAT	2.91	4.80	5.76	5.6	6.16

NOTE: NON WOVEN EXPANSION AND NEW PSF LINE ARE EXPECTED TO CONTRIBUTE FROM Q3 OF FY: 2017-18. 30% TO 35% OF NEW PSF LINE WILL BE FOR CAPTIVE CONSUMPTION AND BALANCE WILL BE SOLD IN THE MARKET. DUE TO THE NEW AND IMPROVED NEW LINE, THE PROFITABILITY OF NON WOVEN AS ALSO OF NEW PSF SOLD IN MARKET WILL BE MUCH BETTER DUE TO LOWER COST OF PRODUCTION.

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PROJECTIONS FOR ENGG BUSINESS of HTEPL

(IN RS. CRORES)

Nos	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	SALES	42.0	48.0	54.0	60.0	75.0
2	PBT	3.40	3.84	4.32	4.8	6.0
3	PAT	2.50	2.90	3.25	3.60	4.2

PROJECTIONS FOR CONSOLIDATED BUSINESSES of HTEPL

(IN RS. CRORES)

Nos	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	SALES	94.0	123.0	144.0	160.0	185.0
2	PBT	7.04	9.84	11.52	12.8	14.8
3	PAT	5.41	7.70	9.01	9.20	10.36

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ANNEXURE:III

PROJECTIONS FOR ESBU of CCCL

(IN RS. LACS)

Nos	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	SALES	35.0	60.0	90.0	120.0	150.0
2	PBT	31.50	54.0	81.0	108.0	135.0
3	PAT	23.50	35.0	57.0	75.0	94.50

(Kiran Mehta)

Chartered Accountant

M. No. 34262
Place : Mumbai
Dated : 27/09/2017

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VALUATION FOR THE PURPOSES OF DEMERGER

REPORT FOR (A) VALUATION OF REAL ESTATE DEVELOPMENT BUSINESSOF MAHESH DEVELOPERS PVT LTD AND REAL ESTATE BUSINESS UNDERTAKING OFCORPORATE COURIER AND CARGO LIMITED AND (B) SUGGESTED SHARE SWAP RATIO

IPREAMBLE

1. CORPORATE COURIER AND CARGO LTD **(CCCL)** WITH ITS REGISTERED OFFICE AT 19, PARSI PANCHAYAT ROAD, ANDHERI (EAST), MUMBAI-400069 IS A COMPANY WHOSE EQUITY SHARES ARE LISTED ON THE BOMBAY STOCK EXCHANGE **(BSE)**.

2. CCCL IS ENGAGED IN THE BUSINESSES OF CIVIL CONSTRUCTION AND REAL ESTATE,AND PROVIDING ENGINEERING SERVICES

3. MAHESH DEVELOPERS PVT LTD **(MDPL)**IS ENGAGED IN THE REAL ESTATE DEVELOPMENT BUSINESS WITH ITS REGSITERED OFFICE AT GROUND FLOOR, UMA SHIKHAR, 13TH ROAD, KHAR (WEST), MUMBAI-400052.

4. IT WAS DECIDED IN PRINCIPLE BY THE BOARD OF DIRECTORS OF EACH OF THE COMPANIES THAT CCCL WILL DEMERGE ITS CIVIL CONSTRUCTION AND REAL ESTATE BUSINESS UNDERTAKING **(REBU)** WITH MDPL. THE DEMERGER IS PROPOSED TO BE WITH EFFECT FROM 1/4/2017 OR SUCH OTHER DATE AS THE BOARDS OF EACH COMPANY MAY AGREE UPON.

5. WE HAVE BEEN APPOINTED BY THE BOARD OF DIRECTORS OF MDPL AND CCCL, TO VALUE THE BUSINESSES OF EACH OF THE COMPANIES AND TO SUGGEST THE SHARE SWAP RATIO BASED ON THE BUSINESS VALUATIONS OF EACH COMPANY.

6. CCCL ALSO OWES RS. 1.74 CRORES TO HEM EXIM PL. HEM EXIM PL HAS AGREED TO BE ALLOTED 12,00,000SHARESIN CCCL IN FULL AND FINAL SETTLEMENT OF ITS DEBT WITH CCCL.

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II RE: MAHESH DEVELOPERS PVT LTD/SAPARIA/SAMPS/MAHESH GROUP (AS PRESENTED BY THE MANAGEMENT OF MDPL)

1.0 BRIEF INTRODUCTION OF THE GROUP

1. The Sapariya/Samps/ Mahesh Group was founded by ShriRatilalSapariya in 1975.

2. ShriRatilalSapariya made a humble beginning as a Civil Contractor in the year 1975-76

3. Over the years, the Hard Work, Honesty and Superior Quality of Timely work contracts consistently executed by ShriRatilalSapariya made the Sapraiya/Samps/Mahesh Group the first choice as Contractors for some of the most reputed and Well Known Developers in Mumbai Western Suburbs from Bandra to Andheri

4. Over the years, the three sons of ShriRatilal, viz.Suresh, Ashok and Mahesh have also joined the group.

2.0TRACK RECORD OF THE GROUP

1. Over the years, the Hard Work, Honesty and Superior Quality of Timely work contracts consistently executed by ShriRatilalSapariya made the Sapraiya/Samps/Mahesh Group the first choice of Contractors for some of the most reputed and Well Known Developers in Mumbai Suburbs.

2. Till date, the Group has constructed over150land mark Residential and Commercial Projects, aggregating more than 2 million square feet in prestigious locations in Khar, Santacruz, Bandra, Andheri, JuhuScheme and Goregaon, for some of the most well- known Developers.

3. Thus, the Group has acquired unmatched expertise, experience and Goodwill in Timely execution of Quality Construction work.

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3.0 PRESENT MANAGEMENT STRUCTURE

1. The Group is now mentored by ShriRatilalSapariya and is actively managed by the close knit team of Shri Suresh, Shri Ashok and Shri Mahesh.

2. The expertise and experience of the team can be briefly tabulated as under:

Sr. No.	Name of the Director	Age	Qualification / Expertise
1	Mr.RatilalAmbaSapariya	66	The founder of the group has over 42year's extensive experience of Construction industry. He has the overall supervision of all the activities and is the main guiding force of the group
2	Mr. Suresh RatilalSapariya	43	BE Civil. Has over 23 years' experience in the business. He is overall in charge of all the projects execution and quality control.
3	Mr. Ashok RatilalSapariya	40	BE Civil. Has over 19 years' experience in business. He is in charge of construction, project and office administration and sales.
4	Mr. Mahesh RatilalSapariya	36	B.Com. Has over 17 years' experience in Business. He looks after Business Development, Accounts, Finance and legal Matters as also sales.

3. The group has association with several reputed Architects and Design Consultants of Mumbai.

3.0 DIVERSIFICATION INTO REAL ESTATE DEVELOPMENT

1. In the last few years, the Group has diversified and ventured into Real Estate Development.

2. The group has already successfully competed development of SixResidential and Commercial Projects in Khar and Goregaon.

3. MDPL is the vehicle specifically formed by the Group to execute Real Estate Development Projects.

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4. MDPL was incorporated on 28/08/2008 and since then it has already executed a Residential cum Commercial Project at a Prestigious location in Khar (West) admeasuring 12,000/- square feet.

5. MDPL has completed a residential project called Jai Arti at the prestigious location in Swastik Park, Chembur. This project involved construction of65,000 square feet and the free sale area coming to the share of MDPL is 18,000 square feet. OC for the Project has been received in FY 2016-17. A part of the free sale area has been sold in FY: 2016-17 and the balance free sale area coming to the share of MDPL is expected to be fully sold in the First Half of FY: 2017-18.

4.0 ROJECT PIPE LINE AND POTENTIAL

1. MDPL has already secured the Redevelopment rights in respect of the following prestigious Projects :

Sr No	Project Name	Location	Plot Area (Sq. ft.)	Total Carpet Area	Rehab Area	Saleable Carpet Area coming to MDPL(sqft) - approx.
1	Chandrakiran	11th & 6th Road Jn., Khar West	5328	14386	7566	6820
2	Ramkrishna	10th Road, Khar West	9765	26366	17600	8766
3	SeenaNiwas	Swastik Park, Chembur	18180	49087	28201	20886
4	Sejal	Devidayal Road, Mulund west	17954	48477	25787	22690
5	ShipIndia	13th Road, Khar West	6390	17253	8700	8553
			57618	155569	87913	67656

2. The above projects are expected to be launched in phases in the next 12 months and are expected to be completed in the next 4 to 5 years.

3. The sales potential of the free sale area coming to the shares of MDPL is ABOUT Rs. 280crores (at today's prices) and the costs associated with these projects (including interest costs) is around Rs. 200 crores. Thus, MDPL has the potential to earn free cash flows of Rs. 80crores (before tax) in the next 5-7 years.

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4. MDPL also has also bid for several prestigious redevelopment projects and it expects to have a strong sustainable pipe line in the medium to long term.

III **INFORMATION/PROJECTIONS AND DATA RELIED ON**

We have relied on the following information and data:

1. Audited Accounts of MDPL and CCCL For FY: 2015-16.

2. Provisional accounts of MDPL and CCCL for FY: 2016-17.

3. Financial Projections made by MDPL and CCCLfor the FYs 2016-17 to 2021-22.

4. Managements representation on contingent liabilities, Projects on hand, projects in pipe line and goals of Managements.

5. Data and details of Projects already executed by the Promoters.

IV**ASSUMPTIONS**

In the backdrop set out in Preamble above, the valuation of the companies proposed to be merged is based on the following assumptions:

1. None of the companies have any surplus assets-movable or immovable requiring any adjustments for market values thereof.

2. None of the companies have liabilities not disclosed in the accounts as would have a bearing on the valuation.

3. For the purposes of this valuation it is presumed that 12,00,000 shares of CCCL have already been issued to Hem Exim PL in full satisfaction of

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the debt owed by CCCL to Hem Exim PL. Thus, for the purposes of this valuation the Paid Up Equity of CCCL is taken at 7.2crores divided into 72,00,000 Equity shares of Rs. 10/- each comprising of Present paid up equity of 60,00,000 shares of Rs. 10/- each plus 12,00,000 equity shares of Rs. 10/- each proposed to be issued to Hem Exim PL.

V METHODOLOGY ADOPTED FOR VALUATION

1. For the purposes of suggesting a fair share swap ratio for the purposes of Equity shares to be issued by MDPL to the shareholders of CCCL upon demerger of REBU of CCCL with MDPL, we have valued the REBU of CCCL and Real Estate Development Business of MDPL. Based on such valuation we have computed imputed market capitalization of each businesses and based thereon we have suggested the fair share swap ratio.

   There are FOUR methods commonly adopted and judicially accepted in India for thevaluation of the equity shares. They are the Net Assets Method, the Earnings Capitalisation Method, the Discounted Cash Flow method and the Market Price Method. Each method proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to given situation. Thus, methods to be adopted for a particular valuation must be judiciously chosen.

- **The Net Assets or the Adjusted Net Assets Method** represents the value of the share with reference to the value of assets owned by the company and the attached liabilities on the valuation date. Generally adjusted historical cost of the assets is considered in arriving at a value per share. This method is generally suitable for a company which has no business activity and is ripe for winding up. However, since, MDPL has several projects in pipeline, which may take some years before revenues and profits from these projects are reported, adjusted net assets value method has also been considered for the purposes of this valualuation exercise. The adjusted net assets value would involve reckononing the value of all

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the assets of MDPL (tangible or intangible and wheter recorded in books or not) and arriving at adjusted value of assets and similarly to consider all such liabilities and thus, arriving at adusted value of liabilities. Thus, the diffeence between the adjusted value of assets and adjusted value of liabilities would be adjusted net value of assets.

- **The Earnings Capitalization Method** involves determination of the maintainable earnings level of the company from its normal operations. These earnings, considered on a post- tax basis, are then capitalized at a rate which, in the opinion of the valuer combines an adequate expectation of reward from enterprise and risk. The business value arrived at is then divided by the number of shares. This method is based on the earnings capacity of the business and is consistent with the "Going Concern" basis applicable to continuing business entities.

- **The Market Price Method-** Is considered appropriate for an entity whose shares are listed and regularly traded on the stock exchanges in normal market conditions.

- **Discounted Cash Flow or Discounted Free Cash flow**- method is applied to value the present value of a Business as a function of its future cash earning capacity. This method is used when there is a reasonable certainty of timing, quantum and quality of cash flow which has close relation with the underlying assets.

2. Since CCCL is listed and traded on the BSE, the market price method would be the one method that could be suitably applied to fairly value the share price of CCCL. However, since, CCCL is engaged in two businesses, it is not possible to ascertain the share price of CCCL attributable to any one Business Segment. In view of this, Earning Capitalisation Method is adopted to value the Real Estate Business Undertaking of CCCL.

3. MDPL has been engaged in Real Estate Development since 2008. MDPL has already completed development of One Residential and Commercial Project in Khar (West). MDPL has also completed the Jai Arti Residential

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Project at Chembur in FY:2016-17 and it has on hand five Projects at various stages of commencement in Khar, Chembur and Mulund which are scheduled to be completed in the next four to five years. Since MDPL has earnings track record and earnings visibility for the near to longer term, the Earnings capitalisation method is considered to be the most appropriate method to value the shares of MDPL. As explained aforesaid, the Adjusted Net Assets Value Method has also been considered for the purposes of this Valuation Exercise.

4. Since the cash flow from various projects in hand of MDPL may not accrue evenly from year to year and since there are no underlying fixed assets to which the cash flows may relate, the discounted free cash flow method is not considered to be suitable to value the business of MDPL.

IV VALUATION OF BUSINESSES OF EACH COMPANY AND SUGGESTED SHARE SWAP RATIO:

I. Re: VALUATION OF REBU OF CCCL

1. REBU is relatively a young business commenced by CCCL in second half of FY: 2016-17

2. We have been informed that the ShriRitesh Patel and ShriAkash Patel, Directors of CCCL, have been engaged in the real estate business for the past several years and they have already completed redevelopment of one residential project in Jawahar Nagar, Goregaon (West) and have commenced Redevelopment of second residential project in Jawahar Nagar, Goregaon (west) through their Flagship Company Sadhna Global. They also have experience in executing civil and infrastructure projects through their associated concerns. They have excellent net working with various reputed real estate developers, architects, civil and infrastructure contractors of repute.

3. The Patel Brothers are now focussed on the REBU of CCCL and they are very hopeful of getting bigger and better civil and infrastructure contracts and Projects as also Real Estate Development Projects in

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REBU of CCCL and of rapidly expanding REBU of CCCL volume wise and profitability wise.

4. Having regard to the experience and expertise of the Patel Brothers in this business and having regard to the order book and orders in pipe line of REBU and the likelihood of securing redevelopment projects, and considering the Projections and Business Plans prepared by CCCL, the maintainable PAT of REBU is taken at Rs. 45 lacs

5. Thus the fair value of REBU is taken at Rs. 9.0 crores (i.e. Maintainable Profits of Rs. 45 lacs * PE of 20)

6. The PE of 20 is considered fair for REBU as: (a) REBU involves minimal overheads and high profits (b) REBU is expected to grow at CAGR of 35% over the next five years and hence would enjoy a better PE (c) PE of peer group companies is in the vicinity of 20-22.

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V **RE: VALUATION OF REAL ESTATE DEVELOPMENT BUSINESS OF MDPL BASED ON EARNINGS CAPITALISATION METHOD AND ADJUSTED NET ASSETS VALUE METHOD**

A VALUATION BASED ON EARNINGS CAPITALISATION METHOD

1. Last Five years' performance of MDPL can be tabulated as under:

(Figures in Rs.)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Sales	1,255	3,61,76,995	-	21,17,392	3,54,896
PBT	(13,09,862)	9,59,469	-	4,03,970	3,54,896
Tax	40,631	1,34,500	10,473	1,23,995	1,36,375
PAT	(12,69,231)	8,24,969	(10,473)	2,79,975	2,18,521
Opening WIP	1,35,00,000	3,07,31,373	-	3,50,73,056	13,67,05,623
Closing WIP	3,07,31,373	-	3,50,73,056	13,67,05,623	36,44,47,325

2. **Re: FY: 2016-17**- FY: 2016-17 is a water shed turn around year for MDPL. MDPL completed the Jai Arti Project at Chembur well in time in the FY: 2016-17. The Occupation Certificate for this Project was received in Oct. 2016. MDPL has been able to book sales of Rs. 24.70 crores in FY: 2016-17 and as per the Provisional Unaudited Accounts, the PBT for FY: 2016-17 is Rs. 68.56 lacs. This Project is expected to be fully sold in FY: 2017-18. Profits from this Project in FY: 2017-18 are expected to be much higher as the sales realisation in the current year are much better and the costs are frozen and no additional financial costs will be incurred for this Project. It is expected that Jai Arti Project will yield PBT of between Rs. 3.5 to Rs. 4.5 crores in Current Year.

3. MDPL expects Ramkrishna, SeenaNeewas and Chandra Kiran Projects to contribute PBT of Rs. 4-5 crores in each of FYs: 2018-19,

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019-20 and 2020-21.Post FY: 2020-21 other Projects in Pipe Line will start contributing to the Profits of MDPL.

4. Based on the business plans and projections for the next five years prepared by MDPL and having regard to the past performance and various other qualitative and quantitative aspects, the average maintainable PAT of MDPL is taken at Rs. 2.0 crores on a very conservative basis. Since these projections have support of past track record of MDPL; for the purposes of this valuation, the fair maintainable PAT of MDPL is fairly taken at Rs. 2.0 crores. The Projected Maintainable PAT is taken on a very conservative basis after duly considering and discounting for (a) Likely Delays in Execution of Projects which in turn could delay accrual of Profits and cash Flow, (b) Somewhat unsettled Real Estate Markets Post Demonetisation (c) Regulatory Uncertainties and risks usually associated with Real Estate Business and (d) Various other Business and Economic Issues faced by Real Estate Business.

5. PE multiple of 12 is taken as being a fair PE multiple for a company like MDPL for the reasons explained hereunder.

a. The promoter family has been in this business for more than three decades and has excellent reputation and goodwill in the market.

b. Hands on management by the promoter family.

c. Excellent Projects on hand at Good Locations

d. Expected soft interest rate environment.

e. Consideration the PE ratio of comparable listed Companies.

6. **Thus, the real estate development business of MDPL is valued at a market capitalisation of Rs. 24 crores. (i.e. 2crores PAT * 12 PE)**

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B VALUATION BASED ON ADJUSTED NET ASSETS VALUE METHOD

1. Having regard to the Projects on hand and in pipeline, the profit before tax potential of MDPL over the next 5 to 7 years is projected by the management of MDPL at around Rs. 30.0 crores.

2. MDPL has already executed Development Agreements (DA) in respect of SeenaNiwas, Ramakrishna and ChadraKiran and is in the process of executing DAs for Sejal and Ship India Projects. MDPL has already begun implementing SeenaNiwas, Chandrakiran and Ramakrishna Projects.

3. **For a Company like MDPL, the rights and profit potential embedded in various Projects under execution and on hand would be regarded as Intangible Assets, the value and potential whereof are not recorded in its books of accounts.**

4. Thus, while valuing the Adjusted Asset Value of MDPL on any particular date, one would have to consider the fair market value of the rights and interest of MDPL in various Projects in hand and under execution.

5. Thus, while computing the Adjusted Net Value of the Assets of MDPL as of the date of this Valuation Report, we have taken into account the Fair Market Value of the rights and interest of MDPL in various Projects in pipe line and under execution.

6. Hence, we have considered the fair market value of various Projects of MDPL on the basis of the consideration or value that MDPL would receive if it were to assign or transfer all its rights in all the Projects detailed aforesaid as on or around the date of this Report.

7. **We have been informed by the Management of MDPL that if MDPL were to assign/transfer its rights in all the Projects (detailed above) except Jai Arti, then on a conservative basis it would receive a net**

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consideration (i.e net of expenses incurred till date on the Projects) of around Rs. 30.0 crores.

8. Taken together with the expected Profit from the Jai Arti Project of around 4.00 crores, the value of Intangible Assets in the form of rights in Projects would come to Rs. 34 crores (on PBT basis).

9. **On PAT basis the value of such intangible asset would aggregate to Rs. 23.80 crores as under:**

Sr No	Particularas	Amount (in Rs. Crores)
1	Fair Market value of Projects in hand/execution and in Pipe Line	30.0
2	Profits expected to be earned from Jai Arti Project in FY: 2017-18	4.0
3	TOTAL	34.0
4	Less;:Income tax payable (@ 30%)	10.2
5	Net Fair Value of Intangible Assets of MDPL	23.8

10. Having regard to the sales potential of various projects, the cost and profit projections thereof, the above projections of Net Fair Value of Intangible Assets of MDPL made by its Management is found to be fair and reasonable and the same is adopted for the purposes of this Valuation.

11. The management of MDPL has certified that there are no liabilities that are not recorded in the Books of MDPL or that there are no liabilities that need any adjustment to the Book values thereof.

12. Thus, the value of MDPL based on the Adjusted Net Assets Value Method would come to Rs. 23.80 crores.

<u>FOLLOWING THE PRINCIPLE OF CONSEVATISM, LOWER OF THE TWO VALUATIONS I.E. VALUATION OF RS. 23.80 CRORES AS PER THE ADJUSTED NET ASSETS VALUE IS TAKEN TO WORK OUT THE SHARE SWAP RATIO.</u>

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VIRE: THE OVERALL VALUATION OF THE RESULTANT ENTITY AND SUGGESTED SHARE SWAP RATIO AND SUGGESTED RATIO OF SHARES OF MDPL TO BE ISSUED TO SHREHOLDERD OF CCCL

1. Based on the individual valuation of REBU OF CCCL AND OF REAL ESTATE DEVELOPMENT BUSINESS OF MDPL , the shareholders of CCCL (Including SHARES TO BE ISSUED TO Hem Exim) should hold equity in RESULTANT MDPL in the following ratio

Name of the Company	Valuation (in Rs. Crores)	% SHARE IN TOTAL VALUATION
1 REBU OF CCCL	9.0	27.44%
2 MDPL	23.80	72.56%
TOTAL	**32.80**	**100%**

2. It would be very fair if in the merged entityshareholders of each of the twocompanies hold shares in proportion to % share in the total valuation of each of the concerned companies.

V **SUGGESTED SHARE SWAP RATIO**

In the back drop of the valuation matrix set out above, and having regard to the present Paid Up Equity of MDPL at Rs. 3.0 crores comprising of 30,00,000 equity shares of Rs. 10/- each , the suggested share swap ratio is as under:

For shareholders of CCCL-**FOR 100 equity shares of Rs. 10/- each held in CCCL, 16 EQUITY SHARES OF RS. 10/- EACH IN MDPL which would result into issue of 11,52,000 equity shares of Rs. 10/- each of MDPL to the shareholders of CCCL.**

MUMBAI
DATED 28/04/2017

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PROJECTIONS FOR REBU OF CCCL (AS REPRESENTED BY MANAGEMENT OF CCCL)

(IN RS. LACS)

Nos	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	SALES/TURNOVER	150.0	250.0	450.0	550.0	650.0
2	PBT	22.50	37.50	67.50	82.50	110,0
3	PAT	15,75	26.25	47.25	57.75	77.0

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Computation of Fair Share Exchange Ratio								
Valuation Approach	Corporate Couriers				MDPL		HTEPL	
	Engineering Unit		Real Estate Unit					
	Value	Weight	Value	Weight	Value	Weight	Value	Weight
Asset Approach	0.12	0	0.1	0	23.8	1	3.04	0
income Approach	10.8	1	9	1	24.5	-	30	1
Market Approach	3.5	0	3.5	0	NA	0	NA	0
Relative Value Per Share	15	0	12.5	1	79.33	1	429	1
Exchange Ratio:								

For Every 100 Equity Shares held in CCCL,
13 (Thirteen) Equity Shares of Nominal Value of Rs.10/-each Fully Paid up in HTEPL and
16 (Sixteen) Equity Shares of Nominal Value of Rs. 10/- Each Fully Paid up in MDPL
In Addition to Shares already held by Shareholders of CCCL

Chartered Accountant

(Kiran Mehta)
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Place : Mumbai
Dated : 27/09/2017