

BOSE & CHAKRABARTI
CHARTERED ACCOUNTANTS
16/C, SACHIN MITRA LANE
KOLKATA - 700 003

Strictly Private and Confidential

The Board of Directors

Hindusthan Udyog Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

The Board of Directors

Neptune Exports Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

The Board of Directors

Tea Time Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

The Board of Directors

Asutosh Enterprises Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

The Board of Directors

Northern Projects Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

The Board of Directors

Orient International Limited

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046

Sub: Recommendation of Share Exchange Ratio for proposed amalgamation of (i) Asutosh Enterprises Limited (ii) Neptune Exports Limited (iii) Northern Projects Limited (iv) Tea Time Limited (v) Orient International Limited with Hindusthan Udyog Limited

Dear Sirs,

We refer to our engagement Letter(s) wherein our Firm has been requested to provide a Valuation Report recommending the Share Exchange Ratio as on **31st March, 2019** (hereinafter referred to as the "**Valuation Date**") for the proposed amalgamation of (i) Asutosh Enterprises Limited (ii) Neptune Exports Limited (iii) Northern Projects Limited (iv) Tea Time Limited (v) Orient International Limited with Hindusthan Udyog Limited.

Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited, Orient International Limited and Hindusthan Udyog Limited are together referred to as the "**Companies**".

PROPOSED TRANSACTION

We understand from the Management of the Companies ("**Management**") that they are contemplating merger of Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited and Orient International Limited with Hindusthan Udyog Limited ("**Proposed Transaction**") through a Scheme of Amalgamation by way of Merger under



sections 230 to 232 of The Companies Act, 2013 between the said Companies and their respective shareholders and creditors ("**Scheme**").

As a consideration for the Proposed Transaction, equity shareholders of Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited and Orient International Limited would be issued Equity Shares of Hindusthan Udyog Limited. The Share Exchange Ratio for this Report refers to the number of equity shares of face value of Rs. 10/- each of Hindusthan Udyog Limited, which would be issued to the shareholders of Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited and Orient International Limited.

For the aforesaid purpose, the Management has requested us to submit an Independent Report recommending the Share Exchange Ratio in connection with the Proposed Transaction for the consideration of their Audit Committees and Board of Directors. The Report shall also be submitted to the appropriate judicial, regulatory or government authorities in connection with the Proposed Transaction.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of the Companies and report on the Share Exchange Ratio for the proposed amalgamation in accordance with generally accepted professional standards.

SOURCES OF INFORMATION

In connection with the valuation, we have used the following information pertaining to the Companies and received from its Management or gathered from public domain:-

- Annual Reports for the year ended 31st March, 2019
- Draft Scheme of Amalgamation
- Other relevant details regarding the Companies such as their past and present activities, promoters, shareholding pattern and other details available in public domain.
- Such other information and explanation as were required and provided to us by the Management of the Companies.

It may be noted that no future business plans for the Companies have been provided to us.

EXCLUSIONS AND LIMITATIONS

This Report, its contents and the results herein are (i) specific to the purpose of valuation agreed as per the terms of our engagement (ii) as of the Valuation Date and (iii) are based on the data detailed in the Section – Sources of Information. Events occurring after the valuation date may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In the course of the valuation, we were provided with both written and verbal information, including information detailed in the Section – Sources of Information. We have not audited, reviewed or otherwise investigated the financial information provided to us by the Companies.



Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial Statements.

With respect to explanations and information sought from the Companies, we have been given to understand that they have not omitted any relevant and material factors. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not provide reasonable grounds upon which the Report can be based.

No investigation/inspection of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances, if any, against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We owe responsibility to only the Board of Directors of the Companies that have appointed us for the purpose. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies. In no event we shall be liable for any loss, damages, costs or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Companies, their directors or employees.

We do not accept any liability to any third party in relation to the issue of this Report and it is not a substitute for the third party's own due diligence/appraisal/enquiries/independent advice that the third party should undertake for this purpose. Moreover, recommendations provided by us in this Report shall not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from relevant advisors.

Neither the Report nor its contents or parts thereof shall be reproduced, copied or quoted elsewhere other than in connection with the Proposed Transaction or without our prior written consent.

SHAREHOLDING PATTERN OF COMPANIES

The Issued and Subscribed Share Capital of the Companies, comprising of Equity Shares of Rs. 10/- each, along with their Shareholding Pattern as on 31st March, 2019 were as follows:-

HINDUSTHAN UDYOG LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	53,79,910	74.96
2.	Public	17,96,815	25.04
	TOTAL	71,76,725	100.00

ASUTOSH ENTERPRISES LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	16,79,500	74.94
2.	Public	5,61,500	25.06
	TOTAL	22,41,000	100.00



NEPTUNE EXPORTS LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	22,49,000	74.97
2.	Public	7,51,000	25.03
	TOTAL	30,00,000	100.00

NORTHERN PROJECTS LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	16,53,030	74.97
2.	Public	5,51,970	25.03
	TOTAL	22,05,000	100.00

TEA TIME LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	21,76,400	74.95
2.	Public	7,27,519	25.05
	TOTAL	29,03,919	100.00

ORIENT INTERNATIONAL LIMITED

SL.	SHAREHOLDER CATEGORY	SHARE NOS.	%
1.	Promoter & Promoter Group	14,38,830	65.40
2.	Public	7,61,170	34.60
	TOTAL	22,00,000	100.00

VALUATION APPROACH AND METHODOLOGY

The Scheme contemplates the amalgamation of Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited and Orient International Limited with Hindusthan Udyog Limited. Arriving at the Share Exchange Ratio for the Proposed Transaction would require determining value of the equity Shares of each Company independently but on a relative basis and without considering the current transaction.

There are several commonly used and accepted methods for determining the Share Exchange Ratio including:-

- I. Market Approach:
 - a) Market Price Method
 - b) Comparable Companies Multiple
- II. Income Approach: Discounted Cash Flows Method
- III. Cost/Asset Approach: Net Asset Value Method

The generally accepted valuation methodologies, as may be applicable, which have been used by us to arrive at the value of the Companies is discussed hereunder:-



Market Price (MP) Method

The market price of an equity share as quoted on a 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 freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

In the present case, equity shares of the Companies are listed on BSE and Calcutta Stock Exchange, except for Orient International Limited which is only listed with Calcutta Stock Exchange. However, there is no trading in the shares of such Companies on both the Exchanges. Accordingly, the value of Companies under MP Method cannot be determined.

Comparable Companies Multiple (CCM) Method

This Method involves valuation based on market multiples derived from prices of market comparable companies traded on active market or transaction multiples derived from prices paid for comparable transactions. This valuation is based on the principle that market valuations, taking place between informed buyers and sellers incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between circumstances.

We were unable to find similar transactions or multiples to arrive at the equity valuations of the Companies. Hence, we have not used this method for valuation.

Discounted Cash Flows (DCF) Method

Under the DCF Method the projected free cash flows to the Company are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the Company. Using the DCF analysis involves determining of (i) Estimating the future free cash flows and (ii) appropriate discount rate to be applied to cash flows i.e. the cost of capital.

We have not been provided with any financial forecasts by the Companies. Hence, we have not considered DCF method of valuation.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the (i) asset base dominates earning capability (ii) there are no intangible assets in the form of brands, trademarks etc and (iii) there is no future growth potential of the business.

As the asset base dominates the earning capabilities of the Companies, we have considered the NAV method to determine the valuation of the Companies. For the purpose of valuation of the Companies under this Method, the assets of the Companies comprising of Land and Buildings and Investments in Quoted Securities have been taken at their realizable values.



BASIS OF SHARE EXCHANGE RATIO

The basis of Proposed Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Values for equity shares of the Companies for the purpose of recommending a fair Share Exchange Ratio have been arrived under one methodology only due to non-applicability/non-suitability of other methodologies and hence 100% weightage has been assigned to such methodology only. It is however to be noted that in doing so we are not attempting to arrive at the absolute equity values of the Companies but at their relative values for determination of a fair share exchange ratio. The Computation of Share Exchange Ratio, as derived by us, is given in **ANNEXURE A**, enclosed herewith.

CONCLUSION

Based on above and on consideration of all relevant factors and circumstances for the proposed amalgamation of Asutosh Enterprises Limited, Neptune Exports Limited, Northern Projects Limited, Tea Time Limited and Orient International Limited with Hindusthan Udyog Limited, we recommend the following Share Exchange Ratio:

- **100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 95 (ninety five) fully paid up Equity Shares of Rs. 10/- each held in Asutosh Enterprises Limited;**
- **100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 1,096 (one thousand and ninety six) fully paid up Equity Shares of Rs. 10/- each held in Neptune Exports Limited;**
- **100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 659 (six hundred and fifty nine) fully paid up Equity Shares of Rs. 10/- each held in Northern Projects Limited;**
- **100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 788 (seven hundred and eighty eight) fully paid up Equity Shares of Rs. 10/- each held in Tea Time Limited; and**
- **100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 2,332 (two thousand three hundred and thirty two) fully paid up Equity Shares of Rs. 10/- each held in Orient International Limited.**

FOR BOSE & CHAKRABARTI
CHARTERED ACCOUNTANTS
ICAI FIRM REGN. NO. 322138E



Majumdar
[D. MAJUMDAR]
PARTNER

MEMBERSHIP NO.: 013714
UDIN NO. 19013714AAAABV4329

PLACE: KOLKATA
DATE: SEPTEMBER 25, 2019

ANNEXURE A

COMPUTATION OF SHARE EXCHANGE RATIO

AMOUNT IN RS.

Valuation Approach	HINDUSTHAN UDYOG LIMITED		ASUTOSH ENTERPRISES LIMITED		NEPTUNE EXPORTS LIMITED		NORTHERN PROJECTS LIMITED		TEA TIME LIMITED		ORIENT INTERNATIONAL LIMITED	
	Value per Share	Weight (%)	Value per Share	Weight (%)	Value per Share	Weight (%)	Value per Share	Weight (%)	Value per Share	Weight (%)	Value per Share	Weight (%)
Asset Approach (NAV Method)	668.69	100%	702.93	100%	61.00	100%	101.54	100%	84.82	100%	28.67	100%
Income Approach (DCF Method)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Market Approach (CCM Method)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Relative value per share	668.69	100%	702.93	100%	61.00	100%	101.54	100%	84.82	100%	28.67	100%
Exchange ratio (rounded off)	100		95		1,096		659		788		2,332	

Note:

1. Assets approach has been adopted for valuation of Companies as their asset base dominates their earnings capabilities
2. Income Approach could not be considered as we have not been provided with any Financial Projections for the Companies
3. Market Approach could not be considered as we were unable to find similar transactions or multiples for these Companies nor their shares are being frequently traded on any Stock Exchange



RATIO:

- 100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 95 (ninety five) fully paid up Equity Shares of Rs. 10/- each held in Asutosh Enterprises Limited;
- 100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 1,096 (one thousand and ninety six) fully paid up Equity Shares of Rs. 10/- each held in Neptune Exports Limited;
- 100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 659 (six hundred and fifty nine) fully paid up Equity Shares of Rs. 10/- each held in Northern Projects Limited;
- 100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 788 (seven hundred and eighty eight) fully paid up Equity Shares of Rs. 10/- each held in Tea Time Limited; and
- 100 (one hundred) fully paid up Equity Shares of Rs. 10/- each of Hindusthan Udyog Limited for every 2,332 (two thousand three hundred and thirty two) fully paid up Equity Shares of Rs. 10/- each held in Orient International Limited.



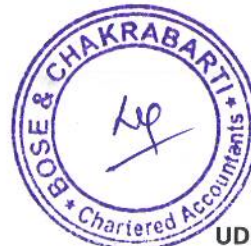
BOSE & CHAKRABARTI
CHARTERED ACCOUNTANTS
16/C, SACHIN MITRA LANE
KOLKATA - 700 003

CALCULATIONS OF NET ASSET VALUE PER SHARE AS ON 31.03.2019

RS. IN LAKHS

SL.	Particulars	Transferee Company	Transferor Companies				
		Hindusthan Udyog Limited	Asutosh Enterprises Limited	Northern Projects Limited	Neptune Exports Limited	Tea Time Limited	Orient International Limited
1.	ASSETS						
	- Tangible Fixed Assets						
	Land & Buildings (at market value)	14,724.40	-	-	231.19	-	-
	Other Fixed Assets	122.13	-	-	7.71	0.48	-
	- Investments						
	Quoted Securities (at market value)	32,140.59	15,945.84	603.60	57.85	61.75	56.03
	Unquoted Securities	72.20	0.07	82.92	465.56	215.58	201.18
	- Inventories	942.97	-	-	-	-	-
	- Trade Receivables	682.60	-	50.11	-	-	-
	- Cash & Cash Equivalents	787.41	0.75	1.28	17.46	1.25	1.17
	- Other Assets	4,906.47	13.79	1,540.43	1,060.80	2,186.19	373.22
	TOTAL ASSETS	54,378.77	15,960.45	2,278.33	1,840.57	2,465.25	631.59
2.	LIABILITIES						
	- Borrowings	485.81	-	-	-	-	-
	- Deferred Tax Liabilities	113.66	-	(0.25)	-	-	-
	- Trade Payables	435.93	-	-	-	-	-
	- Other Current Liabilities	5,139.02	207.80	0.64	1.15	0.32	0.16
	- Provisions	214.53	-	38.88	9.37	1.70	0.72
	TOTAL LIABILITIES	6,388.95	207.80	39.27	10.52	2.02	0.88
3.	NET ASSETS (1 - 2)	47,989.82	15,752.65	2,239.06	1,830.05	2,463.22	630.71
4.	NO. OF EQUITY SHARES	71,76,725	22,41,000	22,05,000	30,00,000	29,03,919	22,00,000
5.	NAV PER SHARE (3/4) [IN RS.]	668.69	702.93	101.54	61.00	84.82	28.67

FOR BOSE & CHAKRABARTI
CHARTERED ACCOUNTANTS
ICAI FIRM REGN. NO. 322138E



[Signature]
[D. MAJUMDAR]
PARTNER

MEMBERSHIP NO.: 013714

UDIN NO. 19013714AAAABV4329

PLACE: KOLKATA
DATE: SEPTEMBER 25, 2019