

# VALUATION ANALYSIS

FOR THE PROPOSED AMALGAMATION  
OF  
ITDL IMAGETEC LIMITED  
(THE TRANSFEROR COMPANY -1)  
AND  
ABC COMMERCIAL COMPANY LIMITED  
(THE TRANSFEROR COMPANY -2)  
AND  
ALANKAR SECURITIES PRIVATE LIMITED  
(THE TRANSFEROR COMPANY -3)  
AND  
TRIVENI SECURITIES PRIVATE LIMITED  
(THE TRANSFEROR COMPANY -4)  
AND  
MAHAVIR PHOTOTECH PRIVATE LIMITED  
(THE TRANSFEROR COMPANY -5)  
WITH  
INDIAN TONERS AND DEVELOPERS LIMITED  
(THE TRANSFEREE COMPANY)

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**SECTION I - APPOINTMENT FOR DETERMINATION OF EXCHANGE RATIO**

This Valuation Report has been prepared by **M/s AARA & Company, Chartered Accountants** to provide Valuation of companies involved in this amalgamation and to determine the exchange ratio of equity shares of Indian Toners and Developers Limited viz-a-viz the equity shares ITDL Imagetec Limited, ABC Commercial Company Limited, Alankar Securities Private Limited, Mahavir Phototech Private Limited and Triveni Securities Private Limited. The Appointed Date for this amalgamation has been kept as 1<sup>st</sup> April, 2016.

**BRIEF OF THE COMPANIES INVOLVED UNDER THIS AMALGATION**

1. **INDIAN TONERS AND DEVELOPERS LIMITED** (herein after referred to as 'ITDL' or 'Transferee Company'), bearing CIN L74993UP1990PLC015721 was incorporated on January 09, 1990 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi & Haryana. The Transferee Company has received the Certificate for Commencement of Business on 8<sup>th</sup> February, 1990. Subsequently, the registered office of the transferee company was changed and shifted in the jurisdiction of Uttar Pradesh and certificate of registration was issued by the RoC, Kanpur dated 10<sup>th</sup> September, 1993. At present the registered office of the transferee company is situated at 10.5 KM Milestone, Rampur-Bareilly Road, Rampur, Uttar Pradesh.  
The Transferee Company is a widely held listed Company having its shares listed at BSE Limited ('BSE').
2. **ITDL IMAGETEC LIMITED** (herein after referred to as 'IIL' or "Transferor Company 1") , bearing CIN U93090DL2007PLC158393 was incorporated on January 24, 2007 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Transferor Company 1 has received the Certificate for Commencement of Business on 25<sup>th</sup> January, 2007. At present the registered office of the Transferor Company 1 is presently situated at 1224, DLF Tower 'B', Jasola, New Delhi - 110025.

The Transferor Company is subsidiary of the Transferee Company, as Transferee Company holds 51% shares of the Transferor Company.



3. **ABC COMMERCIAL COMPANY LIMITED** (herein after referred to as '**ACCL**' or "**Transferor Company 2**"), bearing CIN U51909AS1985PLC002288 was incorporated on January 24, 1985 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, Shillong. At present the registered office of the Transferor Company 2 is situated at M/S Arati Traders, (Opp. A.S.T.C. Volvo Point), Near Hotel Fortune, Ulubari, G.S. Road, Guwahati, Assam - 781007.
- The Transferor Company 2, is in the process of shifting of its registered office to the Union Territory of Delhi and prior to the filing of this scheme of arrangement for amalgamation with the Hon'ble High Court, the process of shifting of office shall be done.
4. **ALANKAR SECURITIES PRIVATE LIMITED** (herein after referred to as '**ASPL**' or "**Transferor Company 3**") , bearing CIN U74899DL1993PTC055166 was incorporated on September 10, 1993 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana at Delhi. The Registered office of the Transferor Company-3 is presently situated at 110-D, Kamla Nagar, Delhi - 110 007.
5. **TRIVENI SECURITIES PRIVATE LIMITED** (herein after referred to as '**TSPL**' or "**Transferor Company 4**"), bearing CIN U74899DL1993PTC054649 was incorporated on July 28, 1993 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Registered office of the Transferor Company 4 is presently situated at 110-D, Kamla Nagar, Delhi - 110 007.
6. **MAHAVIR PHOTOTECH PRIVATE LIMITED** (herein after referred to as '**MPPL**' or "**Transferor Company 5**"), bearing CIN U74899DL1988PTC031166 was incorporated on April 04, 1988 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Registered office of the Transferor Company 5 is presently situated at 1222, DLF Tower 'B', Jasola, New Delhi - 110 025.



**SCOPE OF SERVICES**

As a part of the advisory services, M/s Indian Toners and Developers Limited has appointed **M/s AARA & Company, Chartered Accountants**, to undertake the valuation of the companies involved in this amalgamation as a prelude to business consolidation. The scope of our work for the same is as under:

- Valuation of the companies involved in this amalgamation.
- Suggest a share exchange ratio for the purpose of the proposed amalgamation.

**SCOPE LIMITATION**

The valuation exercise was carried out under the following limitations:

- The valuation of the companies is based on various assumptions made by the respective companies and their management relating to the operations of their businesses and representation made therein in this context any change in these assumptions could have an impact on their valuation.
- While preparing this valuation report we have looked at the **Provisional Balance Sheet and Income Statement** of "ITDL" "ACCL" "ASPL" "TSPL" and "MPPL" for the period 31<sup>st</sup> January 2016 as provided by the Key Managerial Personnel's (KMP) of the Company.
- This valuation report has been based on the **Provisional Balance Sheet and Income Statement** of "IIL" for the period 31<sup>st</sup> January 2016 and certified future projections of next two months and four years starting from 1<sup>st</sup> February 2016 ending on 31<sup>st</sup> March 2020 as provided by the Key Managerial Personnel's (KMP) of the Company.
- This report is prepared exclusively for the **purpose of Amalgamation of "IIL", "ACCL", "ASPL", "TSPL" and "MPPL" with "ITDL"**. The assumption contained herein, which is expressly adopted for the purpose of this Report, is based on the information made available to us at the time of making this report.



## SECTION II - COMPANIES ASSESSMENT

## 1. INDIAN TONERS AND DEVELOPERS LIMITED (Transferee Company)

1.1. BASIC INFORMATION:

**INDIAN TONERS AND DEVELOPERS LIMITED** (herein after referred to as 'ITDL' or 'Transferee Company'), bearing CIN L74993UP1990PLC015721 was incorporated on January 09, 1990 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi & Haryana. The Transferee Company has received the Certificate for Commencement of Business on 8<sup>th</sup> February, 1990. Subsequently, the registered office of the transferee company was changed and shifted in the jurisdiction of Uttar Pradesh and certificate of registration was issued by the RoC, Kanpur dated 10<sup>th</sup> September, 1993. At present the registered office of the transferee company is situated at 10.5 KM Milestone, Rampur-Bareilly Road, Rampur, Uttar Pradesh.

The Transferee Company is a widely held listed Company having its shares listed at BSE Limited ('BSE').

1.2. CAPITAL STRUCTURE:

The Capital Structure of "ITDL" as on 31<sup>st</sup> January 2016 is as under:

INDIAN TONERS AND DEVELOPERS LIMITED	
Particulars	Amount (in INR Lacs)
<b>Authorized Share Capital</b> 17,000,000 Equity Shares of INR 10/-each	17,000.00
<b>Issued, Subscribed and Paid up Share Capital</b> 8,058,900 Equity Shares of Rs. 10/-each	805.89

1.3. EXTRACT PROVISIONAL INCOME STATEMENT FOR PERIOD ENDED 31<sup>st</sup> JANUARY 2016

Particulars	Provisional (Amount in INR Lacs)
	31.01.2016
Revenue From operations	2,817.80
Other Income	131.19
<b>Total Income</b>	<b>2,948.99</b>
<b>Total Expenses</b>	<b>2,468.53</b>
<b>Profit before Exceptional items &amp; Tax</b>	<b>480.47</b>
Exceptional items	23.48





Profit before Tax	503.94
Tax expense	(98.57)
Profit After Tax	405.38

#### 1.4. EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY 2016

Particulars	Provisional (Amount in INR Lacs)
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	805.89
Reserve and surplus	4,946.70
<b>Non-Current Liabilities</b>	204.63
<b>Current Liabilities</b>	521.03
<b>Total – Equity and Liabilities</b>	<b>6,478.26</b>
Non-Current Assets	1,209.29
Current Assets	5,268.97
<b>Total - Assets</b>	<b>6,478.26</b>

## 2. ITDL IMAGETEC LIMITED (Transferor Company - 1)

### 2.1. BASIC INFORMATION:

**ITDL IMAGETEC LIMITED** (herein after referred to as 'IIL' or "Transferor Company 1"), bearing CIN U93090DL2007PLC158393 was incorporated on January 24, 2007 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Transferor Company 1, has received the Certificate for Commencement of Business on 25<sup>th</sup> January, 2007. At present the registered office of the Transferor Company 1 is presently situated at 1224, DLF Tower 'B', Jasola, New Delhi - 110025.

The Transferor Company is subsidiary of the Transferee Company, as Transferee Company holds 51% shares of the Transferor Company.



**CAPITAL STRUCTURE:**

The Capital Structure of "IL" as 31<sup>st</sup> January 2016 is as under:

ITDL Imageetc LIMITED	
Particulars	Amount in INR Lacs
<b>Authorized Share Capital</b>	
1,000,000 Equity Shares of INR 10/- Each	100.00
<b>Issued, Subscribed and Paid up Share Capital</b>	
1,000,000 Equity Shares of INR 10/- each	100.00

**2.2. EXTRACT OF PROVISIONAL INCOME STATEMENT FOR PERIOD ENDED**  
**31<sup>st</sup> JANUARY 2016**

Particulars	Provisional (Amount in INR Lacs)
	31.01.2016
Revenue From operations	5,911.46
Other Income	64.93
<b>Total Income</b>	<b>5,976.39</b>
<b>Total Expenses</b>	<b>4,547.54</b>
<b>Profit before Tax</b>	<b>1,428.84</b>
Tax expense	111.20
<b>Profit After Tax</b>	<b>1,317.64</b>

**2.3. EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY 2016**

Particulars	Provisional (Amount in INR Lacs)
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	100.00
Reserve and surplus	5,723.23
<b>Non-Current Liabilities</b>	171.17
<b>Current Liabilities</b>	1,693.47
<b>Total – Equity and Liabilities</b>	<b>7,687.87</b>
<b>ASSETS</b>	
Non-Current Assets	3,859.78
Current Assets	3,828.09
<b>Total - Assets</b>	<b>7,687.87</b>





### 3. ABC COMMERCIAL COMPANY LIMITED (Transferor Company - 2)

#### 3.1. BASIC INFORMATION

**ABC COMMERCIAL COMPANY LIMITED** (herein after referred to as 'ACCL' or "Transferor Company 2"), bearing CIN U51909AS1985PLC002288 was incorporated on January 24, 1985 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, Shillong. At present the registered office of the Transferor Company 2 is situated at M/S Arati Traders, (Opp. A.S.T.C.Volvo Point), Near Hotel Fortune, Ulubari, G.S. Road, Guwahati, Assam - 781007.

The Transferor Company 2, is in the process of shifting of its registered office to the Union Territory of Delhi and prior to the filing of this scheme of arrangement for amalgamation with the Hon'ble High Court, the process of shifting of office shall be done.

#### 3.2. CAPITAL STRUCTURE:

The Capital Structure of "ACCL" as 31<sup>st</sup> January, 2016 is as under.

ABC COMMERCIAL COMPANY LIMITED	
Particulars	Amount in INR
<b>Authorized Share Capital</b>	
10,00,000 Equity Shares of INR 10/- Each	10,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
10,00,000 Equity Shares of INR 10/- each	10,000,000

#### 3.3. EXTRACT OF PROVISIONAL INCOME STATEMENT FOR PERIOD ENDED

31<sup>st</sup> JANUARY 2016:

Particulars	Provisional (Amount in INR)
	31.01.2016
Revenue From operations	27,000.00
Other Income	-
<b>Total Income</b>	<b>27,000.00</b>
<b>Total Expenses</b>	<b>14,054.00</b>
<b>EBITDA</b>	<b>12,946.00</b>
Finance Cost	-
<b>Profit before Tax</b>	<b>12,946.00</b>
Tax expense	-
<b>Profit After Tax</b>	<b>12,946.00</b>



**3.4. EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY 2015:**

Particulars	Provisional (Amount in INR )
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	10,000,000.00
Reserve and surplus	(2,780,512.00)
<b>Non-Current Liabilities</b>	-
<b>Current Liabilities</b>	-
<b>Total – Equity and Liabilities</b>	<b>7,219,488.00</b>
Non-Current Assets	5,665,000.00
Current Assets	1,554,488.00
<b>Total - Assets</b>	<b>7,219,488.00</b>

**4. ALANKAR SECURITIES PRIVATE LIMITED (Transferor Company - 3)****4.1 BASIC INFORMATION:**

**ALANKAR SECURITIES PRIVATE LIMITED** (herein after referred to as 'ASPL' or "Transferor Company 3") bearing CIN U74899DL1993PTC055166 was incorporated on September 10, 1993 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana at Delhi. The Registered office of the Transferor Company-3 is presently situated at 110-D, Kamla Nagar, Delhi – 110 007.

**CAPITAL STRUCTURE:**

The Capital Structure of "ASPL" as on 31<sup>st</sup> January 2016 is as under:

ALANKAR SECURITIRS PRIVATE LIMITED	
Particulars	Amount in INR
<b>Authorized Share Capital</b>	
700,000 Equity Shares of INR 10/- Each	7,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
623,000 Equity Shares of INR 10/- each	6,230,000



**4.3 EXTRACT OF PROVISIONAL INCOME STATEMENT FOR THE PERIOD ENDED 31<sup>st</sup> JANUARY 2016:**

Particulars	Provisional (Amount in INR)
	31.01.2016
Revenue From operations	27,300.00
Other Income	-
<b>Total Income</b>	<b>27,300.00</b>
<b>Total Expenses</b>	<b>2,180.00</b>
<b>EBITDA</b>	<b>25,120.00</b>
Finance Cost	-
<b>Profit before Tax</b>	<b>25,120.00</b>
Tax expense	-
<b>Profit After Tax</b>	<b>25,120.00</b>

**4.4 EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY 2016:**

Particulars	Provisional (Amount in INR)
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	6,230,000.00
Reserve and surplus	1,890,738.00
<b>Current Liabilities</b>	-
<b>Total – Equity and Liabilities</b>	<b>8,120,738.00</b>
Non-Current Assets	8,091,174.00
Current Assets	29,564.00
<b>Total - Assets</b>	<b>8,120,738.00</b>

**5. TRIVENI SECURITIES PRIVATE LIMITED (Transferor Company - 4)**

**5.1 BASIC INFORMATION:**

**TRIVENI SECURITIES PRIVATE LIMITED** (herein after referred to as 'TSPL' or "Transferor Company 4") bearing CIN U74899DL1993PTC054649 was incorporated on July 28, 1993 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Registered office of the Transferor Company 4 is presently situated at 110-D, Kamla Nagar, Delhi – 110 007.



**5.2 CAPITAL STRUCTURE:**

The Capital Structure of "TSPL" as on 31<sup>st</sup> January 2016 is as under:

TRIVENI SECURITIES PRIVATE LIMITED	
Particulars	Amount In INR
<b>Authorized Share Capital</b>	
600,000 Equity Shares of INR 10/- Each	6,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
502,120 Equity Shares of INR 10/- each	5,021,200

**5.3 EXTRACT OF PROVISIONAL INCOME STATEMENT FOR THE PERIOD  
ENDED 31<sup>st</sup> JANUARY 2016:**

Particulars	Provisional (Amount in INR)
	31.01.2016
Revenue From operations	18,000.00
Other Income	-
<b>Total Income</b>	<b>18,000.00</b>
<b>Total Expenses</b>	<b>2,230.00</b>
<b>EBITDA</b>	<b>15,770.00</b>
Finance Cost	-
<b>Profit before Tax</b>	<b>15,770.00</b>
Tax expense	-
<b>Profit After Tax</b>	<b>15,770.00</b>

**5.4 EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY  
2016:**

Particulars	Provisional (Amount in INR)
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	5,021,200.00
Reserve and surplus	1,955,573.00
<b>Non-Current Liabilities</b>	-
<b>Current Liabilities</b>	-
<b>Total – Equity and Liabilities</b>	<b>6,976,773.00</b>
<b>ASSETS</b>	
Non-Current Assets	6,902,449.00



Current Assets	74,324.00
<b>Total - Assets</b>	<b>6,976,773.00</b>

## 6. MAHAVIR PHOTOTECH PRIVATE LIMITED (Transferor Company - 5)

### 6.1 BASIC INFORMATION:

**MAHAVIR PHOTOTECH PRIVATE LIMITED** (herein after referred to as 'MPPL' or "Transferor Company-5") bearing CIN U74899DL1988PTC031166 was incorporated on April 04, 1988 as such in accordance with the provisions of the Companies Act, 1956 and certificate of incorporation was obtained from RoC, NCT of Delhi and Haryana. The Registered office of the Transferor Company 5 is presently situated at 1222, DLF Tower 'B', Jasola, New Delhi – 110 025.

### 6.1 CAPITAL STRUCTURE:

The Capital Structure of "MPPL" as on 31<sup>st</sup> January 2016 is as under:

MAHAVIR PHOTOTECH PRIVATE LIMITED	
Particulars	Amount in INR
<b>Authorized Share Capital</b>	
500,000 Equity Shares of INR10/- Each	5,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>	
489,600 Equity Shares of INR 10/- each	4,896,000

### 6.3 EXTRACT OF PROVISIONAL INCOME STATEMENT FOR THE PERIOD 31<sup>st</sup> JANUARY 2016:

Particulars	Provisional (Amount in INR)
	31.01.2016
Revenue From operations	18,000.00
Other Income	-
<b>Total Income</b>	<b>18,000.00</b>
<b>Total Expenses</b>	<b>3,371.00</b>
<b>EBITDA</b>	<b>14,629.00</b>
Finance Cost	-
<b>Profit before Tax</b>	<b>14,629.00</b>
Tax expense	-
<b>Profit After Tax</b>	<b>14,629.00</b>



**6.4 EXTRACT OF PROVISIONAL BALANCE SHEET AS ON 31<sup>st</sup> JANUARY 2016:**

Particulars	Provisional (Amount in INR )
	31.01.2016
<b>SOURCES OF FUNDS</b>	
Share Capital	4,896,000.00
Reserve and surplus	3,930,755.00
<b>Non-Current Liabilities</b>	-
<b>Current Liabilities</b>	-
<b>Total – Equity and Liabilities</b>	<b>8,826,755.00</b>
<b>ASSETS</b>	
Non-Current Assets	8,768,934.00
Current Assets	57,821.00
<b>Total - Assets</b>	<b>8,826,755.00</b>





**SECTION III - INTEGRATION via AMALGAMATION****SCHEME OF AMALGAMATION:**

Under the Scheme of this proposed Amalgamation, **INDIAN TONERS AND DEVELOPERS LIMITED, ITDL IMAGETEC LIMITED, ABC COMMERCIAL COMPANY LIMITED, ALANKAR SECURITIES PRIVATE LIMITED, TRIVENI SECURITIES PRIVATE LIMITED and MAHAVIR PHOTOTECH PRIVATE LIMITED** are getting merged i.e., "IIL", "ACCL", "ASPL", "TSPL" and "MPPL", is getting merged into "ITDL".

The amalgamation of ITDL Imagetec Limited with Indian Toners & Developers Limited would provide a competitive edge to the Transferee Company, as it would now be focusing on the international and the domestic market. Additionally, the amalgamation shall also add to the financial strength of the Transferee Company and shall provide flexibility.

The amalgamation of all the other Transferor Companies shall bring out the consolidated structure of the Group, where in post the amalgamation, the Group shall be having clean corporate structure.

The other benefits likely to arise through the proposed arrangement are as follows:

- I. Financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- II. Eliminating intra group competition;
- III. Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost. Benefit of operational synergies to the combined entity in areas such as sourcing of materials, product planning and development and increased revenue generation through increased sales as well as optimization, cost efficiency and business logistics, which can be put to the best advantage of all stakeholders.
- IV. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, and the elimination of duplication, and optimum rationalization of administrative expenses and utilization of human resources.
- V. Greater efficiency in cash management of the amalgamated entity, and pooling of cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.



- VI. Improved organizational capability and leadership arising from pooling of financial, managerial and technical resources.
- VII. Better financial, business and operational prospects including but not limited to, efficient management of costs, better maintenance of the manufacturing of costs, better maintenance of the manufacturing/warehousing facilities and improved administrative control of the Amalgamated Company.



**SECTION IV - PERSONS FURNISHING INFORMATION DETAILS**

The management of the Companies, assisted by their respective Key Managerial Personnel's have furnished the required financial and other relevant information, explanations and data for the respective companies, to facilitate us in drawing up our opinion. In the course of drawing up our opinion on the exchange ratio between Transferee Company and Transferor Companies, we have relied upon the management certified financial information and other documents provided to us by the respective key management of all the companies. We have also relied upon the statement made by the management regarding the objectives and rationale of consolidation of businesses (as provided in section III of this report). This has helped us in determining the appropriate valuation methodologies.



**SECTION V- PURPOSE & DATE OF AMALGAMATION AND EXCHANGE RATIO****PURPOSE OF AMALGAMATION**

The management of all the companies feels desirable to amalgamate the companies and to consolidate their resources and businesses. The proposed amalgamation of "IIL", "ACCL", "ASPL", "TSPL" and "MPPL" with "ITDL".

It is therefore, considered desirable and expedient to amalgamate the aforesaid companies and in consideration thereof issue Equity Shares in "ITDL" to the shareholders of "IIL", "ACCL", "ASPL", "TSPL" and "MPPL" (other than the shares already held therein immediately before the amalgamation by Transferee Company if any) in accordance with the Scheme, pursuant to Sections 391-394 and the other relevant provisions of the Companies Act, 1956.

**DATE OF EXCHANGE RATIO**

It is proposed that the businesses and undertakings of "IIL", "ACCL", "ASPL", "TSPL", "MPPL" shall be amalgamated with the business and undertaking of "ITDL" with effect from the opening of business hours on 1<sup>st</sup> April, 2016, as per the Scheme of Arrangement, subject to the orders of the Hon'ble High Court of Delhi.

In the process of amalgamation it is necessary to determine the value of shares of all the companies to ascertain the share exchange ratio. To arrive at the value of equity shares of companies and to determine the share exchange ratio, we have relied upon the

**Provisional Balance Sheet and Income Statement of "ITDL" "ACCL", "ASPL", "TSPL" and "MPPL" as on 31<sup>st</sup> January 2016 as provided by KMP's of the Companies.**

**Provisional Balance Sheet and Income Statement of "IIL" for the period ended 31<sup>st</sup> January 2016 and future projections of next two months and four years starting from 1<sup>st</sup> February 2016 and ending on 31<sup>st</sup> March 2020 as provided by KMP of the Company.**



**SECTION VI - METHODS OF VALUATION ADOPTED****MARKET PRICE METHOD:-**

The Market Value method is generally the most preferred method in case of frequently traded Stock of Companies listed on Stock Exchanges as it is perceived that the market value method reflects the real value of the company in an efficient economy.

Shares of "ITDL" are listed at Bombay Stock Exchange (BSE) and are frequently traded. Thus to arrive at the market price of "ITDL", we have averaged the closing quoted price of last 26 weeks and 2 weeks dated 9<sup>th</sup> February 2016 available at BSE and taken higher of two.

**ASSET BASED METHOD:-**

Asset Based Method (NAV) views the business as a set of assets and liabilities that are used as building blocks to construct the base value of the company. This method is generally used to evaluate the entry barrier that exists in a business.

For valuing the shares of "IIL", "ACCL", "ASPL", "TSPL", "MPPL we have applied Adjusted Asset Based Method by taking Appreciation in the value of Investments made by the companies, to arrive at the Value of the Company for determining the share exchange ratio.

**DISCOUNTED FREE CASH FLOW METHOD:-**

The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms.

In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is



being met. As this methodology is focused at finding the value of the Firm so the interest charges (post tax) should be added back.

We have been provided the projected financial statements considering business plan of "IIL" based on which, we have calculated the Enterprise Value of the company under DFCF and then derived the Equity value by adjusting debts and cash balance as on the date of valuation i.e. 31<sup>st</sup> January 2016.

Based on the above methods applied value per share is calculated by giving appropriate weights to each method which is as follows.

Methods Applied	ITDL	IIL	TSPL	MPPL	ASPL	ACCL
Net Asset Value (NAV)	-	582.32	182.46	241.42	180.07	77.89
Market Value (MV)	122.98	-	-	-	-	-
Discounted Free Cash Flow (DFCF)	-	1,604.51	-	-	-	-
Weights						
Net Asset Value (NAV)	-	1	1	1	1	1
Market Value (MV)	1	-	-	-	-	-
Discounted Free Cash Flow (DFCF)	-	2	-	-	-	-
Total of weights	1	3	1	1	1	1
Weighted average Value per share (INR)	122.98	1,263.78	182.46	241.42	180.07	77.89





## SECTION VII - EXCHANGE RATIO

On the basis of the above analysis, the share exchange ratio has been arrived at and accordingly equity shares of "ITDL" (Transferee Company) shall be issued to the shareholders of "IIL" (Transferor Company -1) , "ACCL" (Transferor Company -2) , "ASPL" (Transferor Company -3) , "TSPL" (Transferor Company -4) , "MPPL" (Transferor Company -5) in the ratio mentioned below:

Name of Company	Value Per Share	Ratio of Exchange
ITDL	122.98	1.00
IIL	1,263.78	10.28
ACCL	77.89	0.63
ASPL	180.07	1.46
TSPL	182.46	1.48
MPPL	241.42	1.96

On the basis of the above discussions and computations and based on the values of equity shares of "ITDL", "IIL", "ACCL", "ASPL", "TSPL", "MPPL" we are of the opinion that the Swap Ratio for the proposed Amalgamation should be as follows:-

*"ITDL" shall issue and allot 1,028 (One Thousand twenty eight) Equity Shares of Face Value of Rupees 10 (Rupees Ten) each in "ITDL" for every 100 (One Hundred) Equity shares of face value of Rs. 10/- (Rupees Ten) each held by the shareholders of "IIL".*

*"ITDL" shall issue and allot 63 (Sixty Three) Equity Shares of Face Value of Rupees 10 (Rupees Ten) each in "ITDL" for every 100 (One Hundred) Equity shares of face value of Rs. 10/- (Rupees Ten) each held by the shareholders of "ACCL".*

*"ITDL" shall issue and allot 146 (One Hundred Forty Six) Equity Shares of Face Value of Rupees 10 (Rupees Ten) each in "ITDL" for every 100 (One Hundred) Equity shares of face value of Rs. 10/- (Rupees Ten) each held by the shareholders of "ASPL".*

*"ITDL" shall issue and allot 148 (One Hundred Forty Eight) Equity Shares of Face Value of Rupees 10 (Rupees Ten) each in "ITDL" for every 100 (One Hundred) Equity shares of face value of Rs. 10/- (Rupees Ten) each held by the shareholders of "TSPL".*



"ITDL" shall issue and allot **196 (One Hundred Ninety Six)** Equity Shares of **Face Value of Rupees 10 (Rupees Ten)** each in "ITDL" for every **100 (One Hundred)** Equity shares of **face value of Rs. 10/- (Rupees Ten)** each held by the shareholders of "MPPL".

FOR AARA & COMPANY  
CHARTERED ACCOUNTANTS



RAHUL BANSAL

PARTNER

M. NO. : 514855

FRN NO.: 023447N

PLACE: NEW DELHI

DATE: 18<sup>th</sup> March, 2016