

Strictly Private and Confidential

Date: 14th March 2024

To,
Board of Directors
Bhuvée Stenovate Private Limited
Room No. 307,
Swaika Centre 4A Pollock Street,
Kolkata - 700001, West Bengal

Board of Directors
Suncity Metals and Tubes Private Limited
Plot No 27A/68 Adarsh Society Light Industrial Area,
Near ITI circle, Jodhpur Shastri Nagar,
Jodhpur -342003, Rajasthan

Board of Directors
Laser Power & Infra Private Limited
4A, Pollock Street 3rd Floor,
Kolkata - 700001, West Bengal

Sub: Recommendation of Share Entitlement Ratio pursuant to the Composite Scheme of Arrangement Amongst Bhuvée Stenovate Private Limited, Suncity Metals and Tubes Private Limited and Laser Power & Infra Private Limited and their Respective Shareholders and Creditors ("The Scheme")

Dear Sir / Madam,

We refer to the engagement letters dated 4th March 2024 received from Bhuvée Stenovate Private Limited wherein we have been appointed to recommend the share entitlement ratio in the Composite Scheme of Arrangement Amongst Bhuvée Stenovate Private Limited, Suncity Metals & Tubes Private Limited, Laser Power & Infra Private Limited and their Respective Shareholders.

1. CONTEXT AND PURPOSE

1.1. Bhuvée Stenovate Private Limited

Bhuvée Stenovate Private Limited or "Bhuvée or Transferor Company" is engaged in the business of manufacturing and trading in kitchen utensils, sinks and various other steel products of general utility.

1.2. Suncity Metals and Tubes Private Limited

Suncity Metals and Tubes Private Limited or "Suncity or Transferee Company 1" is a major manufacturer of steel products including stainless steel pipes, tubes, and circles. It is



recognized for its exceptional engineering, robust construction, durability, and global quality standard. The company has established market presence and serves as a preferred partner for various industries such as Furniture, Kitchenware, Automobile & Ancillaries, Heat Exchanger and Fabrication, Textile and Food Industry, Railways, Industrial Engineering, Oil and Gas.

1.3. Laser Power & Infra Private Limited

Laser Power & Infra Private Limited or "Laser Power or Transferee Company 2" manufactures and markets cables, conductors, rods, wires and other power transmission and distribution equipment for domestic and international markets. It operates under the brand name "LASER" and offers a wide range of products like aerial bunched cables, control cables, and aluminum rods.

1.4. Specified Companies

"Specified Companies" means Transferor Company, Transferee Company 1 and Transferee Company 2.

1.5. Proposed transaction

We understand that the Management of the Specified Companies are contemplating a Proposed Transaction wherein there would be a demerger of business of manufacturing of sink and other kitchen apparatus in India (Demerged Undertaking 1) of Bhueve into Suncity and business of manufacturing of kitchen utensils and other steel products including Coils (Demerged Undertaking 2) of Bhueve into Laser Power.

As a consideration for the Proposed demerger of the Demerged Undertaking 1 of the Transferor Company into the Transferee Company 1, the Transferee Company 1 shall, without any further act or deed, issue and allot 10 (Ten) Suncity RPS of INR 1,000 (Rupees One Thousand only) each credited as fully paid-up of the Transferee Company 1 for every 1,167 (One Thousand One Hundred and Sixty Seven) equity shares of INR 10 (Rupees Ten only) each fully paid-up held by the equity shareholders in the Transferor Company, as on the Record Date and

As a consideration for the Proposed demerger of the Demerged Undertaking 2 of the Transferor Company into the Transferee Company 2, the Transferee Company 2 shall, without any further act or deed, issue and allot 701 (Seven Hundred and One) Laser Power RPS of INR 10 (Rupees Ten only) each credited as fully paid-up of the Transferee Company 2 for every 800 (Eight Hundred) equity shares of INR 10 (Rupees Ten only) each fully paid-up held by the equity shareholders in the Transferor Company, as on the Record Date

For the previously mentioned purpose, the Management of the Specified Companies have requested Mr. Soumil Singhvi, Registered Valuer, to submit the Report recommending the Share Entitlement Ratio in connection with the Proposed Transaction. The scope of our services is to conduct valuation in accordance with accepted professional standards for the purpose of the Proposed Transaction.

This Report is our deliverable for the above engagement.



This Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

2. SOURCES OF INFORMATION

For determining the share entitlement ratio of the proposed transactions, we have used the following information received from the Management and/or gathered from public domain:

- 2.1. Shareholding pattern of Bhuvee, Suncity and Laser Power as on 1st April 2023.
- 2.2. Information on the nature of business carried on by Bhuvee, Suncity and Laser and profile provided by the Management.
- 2.3. Audited Financial statements of Bhuvee, Suncity and Laser for the year ended 31st March 2023
- 2.4. Draft Composite Scheme of Arrangement.
- 2.5. International database, World Wide Web.
- 2.6. Correspondence with the management of all the three companies.
- 2.7. Other information which is considered relevant for determining the share entitlement ratio for the demerger.

3. APPROACH TO VALUATION ENGAGEMENT AND VALUATION METHODS FOLLOWED

3.1. Discussions with the Specified Companies to:

- 3.1.1. Understand the business and fundamental factors that affect its income-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance of the Demerged Undertaking 1 and Demerged Undertaking 2.
- 3.1.2. Enquire about business plan and future performance estimates of the Demerged Undertaking 1 and Demerged Undertaking 2.

3.2. Undertook industry analysis:

- 3.2.1. Research publicly available market data including market rates of real estate properties that may impact the valuation.
- 3.2.2. Other publicly available information.
- 3.2.3. Analysis of information.
- 3.2.4. Selection of appropriate internationally accepted valuation methodologies after deliberations Determination of value of the Demerged Undertaking 1 and Demerged Undertaking 2 to arrive at the Share Entitlement Ratio.

4. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 4.1. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due



diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

- 4.2. The recommendation contained herein is not intended to represent value at any time other than valuation date of 1st April 2023 ('Valuation Date').
- 4.3. 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) the Valuation Date and (iii) are based on the data detailed in Section 2 - Sources of Information. An analysis of this nature is necessarily based on the financial, economic, and other conditions in general and industry trends in particular, and the information made available to us as of the Valuation Date. Events occurring after the date hereof 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.
- 4.4. The recommendation rendered in this Report only represent our recommendation based upon information till date, furnished by the Management (or its respective representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 4.5. The determination of a Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Entitlement Ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Entitlement Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Specified Companies who should consider other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 4.6. During the valuation, we were provided with both written and verbal information, including information as detailed in the section - Sources of Information. We have not audited, reviewed, or otherwise investigated the financial information provided to us. 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. Also, with respect to explanations and information sought from the Specified Companies, we have been given to understand by the Specified Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Specified Companies. The Management has indicated to us that they understand that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Also, we assume no responsibility for technical information furnished by the Specified Companies. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or could not afford reasonable grounds upon which to base the Report. We do not imply, and it should not be construed, that we have verified any of the information provided to us, or that our inquiries could have verified any matter which a more extensive examination might disclose.
- 4.7. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to



the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies and their subsidiaries, reflected in their respective latest balance sheets remain intact as of the Report date.

- 4.8. This Report does not investigate the business/ commercial reasons behind the Proposed Transaction nor the benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or other alternatives or whether such alternatives could be achieved or are available.
- 4.9. No investigation / inspection of the Companies' claims 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 lines or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.10. This Report is subject to the laws of India.
- 4.11. The Report should be used in connection with the Scheme.

5. SHARE HOLDING PATTERN OF COMPANIES

5.1. Bhuvée Stenovate Private Limited

As on 1st April 2023, the share capital of Bhuvée (as per audited financial statements) is as under:

Particulars	Amount (In Rupees)
<u>Authorized Capital</u>	
<i>Equity Shares</i>	
53,10,00,000 Equity Shares of Rs. 10 each	531,00,00,000
Total	531,00,00,000
<u>Issued, Subscribed and Paid-up Capital</u>	
<i>Equity Shares</i>	
10,00,000 equity shares of INR 10 each.	1,00,00,000
Total	1,00,00,000

There has been no change in the capital structure of the Transferor Company since 1st April 2023 till 9th March 2024

5.2. Suncity Metals & Tubes Private Limited

As on 1st April 2023, the share capital of Suncity (as per audited financial statements) is as under:



Particulars	Amount (In Rupees)
<u>Authorized Capital</u>	
<i>Equity Shares</i>	
1,90,000 Equity shares of INR 1,000 each	19,00,00,000
<i>Preference Shares</i>	
50,000 Preference Shares of INR 1,000 each	5,00,00,000
Total	24,00,00,000
<u>Issued, Subscribed and Paid-up Capital</u>	
<i>Equity Shares</i>	
1,64,845 equity shares of INR 1,000 each.	16,48,45,000
<i>Preference Shares</i>	
30,000 Preference Shares of INR 1,000 each	3,00,00,000
Total	19,48,45,000

Suncity has changed its authorized share capital on 8th March 2024, accordingly its revised share capital as on 9th March 2024 is as:

Particulars	Amount (In Rupees)
<u>Authorized Capital</u>	
<i>Equity Shares</i>	
2,10,000 Equity shares of INR 1,000 each	21,00,00,000
<i>Preference Shares</i>	
30,000 Preference Shares of INR 1,000 each	3,00,00,000
Total	24,00,00,000
<u>Issued, Subscribed and Paid-up Capital</u>	
<i>Equity Shares</i>	
1,64,845 equity shares of INR 1,000 each.	16,48,45,000
<i>Preference Shares</i>	
30,000 Preference Shares of INR 1,000 each	3,00,00,000
Total	19,48,45,000

5.3. Laser Power & Infra Private Limited

As on 1st April 2023, the share capital of Laser Power (as per audited financial statements) is as under:

Particulars	Amount (In Rupees)
<u>Authorized Capital</u>	
<i>Equity Shares</i>	
8,50,000 Equity shares of INR 100 each	8,50,00,000
Total	8,50,00,000



<u>Issued, Subscribed and Paid-up Capital</u>	
<i>Equity Shares</i>	
6,39,118 equity shares of INR 100 each.	6,39,11,800
Total	6,39,11,800

There has been no change in the capital structure of Transferee Company 2 since 1st April 2023 till 9th March 2024.

6. APPROACH & METHODOLOGY

- 6.1. The Scheme contemplates the demerger of Demerged Undertaking 1 of Bhuvee into Suncity and of Demerged undertaking 2 into Laser Power. Arriving at the Share Entitlement Ratio for the Proposed Transaction would require determining the value of Demerged Undertaking 1 and 2 of Bhuvee. The Scheme contemplates the Proposed Transaction pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
- 6.2. There are several commonly used and accepted methods for determining the Share Entitlement ratio for the proposed demerger of Demerged Undertaking 1 and Demerged Undertaking 2 into Suncity and Laser Power, which have been considered in the present case, to the extent relevant and applicable, including:
- 6.2.1. Market Approach:
- 6.2.2. Market Price method
- 6.2.3. Comparable Companies Multiples
- 6.2.4. Comparable Transaction Multiple Method
- 6.2.5. Income Approach: Discounted Cash Flows Method
- 6.2.6. Cost Approach: Net Asset Value Method
- 6.3. As discussed below for the Proposed Transaction we have considered these methods, to the extent relevant and applicable.
- 6.4. This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the Companies, and other factors which influence the valuation of companies and their assets.
- 6.5. We have relied on the judgment of the Management as regards contingent and other liabilities.
- 6.6. The valuation methodologies, as may be applicable, which have been used to arrive at the value of the Demerged Undertaking 1 and 2 are discussed hereunder:
- 6.6.1. Market Price (MP) Method

The market price of an equity shares 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 the shares.



Equity shares of Bhuvée are not listed on any stock exchange, hence this method is not applicable.

6.6.2. Comparable Companies Market Multiple ("CCM") Method

Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Since in the absence of a good benchmark to determine the value of the subject company, we have not used this method of valuation.

6.6.3. Comparable Companies Transaction Multiple ("CTM") Method

Under CTM method, value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Like the CCM Method, it is difficult to find similar transactions to benchmark. We have therefore not used this method of valuation.

6.6.4. Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm 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 firm.

Using the DCF analysis involves determining the following:

6.6.4.1. Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital — both debt and equity.

6.6.4.2. Appropriate discount rate to be applied to cash flows i.e., the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighed by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

As we have been given understanding that Bhuvée was acquired under the Insolvency and Bankruptcy Code, 2016 ('IBC') and in accordance with the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation,



2016. The main purpose of the said acquisition was to revive Bhuvée and its business. Since the inception of CIRP, the business operations of Bhuvée have been impacted significantly with an almost negligible amount of manufacturing and sales operations over the last 5 years. Additionally, most of the plant & machinery items have remained idle on account of loss of business opportunities and lack of trust and creditworthiness among the suppliers and bankers.

Considering the context provided, it is our understanding that the management is unable to ascertain the long-term cash flows, and the management has potential continuity issues. Hence, we have not considered DCF method for valuation.

6.6.5. Net Assets Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Assets Method is particularly suitable for businesses where the value is primarily derived from the underlying tangible and intangible assets.

Hence, the Net Assets Method is used for valuation of the Demerged Undertakings 1 and 2.

7. BASIS OF SHARE ENTITLEMENT RATIO

- 7.1. The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. The Share Entitlement Ratio is based on the various methodologies explained herein earlier and various qualitative factors relevant to the Demerged Undertakings 1 and 2 and the business dynamics and growth potentials of the business of the Demerged Undertakings 1 and 2, having regard to information base, key underlying assumptions, and limitations.
- 7.2. As considered appropriate, we have applied the methodologies discussed above and arrived at an assessment of the value of the Demerged Undertakings 1 and 2 as mentioned in **Annexure A**.
- 7.3. In consideration of the proposed demerger of the Demerged Undertaking 1 of the Transferor Company into the Transferee Company 1, the Transferee Company 1 shall, without any further act or deed, issue and allot 10 (Ten) Suncity RPS INR 1,000 (Rupees One Thousand only) each credited as fully paid-up of the Transferee Company 1 for every 1,167 (One Thousand One Hundred and Sixty Seven) equity shares of INR 10 (Rupees Ten only) each fully paid-up held by the equity shareholders in the Transferor Company, as on the Record Date.
- 7.4. In consideration of the demerger of the Demerged Undertaking 2 of the Transferor Company into the Transferee Company 2, the Transferee Company 2 shall, without any further act or deed, issue and allot 701 (Seven Hundred and One) Laser Power RPS of INR 10 (Rupees Ten



only) each credited as fully paid-up of the Transferee Company 2 for every 800 (Eight Hundred) equity shares of INR 10 (Rupees Ten only) each fully paid-up held by the equity shareholders in the Transferor Company, as on the Record Date.

7.5. Considering the coupon rate, terms of redemption and the current market value of similar instruments, we understand the value of the Preference Shares can be considered similar to its Face value.

8. CONCLUSION

Based on the forgoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, pursuant to demerger of Demerged Undertaking 1 of Bhuvee into Suncity and Demerged Undertaking 2 of Bhuvee into Laser Power, we recommend the following Share Entitlement Ratio for consideration by Suncity and Laser Power to the shareholders of Bhuvee:

- 10 (Ten) redeemable, non-participating, non-cumulative preference shares of INR 1,000 (Rupees One Thousand only) each fully paid-up of Suncity to be issued for every 1167 (One Thousand One Hundred and Sixty Seven) equity share of INR 10 (Rupees Ten only) each fully paid up of Bhuvee as on the record date as defined in the Scheme, pursuant to the demerger of Demerged Undertaking 1 of Bhuvee into Suncity; and
- 701 (Seven Hundred and One) redeemable, non-participating, non-cumulative preference shares of INR 10 (Rupees Ten only) each fully paid-up of Laser Power to be issued for every 800 (Eight Hundred) equity share of INR 10 (Rupees Ten only) each fully paid up of Bhuvee as on the record date as defined in the Scheme, pursuant to the demerger of Demerged Undertaking 2 of Bhuvee into Laser Power.

Soumit



Mr. Soumit Singhvi
Registered Valuer with IBBI-IBBI/RV/06/2020/13047
ICAIRVO/06/RV-P00355/2019-20
ICAI Membership NO.: 163972
UDIN: 24163972BIKEZWW8203

Annexure: A

Valuation of Demerged Undertakings by using Net Assets Value (NAV) Method as on 1st April 2023 and computation of Exchange Ration thereon.

Sr. No	Particulars	Demerged Undertaking 1 (INR)	Demerged Undertaking 2 (INR)
A	Property, Plant and Equipment	26,65,06,018	25,27,87,278
B	Other Non-Current Asset	31,25,896	31,25,896
C	Current Assets	7,08,09,072	8,53,56,829
D	Total Assets (A to C)	34,04,40,986	34,12,70,003
E	Loans / Borrowings	31,76,62,973	31,84,36,523
F	Non-current liability	27,959	15,068
G	Current Liabilities	1,41,81,902	1,40,55,889
H	Total Liabilities (E to G)	33,18,72,834	33,25,07,480
I	Net Assets Value (D - H)	85,68,152	86,62,523
J	Face Value of Preference Shares to be issued by Suncity and Laser Power	1,000	10
K	No. of Shares to be issued by Suncity and Laser Power (Rounded Off) (I / J)	8,568	8,76,252

