



# Corporate Capital Ventures

(SEBI Registered Category I Merchant Bankers)

The Board of Directors  
**SAB INDUSTRIES LIMITED**  
CIN: L00000CH1983PLC031318  
S.C.O. 49-50, SECTOR - 26,  
Madhya Marg, Chandighr- 160019

The Board of Directors  
**STEEL STIPS LIMITED**  
CIN: L45202PB1975PLC003610  
Village Harkishanpura, Bhawanigarh Teh  
Sangrur, Punjab- 148026

**Subject: Fairness Opinion on the Swap Ratio (Share Exchange Ratio) provided by CA Vikas Aggarwal, Regd. Valuer with IBBI- IBBI/RV/02/2018/10046 for the purpose of proposed Scheme of amalgamation of Steel Stips Limited into SAB Industries Limited.**

Dear Sirs,

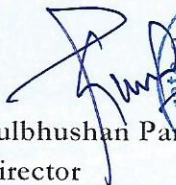

Please find attached the Fairness Opinion Report on the swap ratio (Share Exchange ratio) provided by CA Vikas Aggarwal, Registered Valuer with Insolvency and Bankruptcy Board of India ("IBBI") having registration number IBBI/RV/02/2018/10046, for the purpose of proposed Scheme of amalgamation of Steel Stips Limited (hereinafter referred to as "SSL" or "Transferor Company" or "Amalgamating Company") into SAB Industries Limited (hereinafter referred to as "SAB" or "Transferee Company" or "Amalgamated Company").

The fairness opinion report is required to be submitted to the stock exchanges to facilitate the Companies with regulation 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

The Opinion has been prepared exclusively for the management of Company for implementation of the proposed scheme only. It should not be used, reproduced or circulated to any other person, in whole or in part without the consent of Corporate Capital Ventures Private Limited. We are however aware that conclusion in this report may be used for the purpose of certain statutory disclosures and we hereby provide consent for filing of same purpose.

Thanks and regards

For Corporate Capital Ventures Private Limited

  
  
Kulbhushan Parashar  
Director

Place: New Delhi

Date: June 27, 2019

**Corporate Capital Ventures Pvt. Ltd.**

CIN: U74140DL2009PTC194657

160, LGF, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024

Tel: +91 11 4170 4066, Website: ccvindia.com, Email: info@ccvindia.com, ccvindiamb@gmail.com

Mumbai Office: 4A9, Gundecha Onclave, Kherani Road, Sakinaka, Mumbai 400 072



**Corporate Capital Ventures**  
(SEBI Registered Category I Merchant Bankers)

# **FAIRNESS OPINION REPORT**

**ON**

**SHARE EXCHANGE RATIO**

**FOR**

**SCHEME OF AMALGAMATION**

**OF**

**STEEL STRIPS LIMITED**

**INTO**

**SAB INDUSTRIES LIMITED**

**MERCHANT BANKERS' REPORT**

**JUNE 27, 2019**

*Page 2 of 8*

**Corporate Capital Ventures Pvt. Ltd.**

**CIN: U74140DL2009PTC194657**

160, LGF, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024

Tel: +91 11 4170 4066, Website: ccvindia.com, Email: info@ccvindia.com, ccvindiamb@gmail.com

Mumbai Office: 4A9, Gundecha Onclave, Kherani Road, Sakinaka, Mumbai 400 072



**Table of Contents**

<b>S.No.</b>	<b>Contents</b>	<b>Page No.</b>
I	Precedent	4
II	Background	4
III	Transaction	5
IV	Purpose of Fairness Opinion	5
V	Sources of information relied upon by us for the Fairness Opinion	5
VI	Rationale adopted by the valuer for ascertaining the share exchange ratio for scheme	6
VII	Opinion on share exchange ratio	6
VIII	Disclaimer	6

**1. PRECEDNT**



We have been appointed by SAB Industries Limited (**hereinafter referred to as “SAB” or “Transferee Company” or “Amalgamated Company”**) to provide an Independent Fairness Opinion on the swap ratio (Share Exchange Ratio) provided by CA Vikas Aggarwal, Registered Valuer with Insolvency and Bankruptcy Board of India (“IBBI”) having registration number IBBI/RV/02/2018/10046, (“Registered Valuer”) having their office at SCO 21, First Floor Sector 33-D, Chandigarh (U.T.) –160020, for the purpose of proposed Scheme of amalgamation of Steel Stips Limited into SAB Industries Limited.

## 2. BACKGROUND

### **SAB INDUSTRIES LIMITED (“Transferee Company”):**

SAB Industries Limited bearing CIN No. L00000CH1983PLC031318 having its Registered Office situated at SCO 49-50, Sector 26, Madhya Marg, Chandigarh-160019 was incorporated on February 16, 1983. The Company has a number of activities in its fold. Its business activities include Construction and Engineering, Real Estate, Information Technology and Trading. The Company is registered with various Government Departments like Uttarakhand PWD (B&R), HP PWD (B&R), Madhya Pradesh PWD (B&R), PUDA and other Central Bodies as Class-1 contractors. This segment presently has the largest share of revenue and profits in the performance of the Company. This segment also provides consultancy in the field of civil engineering and preparation and award of claims.

The other important segment of activities of SAB is Development and Sale of Real Estate.

SAB Industries Limited is setting up a 1.5 MW capacity biogas power and bio-fertilizer plant at Moonak, (Sangrur) Punjab with capital investment of Rs.19 crore using cow-dung, press mud and poultry litter based on bio-methanation technology under NRSE Policy 2012 (New and Renewable Sources of Energy) in technical collaboration with HRG Solution Germany who have wide experience in setting up similar projects in Europe as well as in India. Using the Biogas of the Biogas plant as a fuel for power generation will avoid Greenhouse-Gas Emission of approx. 7,500 tons CO<sub>2</sub> per year, compared to power production by a coal based power plant, even without considering less logistical effort.

The total issued subscribed & paid up capital of the Company as on 31st March, 2019 is Rs. 151,883,720/- comprising of 15,188,372 Equity Shares of Rs. 10/- each.



### **STEEL STRIPS LIMITED (“Transferor Company”):**

Steel Strips Limited bearing CIN No. L45202PB1975PLC003610 having its Registered Office situated at Village Harkishanpura, Bhawanigarh Teh, Distt. Sangrur, Punjab 148026, was incorporated on December 23, 1975. The Company, presently neither have any manufacturing activity nor carrying on any operations. Earlier the Company was engaged in the Business of manufacture of Steel Products (Steel Billets, Ingots and Special Steels in rounds and flats). However, the steel business of the Company could not survive due to severe recession in Steel Industry in mid-nineties and the units become inoperative during the year 1998-99. The Company become sick and was registered under Board for Industrial and Financial Reconstruction (BIFR) in November, 2002.

The total issued subscribed & paid up capital of the Company as on 31st March, 2019 is Rs. 82,831,030/- comprising of 8,283,103 Equity Shares of Rs. 10/- each.

### **3. TRANSACTION**

The transaction involves amalgamation of Steel Strips Limited into SAB Industries Limited under the scheme of amalgamation pursuant to the provisions of Section 232 of the Companies Act, 2013.

### **4. PURPOSE OF FAIRNESS OPINION**

As per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, the companies going for certain arrangement/amalgamation/merger/reconstruction, etc. are required to obtain a “Fairness Opinion” from an Independent Merchant Banker relating to the valuation of assets/ shares done by the Valuer.

### **5. SOURCES OF INFORMATION RELIED UPON BY US FOR THE FAIRNESS OPINION**

We have prepared the Fairness Opinion Report on the basis of the following information provided to us:

- Report on Swap Ratio (Shares Exchange Ratio) dated June 20, 2019, prepared by CA Vikas Aggarwal, Registered Valuer with Insolvency and Bankruptcy Board of India (“IBBI”) having registration number IBBI/RV/02/2018/10046;
- Draft Scheme of amalgamation of Steel Strips Limited into SAB Industries Limited;



- Audited Annual Financial statements of SAB Industries Limited and Steel Strips Limited for the financial year 2016-17, 2017-18 and 2018-19;
- Other data collated by us from management of SAB Industries Limited and publicly available sources.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executives and representatives of the companies.

## 6. RATIONALE ADOPTED BY THE VALUER FOR ASCERTAINING THE SHARE EXCHANGE RATIO FOR SCHEME

The Share Exchange Ratio calculated in the valuation report has been arrived at by the adoption of

1. Net Assets Approach,
2. Income Approach, and
3. Market Approach

Which are internationally accepted principals of valuations for determining the fair value of the equity shares of a company, to the extent relevant and applicable.

## 7. OPINION ON SHARE EXCHANGE RATIO

Based on the scheme of Amalgamation and valuation report provided by CA Vikas Aggarwal, Registered Valuer with Insolvency and Bankruptcy Board of India (“IBBI”) the share exchange ratio for the purpose of scheme of amalgamation would be 1 Share of SAB Industries Limited for 350 Shares of Steel Strips Limited.

On the basis of information, material and data made available to us, including the Report of the Registered Valuer and the working thereto, in our opinion the Share Exchange Ratio/Swap Ratio for the proposed Scheme of Amalgamation between the Company and its shareholders, as recommended by the Registered Valuer is fair and reasonable.

## 8. DISCLAIMER:

1. **Our scope of work did not include the following:-**
  - a. An audit of the financial statements of the Company discussed in this opinion.
  - b. Carrying out a market survey / financial feasibility for the Business of any of the Company discussed in this opinion.
  - c. Financial and Legal due diligence of any of the Company discussed in this opinion.



2. It may be noted that in carrying out our work, we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.
3. We assume no responsibility and make no representations with respect to the accuracy or sufficiency or completeness of any information provided by the management of the Company /Valuer. We have not conducted any independent appraisal of any assets or liabilities of the Companies. We have not reviewed any other documents other than those stated above.
4. Our work did not constitute a validation of the financial statement of the Companies and accordingly we do not express any opinion on the same. If there were any omission, inaccuracies, or misrepresentations of the information provided by the management, it may have material effect on our findings.
5. The opinion must not be made available or copied in whole or in part to any other person without our express written permission save and except for the limited purpose of this opinion.
6. We understand that the management of the Company/ Valuer during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our opinion. In this opinion we have included all such information and matters as was received by us from management of the Company/Valuer.
7. The management of the Company or their related parties is prohibited from using this opinion other than for its sole limited purpose and not to make a copy of this opinion available to any party other than those required by statute for carrying out the limited purpose of this opinion. This opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.
8. In rendering the opinion, CCV has not provided legal, regulatory, tax, accounting, actuarial or investment advice and accordingly we do not assume any responsibility in respect thereof. Further we have assumed that the Scheme will be implemented on the terms and conditions as set out in the draft scheme without any material change to or waiver of its terms and conditions.
9. We hereby declare that we do not have any direct or indirect interest in the Company/assets valued.



## Corporate Capital Ventures

(SEBI Registered Category I Merchant Bankers)

10. The report is issued on the understanding that it is solely for the use of the person to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any other person other than those to whom it is addressed.
11. In no event, will CCV, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

**For Corporate Capital Ventures Private Limited**



**Kulbhushan Parashar**  
Director

**Date: June 27, 2019**  
**Place: New Delhi**