

**VALUATION OF EQUITY SHARES OF**

**KOTHARI INDUSTRIAL CORPORATION LIMITED**

114, Kothari BLDS, Nungambakkam High Rd, Nungambakkam,  
Chennai-600034, Tamil Nadu, India

**AS ON MAY 14, 2025**

**-: REGISTERED VALUER: -**

**Khusbu Agrawal**

**Registered Valuer (Securities & Financial Assets)**

R. No.: IBBI/RV/03/2021/14393

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**Ref: 003/005/2024-25**

**May 16, 2025**

**To,**  
**The Board of Directors**  
**Kothari Industrial Corporation Limited**  
114, Kothari BLDS,  
Nungambakkam High Rd, Nungambakkam,  
Chennai-600034, Tamil Nadu, India

**Dear Sir,**

**Subject - Valuation of Equity Shares of Kothari Industrial Corporation Limited for the purpose of preferential issue of Equity Shares in accordance with Regulation 165 of SEBI (ICDR) Regulation, 2018.**

**Kothari Industrial Corporation Limited** (the ‘Company’, ‘you’, ‘your’) has appointed Khusbu Agrawal, Registered Valuer (SFA) registered with IBBI having Registration Number-IBBI/RV/03/2021/14393 (hereinafter referred to as ‘Valuer’, ‘I’, ‘Me’ or ‘My’) vide engagement letter dated February 14, 2025 to arrive at floor price of Equity Shares for the purpose of preferential issue of Equity Shares to promoter and non-promoter group (“Proposed Allottees”) in accordance with Regulation 165 of SEBI (ICDR) Regulation, 2018.

Please find enclosed the report (comprising 23 pages) detailing my recommendation of floor price for preferential issue of Equity Shares to the Proposed Allottees by the Company, the methodologies employed and the assumptions used in my analysis.

This report sets out my scope of work, background, sources of information, procedures performed by me and my opinion on the value analysis of the equity shares for proposed issue of equity shares by the Company.

**Date: May 16, 2025**  
**Place: Kolkata**

**Khusbu Agrawal**  
**IBBI R. No.: IBBI/RV/03/2021/14393**

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## 1. BACKGROUND OF COMPANY

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Kothari Industrial Corporation Limited is a listed company bearing CIN L74110TN1970PLC005865 and was incorporated on July 01, 1970. The registered office of the company is situated at 114, Kothari Blds, Nungambakkam High Rd, Nungambakkam, Chennai-600034, Tamil Nadu, India. The company is listed with BSE Limited with Scrip Code-509732.

The Company is engaged in manufacturing of fertilizers and has a network of distributors in the southern states. The company has leased its fertilizer factory to M/s. Coromandel International Limited. The Company also deals with FMCG Products like Health Care Products and Manufacturing of Rusk, Cookies and Dum Roots.

The equity shareholding pattern of the Company as at the Valuation Date is as under:

Category of shareholder	No of shares (FV – INR 5/- each)	% Holding
Promoter & Promoter Group	4,42,68,772	47.75%
Public	4,84,49,333	52.25%
<b>Total</b>	<b>9,27,18,105</b>	<b>100.00%</b>

*(Source: Management Information and BSE Database)*

## 2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

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I have been informed by the Management of the Company that they are in the process of a preferential issue of equity shares to Proposed Allottees. Thus, a valuation report for the same is required from a Registered Valuer in accordance with Regulation 165 of the Securities and Exchange Board of India (ICDR) Regulations, 2018.

I have been appointed by the Audit Committee of the Company to provide a valuation report for determining the floor price for proposed preferential issue of equity shares to Proposed Allottees.

## 3. IDENTITY OF THE REGISTERED VALUER

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Name of the Valuer	Khusbu Agrawal
IBBI Registration Number	IBBI/RV/03/2021/14393
Address	BL-Front, 4th Floor, Flat-4B, Madhuban Apartment, 322A Banku Bihari Chatterjee Road, Kolkata-700042
Contact Email of RV	cskhusbunco@gmail.com

## 4. USE OF WORK OF EXPERT

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I have not used the work of any other experts in the valuation assignment.

## **5. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT**

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I hereby confirm and explicitly declare that I am an independent valuer and do not have any interest, direct or indirect, in the underlying securities being valued.

## **6. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF THE VALUATION REPORT**

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Date of appointment	February 14, 2025
Valuation date	May 14, 2025
Date of valuation report	May 16, 2025

## **7. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN**

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I have not carried out any inspection or independent verification of the information provided. I have relied on the publicly available information, provisional & projected financial statement and other financial and non-financial information made available to me as well as the representations made to me in the course of this engagement.

## **8. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON**

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In the course of my valuation analysis, I have relied on various financial and non-financial information obtained from the Company and from various public, financial and industry sources. I have assumed that all information provided by the Company has been duly approved by the concerned authority to which it pertains to. My conclusion of value is dependent on such information being complete and accurate in all material respects. I have relied upon the following information(s) as provided by the Management of the Company and information available in public domain:

- a) Brief history, present activities and business profile etc.;
- b) Memorandum of Association and Article of Association;
- c) Shareholding pattern of the Company as on Valuation Date;
- d) Audited financial statements for the financial year ended March 31, 2023 and March 31, 2024;
- e) Unaudited financial statements for the nine months ended on December 31, 2024;
- f) Projections of the future profitability and Balance Sheet of the Company as certified by management from January 01, 2025 to March 31, 2029; **(Annexure-D)**
- g) Discussions and correspondence with the Management in connection with the business operations of the Company, key developments, past trends, proposed future business plans and prospects, etc.;
- h) Information available in public domain and databases such as BSE etc.

In addition to the above, I have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation.

It may be mentioned that the Management has been provided with an opportunity to review factual information in my report as part of my standard practice to ensure that factual inaccuracies/ omissions etc., are avoided in my final signed report.

## 9. PROCEDURE ADOPTED IN CARRYING OUT VALUATION

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My analysis of valuation of the Company is based on the International Valuation Standards (IVS) and the prescriptions laid down in Companies (Registered Valuer's and Valuation) Rules, 2017. Some of the key procedures used in my value analysis included such substantive steps as I considered necessary under the circumstances, including, but not necessarily limited to the following are:

- Discussion with the Management to:
  - Understand the business and the fundamental factors that affect its earning generating capability including strength, weakness, opportunity and threat analysis and historical financial performance of the Company;
  - Enquire about the current state of affairs, business plans and the future performance estimates;
- Reviewed the Memorandum of Association and Article of Association of the Company;
- Reviewed the shareholding pattern of the Company as on Valuation Date;
- Reviewed the unaudited financial statements for the nine months ended on December 31, 2024 and audited financial statements for the financial year ended March 31, 2023 and March 31, 2024;
- Reviewed the projections of the future profitability and Balance Sheet of the Company as certified by management from January 01, 2025 to March 31, 2029;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberations and consideration to the sector in which the Company operate and analysis of their business operations etc.;
- Arrived at fair value of the equity shares using the method prescribed under SEBI ICDR Regulation.

## 10. VALUATION APPROACHES

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### **Basis and Premise of Valuation**

Valuation of Equity Shares of the Company as at Valuation Date is carried out in accordance with IVS, considering 'Fair Value' base and 'going concern value' premise. Any change in the valuation base or the valuation premise could have a significant impact on the valuation outcome of the Company.

### **Basis of Valuation**

It means the indication of the type of value being used in an engagement. Fair Value as per IVS is defined as under:

*'Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.'*

### **Premise of Value**

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the Company is carried out on a Going Concern Value premise which is as under:

*'Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc.'*

It is pertinent to note that the valuation of any business/company or its assets is inherently imprecise and is subject to various uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I made numerous assumptions considering inter-alia dependency and financial assistance from existing shareholders and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the business, and other factors which generally influence the valuation of the Company, its business and assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and my reasonable judgment, in an independent and bona fide manner based on my previous experience of assignments of a similar nature.

In case of companies listed on stock exchanges, the preferential issue of shares shall be undertaken in compliance with the provisions of SEBI ICDR Regulations. In the case of equity shares of the Company, the shares are listed for a period of more than 90 days as on the Relevant Date and are infrequently traded as per definition provided under Chapter V-Preferential Issue of Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as given below:

‘Frequently Traded Shares’ means shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

As per Regulation 165 of SEBI (ICDR) Regulation, 2018, where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies.

I have considered following method to determine price of equity shares for the purpose of preferential issue of equity shares in terms of Regulation 165 of SEBI (ICDR) Regulation, 2018.

For the purpose of the valuation exercise, generally the following valuation approaches are adopted:

**i. Cost Approach**

- a. Book Value Method/ Net Asset Value Method

**ii. Market Approach**

- a. Market Price Method
- b. Comparable Companies Multiple Method/ Comparable Transaction Multiples Method

**iii. Income Approach**

- a. Discounted Cash Flow (DCF) Method

## **COST APPROACH**

### **1. Book Value Method/Net Asset Value Method ('NAV')**

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis, realizable value basis or replacement cost basis. This value analysis approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

*As represented by the Management, the Company presently operates as a going concern and would continue to do so for the foreseeable future. The current net asset value of the business may not be representative of their earning potential. Accordingly, for the valuation of the Company, we have not provided any weightage to this approach since the present valuation exercise is undertaken on going concern basis. The book value of equity share based on Unaudited Financial Statement as on 31.12.2024 is as detailed in **Annexure - A**.*

## **MARKET APPROACH**

### **1. Market Price Method**

Under the Market Price method, a Valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. For this purpose, one considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. The valuation standards also prescribe that the Valuer should use average price of the asset over a reasonable period and use a weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

However, as the stock markets and stock prices are subject to volatility and as the equity shares of the Company has been infrequently traded as per the definition provided under Chapter V- Preferential Issue of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and considering the proposed transaction, in my opinion, it is thought appropriate to consider closing price as on the relevant date.

*I have considered average closing price of 120 trading days to value equity shares of the Company. The details of same is given in **Annexure - B**.*

### **2. Comparable Companies' Multiple ('CCM')/ Comparable Transactions' Multiple ('CTM') Method**

Under CCM the value of shares/ business of a company is determined based on market multiples of publicly traded comparable 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. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of



business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

*Based on discussion with the Management, I understand that the Company is engaged in diversified business operation involving leasing of its fertilizer plant and deal with FMCG Products like Health Care Products and Manufacturing of Rusk, Cookies and Dum Roots. Considering the nature of business operation, I have not used CCM Method.*

Under CTM the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

*Based on discussion with the Management, I understand that the company is engaged in diversified business operation involving leasing of its fertilizer plant and deal with FMCG Products like Health Care Products and Manufacturing of Rusk, Cookies and Dum Roots. I understand that there are no recent comparable transactions involving companies of similar nature and having a similar operating/ financial metrics as that of the Company, I have therefore not used the CTM method to arrive at the equity value of the Company.*

## **INCOME APPROACH**

### **1. Discounted Cash Flows ('DCF') Method**

Income approach is a valuation approach that converts maintainable or future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the equity are discounted at cost of equity. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent and added to the present value of the available cash flow to estimate the value of the business.

*The Management has provided the projected financial items for January 01, 2025 to March 31, 2029, which the Management believes to be their estimates as to the future operating performance of the Company. The Management of the Company expects the Company to make profits and generate surplus cash for the foreseeable future. I have therefore used DCF method which is one of the most commonly used pricing methodology for valuing such companies. The detailed working is as mentioned in **Annexure - C**.*

## 11. VALUATION CONCLUSION

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It is recognized that valuation of any company or assets as a matter is inherently subjective and subject to various factors, which are difficult to predict and beyond control. Valuation exercise involves various assumptions with respect to the specific industry, general business and economic conditions, which are beyond the control of the Companies. The assumptions and analysis of market conditions, comparable, prospects of the industry as a whole and the Company, which influences the valuation of companies are subject to change over a period of time and even differ between the valuers at the given point of time.

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share.

In light of the aforesaid and after taking into consideration the principles of valuation that one would have to consider to value the equity shares of the Company, I have derived value as per 'Net Asset Value Method' under Cost Approach; 'Market Price Method' under the Market Approach and 'Discounted Cash Flow Method' under Income Approach. I have given equal weightage to 'Market Price Method' under the Market Approach and 'Discounted Cash Flow Method' under Income Approach.

Sr. No.	Particulars	Price per share (INR)	Weights	Weighted Value (INR)
1	Net Asset Value Method	5.14	0.00%	-
2	Market Price Method	137.32	50.00%	68.66
3	Discounted Cash Flow Method	7.74	50.00%	3.87
Equity Value per share				72.53

On the above basis of the foregoing, the fair value of equity shares of the Company is arrived at **INR 72.53 per share**.

## 12. RESTRICTIONS ON USE OF THE VALUATION REPORT

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This valuation report is meant for use for the limited purpose of determining floor price of preferential issue of equity shares to Proposed Allottees on the Valuation Date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the Company and publicly available sources which I believe to be accurate. I accept no responsibility for any errors in the information on which the valuation conclusions are based.

## 13. LIMITING FACTORS

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My report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

1. This report has been prepared for the purposes stated herein and should not be relied upon for any

- other purpose. The Company is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.
2. While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. This report is issued on the understanding that company has drawn my attention to all the matters relevant for the purpose of the Proposed Transaction as on date of this report which would have an impact on my valuation. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
  3. I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letter. The Management warranted to me that the information they supplied is complete, accurate and true and correct to the best of their knowledge. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the management, their directors, employee or agents.
  4. I may have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/or reproduced in its proper form and context.
  5. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. However, changes to the same in the future could impact the Company and the industry they operate in, which may impact my valuation.
  6. Unless 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 litigations and other contingent liabilities that are not recorded/reflected in the financials provided to me. Further, I have also not carried out any physical verification of the assets and liabilities.
  7. I do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. I express no opinion as to how closely the actual results will correspond to those projected/ forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
  8. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
  9. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to me as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.
  10. Except for the valuation part, my report is not, nor should it be construed as my Opinion or

Certifying the compliance with the proposed transaction with the provisions of the law including companies, taxation and capital market-related laws or as regards any legal implications or issues arising from such proposed transaction.

11. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
12. I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.

**Date: May 16, 2025**  
**Place: Kolkata**

**Khusbu Agrawal**  
**IBBI R. No.: IBBI/RV/03/2021/14393**

ANNEXURE - A

NET ASSET VALUE METHOD AS ON 31-12-2024

Particulars	INR Lakhs
Equity Share capital	2,124.19
Other Equity	2,640.32
<b>Net Book value</b>	<b>4,764.51</b>
No. of shares as on September 30, 2024	9,27,18,105
<b>BV per Share</b>	<b>5.14</b>

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## ANNEXURE - B

### MARKET PRICE METHOD

Particulars	MWAP <sup>#</sup> (INR)
The 120 trading days mean weighted average price of the related equity shares quoted on the recognised stock exchange (BSE) preceding the relevant date <sup>^</sup>	137.32

<sup>^</sup>Trading data considered upto 14/05/2025

<sup>#</sup>Mean Weighted Average Price

#### Detail of Trading Data for period 18/11/2024 to 14/05/2025:

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (INR)
14-May-25	336.75	336.75	336.75	336.75	336.75	3,256	35	10,96,458
13-May-25	330.15	330.15	330.15	330.15	330.15	1,660	33	5,48,049
12-May-25	323.7	323.7	323.7	323.7	323.7	2,386	39	7,72,348
09-May-25	317.4	317.4	317.4	317.4	317.4	5,306	34	16,84,124
08-May-25	311.2	311.2	311.2	311.2	311.2	79,145	847	2,46,29,924
07-May-25	302.7	305.1	302.7	305.1	303.14	58,431	188	1,77,12,923
06-May-25	299.15	299.15	299.15	299.15	299.15	5,811	29	17,38,360
05-May-25	293.3	293.3	293.3	293.3	293.3	11,675	30	34,24,277
02-May-25	287.55	287.55	287.55	287.55	287.55	8509	27	24,46,762
30-Apr-25	281.95	281.95	281.95	281.95	281.95	1,259	15	3,54,975
29-Apr-25	276.45	276.45	276.45	276.45	276.45	2,882	25	7,96,728
28-Apr-25	271.05	271.05	271.05	271.05	271.05	1,594	21	4,32,053
25-Apr-25	265.75	265.75	265.75	265.75	265.75	3,918	29	10,41,208
24-Apr-25	260.55	260.55	260.55	260.55	260.55	22,525	27	58,68,888
23-Apr-25	255.45	255.45	255.45	255.45	255.45	8131	27	20,77,063
22-Apr-25	250.45	250.45	250.45	250.45	250.45	12,494	34	31,29,122
21-Apr-25	245.55	245.55	245.55	245.55	245.55	35,158	30	86,33,046
17-Apr-25	240.75	240.75	240.75	240.75	240.75	1,894	28	4,55,980
16-Apr-25	236.05	236.05	236.05	236.05	236.05	3,512	11	8,29,007
15-Apr-25	231.45	231.45	231.45	231.45	231.45	2,812	21	6,50,837
11-Apr-25	226.95	226.95	226.95	226.95	226.95	796	14	1,80,652
09-Apr-25	222.5	222.5	222.5	222.5	222.5	885	16	1,96,912
08-Apr-25	218.15	218.15	218.15	218.15	218.15	1,104	17	2,40,837
07-Apr-25	205.6	213.9	205.6	213.9	207.48	78,463	514	1,62,79,706
04-Apr-25	209.75	209.75	209.75	209.75	209.75	3,148	23	6,60,293
03-Apr-25	205.65	205.65	205.65	205.65	205.65	7,518	15	15,46,076

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (INR)
02-Apr-25	201.65	201.65	201.65	201.65	201.65	1,981	24	3,99,468
01-Apr-25	197.7	197.7	197.7	197.7	197.7	1,084	21	2,14,306
28-Mar-25	193.85	193.85	193.85	193.85	193.85	2,797	13	5,42,198
27-Mar-25	190.05	190.05	190.05	190.05	190.05	2,300	22	4,37,115
26-Mar-25	186.35	186.35	186.35	186.35	186.35	2,412	29	4,49,476
25-Mar-25	182.7	182.7	182.7	182.7	182.7	948	19	1,73,199
24-Mar-25	179.15	179.15	179.15	179.15	179.15	1,346	24	2,41,135
21-Mar-25	175.65	175.65	175.65	175.65	175.65	2,022	28	3,55,164
20-Mar-25	172.25	172.25	172.25	172.25	172.25	1,174	17	2,02,221
19-Mar-25	168.9	168.9	168.9	168.9	168.9	693	18	1,17,047
18-Mar-25	165.6	165.6	165.6	165.6	165.6	2,632	22	4,35,859
17-Mar-25	162.4	162.4	162.4	162.4	162.4	6,425	33	10,43,420
13-Mar-25	159.25	159.25	159.25	159.25	159.25	4,644	33	7,39,557
12-Mar-25	150.05	156.15	150.05	156.15	151.12	28,211	297	42,63,176
11-Mar-25	153.1	153.1	138.6	153.1	151.36	83,965	698	1,27,08,675
10-Mar-25	145.85	145.85	145.85	145.85	145.85	1,610	33	2,34,818
07-Mar-25	138.95	138.95	138.95	138.95	138.95	3,542	54	4,92,160
06-Mar-25	132.35	132.35	128.6	132.35	131.68	34,165	470	44,98,839
05-Mar-25	126	126.05	126	126.05	126.03	8,538	41	10,76,033
04-Mar-25	120.05	120.05	120.05	120.05	120.05	1,798	32	2,15,849
03-Mar-25	111.7	114.35	111.7	114.35	114.18	1,521	38	1,73,661
28-Feb-25	106.85	108.95	106.85	108.95	107.9	18,818	154	20,30,404
27-Feb-25	106.85	106.85	106.85	106.85	106.85	6510	87	6,95,593
25-Feb-25	109	109	109	109	109	6,643	61	7,24,087
24-Feb-25	111.2	111.2	111.2	111.2	111.2	3834	61	4,26,340
21-Feb-25	115.75	115.75	113.45	113.45	114.2	7311	106	8,34,932
20-Feb-25	115.75	115.75	115.75	115.75	115.75	31841	203	36,85,595
19-Feb-25	118.1	118.1	118.1	118.1	118.1	10044	88	11,86,196
18-Feb-25	120.5	120.5	120.5	120.5	120.5	2305	64	2,77,752
17-Feb-25	122.95	122.95	122.95	122.95	122.95	6,024	143	7,40,650
14-Feb-25	128	128	125.45	125.45	126.38	11217	238	14,17,645
13-Feb-25	128	128	128	128	128	13717	158	17,55,776
12-Feb-25	125.45	128	125.45	128	127.08	27792	194	35,31,784
11-Feb-25	128	128	128	128	128	33,771	103	43,22,688
10-Feb-25	128	128	128	128	128	6678	44	8,54,784
07-Feb-25	128	128	128	128	128	6767	41	8,66,176
06-Feb-25	128	128	128	128	128	8976	32	11,48,928

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (INR)
05-Feb-25	128	128	128	128	128	7731	31	9,89,568
04-Feb-25	128	128	128	128	128	4248	36	5,43,744
03-Feb-25	128	128	128	128	128	25155	45	32,19,840
01-Feb-25	128	128	128	128	128	1971	15	2,52,288
31-Jan-25	125.79	125.79	125.79	125.79	125.79	946	17	1,18,997
30-Jan-25	123.33	123.33	123.33	123.33	123.33	10692	25	1318644
29-Jan-25	120.92	120.92	120.92	120.92	120.92	1878	15	227087
28-Jan-25	113.91	118.55	113.91	118.55	114.71	114310	546	1,31,12,358
27-Jan-25	116.23	116.23	116.23	116.23	116.23	1728	17	2,00,845
24-Jan-25	113.96	113.96	113.96	113.96	113.96	6506	25	7,41,423
23-Jan-25	111.73	111.73	111.73	111.73	111.73	908	17	1,01,450
22-Jan-25	105.26	109.54	105.26	109.54	105.72	47787	279	50,51,879
21-Jan-25	107.4	107.4	107.4	107.4	107.4	4170	15	4,47,858
20-Jan-25	105.3	105.3	105.3	105.3	105.3	5094	19	5,36,398
17-Jan-25	103.24	103.24	103.24	103.24	103.24	29365	27	30,31,642
16-Jan-25	101.22	101.22	101.22	101.22	101.22	2342	13	2,37,057
15-Jan-25	99.24	99.24	99.24	99.24	99.24	1,982	15	1,96,693
14-Jan-25	97.3	97.3	97.3	97.3	97.3	3254	16	3,16,614
13-Jan-25	95.4	95.4	95.4	95.4	95.4	6900	16	6,58,260
10-Jan-25	93.53	93.53	93.53	93.53	93.53	3082	23	2,88,259
09-Jan-25	91.7	91.7	91.7	91.7	91.7	1092	17	1,00,136
08-Jan-25	89.91	89.91	89.91	89.91	89.91	5207	22	4,68,161
07-Jan-25	88.15	88.15	88.15	88.15	88.15	3373	21	2,97,329
06-Jan-25	86.43	86.43	86.43	86.43	86.43	3183	33	2,75,106
03-Jan-25	84.74	84.74	84.74	84.74	84.74	52,703	124	44,66,052
02-Jan-25	83.08	83.08	83.08	83.08	83.08	115542	291	95,99,229
01-Jan-25	84.77	84.77	84.77	84.77	84.77	22733	254	19,27,076
31-Dec-24	86.5	86.5	86.5	86.5	86.5	112150	724	97,00,975
30-Dec-24	88.26	88.26	88.26	88.26	88.26	34631	14	30,56,532
27-Dec-24	86.53	86.53	86.53	86.53	86.53	37677	17	32,60,190
26-Dec-24	84.84	84.84	84.84	84.84	84.84	41782	27	35,44,784
24-Dec-24	83.18	83.18	83.18	83.18	83.18	34031	6	28,30,698
23-Dec-24	81.55	81.55	81.55	81.55	81.55	117312	35	95,66,793
20-Dec-24	79.96	79.96	79.96	79.96	79.96	32887	14	26,29,644
19-Dec-24	78.4	78.4	78.4	78.4	78.4	29457	15	23,09,428
18-Dec-24	76.87	76.87	76.87	76.87	76.87	22,085	20	16,97,673
17-Dec-24	75.37	75.37	75.37	75.37	75.37	25510	25	19,22,688



Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Total Turnover (INR)
16-Dec-24	73.9	73.9	73.9	73.9	73.9	3596	20	2,65,744
13-Dec-24	72.46	72.46	72.46	72.46	72.46	4773	26	3,45,851
12-Dec-24	71.04	71.04	71.04	71.04	71.04	1810	13	1,28,582
11-Dec-24	69.65	69.65	69.65	69.65	69.65	2050	14	1,42,782
10-Dec-24	68.29	68.29	68.29	68.29	68.29	2261	25	1,54,403
09-Dec-24	66.96	66.96	66.96	66.96	66.96	3190	25	2,13,602
06-Dec-24	65.65	65.65	65.65	65.65	65.65	7104	48	4,66,377
05-Dec-24	64.37	64.37	64.37	64.37	64.37	495	6	31,863
04-Dec-24	63.11	63.11	63.11	63.11	63.109	1480	9	93,402
03-Dec-24	61.88	61.88	61.88	61.88	61.879	727	8	44,986
02-Dec-24	60.67	60.67	60.67	60.67	60.669	366	5	22,205
29-Nov-24	59.49	59.49	59.49	59.49	59.49	943	10	56,099
28-Nov-24	58.33	58.33	58.33	58.33	58.327	275	2	16,040
27-Nov-24	57.19	57.19	57.19	57.19	57.189	581	5	33,227
26-Nov-24	56.07	56.07	56.07	56.07	56.07	1175	8	65,882
25-Nov-24	54.98	54.98	54.98	54.98	54.978	403	7	22,156
22-Nov-24	53.91	53.91	53.91	53.91	53.907	129	2	6,954
21-Nov-24	52.86	52.86	52.86	52.86	52.858	211	5	11,153
19-Nov-24	51.83	51.83	51.83	51.83	51.829	1,124	6	58,256
18-Nov-24	50.82	50.82	50.82	50.82	50.819	839	7	42,637

(Source: BSE Database)

## ANNEXURE - C

### **DISCOUNTED CASH FLOW METHOD**

The Discounted Free Cash Flows method is one of the most rigorous approaches for valuation of a business/asset/equity. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business. For arriving at the valuation of equity shares, projected free cash flows to various stakeholders are discounted at the cost of equity to arrive at the value of business and subtracting outstanding Debts & Preference shareholding, if any, there from and adjusting surplus assets & liabilities, if any, thereto.

Using the Discounted Free Cash Flows method involves determining the following:

- Estimating future free cash flows,
- The time frame of the cash flows i.e. the explicit forecast Period,
- Appropriate Discount rate to be applied to cash flows,
- The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period which is also known as Terminal Value,
- Value of cash and cash equivalents and Surplus Assets

➤ **Free Cash Flows to Firm (FCFF)**

FCFF are the cash flows expected to be generated by the Company that are available to providers of the Equity and Debt Capital. FCFF is determined by Profit after Taxes, to which any non-cash expenses like Depreciation and amortization are added back. The above is adjusted for (i) change in working capital requirements (ii) investments in capital expenditure and other assets. Free cash flows thus calculated will be equal to the sum of the cash flows available to Equity and Debt holders.

➤ **Time Frame of Cash Flows**

A problem faced in valuing a business is its indefinite life, especially where the valuation, as in the present case, is on a going concern basis. This problem could be tackled by separating the value of the business into two-time periods viz. explicit forecast period and post explicit forecast period. In such a case, the value of business will be value of free cash flows generated during the explicit forecast period and value of free cash flows generated during the post explicit forecast period. While projected free cash flows of the explicit forecast period could be estimated on the basis of business plan, the free cash flows of the post explicit forecast period could be estimated using an appropriate method. In the present case, I have been furnished with the financial projections for January 01, 2025 to March 31, 2029, I have considered the same for the purpose of valuation.

➤ **Appropriate Discounting Rate i.e. Weighted Average Cost of Capital**

The Weighted Average Cost of Capital (WACC) is the average rate that a company is expected to pay to all its equity and debt holders, to finance its assets. The WACC is the weighted average return that a company must earn on an existing asset base to satisfy its owners and debt holders. Broadly speaking, a company's assets are financed by either debt or equity. WACC is the weighted average return for cost for equity shareholders as well as debt holders.

**Discounting Factor**

The discount factor considered for arriving at the present value of the FCFF is the WACC, which

comprises of cost of debt and equity

$$\text{WACC} = \left( K_d * (1 - t) * \left[ \frac{D}{D + E} \right] \right) + \left( K_e * \left[ \frac{E}{D + E} \right] \right)$$

Where 'D' and 'E' represent the debt and equity portion respectively in the capital structure.

The WACC using the above parameters has been estimated at 14.00% after giving appropriate allowances for company specific risk including risk associated with achieving the financial projections, etc.

Given that the cash flow would be generated over the period, I have applied the mid-period discounting.

- **Cost of Debt (Kd)**

Cost of debt refers to the effective rate a company pays on its current debt. The cost of debt is used after including the tax impact. As informed by the management, the average effective interest rate for the debt will be 9.00% p.a.

I have considered a tax rate for debt at 25.17% to calculate the tax benefit on interest expense. Accordingly, I have arrived at 6.73% as post tax cost of debt.

- **Cost of Equity (Ke)**

The cost of equity has been determined using the Capital Assets Pricing Model. For this purpose, the formula used is as under:

$$\text{CAPM (Ke)} = R_f + \beta (R_m - R_f) + \alpha$$

Where,

CAPM (Ke) = Discount rate derived from Capital Assets Pricing Model

R<sub>f</sub> = Risk free rate of return

β = Beta factor as a measure of the systematic risk

R<sub>m</sub> = Representative Market Return

(R<sub>m</sub> – R<sub>f</sub>) = Equity Market premium (ERP)

α = Company Specific Risk Premium

Capital–Asset Pricing Model (CAPM) describes the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used throughout finance for pricing risky securities and generating expected returns for assets given the risk of those assets and cost of capital.

- **Risk Free Rate**

The risk-free rate is generally based on the returns available from long-term Government Bonds and securities. These returns are used since they represent a very low default risk, are liquid (freely tradable) and include the expected long-term inflation premium. Based on current yield of 10 Year GOI Security bond, risk free rate has been considered as 6.70% in the present case.

- **Equity Risk Premium**

The Equity Risk Premium (ERP) is the additional amount of return over the risk-free rate that is required to compensate the investor for the additional risk of investing in the equity. It is typically measured by the amount by which historical returns in the equity security markets, over a long period of time, have exceeded the returns from risk-free investments. Such historical return from investment in the equity markets – which is the sum of return by way of capital appreciation and return by way of dividend yield – is the market return. I have considered equity risk premium of 7.00% based on the Market return of S&P BSE 500 since inception. (*Market Return = 13.70%*)

- **Beta ( $\beta$ )**

Systematic risk is measured in the CAPM by a factor known as Beta. Beta is a measure of volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. The beta of the asset has to be estimated relative to the market portfolio and by selecting the comparable companies closely associated with the subject company. I have considered a Beta of 1.00 for the purpose of calculation of the cost of equity. (*Neutral Beta*)

- **Company Specific Risk Premium ( $\alpha$ )**

Company Specific Risk Premium (CSRP) is the risk unique to the company. It includes Additional Business Risk, Economic Risk, Projection Risk, Technology Risk and Legal Risk. Hence to compensate the investor for this aspect, I have considered 7.50% premium towards CSRP.

**STATEMENT SHOWING WEIGHTED AVERAGE COST OF CAPITAL**

Particulars	Value
Risk-Free Rate of Return	6.70%
Beta Coefficient	1.00
Market Return	13.70%
Market Equity Risk Premium	7.00%
Business Risk	7.50%
<b>Cost of Equity Financing</b>	<b>21.20%</b>
Average Cost of Debt	9.00%
Tax Rate	25.17%
<b>Cost of Debt (Net-off Tax)</b>	<b>6.73%</b>
<b>Weights (<i>Management Representation</i>)</b>	
Debt	50.00%
Equity	50.00%
<b>Weighted Average Cost of Capital (WACC)</b>	<b>14.00%</b>

➤ **Terminal Value**

The terminal value of an on-going business could best be determined as present value of estimated future free cash flows in order to obviate the need to forecast the Company's cash flows in detail for an indefinite period. On this basis, the calculation of the terminal value may be made by capitalizing the free cash flows of the terminal year with Weighted Average Cost of Capital,

adjusted for the future expected growth (“g”). As per our estimate, 5.00% should be assumed to be a long-term rate at which company should grow and accordingly the same is considered as perpetual growth rate for the purpose of valuation of the Company. FCFF at the end of explicit forecast period which is FY 2028-29 is considered for calculation of terminal value. Other aspects in this regard have been described above under the heading of explicit forecast period.

**STATEMENT SHOWING CALCULATION OF TERMINAL VALUE**

<b>Particulars</b>	<b>INR Lakhs</b>
Cash flows for the terminal year	877.82
WACC	14.00%
Growth rate	5.00%
<b>Terminal value</b>	<b>9,753.55</b>
Present value factor	0.61
<b>Present value of terminal period cash flows</b>	<b>5,967.19</b>

➤ **Other Considerations**

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the Company is adjusted by

1. Cash and cash equivalents amounting to INR 122.36 Lakhs as on December 31, 2024;
2. Debt and Debt-like items amounting to INR 1,357.50 Lakhs as on December 31, 2024;

The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair market value of equity shares.

The total adjusted value for equity shareholders is then divided by the diluted number of equity shares to arrive at the value per equity share.

**STATEMENT SHOWING FREE CASH FLOW TO FIRM**

*(Amount in INR Lakhs)*

Particulars	01.01.2025- 31.03.2025	2025-26	2026-27	2027-28	2028-29	Terminal Year
<b>Revenue from Operations</b>	<b>1,035.78</b>	<b>7,874.97</b>	<b>8,741.21</b>	<b>9,659.04</b>	<b>10,624.94</b>	<b>11,156.19</b>
<i>Annualised Y-o-Y growth %</i>		<i>90.1%</i>	<i>11.0%</i>	<i>10.5%</i>	<i>10.0%</i>	<i>5.0%</i>
<b>EBIT</b>	<b>211.99</b>	<b>689.11</b>	<b>872.61</b>	<b>1,075.65</b>	<b>1,298.27</b>	<b>1,363.19</b>
<i>% of Revenue</i>	<i>20.5%</i>	<i>8.8%</i>	<i>10.0%</i>	<i>11.1%</i>	<i>12.2%</i>	<i>12.2%</i>
Less: Tax Expense	53.35	173.44	219.62	270.72	326.75	343.11
<b>Profit After Tax</b>	<b>158.64</b>	<b>515.68</b>	<b>652.99</b>	<b>804.93</b>	<b>971.52</b>	<b>1,020.07</b>
Add: Depreciation	21.40	189.85	180.36	171.34	162.77	170.91
<b>Operating Cash Profit After Tax</b>	<b>180.04</b>	<b>705.52</b>	<b>833.35</b>	<b>976.27</b>	<b>1,134.29</b>	<b>1,190.98</b>
Less: Incremental Capital Expenditure	-	-	-	-	-	170.91
Less: Changes in Working Capital	590.59	37.45	87.34	90.04	92.18	142.25
<b>Free Cash Flow to Firm</b>	<b>-410.55</b>	<b>668.08</b>	<b>746.01</b>	<b>886.23</b>	<b>1,042.12</b>	<b>877.82</b>
Mid-Period Discounting factor	0.98	0.91	0.80	0.70	0.61	
<b>Net Present Value</b>	<b>-403.98</b>	<b>605.55</b>	<b>593.15</b>	<b>618.10</b>	<b>637.56</b>	

**STATEMENT SHOWING VALUE PER SHARE**

Particulars	INR Lakhs
PV of Explicit Cash Flows	2,050.48
PV of Terminal Value	5,967.19
<b>Enterprise Value as on Sept 30, 2024</b>	<b>8,017.67</b>
Stub period adjustment	1.05
<b>Enterprise Value as on Feb 11, 2025</b>	<b>8,415.33</b>
Add: Cash & Bank Balance	122.36
Less: Debt and Debt-like items	1,357.5
Add: Investments	10.00
<b>Equity Value as on Feb 11, 2025</b>	<b>7,180.20</b>
No. of Shares (Face Value - INR 10 each)	9,27,18,105
<b>Value Per Share (INR)</b>	<b>7.74</b>

## ANNEXURE - D

### Projected Balance Sheet

(Amount in INR lacs)

Particulars as at March 31,	2025	2026	2027	2028	2029
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Shareholder's Fund</b>					
Share Capital	2,124.19	2,124.19	2,124.19	2,124.19	2,124.19
Reserve & Surplus	3,019.95	3,465.88	4,052.49	4,794.41	5,706.27
<b>Non-Current Liabilities</b>					
Long Term Provisions	33.26	33.26	33.26	33.26	33.26
<b>Current Liabilities</b>					
Short Term Borrowings	1,060.68	1,010.68	960.68	910.68	860.68
Trade Payables	34.23	36.80	39.56	42.53	45.72
Other Financial Liabilities	214.86	206.26	198.01	190.09	182.49
Other Current Liabilities	229.09	229.09	229.09	229.09	229.09
Short Term Provision	99.75	199.08	251.76	309.68	372.83
<b>Total</b>	<b>6,816.01</b>	<b>7,305.24</b>	<b>7,889.04</b>	<b>8,633.93</b>	<b>9,554.53</b>
<b><u>ASSETS</u></b>					
<b>Non-Current Assets</b>					
Tangible Assets	3,098.82	2,943.87	2,796.68	2,656.85	2,524.00
Intangible Assets	698.13	663.23	630.07	598.56	568.64
Deferred Tax Asset (Net)	45.39	45.39	45.39	45.39	45.39
Long Term Loans and Advances	1,787.28	1,787.28	1,787.28	1,787.28	1,787.28
<b>Current Assets</b>					
Inventories	866.86	970.89	1,077.68	1,190.84	1,309.92
Trade Receivables	269.69	302.05	335.28	370.48	407.53
Cash and Cash Equivalents	(175.55)	372.77	1,002.40	1,775.62	2,708.09
Other Financial Assets	225.39	219.76	214.26	208.91	203.68
<b>Total</b>	<b>6,816.01</b>	<b>7,305.24</b>	<b>7,889.04</b>	<b>8,633.93</b>	<b>9,554.53</b>

(Source: Management)

### Projected Statement of Profit And Loss

*(Amount in INR lacs)*

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Income</b>					
Revenue From Operations	7,031.22	7,874.97	8,741.21	9,659.04	10,624.94
Other Income	86.26	90.57	95.10	99.86	104.85
<b>Total</b>	<b>7,117.48</b>	<b>7,965.54</b>	<b>8,836.31</b>	<b>9,758.90</b>	<b>10,729.79</b>
<b>Expenses</b>					
Cost of material Consumed	5,418.32	6,009.46	6,604.94	7,225.63	7,868.08
Employees Benefits Expenses	446.24	479.71	515.69	554.36	595.94
Finance Cost	6.64	93.21	88.71	84.21	79.71
Depreciation And Amortisation Expenses	199.84	189.84	180.35	171.34	162.77
Other Expenses	999.30	597.42	662.72	731.92	804.73
<b>Total</b>	<b>7,070.34</b>	<b>7,369.64</b>	<b>8,052.41</b>	<b>8,767.46</b>	<b>9,511.23</b>
<b>Profit Before Tax</b>	<b>47.14</b>	<b>595.90</b>	<b>783.90</b>	<b>991.44</b>	<b>1,218.56</b>
<b>Tax Expenses</b>					
Current Tax	11.86	149.98	197.29	249.52	306.69
Deferred Tax	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>35.28</b>	<b>445.92</b>	<b>586.61</b>	<b>741.92</b>	<b>911.87</b>

*(Source: Management)*