# Detailed Valuation Report

on

# Fair Value of Equity Shares as on 31st December, 2021

of

# MANJUSHREE PLANTATIONS LIMITED

(CIN: U01132WB2004PLC100598)

## INDEX OF VALUATION REPORT

# VALUATION REPORT

## 1. ENGAGEMENT, CONTEXT AND PURPOSE

As desired, I have carried out the valuation of Equity Shares (hereinafter referred to as **'Shares'** of **Manjushree Plantations Limited** (hereinafter referred to as **'the Company'**). I understand that the majority shareholders of the Company intends to acquire Shares from the minority shareholders under Section 236 of the Companies Act, 2013. Thus, in order to determine the fair value of the Shares as on valuation date (defined below) the management of the Company has requested for valuation of Shares to be carried out by the Registered Valuer in accordance with Section 236(2) read with Rule 27(2) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

## 2. DISCLOSURE OF VALUER INDEPENDENCE

I am independent of the Company and the professional charge for this report is not contingent in any way upon the opinion of fair value of the shares to be developed. I am not aware of any conflicts of interest, in whatsoever manner, in relation to this assignment. My engagement does not, in any way preclude the Company from seeking other independent opinions of the fair value of the Company's Shares from other sources.

## 3. IDENTITY OF THE VALUER AND DETAILS OF APPOINTMENT

The assignment of valuation of Shares of the Company has been carried out by the undersigned, Mr. Sundeep Singhi, registered with The Insolvency and Bankruptcy Board of India (IBBI) as Registered Valuer - Securities or Financial Assets bearing the registration number IBBI/RV/05/2020/13405 based on the terms of the engagement letter dated 25th February, 2022 duly accepted and signed by **Mrs. Manjushree Khaitan,** Director of the Company.

## 4. CONDITIONS AND MAJOR ASSUMPTIONS

### Conditions

The financial information of the Company presented in this report is included solely for the purpose to arrive at a value determined in this report. In the course of this exercise, I have been provided with both written and verbal information/guidance, including financial and operating data. In accordance with the terms of my engagement, I have assumed and relied upon, without

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independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this valuation report and (ii) the accuracy of information made available to me by the management of Company. I have not carried out a due diligence or audit of the Company for the purposes of this engagement, nor I have independently investigated or otherwise verified the data provided by the management of the Company. Also, with respect to explanations and information sought from the management, I have been given to understand that they have not omitted any relevant and material factors and they have checked the relevance or materiality of any specific information to the present exercise with me. Accordingly, I do not express any opinion or offer any form of assurance regarding its accuracy and completeness. No investigation of the Company's claim to the title of assets or the business has been made for the purpose of this valuation. No responsibility is assumed for matters of a legal nature. I was not required to carry out a legal due diligence review, for the purpose of this valuation exercise.

I have relied on representation from the management that Company has considered the possible effects which may result from the pandemic relating to COVID-19 on the financial information and cash flow projections as provided to me. Further, the Company does not anticipate any material uncertainties which affect its liquidity position and also ability to continue as a going concern. In developing the assumptions and financial projections relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. Thus, the impact of COVID-19 pandemic situations on the Company's financial information and cash flow projections as on the date of signing of the valuation report will depend on future developments, which are highly uncertain and may differ from the actual financial statement.

**Major Assumptions**

The value of Company's Shares given in this report is based on the information provided by the management of the Company. The management has indicated to me that it has understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis/results. Accordingly, I assume no responsibility for any errors in the information furnished by the management of the Company and its impact on the valuation report. Also, I assume no responsibility for technical information (if any) furnished by the Company. However, nothing has come to my attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the valuation report. I have also assumed that the business of the Company will be operated prudently and there are no unforeseen adverse changes in the economic conditions affecting the business, the market or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company. I have been informed by the management of the Company that there are no binding lawsuits or any other undisclosed liabilities which may potentially affect the business of the Company.

## 5. BACKGROUND OF THE COMPANY AND ITS CAPITAL

a) Manjushree Plantations Limited is a public company limited by shares, incorporated on 5th September, 1938 under Companies Act, 1913 in the state of Tamil Nadu. The Company's registered office shifted to Kolkata, in the state of West Bengal with effect from 6th December, 2004 bearing Corporate Identity Number (CIN): U01132WB2004PLC100598 having registered office at 7E, Neelamber Building, 28B, Shakespeare Sarani, Kolkata - 700017, West Bengal.

b) Presently the Company undertakes the following activities:
"To carry on the business of producing premium quality Tea, Coffee and Spices, offering a wide range of packet teas including speciality teas, exotic blends and flavoured teas, providing spice range including Cardamom, Clove and Pepper."

c) The capital structure of the Company as on 31st December, 2021 are as follows:

| Particulars | No. of Shares | Amount (INR) |
|---|---|---|
| **Authorized Share Capital** | | |
| Equity Shares of INR 10 each | 4,71,37,000 | 47,13,70,000 |
| 5% Cumulative Redeemable Preference Shares of INR 100 each | 2,86,300 | 2,86,30,000 |
| **Total** | | **50,00,00,000** |
| **Issued, Subscribed and Paid-up Share Capital** | | |
| Equity Shares of INR 10 each, fully paid up | 4,44,20,307 | 44,42,03,070 |
| **Total** | | **44,42,03,070** |

d) The Board of Directors of the Company as on the valuation date comprises of the following persons:

| Name | Designation | DIN |
|---|---|---|
| Mrs. Manjushree Khaitan | Director | 00055898 |
| Mr. Kalyan Sen | Director | 02085591 |
| Mr. Sarat Priya Patjoshi | Director | 06620290 |

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## 6. COMPANY'S PROFILE & ITS ACHIEVEMENTS

The Company was incorporated in 2004 with its head office in Kolkata and is a multi-crop producer of premium quality Tea, Coffee and Spices.

- **Business model overview**
  - It is one of the earliest growers of Coffee in the region.
  - It offers a wide range of packet teas including speciality teas, exotic blends and flavoured teas.
  - It also offers spice range which includes Cardamom, Clove and Pepper.

## 7. INDUSTRY AND FUTURE PROJECTIONS [1,2,3 & 4]

One of the oldest organized sectors in India are tea and coffee. According to the reports of Statista, revenue in the Coffee segment amounts to US$874m in 2022. The market is expected to grow annually by 3.07% (CAGR 2022-2025). In the Coffee segment, volume is expected to amount to 50.7mkg by 2025. The market for Coffee segment is expected to show a volume growth of 3.0% in 2023.

India is the third-largest producer and exporter of coffee in Asia, and the sixth-largest producer and fifth-largest exporter of coffee in the world. The country accounts for 3.14% (2019-20) of the global coffee production. The coffee production stood at 299,300 million tonnes (MT) during 2019-20P.

The country is home to a wide variety of teas, including CTC tea, orthodox tea, green tea and organic tea. Unlike many other teas producing and exporting nations, India has a manufacturing base for both CTC and orthodox tea in addition to green tea.

India offers high-quality specialty teas, such as Darjeeling, Assam Orthodox and the high-range Nilgiris, which have a distinctive aroma, strength, colour and flavour. Some of the commonly available variants include white, black, herbal, green and oolong tea, which are primarily cultivated in the hilly regions of Assam, West Bengal, Tamil Nadu, Kerala, Tripura, Arunachal Pradesh and other states. Tea found in India is categorized into 3 types namely Assam tea (highest cultivation), Darjeeling tea (Superior quality tea) and Nilgiri tea (subtle and gentle flavors).

[1]https://www.statista.com/outlook/cmo/hot-drinks/coffee/india
[2]https://www.imarcgroup.com/india-tea-market
[3]https://www.ibef.org/exports/indian-tea-industry.aspx
[4]https://www.indianretailer.com/article/whats-hot/retail-trends/trends-and-future-of-tea-trade-in-india-and-the-role-of-supply-chain.

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Significant growth in the food and beverage industry is one of the key factors creating a positive outlook for the market. India is among the largest producers and consumers of tea across the globe and tea has emerged as one of the most cost-effective and healthy beverages. Moreover, the increasing consumer preference for premium and packaged tea brands is providing a thrust to the market growth.

Over the years, tea has become a comprehensive million-dollar industry in India with the projection of even sharp growth in the future. As per a report by Expert Market Research firm, the Indian tea industry is expected to grow at a CAGR of 4.2 percent from 2021-26 and reach an approximate valuation of 1.40 million tons by the end of this period. Thus, evidently, the industry is fast striding on a high growth trajectory.

## 8. VALUATION DATE

The analysis of fair value of the Company's Shares has been carried out as on 31st December, 2021.

## 9. VALUATION BASES AND PREMISES OF VALUE

ICAI Valuation Standard 102 (paragraph 14 – 36) deals in 'Valuation Bases.' Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.

The Standard defines the following Valuation Bases:

(a) **Fair value:** As defined in ICAI Standard 101, 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.

(b) **Participant Specific Value:** As defined in ICAI Standard 101, Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants; and

(c) **Liquidation Value:** As defined in ICAI Standard 101, Liquidation Value is the amount that will be realized on sale of an asset or a group of assets when an actual / hypothetical termination of the business is contemplated / assumed.

**Considering the terms and purpose of this engagement, I have considered 'FAIR VALUE' as the Valuation Base.**

ICAI Valuation Standard 102 (paragraph 37 – 51) deals in 'Premises of Value.' Premise of Value refers to the conditions and circumstances how an asset is deployed. Some of the common

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(a) Highest and Best Use
(b) Going Concern Value
(c) As-Is-Where-Is Value
(d) Orderly Liquidation
(e) Forced Transaction.

**'Going Concern Value' is the value of a business enterprise that is expected to continue to operate in the future. In the given context and circumstances, I have considered 'GOING CONCERN VALUE' as the Premises of Value.**

## 10.VALUATION APPROACHES AND METHODS

ICAI Valuation Standard 103 deals in 'Valuation Approaches and Methods. The Standard provides guidance for three main Valuation Approaches, which are as follows –

(a) Market Approach
(b) Income Approach
(c) Cost Approach

### (a) Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

Market Approach are more applicable in instances – (a) where the asset to be valued or a comparable or identical asset, is traded in the active market; (b) there is a recent, orderly transaction in the asset to be valued; or (c) there are recent comparable orderly transactions in identical or comparable asset(s) and information for the same is available and reliable.

The common valuation methods under the Market Approach are –

- Market Price Method– Under this method, the asset is being valued with reference to the price or volume of the asset as traded in the market.

- Comparable Companies Multiple (CCM) Method – This method is also known as 'Guideline Public Company Method' and it involves valuing an asset based on 'market multiples' derived from prices of market comparable traded on active market. Under this method, the major steps involve – (a) identify the appropriate market comparable;(b) select and calculate the market multiples of the identified market comparable;(c)compare the asset to be valued with the market comparable to understand material differences and make necessary adjustments to the market multiple to account for such differences, if any;(d) apply the adjusted market multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if value of the asset is derived by using market multiples based on different metrics/parameters, the reasonableness of the range of values may be considered. Identification of the appropriate comparable and the key difference with the asset – holds the key to the successful valuation under this method.

- Comparable Transaction Multiple (CTM) Method – This method is also known as 'Guideline Transaction Method' which involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued / market comparable (comparable transactions). The price paid in comparable transactions generally include control premium, except where transaction involves acquisition of non-controlling/minority stake, which needs proper adjustment. To use this method, the major steps are – (a) identify comparable transaction appropriate to the asset to be valued; (b) select and calculate the transaction multiples from the identified comparable transaction; (c) compare the asset to be valued with the market comparable and make necessary adjustments to the transaction multiple to account where differences, if any existed; (d) apply the adjusted transaction multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if valuation of the asset is derived by using transaction multiples based on different metrics or parameters, the reasonableness of the range of values may be considered. Identification of the appropriate comparable transaction and the key transaction difference with the asset – holds the key to the successful valuation under this method.

**(b) Income Approach**

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 capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. This approach involves discounting future amounts (cash flows / income / cost savings) to a single present value.

Income Approach are more applicable in instances – (a) where the asset does not have any market comparable or comparable transaction; (b) where the asset has fewer relevant market comparable; or (c) where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

The common valuation methods under Income Approach are –

- Discounted Cash Flow (DCF) Method – Under this method, the value of the asset is determined by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.
- Relief from Royalty (RFR) Method – In RFR method, the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.
- Multi-Period Excess Earnings Method (MEEM) - MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.
- With and Without Method (WWM) - Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios: (a) business with all assets in place including the intangible asset to be valued; and (b) business with all assets in place except the intangible asset to be valued.
- Option Pricing models such as Black-Scholes-Merton formula or binomial (lattice) model which are used to value options.

**(c) Cost Approach**

Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). Indication of instances where the cost approach is generally used are – (a) an asset can be quickly recreated with substantially the same utility as the asset to be valued; (b) in case where liquidation value is to be determined; or (c) income approach and/or market approach cannot be used.

The common valuation methods under Cost Approach are –

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- Replacement Cost Method – This method is also known as 'Depreciated Replacement Cost Method' which involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

- Reproduction Cost Method – This method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

## 11. SELECTION OF VALUATION APPROACH AND METHOD

- Market based approach of valuation was not considered owing to the absence of strictly comparable transactions and paucity of publicly available data in the relevant industry. Thus, because of these limitations the market based approach is not suitable for valuation of Shares of the Company.

- In the instant case certain methods prescribed under the Income Approach are not found to be appropriate for the purpose of valuation of the Shares of the Company, for the reasons described below:
  - Relief from Royalty (RFR) Method is generally adopted for valuing intangible assets that are subject to licensing such as trademarks, patents, brands etc.
  - Multi-Period Excess Earnings Method (MEEM) is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.
  - With or Without Method (WWM) is more applicable where a particular intangible asset needs to be valued.
  - Option Pricing Model specifically applies to valuing of option.

- Replacement and Reproduction methods under Cost Approach are best applicable for capital intensive business which is not case for the Company.

- Discounted Cash Flow Method under Income Approach is found to be appropriate as the Company is considered to be a Going Concern and the management of the Company has estimated cash flow projections for future years based on the historical financial statements.

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## 12. VALUATION OF THE COMPANY'S SHARES - DISCOUNTED CASH FLOW (DCF) METHOD

Under the discounted free cash flow method, present value of future cash flows is determined and it is divided by the total number of outstanding shares to arrive at the value of a share. The management has provided the projections of sales, margins and net profit after tax, capital expenditure, sources of fund and free cash flows for the period beginning from 1st April, 2021 and ending on 31st March, 2026.

The cash flows arrived at has been adjusted with tax outflow to arrive at free cash flows. Capital expenditure, sources of funds and disbursements of funds as provided by the management has been considered in arriving at the net cash flows to the Company during the explicit period.

The terminal value of cash flows after 31st March, 2026 has been arrived at by taking the weighted average cost of capital and growth rate on free cash flows of 5th year. This terminal value has been added to the present value of the explicit period cash flows to arrive at the present value of cash flows.

### I. Free Cash Flow to Equity

Free Cash Flows to Equity (FCFE) refers to cash flow that the Company generates or is expected to generate, in the course of its operation and that are available to all the providers of equity shareholders. Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFE.

FCFE can be calculated as follows:

FCFE = Net Profit [(Profit after Tax (PAT)] + Depreciation – Capital Expenditures +
Change [(+) Decrease / (-) Increase] in Working Capital

**Net Profit [(Profit after Tax (PAT)]**

The projected Net profit is calculated on the basis of projected total revenue reduced therefrom the projected total expenses comprising of Cost of Sales, Indirect Expenses, Depreciation and Amortization Expenses and Tax Expenses.

**Capital Expenditure**

To underpin the growth, the entity needs to keep investing in capital items such as property, plants & machineries, equipment, technology and other. The Capital Expenditure is calculated by taking change in gross fixed asset as disclosed in a Company's projected balance sheet.

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<u>Change in Working Capital</u>

Working capital refers to the cash a business requires for day-to-day operations or, more specifically, short-term trade financing (creditors) to maintain current assets such as debtors. The faster a business expands the more cash it will need for working capital and investments. Working capital is calculated as current assets minus current liabilities. Net changes in working capital are the difference in working capital levels from one year to the next. When more cash is tied up in working capital than the previous year, the increase in working capital is treated as an outflow against free cash flow and decrease in working capital than previous year is treated as an inflow to the cash flow.

**II. Cost of Equity ('COE')**

The Cost of Equity ("COE") is the rate that a company is expected to pay on an average to all its equity shareholders to finance its assets. The annual rate of return that an investor expects to earn when investing in shares of a company is known as the cost of equity. That return is composed of the dividends paid on the shares and any increase (or decrease) in the market value of the shares. The management has provided us with the mix of capital and borrowed funds for five financial years. The most commonly accepted method for calculating COE comes from the Capital Asset Pricing Model (CAPM). The COE has been calculated considering the factors as described below:

Determining Cost of Equity ($Rm$) using Capital Asset Pricing Model (CAPM):

$$\boldsymbol{Ke = Rf + \beta\,(Rm - Rf)}$$

Where;

Rf = $Risk\ Free\ Rate$

$\beta = Beta\ of\ the\ Security$

Rm = $Expected\ Market\ Rate\ of\ Return$

- **Risk free rate of Return ($Rf$)**

The nominal risk-free rate is derived based on the long-term bond yield rates. I have considered 10 years Government of India securities yield at 6.45% for the purpose of arriving at nominal risk-free rate of return.

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- **Market Rate of Return ($Rm$)**

  The market rate of return has been arrived at 14.83% based on based on Historical Market Return of BSE 500 from 1st February, 1999 to 31st December, 2021.

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

  Beta is the measure of the risk of the shares of a company. Beta is the co-variance between the return on sample stock and the return on the market (say Sensex). In order to determine the appropriate beta factor for a company, consideration must be given either to the market beta of the company or betas of comparable quoted companies. I have considered the average unlevered beta of 0.63 based on Damodaran database for Beverage (soft) and Farming/Agriculture Industry. Based on the existing debt equity ratio of the Company, geared beta is arrived at 0.63.

  Hence, Cost of Equity ($Ke$) = 6.45% + 0.63 (14.83% - 6.45%) = 11.70% (approx.)

- **Cost of Debt**

  There is no debt in the company as on valuation date, hence, the cost of debt (pre-tax) has been considered as Nil.

  Thus, based on the existing debt equity ratio specific to the Company, the Cost of Equity is arrived at 11.70% (approx.).

- **Specific Risk**

  I have also considered specific risk premium to the extent of 25% of COE i.e., 2.90% to capture additional risks associated with the size and operations of the Company as well as illiquidity involved in investing in an unlisted private company.

Based on the above parameters, the adjusted COE is arrived at 14.60% (11.70% + 2.90%) which has been considered in discounting the future cash flows of the Company.

**III. Growth Rate**

Growth rate of the Company presumed to be 3% during the perpetual period.

**IV. Terminal Value**

Terminal value represents the present value at the end of explicit forecast horizon. It basically represents the present value of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. The terminal value of cash flows after 31st March, 2026 has been arrived at by taking the weighted average cost of capital and growth rate on free

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cash flows of 5th year. This terminal value has been added to the present value of the explicit period cash flows to arrive at the present value of cash flows.

There are several ways to estimate a terminal value of cash flows, but most commonly used method is to value the company as a perpetuity using the Gordon Growth Model, which is as follows-

$$Terminal\ Value = \frac{Final\ Year's\ Projected\ Cash\ Flow \times (1 + Growth\ Rate)}{(Discounting\ Factor - Growth\ Rate)}$$

Thus, by applying the growth rate of 3% on 5th year's projected cash flow i.e., of FY 2025-26, I have determined the Terminal Value.

**V. Number of Outstanding Shares**

The Issued, Subscribed and Paid Up Equity Share Capital of the Company as on the valuation date is INR 44,42,03,070 (Indian Rupees Forty Four Crores Forty Two Lakhs Three Thousand Seventy only) divided into 4,44,20,307 (Four Crores Forty Four Lakhs Twenty Thousand Three Hundred Seven) Equity Shares of INR 10 (Indian Rupees Ten only). Thus, 4,44,20,307 (Four Crores Forty Four Lakhs Twenty Thousand Three Hundred Seven) Equity Shares of INR 10 (Indian Rupees Ten only) each has been considered as the number of outstanding shares for the purpose of valuation.

## 13. FAIR VALUE OF SHARES OF THE COMPANY

Having regard to all the factors in their totality and after considering appropriate weightage of these factors as on the valuation date, the net worth of the Company is arrived at **INR 342.63 Lakhs (Indian Rupees Three Hundred Forty Two Lakhs and Sixty Three Thousand only) and the fair value per Share comes to around Paise 0.77 (Paise Seventy Seven only)** as per **Annexure 'A'. However, as per Clause 2(a) of Rule 27(2) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the fair value shall be determined after considering the highest price paid by the acquirer, person or group of persons for acquisition during last twelve months. We understand from the shareholders' resolution dated 28th June, 2021 that the CRPS have been converted to Equty Shares at INR 10.00 (Indian Rupees Ten only). Thus, the minimum price per share shall not be less than INR 10 (Indian Rupees Ten only) each. Hence, INR 10 (Indian Rupees Ten only) should be considered as the fair value of each Share for the purpose of transfer of shares from minority shareholder to the majority shareholders.**

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## 14. SOURCES OF INFORMATION

The management of the Company has provided the following documents and I have relied upon the same:

- Cash Flow Projections of the Company for the period 1st April 2021 to 31st March 2026 prepared and certified by the management of the Company;
- Audited Financial Statements of the Company as at 31st March, 2021;
- Unaudited Financials of the Company as at 31st December, 2021 prepared and certified by the management of the Company;
- Certified True Copy of the resolutions passed and approved by the shareholders of the Company on 28th June, 2021 for restructuring of capital clause in the Memorandum of Association of the Company and conversion of 5% Cumulative Redeemable Preference Shares into Equity Shares;
- Engagement Letter dated 25th February, 2022 duly signed by the management of the Company;
- Management Representation Letter dated 8th March, 2022 duly signed by the management of the Company.

Further, I have relied upon the following:

- Publicly available information of the Company;
- Verbal and written information and explanations provided by the management of the Company.

## 15. RESTRICTIONS ON USE OF THE VALUATION REPORT

The valuation analysis contained herein represents the value on the date specifically stated in this report. Further, my report is meant for the purpose mentioned in Paragraph 1 and should not be used for any purpose other than the purpose mentioned therein. 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.

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without my written consent. This report and the conclusion of the value arrived at herein are for the exclusive use of the Company for the sole and specific purposes as noted herein.

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Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmission, or any other means of communication without my prior consent and approval.

## 16. LIMITATIONS AND DISCLAIMER

My valuation is based on the information and the explanations furnished to me by the management of the Company which I believe are complete in all material respect. The revenue projection of Company is based on the growth achieved in the immediately preceding year and the future business plan of the Company. The projected revenue forecasted by the Company have been evaluated on rationale basis and found satisfactory. However, the same may differ from other individual opinion which might affect the outcome of this valuation.

My scope of work does not enable me to accept responsibility for the accuracy and completeness of the information provided to me. Although, I have reviewed such data for consistency and reasonableness, I have not investigated or otherwise verified the data provided for material mis-statement. I have, therefore, not performed any audit, review or examinations of any of the historical or prospective information used and therefore, do not express any opinion with regards to the same.

I have relied upon written/oral representation from the management of the Company that the information contained in the report is materially accurate and complete, fair in the manner of its portrayal and therefore forms a reliable basis of the valuation. Also in this connection, Sundeep Singhi, Registered Valuer, does not undertake responsibility in any way whatsoever to any person in respect of any error arising out of any incorrect information provided by the management of the Company.

The report is based on the financial projections for the Company provided to me by the management of the Company and thus, the responsibility for forecasts and the assumptions on which they are based is solely that of the management of the Company and I do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective Judgment. Similarly, I have relied on data from external sources. These sources are considered to be reliable and therefore, I assume no liability

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for the accuracy of data. I have assumed that the business continues normally without any disruptions due to statutory or other external/ internal occurrences.

I have relied on representation from the management that Company has considered the possible effects which may result from the pandemic relating to COVID-19 on the financial information and cash flow projections as provided to us. Further, the Company does not anticipate any material uncertainties which affect its liquidity position and also ability to continue as a going concern. In developing the assumptions and financial projections relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. Thus, the impact of COVID-19 pandemic situations on the Company's financial information and cash flow projections as on the date of signing the valuation report will depend on future developments, which are highly uncertain and may differ from the actual financial statement.

This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and I have no obligation to update my report for such events and conditions.

The valuer, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

My engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

No change in any item in this valuation report shall be made by anyone other than me and I shall have no responsibility for any such unauthorized change.

It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report.

I have relied on the representations of the management of the Company and assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business and any other assets or liabilities of the Company, except as specifically stated to the contrary in this report.

SUNDEEP SINGHI
Registered Valuer
Securities or Financial Assets
IBBI/RV/05/2020/13405

I have made no investigation of title to property and assume that the Company's claim to the property is valid. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.

I understand that no material event has occurred between the valuation date and the report signing date which is likely to materially affect the value of the assets. The management of the Company did not disclose the existence of any such material event, to me before signing this valuation report.

The report is issued on the understanding that the management of the Company has drawn my attention to all matters of which they are aware, which may have an impact on my report up to the date of signature. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

I have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

My valuation analysis should not be construed as investment advice; I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company on the basis of my report.

**Sundeep Singhi**

Registered Valuer – Securities or Financial Assets
Regn. No. IBBI/RV/05/2020/13405

SUNDEEP SINGHI
Registered Valuer
Securities or
Financial Assets
IBBI/RV/05/2020/13405

Place: Mumbai
Date: 8th March, 2022

Annexure "A"

(INR in Lakhs)

| Financial Year / Particulars | 31-03-2022 | 31-03-2023 | 31-03-2024 | 31-03-2025 | 31-03-2026 | Perpetuity |
|---|---|---|---|---|---|---|
| Income from Operations | 2,319.24 | 2,507.47 | 2,587.85 | 2,672.24 | 2,760.85 | |
| Other Income | 747.12 | 571.52 | 572.97 | 577.97 | 582.97 | |
| **Total Revenue** | **3,066.36** | **3,078.99** | **3,160.82** | **3,250.21** | **3,343.82** | |
| Cost of Sales | 2,295.87 | 2,313.12 | 2,379.37 | 2,462.54 | 2,560.82 | |
| Indirect Expenses | 816.09 | 766.45 | 777.61 | 789.69 | 802.16 | |
| **Total Cost except Depreciation and Income Tax** | **3,111.96** | **3,079.57** | **3,156.98** | **3,252.23** | **3,362.98** | |
| **Earning Before Depreciation, Interest & Income Tax** | **(45.60)** | **(0.57)** | **3.84** | **(2.02)** | **(19.16)** | |
| Less: Depreciation | 122.73 | 118.48 | 114.23 | 109.98 | 105.73 | |
| **Operating PBT** | **(168.34)** | **(119.06)** | **(110.39)** | **(112.01)** | **(124.89)** | |
| Less: Income Tax / MAT (as applicable) | - | - | - | - | - | |
| **Profit after Tax (PAT)** | **(168.34)** | **(119.06)** | **(110.39)** | **(112.01)** | **(124.89)** | |
| **Add/(Less): Non-Operative/ Non-Cash Items** | | | | | | |
| Depreciation | 122.73 | 118.48 | 114.23 | 109.98 | 105.73 | |
| (Incremental) / Decremental Working Capital | 130.55 | 73.78 | 19.33 | 25.71 | 31.76 | |
| **Free Cash Flow from Operations (A)** | **84.94** | **73.20** | **23.17** | **23.69** | **12.60** | |
| **Cash flow from Investing Activities** | | | | | | |
| Development/ Purchase of Property/ Assets | (17.00) | - | - | - | - | |
| **Cash flow from Investing Activities (B)** | **(17.00)** | - | - | - | - | |
| **Cash flow from Financing Activities** | | | | | | |
| Issue of Equity Shares/ Long Term Borrowings | - | - | - | - | - | |
| **Free Cash flow from Financing Activities (C)** | - | - | - | - | - | |
| **Net Free Cash Flow (A+B+C)** | **67.94** | **73.20** | **23.17** | **23.69** | **12.60** | |
| **Free Cash Flow For Perpetuity** | | | | | | **12.60** |
| **Growth Rate** | | | | | | 3.00% |
| **Capitalised Value for Perpetuity after Tax** | | | | | | 111.88 |
| Tax Shield on unabsorbed depreciation/losses | | | | | | 198.02 |
| **Capitalised Value for Perpetuity after Tax and Tax Shield** | | | | | | **309.90** |
| Discounting Factor @ 14.6% | 0.8726 | 0.7614 | 0.6644 | 0.5798 | 0.5059 | 0.5059 |
| Net Present Value of Cash Flows | 59.29 | 55.74 | 15.39 | 13.73 | 6.37 | 156.78 |
| **Value for Equity Shareholders as on 31 March,2021** | | | | | | **307.30** |
| Appreciation upto 31 December, 2021 | | | | | | 35.33 |
| **Adjusted Value for Equity Shareholders as on 31 December,2021** | | | | | | **342.63** |
| Number of Outstanding Equity Shares | | | | | | 4,44,20,307 |
| **Value per share (Face Value Rs.10)** | | | | | | **0.77** |