

**VALUATION REPORT
OF
PASHUPATI POLYTEX PRIVATE LIMITED**

Report Date: 03.12.2024



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1. OVERVIEW

About PASHUPATI POLYTEX PRIVATE LIMITED

PASHUPATI POLYTEX PRIVATE LIMITED ("Company") incorporated on 26th September, 2009 CIN: U37100UP2009PTC105373 and is registered as C/o, ALOK KUMAR AGRAWAL, R.S. ENTERPRISES, SHAHI MARKET PHASE II, CINEMA ROAD, Gorakhpur, GORAKHPUR, Uttar Pradesh, India, 273001.

Board of Directors

The board consists of Three (3) Directors as on date of this report:

DIN/PAN	PARTICULARS	DESIGNATION
00578617	BANKEY BIHARI GOENKA	Whole-Time Director
00578673	PIYUSH KUMAR GOENKA	Director
00578746	VISHNU PRAKASH GOENKA	Director

Capital Structure of the company

PARTICULARS	AMOUNT (In Rs.)
Authorized Share Capital	
5,00,00,000 Equity Shares of Re. 10/- each	50,00,00,000
TOTAL	50,00,00,000
Issued, Subscribed and Paid Up Share Capital	
3,57,47,365 Equity Shares of Re. 10/- each	35,74,73,650
TOTAL	35,74,73,650



Current Assignment

I have been appointed by the board of directors of PASHUPATI POLYTEX PRIVATE LIMITED to carry out the valuation of fair price of the Equity shares of Company as on 31st October 2024 ("**Valuation date**").

This report ("**Valuation Report**") sets out the findings of our exercise.

Important Dates

Date of Appointment: 27.11.2024

Date of Valuation: 31.10.2024

Date of Signing of Valuation Report: 03.12.2024

About Valuer and other experts involved, if any

I, N. V. Subbarao Kesavarapu is a practicing Chartered Accountant and a registered Valuer under Asset Classification Securities & Financial Assets, duly registered with Insolvency and Bankruptcy Board of India, having membership number as **M. No. IBBI/RV/02/2019/12292** involved in this valuation assignment. No other expert was involved in this transaction.

Disclosure of the Valuer's Interest, if any

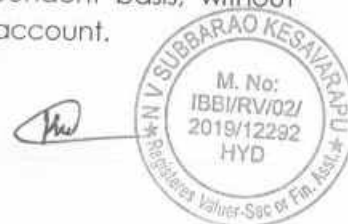
I, CA N. V. Subbarao Kesavarapu, Registered Valuer hereby declare that I have no interest either directly or indirectly in the Company "**PASHUPATI POLYTEX PRIVATE LIMITED**" or in the above-mentioned transaction. Further to state that I am not having relation or any connection with Promoters or Directors or any officer of the Company directly or indirectly. Further to state that I am independent and being appointed in my individual capacity and nowhere related to any officials of the Company.

VALUATION ANALYSIS

Approach and Methodology

According to standard valuation practice, the fundamental precondition for obtaining significant and comparable valuations in determining the share value transactions is the consistency and comparability of the methods applied according to the characteristics of the companies and/or groups being valued.

In addition, a second fundamental principle often adopted for determining share value is the "stand alone" assumption. That is, a valuation perspective based on the current configuration and future prospect of the Company on an independent basis, without taking any potential synergies from determining the share value into account.



As stated previously, the selected methodologies – which represent recognized techniques, widely used in valuation practice both in India and internationally - should not be considered individually, but rather as different parts of a single valuation process. Independent use of the results obtained from each methodology, without duly considering the complementary relationship with other methodologies, will result in loss of the meaningfulness of the valuation process itself.

Valuation of the enterprise or its shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay goodwill. This exercise may be carried out based on the generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business
- Economic life cycle in which the industry or the company is operating and
- Extent to which and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the Valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. In this regard, I have evaluated suitability of four commonly used approaches of valuation to determine the fair value of the Company.

1. Valuation of Equity Shares

The following are the commonly used and accepted methods for determining the value of the equity shares of the company/business:

(a) Net Assets Method (NAV):

The value arrived at under this approach is based on the estimated financial statements of the business and may be defined as Shareholder's Funds or Net Assets owned by the business. The Net Assets Value is generally used as the minimum break-up value for the transaction. This methodology calculates the underlying net Assets of the business on a book value basis. **Net assets value of business will not represent the future cash flows to company and other future economic benefits; hence I have not considered this method in my valuation.**

(b) Discounted Cash Flow Method (DCF):

The DCF method uses the future free cash flows of the Company discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. Considering that this method is based on future potential and is widely accepted, I have included this approach as one of the methodologies in the valuation exercise.



Using the DCF analysis involves determining the following:

Estimating future free cash flows:

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

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

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

To the values so obtained from DCF analysis, the amount of loans has to be adjusted to arrive at the total value available to the equity shareholders. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the companies.

(c) Stock Exchange Quotation or Market Price Method:

This valuation reflects the price that the market at a point in time is prepared to pay for the shares. It is therefore influenced by the condition of the stock market, the concerns and opportunities that are seen for the business in the sector or market in which it operates.

The market price is also reflecting the investor's view of the ability of the management to deliver a return on the capital it is using. In the case of companies not frequently traded, this value may be very different from the inherent value of the shares, but nevertheless forms a benchmark value.

Since the **PASHUPATI POLYTEX PRIVATE LIMITED** is not listed in any of the stock exchanges in India nor outside India, **I have not used this market price method for the purpose of this valuation analysis.**



(d) Comparable Company Market Multiple Method:

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. This approach is usually applied in case of valuation of listed companies. Some of the common multiples used in a valuation are listed below:

- Market Cap / Sales Multiple
- Price / Earnings Multiple
- Precedent Transactions Multiple Method

Since the comparable companies are not available in the market with the exact size, nature of business, **I am not using the comparable company market multiple method.** I have carried out the valuation analysis as described above, based on the fundamental assumption of going concern for the business under consideration.

Based on these considerations, the following valuation methodology has been selected:

Discounted Cash Flow Method (DCF):

In selecting and applying the stated methods, I have considered the advantages and limitations implicit in each based on common practice in the sector and its own experience.

Estimated Free Cash Flows:

We can set the forecast period in such a way that the Company reaches a stable phase after that. In other words, we are assuming that the company will grow at a constant rate after the forecast period.

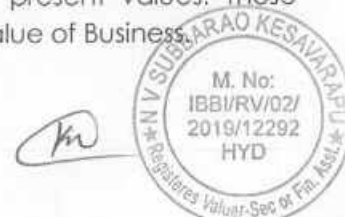
For the purpose of valuation exercise, I have considered that the Company will grow at a constant rate after the forecast period of a Five-year projected period i.e. from the financial year 2025 to 2029.

The cash flow projections of a free cash flow to equity (FCFF) basis are summarized below.

VALUATION OF COMPANY SHARE

DISCOUNTED FREE CASH FLOW METHOD:

The purpose of DCF-Valuation is to determine the value of the Company in terms of its future cash flows. The cash flows are adjusted with certain items in order to make sure the flows reflect the generated cash. The Discounted Free Cash Flow method is based on the premise that the value of the business is the sum of the present values of all future cash flows. This procedure recognizes that the cash flow streams at different time periods differ in value and hence all cash flows are expressed in terms of their present values. These discounted values are then aggregated to arrive at the enterprise value of Business.



The basic formulation of discounted cash flow valuation is as follows:

- PAT is adjusted with total depreciation and other non-cash costs to get Gross cash flow. This must be done because depreciation and other non-cash costs have no cash effect and thus does not really reduce the cash generated.
- The gross cash flow is then discounted at cost of capital to get the discounted cash flow stream.
- The resultant cash flow stream is added along with the terminal value of the enterprise to get the sum of the discounted free cash flow.
- The proportion of total cumulative discounted free cash flows to profit share held by the investor company is calculated to get the fair price of capital contribution.

For DCF methodology, we have used the Free Cash Flow to Equity (FCFE) approach based on the characteristics of the Company being valued. FCFE is the cash flow available to the Company holders of common capital after all operating expenses, interest, and principal payments have been paid and necessary investments in working and fixed capital have been made. The value of the Company's capital contribution is the present value of the expected future FCFE discounted at the cost of equity

FCFE is calculated as follows:

- $FCFE = \text{Net profit after tax} + \text{depreciation} + \text{non-cash expenses} - \text{Net changes in working capital} + \text{debt added} - \text{changes in fixed assets}$
- The perpetual growth rate at end of terminal year is considered at 5%
- Figures in Rupees and amount in Indian Rupees ("INR") only

The value so arrived is divided by the fully paid number of equity shares as on the date of the valuation date to arrive at the fair value per equity share.

The detailed working is provided in **Annexure - 1**

CONCLUSION

As per DCF, the value of shares as of 31st October 2024 is

Number of equity shares is 3,57,47,365

Total equity value INR 750,16,37,077 /-

The fair value per share of INR 210/-only



SOURCE OF INFORMATION

The Valuation analysis is based on the financial information provided by management, for the provisional financials based on 31st March 2025; shareholding pattern; company profile and such other relevant information.

In addition to the above we have also obtained such other information explanations which were considered relevant for the purpose of our analysis. We have not independently verified or audited the information and have relied on the information presented to us.

CAVEATS

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed and as per terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

Valuation analysis and results are also specific to the date of this report. A review of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends. As such, our review results are, to a significant extent, subject to continuance of current trends beyond the date of the report. I, however, have no obligation to update this report for events, trends or transactions relating to the companies or the market/economy in general and occurring after the date of this report.

The terms of our engagement were such that I was entitled to rely upon the information provided by the Company without detailed inquiry. Also, I have been given to understand by the Management that they have not omitted any relevant and material factors. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the Company.

No investigation of the Company's claim to title of assets has been made for the purpose of this review and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matter of a legal nature. I have not conducted or provided an analysis or prepared a model for any asset valuation and have wholly relied on information provided by the Company in that regard.

Our report is not nor should it be construed as our recommending the Acquisition or opining or certifying the compliance of the proposed Acquisition with the provisions of any law including companies, taxation and capital market related loss or as regards any legal complications or issues arising from proposed Acquisition. The fee for the report is not contingent upon the results reported.



Subject to the limitations and exclusions has mentioned above, I owe responsibility only to the Board of Directors of the Company that has retained me and nobody else. I do not accept any liability to any third party in relation to the issue of this report. Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or documents given to third parties, other than in connection with the proposed acquisition of the Company contained in the proposed scheme, without our prior written consent.

N.V. Subbarao
N V SUBBARAO KESAVARPU
REGISTERED VALUER-SECURITIES OR FINANCIAL ASSETS
IBBI NO: IBBI/RV/02/2019/12292



Place: Hyderabad
Date: 03.12.2024
UDIN: 24224318BKALPW7782
VRN: IOV/2024-2025/8326

ANNEXURE - I

Amount in Million

PARTICULAR	FY 25-5 MONTHS	FY26	FY27	FY28	FY29	TERMINAL VALUE
PROFIT AFTER TAX	275.25	640.83	943.22	1,324.53	1,447.79	1,534.65
ADD: DEPRECIATION	96.69	280.23	364.50	370.00	375.50	375.50
LESS: CAPITAL EXPENDITURE	120.32	1,092.86	1,260.00	-0.00	0.00	0.00
LESS: INCREMENT IN WORKING CAPITAL	238.85	717.58	724.32	483.52	168.37	178.47
ADD: INCREASE IN BORROWINGS	-962.77	978.20	715.00	-200.00	-165.25	0.00
ADD: PROVISIONS	0.00	0.00	0.00	0.00	0.00	0.00
FREE CASH FLOW TO EQUITY	-950.01	88.82	38.40	1,011.00	1,489.67	1,731.68
DISCOUNTING MID PERIOD	0.21	1.21	2.21	3.21	4.21	
DISCOUNTING FACTOR	0.9671	0.8239	0.7018	0.5979	0.5093	0.5093
PRESENT VALUES	-918.80	73.18	26.95	604.44	758.68	881.94
SUM OF PRESENT VALUES	544.45					
TERMINAL VALUES	7,743.09					
GROSS EQUITY VALUE	8,287.53					
ADD: CASH AND CASH EQUIVALENTS	146.32					
ADD: INVESTMENT	11.11					
Less: minority Interest	109.80					
EQUITY VALUES	8,335.15					
LESS: NON MOBILITY DISCOUNT	833.52					
ADJ EQUITY VALUES	7,501.64					
NET EQUITY VALUE	7,501.64					
No of shares	3,57,47,365					
FAIR MARKET VALUE PER SHARE	210					

