VALUATION REPORT

ON

FAIR SHARE EXCHANGE RATIO
(STRICTLY PRIVATE & CONFIDENTIAL)

PURSUANT TO THE SCHEME OF AMALGAMATION OF

YAMUNA BIO ENERGY PRIVATE LIMITED
(CIN: U40106GJ2014PTC079753)
(TRANSFEROR COMPANY)

WITH

KOTYARK INDUSTRIES LIMITED
(CIN: U24100GJ2016PLC094939)
(TRANSFEREE COMPANY)

UNDER SECTION 230-232 OF THE COMPNIES ACT, 2013

AS AT MARCH 31, 2022

BY

Prepared by:
CS ABHISHEK CHHAJED
(IBBI Registered Valuer)
134-1-2 Nilkanthnagar, Gordhanwadi Tekra , Kankaria,
Ahmedabad City , Ahmadabad , Gujarat - 380001

RV Registration No – IBBI/RV/03/2020/13674

CS ABHISHEK CHHAJED
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Date: August 10, 2022

To,
Board of Directors
Kotyark Industries Limited
A-3, 2nd Floor, Shree Ganesh Nagar Housing Society Ramakaka Temple Road,
Chhani Vadodara Guajrat 391740 India

To,
Board of Directors
Yamuna Bio Energy Private Limited
A – 3 Shree Ganesh Nagar Chhani
Vadodara Guajrat 390002 India

Dear Sir,

Sub: Recommendation of Fair Exchange Ratio for Proposed Amalgamation of Yamuna Bio Energy Private Limited with Kotyark Industries Limited in connection with Scheme of Amalgamation under Sections 230-232 Of the Company Act, 2013 and Other Applicable Provisions.

I refer to our engagement letter dated August 10, 2022 for Recommendation of Fair Exchange Ratio for Proposed Amalgamation of **Yamuna Bio Energy Private Limited** (herein after referred as **"Transferor Company" or "YBEPL"**) with **Kotyark Industries Limited** (herein after referred as **"Transferee Company" or "KIL"**) in connection with Scheme of Amalgamation under Sections 230-232 of the Company Act, 2013 and Other Applicable Provisions. In accordance with the terms of the engagement, I am enclosing my report along with this letter. In attached report, I have summarized my Valuation analysis of Recommendation of Fair Exchange Ratio as at March 31, 2022 together with the description of methodologies used and limitation on my Scope of Work.

This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing selected information or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT, SEBI and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued with my prior written consent. In the event, the Companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.

Please feel free to contact us in case you require any additional information or clarifications.

Thanking you,

Yours faithfully,

CS ABHISHEK CHHAJED
RV Registration No – IBBI/RV/03/2020/13674
Registered Valuer (IBBI)
UDIN:

Place: Ahmedabad

CONTENT OF REPORT

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1. BACKGROUND OF THE COMPANIES:

KOTYARK INDUSTRIES LIMITED ("TRANSFEREE COMPANY"):

➢ **HISTORY:**

Kotyark Industries Limited ("Transferee Company" or "KIL") is Public limited company incorporated under the Companies Act, 2013 on December 30, 2016, having its registered office at A-3, 2nd Floor, Shree Ganesh Nagar Housing Society Ramakaka Temple Road, Chhani Vadodara Gujarat 391740 India. The Company Identification Number (CIN) of the company is U24100GJ2016PLC094939. Equity Shares of KIL are listed on emerge platform of National Stock Exchange of India Limited. Website of KIL is www.kotyark.com.

➢ **Main Objects of Company,**

1. To manufacture, produce, refined, process, formulate, buy, sell, export, import or otherwise dealing in all types of heavy and light chemicals, chemical elements, compounds including without limiting the generally fogoing laboratory and scientific chemical or any nature used capable of being used in the pharmaceutical industries, agricultural chemical fertilizers, petrochemicals, industries chemicals or any mixtures, derivatives and compound thereof.
2. To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate, and to do business as transporters and carriers of goods, things, merchandise, commodities of all kinds and descriptions, in any part of India and/or abroad, subject to law of the place in force, in all its tranches on land, water, rail or road and air or by any means of conveyance whatsoever, as an agent or in its own name

➢ **Capital Structure of the Company**

Authorised capital	Paid-up Capital
90,00,000 Equity Shares of face value of Rs. 10 each amounting to Rs. 9,00,00,000.	82,74,900 Equity Shares of face value of Rs. 10 each amounting to Rs. 8,27,49,000.

➢ **Shareholding**

Sr. No	Names of Shareholders	No of Shares	%
1.	Mr. Gaurang Rameshchandra Shah	4193025	50.67
2.	Gaurang R Shah HUF	750000	9.06
3.	Mrs. Bhaviniben Gaurang Shah	868200	10.49
4.	Mr. Vandan Gaurang Shah	67500	0.82
5.	Mr. Brijkumar Gaurang Shah	97500	1.18
6.	Public Shareholders	2298675	27.77
Total		**8274900**	**100**

➢ **Board of Directors**

Sr. No	Name	DIN
1.	Mr. Akshay Jayrajbhai Shah	02305337
2.	Mr. Gaurang Rameshchandra Shah	03502841
3.	Mrs. Bhaviniben Gaurang Shah	06836934
4.	Mrs. Dhruti Mihir Shah	07664924

ABHISHEK CHHAJED REG. NO. IBBI/RV/03/2020/13674 Security or Financial Assets Valuer

Sr. No	Name	DIN
5.	Mr. Harsh Mukeshbhai Parikh	09260282

YAMUNA BIO ENERGY PRIVATE LIMITED (TRANSFEROR COMPANY)

➢ **HISTORY:**

Yamuna Bio Energy Private Limited ("Transferor Company" or "YBPL") is private limited company incorporated under the Companies Act, 2013 on June 11, 2014, having its registered office at A – 3 Shree Ganesh Nagar Chhani Vadodara Gujarat 390002 India. The Company Identification Number (CIN) of the company is U40106GJ2014PTC079753.

➢ **Main Objects of Company,**

1. To takeover the running proprietorship business of Yamuna Industries and to carry on the business of manufacturing, trading, import, export & other wise deal in Bio-Diesel, Bio-fuels, Oils and fats, De-oiled cakes, Bio-fertilizers, Bio-gas, Bio-mass, Electricity, used oils, fats, organic products, Bio-cosmetics and its related products & to import, export, trade and to establishing and developing of biomethanation- solar waste heat recovery based green energy projects, renewable energy projects, power projects, biomethanation plants, recycling plants, desalination plants and also offering operation and maintenance.

➢ **Capital Structure of the Company**

Authorised capital	Paid-up Capital
70,00,000 Equity Shares of face value of Rs. 10 each amounting to Rs. 7,00,00,000.	64,94,400 Equity Shares of face value of Rs. 10 each amounting to Rs. 6,49,44,000.

➢ **Shareholding**

Sr. No	Names of Shareholders	No of Shares	%
1.	Mr. Gaurang Rameshchandra Shah	6366510	98.03
2.	Mr. Bhaviniben Gaurang Shah	112050	1.73
3.	Mrs. Dhruti Mihir Shah	15840	0.24
Total		**6494400**	**100**

➢ **Board of Directors**

Sr. No	Name	DIN
1.	Mr. Patel Hemantkumar	02093945
2.	Mr. Gaurang Rameshchandra Shah	03502841
3.	Mrs. Bhaviniben Gaurang Shah	06836934
4.	Mrs. Dhruti Mihir Shah	07664924
5.	Mr. Brijkumar Gaurang Shah	08160187
6.	Mr. Shah Vandan Gaurang	09329435

2. OBJECTIVES AND RATIONALE OF THE SCHEME OF AMALGAMATION:

The amalgamation shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:

- The business activities of the Transferor Company and the Transferee Company are similar in nature, it would enable the Transferee Company to leverage its combined assets and to create a more competitive business, both in scale and operations;
- The Scheme will result in consolidation of the value of stakeholders which is in the interest of the shareholders, creditors and employees of the Amalgamating Company and the Amalgamated Company.
- The proposed amalgamation of YBEPL (Transferor Company) into KIL (Transferee Company) is in accordance with the Scheme of Amalgamation would enable both the companies to realize the substantial benefits of greater synergies among their businesses and would enable them to avail the financial resources as well as the managerial, technical, man power, distribution and marketing resources of each other, leading to a reduction in costs.
- The Amalgamation contemplated in this Scheme will help avoid duplication of administrative functions, resources, systems, skills and processes, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, eliminate multiple record-keeping, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the Amalgamated Company.
- Consolidation of entities will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the companies.
- It will lead to cost savings owing to more focused operational efforts, rationalization, standardization and simplification of business processes, elimination of duplication and rationalization of administrative expenses.
- It will help in achieving consolidation, greater integration and flexibility that will maximize overall shareholder's value and improve the competitive position and negotiating power of the combined entity.
- it would enhance operational, organizational and financial efficiencies, and achieve economies of scale by pooling of resources and ultimately enhancing overall shareholders value;
- it would achieve synergies in costs (particularly in respect of customer relationship management and establishing sales and marketing channels), operations, stronger and wider capital and financial base for future growth;
- it would allow for an integrated and coordinated approach to investment strategies and more efficient allocation of capital and cash management;
- it would prevent overlap of sales and marketing channels of the Transferor Company and the Transferee Company;
- it would consolidate administrative and managerial functions and elimination of multiple record-keeping, inter alia, other expenditure and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs thus resulting in reduced expenditure.

3. SCOPE OF SERVICES: -

The Companies have appointed Mr. Abhishek Chhajed, Registered Valuer to independently analyze and undertake the valuation of YBPL (Transferor Company) and KIL (Transferee Company), companies involved in the proposed Scheme of Arrangement under Sections-230-232 and other applicable clauses of the Companies Act, 2013.

4. KEY DATES:

Appointing Authority- Board of Director of the Transferee & Transferor Company
Appointment Date: - August 10, 2022
Relevant Date:- August 10, 2022
Valuation Date: - March 31, 2022 (For Income Approach) / June 30, 2022 (for Market Approach)
Report Date: August 10, 2022
Valuation Currency: INR

ABHISHEK CHHAJED
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Security or Financial Assets Valuer

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Bases of Value: Fair Value

5. IDENTITY OF VALUER AND ANY OTHER EXPERTS INVOLVED IN THE VALUATION:

I am independent Registered Valuer as required under the Companies (Registered Valuer & Valuation) Rules, 2017 registered with Insolvency & Bankruptcy Board of India having registration no. IBBI/RV/03/2020/13674. No other Experts are involved in this valuation exercise.

6. PECUNIARY INTEREST DECLARATION

I do not have pecuniary interest in the shares of Transferor Company and Transferee Company, past, present or prospective, and the opinion expressed is free of any bias in this regard. I strictly follow the code of conduct of the Registered Valuation Organization of IBBI.

7. SOURCES OF INFORMATION:

I have been provided the following information for the valuation analysis of Transferor and Transferee Company:

- MOA & AOA of the Transferee and Transferor Company;
- Audited Financial Statement of Transferee and Transferor Company for the Year ended on March 31, 2022, 2021 and 2020;
- Projected Financial Statement for explicit period prepared and certified by the management of the Transferee and Transferor Company (Annexure IB and Annexure IIB);
- Draft Scheme of Amalgamation:
- Equity Shares trading data of KIL since its date of listing from website of NSE;
- Written Representations made by the Company in course of the valuation exercise;
- Other related information from various sources;

Besides the above listing, there may be other information provided by the Client which may not have been perused by me in any detail, if not considered relevant for my defined scope.

Discussions (in person / over call) with the management to: Understand the business and fundamental factors that affect its earning- generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance. During the discussions with the management, I have also obtained explanations and information considered reasonably necessary for this exercise.

8. VALAUTION STANDARD:

The Report has been prepared in compliance with the Valuation Standards issued by the Institute of Chartered Accountants of India and adopted by ICAI Registered Valuers Organisation.

9. VALUATION APPROACH AND METHODS :

In case of a merger valuation, the emphasis is on arriving at the "relative" values of the shares of the merging companies to facilitate determination of the "share exchange ratio". Hence, the purpose is not to arrive at absolute values of the shares of the companies.

Judicial Pronouncements:-

Hindustan lever Employees' Union v/s Hindustan lever Limited and others (1995) 83 Company cases 30 (SC).

The jurisdiction of the Court in sanctioning a claim of merger is not to ascertain mathematical accuracy if the determination satisfied the arithmetical test. It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged.

The Hon'ble Supreme Court held "*We do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds.*"

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.

Based on the facts of the case, we have valued Equity Shares of YBPL (Transferor Company) as per Discounted Cash Flow (DCF) Method and Comparable Companies Multiple (CCM) Method and KIL (Transferee Company) as per Discounted Cash Flow (DCF Method and Market Price Method (90 Days – 10 Days).

A. VALUATION APPROACH

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.

The following are some of the instances where a valuer applies the market approach:
(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.

Under the "Market" Approach, it measures the value of an asset through an analysis of recent sales of comparable property compared to the property being valued. When applied to the valuation of an equity interest, consideration is given to the financial condition and operating performance of the subject company compared to either publicly traded companies with similar lines of business or recent corporate acquisitions (Guideline Companies).

Typically, the entities selected for comparison are subject to economic, political, competitive and technological factors that correspond with those confronting the company.

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.

The following are some of the instances where a valuer may apply the income approach:
(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.

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).

Examples of situations where a valuer applies the cost approach 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.

B. VALUATION METHODS

➢ **UNDER MARKET APPROACH**

A) **Market Price Method**: A valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market. A valuer shall use average price of the asset over a reasonable period. The valuer should consider using weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

B) **Comparable Companies Multiple (CCM) 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. Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market.
The market multiples are generally computed on the basis of following inputs:
(a) trading prices of market comparables in an active market; and
(b) financial metrics such as PE Multiple and Profit After Tax (PAT), etc..

C) **Comparable Transaction Multiple (CTM) Method**
Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

The price paid in comparable transactions generally include control premium, except where transaction involves acquisition of noncontrolling/minority stake.

While identifying and selecting the comparable transaction, a valuer may consider the factors such as-
(a) transactions that have been consummated closer to the valuation date are generally more representative of the market conditions prevailing during that time;
(b) the selected comparable is an orderly transaction;
(c) availability of sufficient information on the transactions to enable the valuer to reasonably understand the market comparable and derive the transaction multiple; or
(d) availability of information on transaction from reliable sources such as regulatory filings, industry magazines, Merger & Acquisition databases, etc.

The transaction multiples are generally computed based on the following two inputs:
(a) price paid in the comparable transaction; and
(b) financial metrics such as EBITDA, PAT, Sales, Book Value, etc of the market comparable. Even multiples based on non-financial metrics such as EV per room for hotels, EV/Bed for hospitals) can be considered.

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A valuer shall preferably use multiple comparable transactions of recent past rather than relying on a single transaction.

➢ UNDER INCOME APPROACH:

- The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

DISCOUNTED FREE CASH FLOW METHOD:

- DCF Method expresses the present value of a business as a function of its future cash earning capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flows stream, discounted to the present times at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at appropriate discount factor.

- This method is used to determine the present value of a business on a going concern assumption. The DCF methodology depends on the projection of the future cash flows and the selection of an appropriate discount factor.

- When valuing a business on a DCF basis, the objective is to determine a net present value of the cash flows ("CF") arising from the business over a future select period of time of the project life, which is called the explicit forecast period. Free cash flows are defined to include all inflows and outflows associated with the project including debt service, taxes, and capital expenditure and net changes in working capital requirement etc. Under the DCF methodology, value must be placed both on the explicit cash flows as stated above, and the ongoing cash flows a company will generate after the explicit forecast period. The latter value, also known as terminal value, is also to be estimated. The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

- The longer the period covered by the projection, the less reliable the projections are likely to be. For this reason, the approach is used to value businesses, where the future cash flows can be projected with a reasonable degree of reliability.

- The discount rate applied to estimate the present value of explicit forecast period free cash flows to firm (without considering debt inflows / outflows & interest related outflow) and to estimate the present value of terminal cash flow, is taken at weighted average cost of capital (WACC) of company. The principal elements of WACC are cost of equity (which is the desired rate of return for an equity investor given the risk profile of the company and associated cash flows) and the post-tax cost of debt and the capital structure of the company (a function of debt-to-equity ratio). Cost of Equity is derived, on the basis of capital asset pricing model (CAPM), it is function of risk-free rate (Rf), Beta (β) (an estimate of risk profile of the company relative to equity market) and equity risk premium (Rp) (excess of return on equity issued to public in India (Rm) over the risk-free rate of return (Rf) earned) assigned to the subject equity market. Cost of equity is further increased by risk specific to company being unsystematic risk. Cost of Debt is arrived at based on expected cost of debt of the company.

$Ke = Rf + \beta * (Rm - Rf)$
Where,
Rf = Risk free rate of return;
Rm =Market rate of return;

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β = Sensitivity of the share to the market/ Measure of Market Risk
Company Specific Risk

- Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. In case of assets having indefinite or very long useful life, it is not practical to project the cash flows for such indefinite or long periods. Therefore, the valuer needs to determine the terminal value to capture the value of the asset at the end of explicit forecast period.

- Terminal of Value of cash flow is calculated as per Gordon growth formula mentioned below;

  # (Last year cash flow of explicit period X (1+Growth rate)/ (WACC-Growth rate))

- Value obtained by using DCF method gives us the Total Value of Firm/Enterprise Value;

- The Discounted Free Cash Flow (“DCF”) method, an application of the Income Approach is arguably one of the most recognized tools to determine the value of a business.

- This method is generally used when there is reasonable certainty on the timing, quantum and quality of the cash flows, which has its close coupling with the underlying assets. It is the most commonly used valuation technique, and is widely accepted by valuers because of its intrinsic merits, some of which are given below:

  (a) It is a very sound model because it is based up on expected future cash flows of a company that will determine an investor's actual return.

  (b) It is based on the expectations of performance specific to the business, and is not influenced by short-term market conditions or non-economic indicators.

  (c) It is not as vulnerable to accounting conventions like depreciation, inventory valuation in comparison with the other techniques/approaches since it is based on cash flows rather than accounting profits.

  (d) For the purpose of the present valuation exercise, we have considered fit to use Discounted Free Cash Flow (DCF) Method for determining the fair market value of shares of the Company which is also considered as internationally accepted valuation methodology.

➢ **UNDER COST APPROACH:**

A) Replacement Cost Method/NAV method

Replacement Cost Method, also known as ‘Depreciated Replacement Cost Method’ 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.

B) Reproduction Cost Method

Reproduction Cost 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.

10. VALUATION ANYALYSIS:

Approach	Valuation methodologies	Basis of Consideration
Cost Approach	NAV Method	The Net Asset based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The

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Approach	Valuation methodologies	Basis of Consideration
		difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value. In the present case, the business of YBPL and KIL are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Adjusted Net Asset Value (NAV) Method has not been adopted for the present valuation exercise for both the companies
Market Approach	Comparable Companies Multiples (CCM) Method	In present case YBPL and KIL are engaged in the similar line of business. Therefore, for YBPL, we have applied this methodology as the listed peers of the company was available. To arrive at the value of equity shares, we have considered the PE Multiple of the comparable companies, as the company is into manufacturing industry and we deemed it appropriate to apply PE multiple for the valuation analysis. The shares of the KIL are frequently traded on Emerge Platform of National Stock Exchange of India Limited; hence, we have applied Market Price Method and not applied Comparable Companies Multiples (CCM) Method while valuing the KIL.
	Market Price Method (90 Trading Days and 10 Trading Days)	In this method the VWAP (Volume Weighted Average Price) of the latest 90 Trading days (TD) VWAP and 10 Trading days are taken. The maximum of these two is then taken as the fair market value. Since KIL is listed on emerge Platform of National Stock Exchange of India Limited and frequently traded, we have applied this methodology in this instant case. Also, YBPL is not listed; therefore, we have deemed it appropriate to ignore this methodology for the valuation analysis of YBPL.
Income Approach	Discounted Free Cash Flow (DFCF) Method	The OFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCFj to Firm and discounting the same with Weighted Average cost of capital (WACC) . The DCF methodology is considered to be the most appropriate basis for determining earning capability of a business. In the DFCF approach, the appraiser es Ima es the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. We have considered this methodology for calculation of fair value of the Company based on its cash flows In the present case, the business of YBPL and KIL are intended to be continued on a 'going concern basis' we have considered this methodology in the instant cases.

11. BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO:

The basis of the fair equity shares exchange ratio pursuant to the Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair equity share exchange ratio.

I have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus of the fair equity share exchange ratio, rounding off have been done in the values.

The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained above and various qualitative factors relevant to each Company having regard to information base, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.

12. CONCLUSION:

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio for amalgamation of Yamuna Bio Energy Private Limited is amalgamating as a going concern with Kotyark Industries Limited.

COMPUTATION OF FAIR EQUITY SHARE EXCHANGE RATIO:

(Value in Rs. except for equity share exchange ratio)

Valuation Approach	Kotyark Industries Limited		Yamuna Bio Energy Private Limited	
	Value	Weights	Value	Weights
Market Approach	356.42	1	42.00	1
Cost Approach$	NA	NA	NA	NA
Income Approach	443.00	1	73	1
Weighted Total	**799.42**	**2**	**115.00**	**2**
Weighted Average Total	399.71		57.50	
Fair Exchange Ratio (Rounded Off)*	**0.14**		**1**	
Exchange ratio for 100 shares*	**14**		**100**	

*KIL will issue and allot fourteen new shares for every one hundred shares of YBPL (Transferor Company) held by shareholders of YBPL.

$In the present case, the business of YBPL and KIL are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Adjusted Net Asset Value (NAV) Method has not been adopted for the present valuation exercise for both the companies.

Kindly note that in terms of SEBI Master Circular dated November 23, 2021, the price of equity shares allotted by KIL under scheme should not be less than the price determined in the terms of chapter V of SEBI ICDR Regulations, considering the dates of Board Meeting in which the scheme is approved as the relevant dates.

Valuation is neither a pure art nor a pure science but a perfect combination of both. 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.

On the basis of above analysis the share exchange ratio has been arrived at and accordingly the Transferee Company shall, without any further act or deed and without any further payment issue and allot equity shares on a proportionate basis to each member of the transferor company whose names are recorded in the Register of Members/ List of beneficial Owners for shares in dematerialised form of the Transferor Company on the Record Date.

13. CAVEATS, LIMITATIONS AND DISCLAIMERS:

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

Preparation of projected financial statements / information is the responsibility of the management of the company which is very subjective exercise. Our recommendation of fair value of shares of company is dependent on achievability of projections prepared by management of company and used by us for current valuation exercise. Considering the current situation of covid and other internal and external factors, there is high level of uncertainty that projected financial figures will be achieved.

I have not independently assessed the historic and future impact of COVID-19 Pandemic situation on the operation and financial efficiency of. Management of Kotyark Industries Limited and Yamuna Bio Energy Private Limited has confirmed me that appropriate adjustment of COVID-19 is made in projected financial statement and i have relied upon information and documents received from Companies and its Managements.

We would like to expressly state that though we have reviewed the financial data for the limited purpose of valuation assessment but we have not performed an Audit and have relied upon the historical financials (Statement of Profit and Loss and Balance Sheet) as prepared and submitted to us by the management of the both the companies. The management has represented to us that it has been taken due care in preparation of such financial statements.

Projected Financial information of explicit period of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for other purpose. For the purpose of valuation, I have taken base of Projected Financial Statement for explicit period prepared and certified by the management of the Company.

Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While I have provided an assessment of the value based on the information available, application of certain formula and within the scope and constraints of our engagement, others may place a different value to the same.

No change of any item in this valuation/conclusion report shall be made by anyone other than me, and I shall have no responsibility for any such unauthorized change(s). Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, I independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.

The company and its representatives warranted to us that the information supplied to us was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to us has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the historical and projected financial information provided to us and, accordingly, i do not express any audit opinion or any other form of assurance on this information. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. In the course of the valuation, i were provided with both written and verbal information. I have however, evaluated the information provided to us 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.

My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.

Considering the dynamic environment and pace of technological developments, the market value of the business engaged in the area of high technology may change significantly in a short period of time.

The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.

My work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and it is as per agreed 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.

My recommendation is based on the various information provided by management of each company, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that i have considered the projections in this exercise of valuation should not be construed or taken as me being associated with or a party to such projections.

A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn my attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on my opinion, on the fair value of the shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. I have no responsibility to update this report for events and circumstances occurring after the date of this report. My fees is not contingent to the results or output of this report. I will not be responsible to appear in front of Companies act, income tax, RBI or any other regulatory authority in relation to the said valuation.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the Kotyark Industries Limited and Yamuna Bio Energy Private Limited and my work and my finding shall not constitute a recommendation as to whether or not Kotyark Industries Limited and Yamuna Bio

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Energy Private Limited should carry out the transaction. The report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents my opinion, based on information furnished to us by the client and other sources. Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

My report is meant for the purpose mentioned in this report 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.

I acknowledge that I am independent valuer and have no present or contemplated financial interest in the Company. My fees for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have not been engaged by the Company in any unconnected transaction during last five years.

Neither me, nor any managers, employees of my firm makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

Thanking you,
Yours faithfully,

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03/2020/13674
Security or Financial Assets Valuer

CS RVABHISHEK CHHAJED
RV Registration No – IBBI/RV/03/2020/13674
Registered Valuer

Place: Ahmedabad

Encl: *Annexure I and Annexure II*

ANNEXURE: I VALUATION ANALYSIS OF YBPL

Under Market Approach:

Since YBPL and KIL are engaged in the similar line of business. KIL is taken as listed peer for valuation of YBPL under Market approach in Comparable Companies Multiple (CCM) Method.

Following ratios are taken into consideration for calculation of Fair value of YBPL

1. PE Ratio (Market Cap/Profit After Tax

(₹ in Lakhs unless mentioned otherwise)

Particulars	Kotyark Industries Limited
	FY 2021-22
Sales (A)	15,604.59
Total Expenses (B)	14,332.27
Finance Cost (C)	46.45
Depreciation (D)	98.75
Operating Profit (E=A-B+C+D)	1,417.52
Profit After Tax (F)	864.04
Networth (G)	2,663.41
Market Price (as at June 30, 2022) (H)	279.50
Number of Shares (In Lakhs) (I)	82.75
Market Cap (J=H*I)	**23,128.35**
Price Earning Ratio (K=J/F)	27

Valuation working of YBPL

Valuation Based on	Value
EPS of YBPL (L)	1.94
Price Earnings Multiple (K)	27
Value Per Share (M=L*K)	**52.38**
Discount for	
DLOM @20% (B=A*20%)	10.48
Total Discount	**10.48**
Fair Value as at June 30, 2022 (Rounded Off)	**42.00**

Under Income Approach

The fair value of shares of the Company under this method has been arrived as follows:

In the present case, valuation under DCF method is based on Audited Financial Statement for the years ended March 31, 2022, 2021 and 2020 and management certified projections for FY 2022-23 to FY 2025-26. The projection certified from FY 2022-23 to FY 2025-26 are considered as explicit period in this valuation analysis.

For the explicit period, free cash flows from the business have been arrived at as follows:

- Profits after tax as per the projections have been considered.

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- Depreciation & amortization on fixed assets and finance Cost net of taxes have been added to the Net profits after tax.
- Capital expenditure and change in working capital requirement is adjusted from above cash flow to arrive at free cash flow to shareholders.
- The cash flows of each year are then discounted at WACC. WACC is considered as one of the most appropriate discount rate in the DCF Method.
- Cost of Equity is worked out using the following formula:
  - Risk Free Return in India + (Beta x Equity Risk Premium) +Company Specific Risk
    - The risk-free rate of return is taken at 6.84% *being 10 years Government of India bond yield from as at March 31, 2022 (https://countryeconomy.com/bonds/india).*
    - Industry Beta is taken at 0.26 (*based on trading data of KIL since its listing compared with NIFTY 50 trading data*.)
    - Market Risk Premium (Rp) i.e. Rp= (Rm-Rf). The equity risk premium is considered at 9.12% (*Source*: Excess of *BSE Sensex CAGR since April 1, 1979 till March 31, 2022 over risk free rate of return).*
    - Company Specific Risk is taken at 5.00% based on following matrix.

Particulars	**Figures**
Compounded Annual Growth Rate (CAGR) of last 3years revenue	1%
Estimated revenue growth for horizon period	19%
Historical average profit of last 3 years	2.53%
Projected average profitability of horizon period	1.54%
Fixed cost to Sale ratio	8.92%
Return on assets of Firm	4.28%
GDP Growth rate of country	7.50%

Factor	**Calculation**	**Indicative Weight**	**Risk Factor Rating (Based on Matrix)**	**Company Specific Risk premium**
Revenue Growth (Deviation of historic and expected revenue)	18.17%	20.00%	2.00	0.40
Operational Risks (Fixed Cost to Sales ratio)	0.09	10.00%	1.00	0.10
Profitability (Deviation of historic and expected profit)	-0.01	10.00%	1.00	0.10
Economic Risk (Firm ROA/GDP growth)	0.57	60.00%	8.00	4.80
Company Risk Premium (Rounded off)		**100.00%**		**5.00**

(Source: Estimation of Company Specific Risk Premium - Valuation: Professionals' Insight Series – 6 as published by ICAI, Department of Valuation Standards Board).

Based on above workings and information obtained from management of the company, COE is calculated at 14.21%.

Post tax Cost of Debt: 5.99% (Considering Pre-tax cost of Debt of 8.00% p.a. as provided by management of YBPL).
Debt Equity 1:1 (average during FY 2021-22 and explicit period) is used to calculate WACC.

Based on above working WACC is calculated at 10.10%.

- Mid-Year Discounting Convention is used to discount cash flows for the explicit period assuming all the cash flows are accrued and realised by company in the middle of year (***Annexure IA***).

- Based on dynamics of the sector and discussions with the Management, I have assumed a terminal growth rate of 3% beyond the projection period. The cash flows of FY 2025-26 have been used to determine the terminal value. Based on these assumptions and as per Gordon constant growth formula mentioned in point 9-B of this report, the terminal value has been calculated at Rs. 7,811.60 Lakhs at the end of explicit period. Terminal Value discounting factor is calculated based on discounting factor of FY 2025-26.

- The discounted perpetuity value is added to the discounted free cash flows for the explicit period to arrive at the enterprise value/ value to firm post money.

- Cash and Cash equivalent balance as at March 31, 2022 is added, Long Term Debt/loan liability and contingent liability as at March 31, 2022, if any, are reduced from Enterprise value to calculate Value available to Shareholders post money.

- Value available to Shareholders is further adjusted for Discount on lack of marketability since shares of the company are not traded on any stock exchange. Under ICAI Valuation Standard 103, DLOM need to be applied under Income approach while valuing illiquid securities. As per International valuation Standard 105, A DLOM reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. For example, publicly-traded securities can be bought and sold nearly instantaneously while shares in a private company may require a significant amount of time to identify potential buyers and complete a transaction. We have applied DLOM of 20%.

- Value available to Shareholders post money after DOLM is reduced by expected amount of investment to be received to arrive at Pre money valuation.

- The value so arrived is divided by the Total number of Shares outstanding on fully diluted basis on March 31, 2022 including equity reserved under ESOP Pool, if any.

Share Valuation working of Yamuna Bio Energy Private Limited as at March 31, 2022 (Amount in Rs. Lakhs)				
Years	**Cash Flow**	**WACC**	**Present Value Factor**	**Discounted Cash Flow**
2022-23	352.41	10.10%	0.9530	335.86
2023-24	285.82	10.10%	0.8654	247.34
2024-25	445.34	10.10%	0.7860	350.04
2025-26	538.42	10.10%	0.7139	384.38
Terminal Value of Cash Flow#	7,811.60	10.10%	0.7139	5,576.72
Total Value of Firm/ Enterprise				**6,894.34**
Debt as at the end of Explicit Period				979.17
Contingent Liability as at March 31, 2022				9.92
Cash and Cash Equivalent Balance as at March 31, 2022				5.99
Total Value of shareholders before DLOM / Post Money Valuation				**5,911.24**
DLOM@20%				1,182.25
Total Value of shareholders after DLOM				**4,729.00**
Amount of Investment				0

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Share Valuation working of Yamuna Bio Energy Private Limited as at March 31, 2022 (Amount in Rs. Lakhs)				
Years	**Cash Flow**	**WACC**	**Present Value Factor**	**Discounted Cash Flow**
Pre Money Valuation				4,729.00
Equity Share outstanding on Fully Diluted Basis outstanding on March 31, 2022 (In Lakhs)				64.94
Fair Value per equity share in Rs. (Rounded Off)				**73.00**

Assumptions	
Tax Rate	As per Income tax
Discount Rate	10.10%
Perpetual growth rate	3.00%

WACC

Particulars		weights	%
Risk Free Return (Rf)	6.84%		
Market Risk Premium (Rp)	9.12%		
Beta (β)	0.26		
Company Specific Risk	5.00%		
Cost of Equity= (Rf+(Rp*β))+ Company Specific Risk	14.21%	0.50	7.11%
Cost of Debt (1-Tax Rate)	5.99%	0.50	2.99%
WACC			**10.10%**
Growth Rate			**3%**

FREE CASH FLOW TO FIRM (AMOUNT IN RS. LAKHS)

Year	2022-23	2023-24	2024-25	2025-26
Profit after Tax	82.64	164.95	324.57	404.15
Depreciation	116.02	107.32	99.27	91.82
Finance Cost (Net of Taxes)	153.75	138.61	130.29	129.83
Capex	0.00	0.00	0.00	0.00
Changes in working Capital requirement	0.00	-125.05	-108.78	-87.38
Free cash flow to Firm	**352.41**	**285.82**	**445.34**	**538.42**
Terminal Value of Cash Flow#				**7,811.60**

ANNEXURE IA- MID YEAR DISCOUNTING FACTOR

Particulars	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Discounting Period	0.00	1.00	2.00	3.00	4.00
Present Value Factor @ 10.10%	0.00	0.9083	0.8247	0.7491	0.6804
Mid-year convention factor	0.50				
Present Value Factor	1.00	0.9530	0.8654	0.7860	0.7139

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ANNEXURE IB- FINANCIAL INFORMATION

PROFIT AND LOSS ACCOUNT

(Amount in Rs. Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Audited			Projected			
Revenue from Operation	7,618.38	9,879.66	7,791.33	10,000.00	13,000.00	16,000.00	20,000.00
Other Income	4.21	57.37	26.01	26.53	27.06	27.61	28.16
Total Income	**7,622.59**	**9,937.03**	**7,817.34**	**10,026.53**	**13,027.06**	**16,027.61**	**20,028.16**
Cost of Material Consumed	**6,827.45**	8,756.93	6,131.87	9,000.00	11,700.00	14,400.00	18,000.00
Changes in inventories	-277.84	-663.34	574.28	-123.22	-112.50	-217.50	-195.00
Manufacturing Expenses	103.03	458.33	91.39	102.00	132.60	163.20	204.00
Employee benefit expenses	36.84	102.62	54.85	65.82	78.99	94.79	113.74
Other Expenses	282.09	621.25	474.37	550.00	715.00	880.00	1,100.00
Total Expenses	**6,971.57**	**9,275.78**	**7,326.77**	**9,594.60**	**12,514.09**	**15,320.49**	**19,222.74**
Net Profit Before Tax & Depreciation	**651.03**	**661.25**	**490.57**	**431.93**	**512.98**	**707.12**	**805.41**
Depreciation for the Year	54.52	70.35	98.15	116.02	107.32	99.27	91.82
Finance Cost	248.68	235.87	221.62	205.47	185.23	174.11	173.50
Prior Period Items	0.00	5.25	0.41	0.00	0.00	0.00	0.00
Net Profit Before Tax	**347.82**	**349.79**	**170.39**	**110.44**	**220.43**	**433.74**	**540.09**
Tax Provision/Taxes	92.43	92.19	43.44	27.80	55.48	109.17	135.94
Net Profit/Loss transferred to Balance Sheet	**255.39**	**257.60**	**126.95**	**82.64**	**164.95**	**324.57**	**404.15**

(Sources: As Certified by management)

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BALANCE SHEET

(Amount in Rs. Lakhs)

Particulars	31-03-20	31-03-21	31-03-22	31-03-23	31-03-24	31-03-25	31-03-26
	Audited			Projected			
EQUITY & LIABILITIES							
Shareholder's Fund:							
Share Capital	649.44	649.44	649.44	649.44	649.44	649.44	649.44
Reserves and Surplus	675.23	932.83	1,059.12	1,141.76	1,306.71	1,631.28	2,035.43
Share Application Money Pending Allotment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan							
Unsecured Loan	1245.65	541.83	303.03	303.03	303.03	303.03	303.03
Secured Loan	180.87	842.44	676.13	445.88	225.26	195.50	160.50
DTL	59.32	65.51	70.92	70.92	70.92	70.92	70.92
Current Liability:							
Short term borrowings	1,448.96	1,551.11	1,446.27	1,438.22	1,450.00	1,450.00	1,450.00
Sundry Creditors	25.32	13.62	0.00	750.00	975.00	1,200.00	1,500.00
Other Current liabilities	28.48	23.30	5.94	6.83	7.86	9.03	10.39
Short term provisions	245.21	214.44	259.29	311.15	373.38	448.05	537.66
Total	**4,558.48**	**4,834.52**	**4,470.15**	**5,117.23**	**5,361.59**	**5,957.26**	**6,717.37**
ASSETS							
Fixed Assets:							
Opening WDV	1,012.30	1,143.75	1,609.01	1,546.91	1,430.89	1,323.58	1,224.31
Add: Addition during the Year	185.98	427.68	143.98	0.00	0.00	0.00	0.00
Add: Capital Work in Progress	46.53	107.93	-107.93	0.00	0.00	0.00	0.00
Less: Depreciation during the Year	54.52	70.35	98.15	116.02	107.32	99.27	91.82
Closing WDV	**1,190.29**	**1,609.01**	**1,546.91**	**1,430.89**	**1,323.58**	**1,224.31**	**1,132.49**
Other Non current Assets	3.41	2.56	1.70	0.00	0.00	0.00	0.00
Current Assets:							
Inventories	1,160.32	1,800.48	1,226.78	1,350.00	1,462.50	1,680.00	1,875.00
Trade Receivables	1,617.10	449.63	1,358.17	1,250.00	1,625.00	1,866.67	2,166.67
Short Loans & Advances	403.91	808.81	272.71	218.17	152.72	100.00	80.00
Cash & Cash Equivalents	19.53	22.42	5.99	807.40	733.99	1,019.28	1,392.87
Other Current Assets	163.93	141.61	57.88	60.77	63.81	67.00	70.35
Total	**4,558.48**	**4,834.52**	**4,470.15**	**5,117.23**	**5,361.59**	**5,957.26**	**6,717.37**

(Sources: As Certified by management)

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ANNEXURE II- VALUATION ANALYSIS OF KIL

Under Market Approach:

Date of Board Meeting /Relevant Date: August 10, 2022

Market Price Method (90 Trading Days (TD) -10 Trading Days (TD)) preceding the Relevant Date

Particulars	Details
Total value of the Shareholders trading of 90 TD (A)	537,329,100
Total No of Shares traded in 90 TD (B)	1594000
90 TD VWAP (C=A/B)	337.09
Total value of the Shareholders trading of 10 TD (D)	204,015,880
Total No of Shares traded in 10 TD (E)	572,400
10 TD VWAP (F=D/E)	356.42
Maximum of C or F	**356.42**

VWAP= Volume weighted Average Price

90 TD Working

Sr. No.	Date	Value	No of Shares Traded
1	08-Aug-22	111536640	227200
2	05-Aug-22	13482440	32800
3	04-Aug-22	2740400	8000
4	03-Aug-22	1993280	6400
5	02-Aug-22	62287060	253200
6	01-Aug-22	8671120	33200
7	29-Jul-22	560860	2000
8	28-Jul-22	909240	3200
9	27-Jul-22	570600	2000
10	26-Jul-22	1264240	4400
11	25-Jul-22	1136100	4000
12	22-Jul-22	704560	2400
13	21-Jul-22	1414880	4800
14	20-Jul-22	17956000	61200
15	19-Jul-22	4283180	14400
16	18-Jul-22	1958440	7200
17	15-Jul-22	1619960	6400
18	14-Jul-22	1424660	5600
19	13-Jul-22	1488220	5600
20	12-Jul-22	1050080	4000
21	11-Jul-22	1809520	6800
22	08-Jul-22	437600	1600
23	07-Jul-22	1405740	5200

Sr. No.	Date	Value	No of Shares Traded
24	06-Jul-22	1958200	7200
25	05-Jul-22	445640	1600
26	04-Jul-22	444800	1600
27	01-Jul-22	1430260	5200
28	30-Jun-22	1237620	4400
29	29-Jun-22	928000	3200
30	28-Jun-22	1245980	4400
31	27-Jun-22	1406760	4800
32	24-Jun-22	1894560	6400
33	23-Jun-22	1671660	5600
34	22-Jun-22	1441180	4800
35	21-Jun-22	2778340	9600
36	20-Jun-22	4202560	14800
37	17-Jun-22	1130500	3600
38	16-Jun-22	6620180	20000
39	15-Jun-22	21173040	65600
40	14-Jun-22	5487400	18800
41	13-Jun-22	6624160	24400
42	10-Jun-22	3240580	11200
43	09-Jun-22	3906480	14000
44	08-Jun-22	471960	1600
45	07-Jun-22	4274740	14400
46	06-Jun-22	834580	2800
47	03-Jun-22	3908440	12800
48	02-Jun-22	2714320	8800
49	01-Jun-22	1023260	3200
50	31-May-22	1281420	4000
51	30-May-22	1688420	5200
52	27-May-22	1756420	5200
53	26-May-22	1060820	3200
54	25-May-22	7410160	22000
55	24-May-22	7547720	21600
56	23-May-22	5296720	14800
57	20-May-22	6678260	18000
58	19-May-22	20840240	58800
59	18-May-22	2975720	8800
60	17-May-22	386460	1200
61	16-May-22	368100	1200
62	13-May-22	467440	1600

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Sr. No.	Date	Value	No of Shares Traded
63	12-May-22	556500	2000
64	11-May-22	10812760	41600
65	10-May-22	6699640	25200
66	09-May-22	1454340	5200
67	06-May-22	1614160	5600
68	05-May-22	1743640	6000
69	04-May-22	1806520	6000
70	02-May-22	1768840	5600
71	29-Apr-22	642800	2000
72	28-Apr-22	2391480	7200
73	27-Apr-22	4030480	12400
74	26-Apr-22	2480380	7600
75	25-Apr-22	2939920	8800
76	22-Apr-22	2031960	6000
77	21-Apr-22	3961060	11600
78	20-Apr-22	5449660	16000
79	19-Apr-22	8222020	23600
80	18-Apr-22	4774040	12800
81	13-Apr-22	3106600	8000
82	12-Apr-22	8352460	21200
83	11-Apr-22	3313500	8400
84	08-Apr-22	11603920	29200
85	07-Apr-22	14482420	39600
86	06-Apr-22	7145200	19200
87	05-Apr-22	23374420	61200
88	04-Apr-22	6925700	18400
89	01-Apr-22	5560900	15600
90	31-Mar-22	9125860	26000
Total		**537,329,100**	**1594000**

10 TD Working

Sr. No.	Date	Value	No of Shares Traded
1	08-Aug-22	111536640	227200
2	05-Aug-22	13482440	32800
3	04-Aug-22	2740400	8000
4	03-Aug-22	1993280	6400
5	02-Aug-22	62287060	253200
6	01-Aug-22	8671120	33200
7	29-Jul-22	560860	2000

Sr. No.	Date	Value	No of Shares Traded
8	28-Jul-22	909240	3200
9	27-Jul-22	570600	2000
10	26-Jul-22	1264240	4400
Total		**204015880**	**572400**

Under Income Approach:

The fair value of shares of the Transferee Company under this method has been arrived as follows:

In the present case, valuation under DCF method is based on Audited Financial Statement for the years ended March 31, 2022,2021 and 2020 and management certified projections for FY 2022-23 to FY 2025-26. The projection certified from FY 2022-23 to FY 2025-26 are considered as explicit period in this valuation analysis.

For the explicit period, free cash flows from the business have been arrived at as follows:

- Profits after tax as per the projections have been considered.
- Depreciation & amortization on fixed assets and Finance cost net of taxes have been added to the Net profits after tax.
- Capital expenditure, change in working capital requirement is adjusted from above cash flow to arrive at free cash flow to shareholders.
- The cash flows of each year are then discounted at WACC. WACC is considered as one of the most appropriate discount rate in the DCF Method.
- Cost of Equity is worked out using the following formula:
  - Risk Free Return in India + (Beta x Equity Risk Premium) +Company Specific Risk
    - The risk free rate of return is taken at 6.84% *being 10 years Government of India bond yield from as at March 31, 2022 (https://countryeconomy.com/bonds/india).*
    - Industry Beta is taken at 0.26 (based on trading data of KIL and Nifty 50)
    - Market Risk Premium (Rp) i.e. Rp= (Rm-Rf). The equity risk premium is considered at 9.12% (*Source*: Excess of *BSE Sensex CAGR since April 1, 1979 till March 31, 2022 over risk free rate of return).*
    - Company Specific Risk is taken at 5.00% based following matrix.

Particulars	**Figures**
Compounded Annual Growth Rate (CAGR) of last 3 years revenue	82%
Estimated revenue growth for horizon period	31%
Historical average profit of last 3 years	2.92%
Projected average profitability of horizon period	7.09%
Fixed cost to Sale ratio	4.92%
Return on assets of Firm	24%
GDP Growth rate of country	7.50%
Top 10 Customer’s % revenue of total revenue	87.66%

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Factor	Calculation	Indicative Weight	Risk Factor Rating (Based on Matrix)	Company Specific Risk premium
Revenue Growth (Deviation of historic and expected revenue)	-52%	10%	1	0.10
Operational Risks (Fixed Cost to Sales ratio)	5%	10%	1	0.10
Profitability (Deviation of historic and expected profit)	4%	10%	1	0.10
Economic Risk (Firm ROA/GDP growth)	3.18	30%	3	0.90
Customer Concentration	88%	40%	9	3.60
Company Risk Premium (Rounded Off)		**100%**		**5.00**

Based on above workings and information obtained from management of the company, COE is calculated at 14.21%.

Post tax Cost of Debt: 7.48% (Considering Pre-tax cost of Debt of 10.00% p.a. as provided by management of KIL).
Debt Equity 0.06:0.94 (average during FY 2021-22 and explicit period) is used to calculate WACC.

Based on above working WACC is calculated at 13.78%.

- Mid-Year Discounting Convention is used to discount cash flows for the explicit period assuming all the cash flows are accrued and realised by company in the middle of year (***Annexure IB***).

- Based on dynamics of the sector and discussions with the Management, I have assumed a terminal growth rate of 3% beyond the projection period. The cash flows of FY 2025-26 have been used to determine the terminal value. Based on these assumptions and as per Gordon constant growth formula mentioned in point 9-B of this report, the terminal value has been calculated at Rs. 47,468.24 Lakhs at the end of explicit period. Terminal Value discounting factor is calculated based on discounting factor of FY 2025-26.

- The discounted perpetuity value is added to the discounted free cash flows for the explicit period to arrive at the enterprise value/ value to firm post money.

- Cash and Cash equivalent balance as at March 31, 2022 is added, Long Term Debt/loan liability and contingent liability as at March 31, 2022, if any, are reduced from Enterprise value to calculate Value available to Shareholders post money.

- Since equity shares of KIL are listed and traded on emerge plat form of NSE, DLOM is not applied in calculation of income Approach.

- Value available to Shareholders post money after DOLM is reduced by expected amount of investment to be received to arrive at Pre money valuation.

- The value so arrived is divided by the Total number of Equity Shares on fully diluted basis as at March 31, 2022.

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Share Valuation working of Kotyark Industries Limited as at March 31, 2022 (Amount in Rs. Lakhs)				
Years	**Cash Flow**	**WACC**	**Present Value Factor**	**Discounted Cash Flow**
2022-23	335.38	13.78%	0.9375	314.42
2023-24	1,523.96	13.78%	0.8237	1,255.26
2024-25	2,742.12	13.78%	0.7239	1,985.13
2025-26	5,116.09	13.78%	0.6363	3,255.23
Terminal Value of Cash Flow#	47,468.24	13.78%	0.6363	30,202.76
Total Value of Firm				**37,012.79**
Contingent Liability as at March 31, 2022				12.50
Long Term Debt as at March 31, 2022				365.33
Cash and Cash Equivalent Balance as at March 31, 2022				57.26
Total Value of Equity share holders before DLOM/ Post Money Valuation				**36,692.22**
DLOM				0.00
Total Value of Equity share holders after DLOM/ Post Money Valuation				**36,692.22**
Expected amount of investment				0.00
Pre Money Valuation				36,692.22
Outstanding number of Equity Shares (in Lakhs)				82.75
Fair Value per equity share in Rs. (Rounded Off)				**443.00**

Assumptions	
Tax Rate	As per Income tax
Discount Rate	13.78%
Perpetual growth rate	3.00%

WACC

Particulars	%	Weights	WACC
Risk Free Return (Rf)	6.84%		
Market Risk Premium (Rp)	9.12%		
Beta (β)	0.26	0.94	13.29%
Company Specific Risk	5.00%		
Cost of Equity= (Rf+(Rp*β))+ Company Specific Risk	14.21%		
Post tax Cost of Debt	7.48%	0.06	0.48%
WACC			13.78%

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FREE CASH FLOW TO FIRM (AMOUNT IN RS. LAKHS)

Year	2022-23	2023-24	2024-25	2025-26
Profit after Tax	1,616.70	2,454.50	3,203.40	5,255.86
Depreciation	65.70	56.48	48.63	41.92
Finance Cost (Net of Taxes)	34.84	29.71	25.42	22.25
Capex	0.00	0.00	0.00	0.00
Changes in working Capital requirement	-1,381.86	-1,016.74	-535.33	-203.94
Free cash flow to Firm	**335.38**	**1,523.96**	**2,742.12**	**5,116.09**
Terminal Value of Cash Flow#				**47,468.24**

ANNEXURE IIA-MID YEAR DISCOUNTING FACTOR

Particulars	31-Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Discounting Period	0.00	1.00	2.00	3.00	4.00
Present Value Factor @ 13.78% WACC	0.00	0.8789	0.7722	0.6787	0.5965
Mid-year convention factor	0.50				
Present Value Factor	1.00	0.9375	0.8237	0.7239	0.6363

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ANNEXURE IIB- FINANCIAL INFORMATION
PROFIT AND LOSS ACCOUNT

(Amount in Rs. Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Audited			Projected			
Revenue from Operation							
Revenue from Operations	2575.41	6,520.61	15,604.59	24,000.00	35,000.00	45,000.00	70,000.00
Other Income	0.63	4.76	29.51	30.10	30.70	31.32	31.94
Total Income	**2576.04**	**6,525.37**	**15,634.10**	**24,030.10**	**35,030.70**	**45,031.32**	**70,031.94**
Cost of Material Consumed	2918.17	5,858.02	13,154.27	20,400.00	29,750.00	38,250.00	59,500.00
Purchase of Stock in Trade	0.00	0.00	116.49	133.96	154.06	177.17	203.74
Manufacturing Expenses	43.00	82.99	60.86	288.00	420.00	540.00	840.00
Changes in Inventory	-661.56	18.84	676.10	-42.66	-44.79	-47.03	-49.39
Employee Benefit Expense	14.60	19.23	165.03	198.04	237.64	285.17	342.21
Other Expenses	68.24	251.71	159.52	780.00	1,137.50	1,462.50	2,100.00
Total Expenses	2382.44	6230.79	14332.27	21757.34	31654.41	40667.81	62936.56
Net Profit Before Tax & Depreciation	**193.60**	**294.58**	**1301.83**	**2272.76**	**3376.29**	**4363.51**	**7095.38**
Finance Cost	48.74	72.01	46.45	46.56	39.71	33.97	29.73
Depreciation for the Year	81.81	94.39	98.75	65.70	56.48	48.63	41.92
Net Profit Before Tax	**63.06**	**128.18**	**1156.63**	**2160.50**	**3280.10**	**4280.91**	**7023.73**
Prior Period Items/extraordinary	-0.73	-2.38	0.00	0.00	0.00	0.00	0.00
Tax Provision/Taxes	15.51	42.79	292.59	543.80	825.60	1,077.50	1,767.87
Net Profit/Loss transferred to Balance Sheet	**48.27**	**87.77**	**864.04**	**1,616.70**	**2,454.50**	**3,203.40**	**5,255.86**

(Sources: As Certified by management)

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BALANCE SHEET

(Amount in Rs. Lakhs)

Particulars	31-03-2020	31-03-2021	31-03-2022	31-03-2023	31-03-2024	31-03-2025	31-03-2026
	Audited			Projected			
EQUITY & LIABILITIES							
Shareholder's Fund:							
Share Capital	96.30	96.30	827.49	827.49	827.49	827.49	827.49
Reserves and Surplus	119.09	206.86	1,835.92	3,452.62	5,907.12	9,110.53	14,366.39
Share Application Money Pending Allotment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans							
Secured Loan	237.19	313.24	252.40	183.39	111.61	73.09	34.57
Unsecured Loan	888.93	831.14	112.93	112.93	0.00	0.00	0.00
Deferred Tax Liability	3.81	8.30	0.00	0.00	0.00	0.00	0.00
Current Liability:							
Short Term Borrowing	224.01	225.34	0.00	225.00	225.00	225.00	225.00
Trade Payable	315.57	39.39	0.00	49.32	51.78	54.34	57.09
Other Current Liability	3.81	28.61	56.89	0.00	0.00	0.00	0.00
Short Term Provisions	26.59	40.51	63.35	25.58	27.84	30.31	33.01
Total	**1,915.29**	**1,789.69**	**3,148.98**	**4,876.33**	**7,150.84**	**10,320.76**	**15,543.55**
ASSETS							
Fixed Assets:							
Opening WDV	482.09	562.47	607.18	612.87	547.17	490.69	442.06
Add: Addition during the Year	162.19	139.10	104.44	0.00	0.00	0.00	0.00
Less: Depreciation during the Year	81.81	94.39	98.75	65.70	56.48	48.63	41.92
Closing WDV	562.47	607.18	612.87	547.17	490.69	442.06	400.14
DTA	0.00	0.00	26.89	26.89	26.89	26.89	26.89
Other non-current assets	0.04	0.02	17.63	17.63	17.63	17.63	17.63
Current Assets:							
Inventory	712.59	714.71	853.19	895.85	940.64	987.67	1,037.06
Trade Receivables	553.62	17.92	718.67	2,000.00	2,916.67	3,375.00	3,500.00
Cash & Cash Equivalents	8.30	42.60	57.26	288.79	1,598.32	4,276.50	9,331.82
Short Term Loans and Advances	15.68	258.08	24.15	200.00	250.00	275.00	300.00
Other Current Assets	62.59	149.18	838.32	900.00	910.00	920.00	930.00
Total	**1,915.29**	**1,789.69**	**3,148.98**	**4,876.33**	**7,150.84**	**10,320.76**	**15,543.55**

(Sources: As Certified by management)