

VALUATION REPORT
on
Fair value of Equity Shares

Sai Machine Tools Pvt Ltd

Valuation Date - 31st December 2024

Report Date – 6th February 2025



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Valuation Analysis

We refer to our Engagement Letter as independent valuers of **Sai Machine Tools Pvt Ltd** (the “Company”). In the following paragraphs, we have summarized our valuation Analysis (the “Analysis”) of the business of the company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

1 Context and Purpose

Based on discussion with the management, we understand that the Company’s promoters are evaluating the possibility of **Fair Value of Equity Shares under the Companies Act, 2013 and applicable rules thereunder**. In the context of these proposed transactions, the management requires our assistance in determining the **Fair value of Equity Shares** of the Company.

Proposed Transaction:

During the financial year 2024-25, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **Sai Machine Tools Pvt Ltd** (the “Management”) has requested us to estimate the fair value of the Equity Shares. - “Proposed Transaction”.

2 Conditions and major assumptions

Conditions:

The financial information about the company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the Financial Statements and express no assurance on them.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference

to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions:

The opinion of value given in this report is based on information provided in part by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that 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 through sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

3 Background of the company

The Company is Engaged in the Business of Manufacturing & Repairing of Machineries and Job Work.

Company URL: - <https://www.extrusion.in/>

Further data of the Company is as under:

CIN	U28939MP1989PTC005207
Company Name	SAI MACHINE TOOLS PVT LTD
ROC Name	ROC Gwalior
Registration Number	5207
Date of Incorporation	13-04-1989
Email Id	accounts@saimachinetools.com
Registered Address	A 23 D SACTOR A INSUSTRIAL AREA, SANWER ROAD, INDORE, Madhya Pradesh, India, 452003
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	No
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Private
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	6,00,00,000
Paid up Capital (Rs)	1,26,12,000
Date of last AGM	30-09-2024
Date of Balance Sheet	31-03-2024
Company Status	Active

Key Managerial Persons:

DIN/PAN	Name	Designation	Date of Appointment
1741062	Vishal Jaiswal	Director	30-06-1998
1754887	Ajay Jaiswal	Director	01-04-2008
1755236	Shikha Jaiswal	Director	10-04-2009
3388509	Niharika Jaiswal	Director	10-04-2009

Shareholding pattern as on valuation date

Name of the Shareholder	No. of Shares	% Holding
Shri. Vishal Jaiswal	30,423	24.12%
Shri. Ajay Jaiswal	23,585	18.70%
Smt. Shikha Jaiswal	56,440	44.75%
Smt. Niharika Jaiswal	8,190	6.49%
Others	7,482	5.93%
Total	1,26,120	100.00%

Face Value per Share is Rs. 100.00/-

4 Valuation Date

The Analysis of the Fair Value of Equity shares of the **Sai Machine Tools Pvt Ltd** has been carried out as on **31st December 2024**.

5 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

6 Valuation Methodology and approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- Whether the entity is listed on a stock exchange.
- Industry to which the Company belongs.
- Past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated.
- Extent to which industry 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. These can be broadly categorised as follows:

1. Asset Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the Audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

2. Market Approach

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. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets.

Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

3. Income Approach

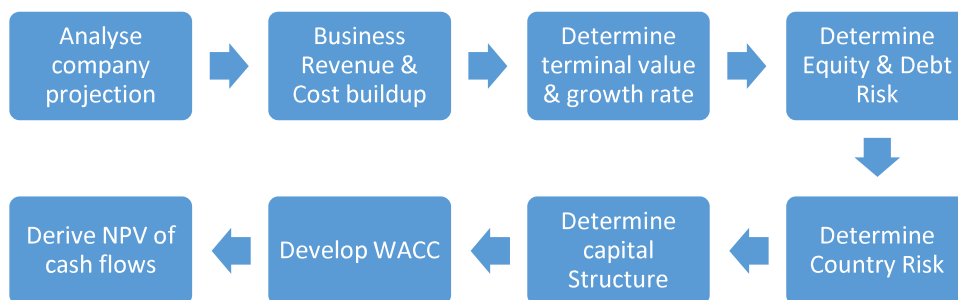
Discounted Cash Flows -" DCF"

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows



Profit Earning Capacity Value (PECV) Method

This method of valuation presumes the continuity of business and uses the past and projected earnings to arrive at an estimate of future maintainable profits. For the purpose of the Profit Earning Capacity Value (PECV) of the shares, the commonly accepted approach is to capitalize average

earnings, past and projected at an appropriate rate of capitalization, to arrive at a fair value per share. In the calculation of PECV, provision for taxation at the current statutory rate is normally considered because the crux of estimate the PECV lies in the assessment of the future maintainable profits of the business. It should not be overlooked that the valuation is for the future and that it is the future maintainable streams of earnings that is of greater significance in the process of valuation.

Valuation methodology

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

Approach	Method	Selection	Rationale for selection
Asset Approach	NAV Method	Selected	Based on the Business of the Company and availability of reliable data, we have valued the Company using the NAV method.
Income Approach	PECV Method	-	This method provides a straightforward approach to estimate value by capitalizing the future or past earning potential of the entity or asset. The Value per share as per PECV method is not reflecting the true potential of the company and lower as compared to the floor price i.e., NAV. Accordingly, no weightage is considered for the present valuation exercise.
Market Approach	CCM Method	-	This method is a relative valuation approach that values a company based on multiples derived from similar publicly traded firms. CCM model typically provides a range of values for a company, derived from the valuations of its comparable peers. There are no immediate comparable companies and comparable transactions in public domain of similar size and nature listed in India. Hence the market approach has not been adopted.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

Keeping in mind the context and purpose of the Report, we have used the Net Asset method to value equity shares.

Net Asset Method (Refer Annexure 1)

7 Source of Information

The Analysis is based on a review of information of the Company provided by the Management and information relating to sector as available in the public domain. Specifically, the sources of information include:

- Audited Financials as on 31st December 2024
- Audited Financial as on FY24, FY23, FY22
- Audited Financials of Chemerix Life Sciences Private Limited as on 31st December 2024
- Discussions with the Management
- Background of the entire transaction

- Shareholding Pattern of the Company as on valuation date

In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.

8 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.

The valuation worksheets prepared for the exercise are proprietary to Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

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

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the Suitability or otherwise of entering into any transaction with the Company.

A draft of the report was shared with the Company, prior to finalisation of report, for confirmation of facts, key assumptions and other Company representations.

Our Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

9 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Sai Machine Tools Pvt Ltd**. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that report will be shared with the investor / buyers of the company / submission to government authorities and regulators towards statutory compliances.

10 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity as on 31st December 2024 is as under:

(INR Lakhs)

Approach	Value (*)	Weight	Product
Asset Approach - NAV Method	2,744.60	1	2,744.60
Market Approach – CCM Method	0.00	0	0.00
Income Approach - PECV Method	1,852.68	0	0.00
	Weighted Average Value		2,744.60
	No. of shares		1,26,120
	Weighted Average Value per share		2,176.18

(*) Refer Annexures for Value

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully



Bhavesh M Rathod
Chartered Accountants
M No: 119158
Registered Valuer - Securities or Financial Assets
(Registration No: IBBI/RV/06/2019/10708)

Date: 6th February 2025

Place: Mumbai

UDIN: **25119158BMGXUN3247**

11 Annexure 1

Asset Approach - NAV Method as on 31st December 2024

Sai Machine Tools Pvt Ltd

(INR Lakhs)

Particulars		Book Value	Fair Value
ASSETS			
Non-current assets			
Fixed Assets			
-Tangible Assets	Note 1	723.26	723.26
-Intangible Assets		7.24	7.24
-CWIP	Note 2	223.72	223.72
Non-current Investments	Note 3	14.15	13.73
Long-term loans and advances		817.89	817.89
Other Non-Current Assets		719.21	719.21
Current assets			
Inventories		6,782.40	6,782.40
Trade receivables		1,160.84	1,160.84
Cash and bank balances		155.60	155.60
Short-term loans and advances		1,570.28	1,570.28
Other Current Assets		45.07	45.07
Total Assets	A	12,219.67	12,219.25
Liabilities			
Non-Current Liabilities			
Long Term Borrowings		629.17	629.17
Deferred Tax Liabilities		55.88	55.88
Current liabilities			
Short Term Borrowings		3,628.57	3,628.57
Trade payables		2,297.51	2,297.51
Other current liabilities		2,495.93	2,495.93
Short-term provisions		102.06	102.06
Current Tax Liabilities (Net)		265.54	265.54
Total Liabilities	B	9,474.65	9,474.65
Net Worth	(A - B)	2,745.02	2,744.60
No. of Shares	C	1,26,120	1,26,120
Value Per Share	(A - B) / C	2,176.52	2,176.18

Note 1:

Fair Value of Tangible Asset

(In INR)

Particulars	Book Value	Fair Value
Land at Borasala (*)	72,358.00	72,358.00
Factory Building - I (At Plot No.23, Sector-A, Sanwer Road, Indore) (*)	12,31,337.00	12,31,337.00
Factory Building - II (At Plot No.28B/32C, Sector-A, Sanwer Road, Indore) (*)	30,61,920.00	30,61,920.00
Factory Building - III (At Plot No.25B, Sector-A, Sanwer Road, Indore) (*)	12,63,551.00	12,63,551.00
Agriculture Land at Alwasa (*)	7,00,764.00	7,00,764.00
Other Tangible Assets	6,59,95,972.00	6,59,95,972.00
Total	7,23,25,902.00	7,23,25,902.00

(*) Being a Leasehold Property, Book value is considered as fair value.

Note 2:

Fair value of CWIP

(In INR)

Particulars	Book Value	Fair Value (*)
Building	2,23,72,032.00	2,23,72,032.00
Total	2,23,72,032.00	2,23,72,032.00

(*) Book value is considered as Fair value.

Note 3:

Fair of Non-Current Investment

(In INR)

Particulars	No of Shares	Value Per Share	Book Value	Fair Value
Quoted Investments	A	B	C	D = A * B
Punjab National Bank Limited	895	102.75	33,910.00	91,961.25
			Book Value	Fair Value
ICICI IPRU Elite Maximiser Fund (*)			9,68,818.00	9,68,818.00
Unquoted Investments (**)	No of Shares	Value Per Share	Book Value	Fair Value
Chemerix Life Sciences Private Limited	10,000	-192.70	1,00,000.00	0.00
Others	No of Grams	Value per Gram	Book Value	Fair Value
Gold Coins (#)	103.61	2,732.90	2,83,169.00	2,83,155.77
RBI Gold Bonds (##)			29,520.00	29,520.00
Total			14,15,417.00	13,73,455.02

(*) As per management representation and copy of Life insurance policy ULIP based of directors Book Value is considered as Fair value.

(**) Refer Annexure 2

(#) As per provided by the management.

(##) Book value is considered as fair value

12 Annexure 2

Asset Approach - NAV Method as on 31st December 2024

Chemerix Life Sciences Private Limited

(INR Lakhs)

Particulars		Book Value	Fair Value
ASSETS			
Non-current assets			
Fixed Assets			
-Tangible Assets	Note 4	786.02	786.02
-CWIP		128.53	128.53
Deferred tax assets (net)		6.89	6.89
Other Non-Current Assets		0.22	0.22
Current assets			
Cash and bank balances		7.50	7.50
Other Current Assets		16.36	16.36
Total Assets	A	945.52	945.52
Liabilities			
Non-Current Liabilities			
Long Term Borrowings		944.94	944.94
Current liabilities			
Other current liabilities		17.19	17.19
Short-term provisions		2.66	2.66
Total Liabilities	B	964.79	964.79
Net Worth	(A - B)	(19.27)	(19.27)
No. of Shares	C	10,000	10,000
Value Per Share	(A - B) / C	(192.70)	(192.70)

Note 4:

Fair Value of Tangible Asset

(In INR)

Particulars	Book Value	Fair Value (*)
Land at Vikram Udyog Puri, Ujjain	7,86,01,774.00	7,86,01,774.00
Total	7,86,01,774.00	7,86,01,774.00

(*) Being a Leasehold Property, Book value is considered as fair value

13 Annexure 3

Income Approach - Profit Earning Capitalization Value Method (PECV Method)

(INR Lakhs)

Particulars		FY22	FY23	FY24	
Reported Profit Before Tax		170.86	255.93	687.32	
Average Adjusted Profit Before Tax					371.37
Less: Tax	25.17%				93.47
Average Profit After Tax					277.90
Capitalization (Note5)	15.00%				1,852.68
No. of Equity Shares					1,26,120
Value per share (Rs.)					1,468.98

Note 5:

Capitalization Rate

Organisation Specific Discount Rate

- Cost of Equity of 15.00% is taken as Capitalization rate, calculated using,
 - Historical Market Return of BSE 500 from February 01, 1999, to December 31, 2024, is 14.72%

	Rate	Source
Market Return (Rm)	14.72%	Return of BSE 500 for the period of Feb 01, 1999, to December 31, 2024.

Based on the above parameters, the Cost of Equity has been calculated at **15.00 % (Rounded off)**

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