



VALUATION REPORT

-In accordance with Section 247 of the Companies Act, 2013 and Companies (Registered valuer and valuation) Rules, 2017 and in accordance with ICAI valuation Standards

Date of Report: 27th FEBRUARY' 2023

Strictly Private & Confidential

Report Prepared for:

TULSYAN NEC LIMITED

Apex Plaza First Floor, New No.: 77 & Old No.: 3, Nungambakkam High Road, Chennai- 600034,
Tamil Nadu.

Report Appraised & Submitted by:

UDIN: 23302196BGSWFV4073

CA Raj Kiran Padhi

FCA, FCMA, DISA (ICAI)
REGISTERED VALUER- S&FA (IBBI)
Reg. No.: IBBI/RV/06/2020/13073

PLOT NO. 241/3601, JAYDEV VIHAR, BHUBANESWAR, 751013, ODISHA

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To,
The Board of Directors
Tulsyan NEC Limited

Apex Plaza First Floor, New No.: 77 & Old No.: 3
Nungambakkam High Road,
Chennai- 600034, Tamil Nadu.

Ref. No.:

Regarding: Valuation Analysis for Equity shares of Tulsyan NEC Limited .

Dear Sir,

I refer to the discussion held with your good self for carrying out the Valuation analysis for Equity Shares of **Tulsyan NEC Limited** (*here-in-after referred as "Company"*) for internal use of management to assess the fair value of equity shares.

In accordance with the terms of the engagement, I am enclosing my Valuation Report along with this letter. In attached report, I have summarised the valuation analysis for equity shares of the Company for internal use of management to assess the fair value of equity shares together with the description of methodologies used and limitation on my scope of work.

This Valuation Analysis is confidential and has been prepared exclusively for internal use of management to assess the fair value of equity shares of the company. It should not be used, reproduced or circulated to any other person or for any other purpose, in whole or in part, without the prior consent of the undersigned. Such consent will only be given after looking for the context & purpose at that time.

However, I understand that the Company may use this report for certain regulatory purpose and I give consent for that.

My analysis is solely based on the information/documents and explanations provided by the management and I have not independently verified the accuracy and authenticity of those information/documents. Accordingly, I do not assume any responsibility for any error(s) in the information furnished to me.

By its very nature, Valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement.

I have estimated the Fair Market Value on a controlling interest, non-marketable basis for the shares of **Tulsyan NEC Limited** as at **21/02/2023** to **Rs 16.70** per share as described within the Valuation Report.

I believe the above meets your requirement.

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

Thanking You.

Yours Faithfully,

CA. Raj Kiran Padhi

Registered Valuer

IBBI- S&FA.

M. No.: IBBI/RV/06/2020/13073

PRKS & Associates
Chartered Accountants

CA. Raj Kiran Padhi
M.No.: 302196, Partner
FRN.: 323016E

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27th Feb, 2022

Tulsyan NEC Limited
Apex Plaza First Floor, New No.: 77 & Old No.: 3
Nungambakkam High Road,
Chennai- 600034
Tamil Nadu

Dear Sir,

Re: Valuation of Equity Shares of Tulsyan NEC Limited

1. BACKGROUND

We refer to our engagement letter and our discussions from time to time in connection with our appointment to carry out fair valuation of equity shares issued by **Tulsyan NEC Limited**.

2. SOURCES OF INFORMATION

For the purpose of this valuation exercise, we have relied upon the following sources of information as provided by the Management:

- Such other analysis, reviews and inquiries as we considered necessary.

3. METHODOLOGY OF VALUATION

- 3.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.
- 3.2 The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place

between market participants at the measurement date under current market conditions.

There are three widely used valuation techniques viz. the market approach, the cost approach and the income approach. The valuation techniques consistent with one or more of these approaches can be used to measure fair value.

3.3 Valuation techniques used to measure fair value should maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

To increase consistency and comparability in fair value measurements and related disclosures, inputs to valuation techniques are used to measure fair value into three levels, namely;

- **Level 1 Inputs (Quoted Prices)**

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- **Level 2 Inputs (Significant Other Observable Inputs)**

Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- **Level 3 Inputs (Significant Unobservable Inputs)**

Level 3 inputs are unobservable inputs for the asset or liability. These inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. In developing unobservable inputs, an entity may begin with its own data and adjust its data, if reasonably available information indicates that other market participants would use different data.

The availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques. However, the fair value hierarchy prioritises the inputs to valuation techniques, not the valuation techniques used to measure fair value.

3.4 VALUATION TECHNIQUES

3.4.1 MARKET APPROACH

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business. This would include valuation techniques consistent with the market approach such as market multiples (based

on Revenue, EBITDA, EBIT, etc.) derived from set of comparables.

3.4.2 **COST APPROACH**

The cost approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

3.4.3 **INCOME APPROACH**

The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. This approach includes the following valuation techniques:

- (a) present value techniques;
- (b) option pricing models, such as the Black-Scholes-Merton formula or a binomial model; and
- (c) the multi-period excess earnings method, used to measure the fair value of certain intangible assets.

4. **VALUATION OF EQUITY SHARES OF TULSYAN NEC LIMITED**

- 4.1 We have applied the present value technique under Income Approach to arrive at the fair value of equity shares of **Tulsyan NEC Limited** ('Instrument 1') as at **February 21, 2023**.
- 4.2 We have valued equity shares based on the valuations of similar such competitors in the same business segment.
- 4.3 Based on the above, the fair value of equity shares as on **February 21, 2023** is **INR 16.70 per share**. The workings for the same are attached herewith as '**Annexure I**'.

5. **LIMITATIONS/DISCLAIMERS**

- 5.1 Our 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.

- 5.2 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 we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- 5.3 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical information used and therefore, does not express any opinion with regards to the same.
- 5.4 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.
- 5.5 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 disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 5.6 Our work does not constitute an audit or certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, we are 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 and valuation date mentioned in the report 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.
- 5.7 In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Management 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. Our conclusions are based on the information given by/on behalf of the Company. We assume no responsibility for any errors in the above

information furnished by the Management and consequential impact on the present exercise.

- 5.8 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 our 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 our opinion, on the fair value of the debentures of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 5.9 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.
- 5.10 Our Report is meant for the purpose mentioned in Para 2 above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- 5.11 **Raj Kiran Padhi**, Chartered Accountant, or employees 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.
- 5.12 This report forms an integral whole and cannot be split in parts. The outcome of the Valuation can only lead to proper conclusions if the report as a whole is taken into account.

6. DISTRIBUTION OF OUR REPORTS

- 6.1 We would not be called upon to defend our analysis on any forum. Our Report is not to be used, referred to or distributed for any other purpose without our written permission. In case you propose to make available our Report to any third party other than the parties to the transaction, it shall require our written

consent. Consequently, you should not make our Report available or otherwise disclose our Report or that we are undertaking this assignment for you to third party other than the parties to the transaction unless we have specifically agreed with you and that party, in writing, the basis on which our Report may be made available and which we may give or withhold at our absolute discretion. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any other party to which the Report is disclosed or otherwise made available or is used for any purpose other than that indicated in paragraph 2 above.

- 6.2 This Report is not to be referred to or quoted, in whole or in part, in any offering memorandum, prospectus, registration statement, loan or other agreement or document except in the subscription documents of the securities offered to investors, without our express written approval, which may require that we perform additional work. **Raj Kiran Padhi**, Chartered Accountant accepts no duty, obligation, liability or responsibility to any party, other than to the Management with respect to the services and/ or this report.
- 6.3 In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the Company, their directors, employees or agents. In no circumstances shall the liability of **Raj Kiran Padhi**, Chartered Accountant, or employees, relating to services provided in connection with the engagement set out in this letter (or variation or addition thereto) exceed the amount paid to us in respect of the fees charged for those services.

VALUATION WORKING –**A) Calculation of Per Share Value:**

Particulars	Rs Crs
Stabilised EBITDA	50.0
EV / EBITDA	6.0
EV of Tulsyan NEC	300.0
Funding proposed to be raised	275.0
Equity Value	25.0
No of O/s Equity Shares	1.5
Price per equity share	16.7

Date: 27th February 2023

Place: Bhubaneswar

CA. Raj Kiran Padhi
Registered Valuer
IBBI- S&FA.
M. No.: IBBI/RV/06/2020/13073

PRKS & Associates
Chartered Accountants

CA. Raj Kiran Padhi
M.No.: 302196, Partner
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