

Lyka Labs Limited
Determination of Fair Value of Equity Shares

February 3rd, 2023

Perch Valuation LLP

Registered Valuer

Asset Class – Securities or Financial Assets

Reg. No. IBBI/RV-E/06/2022/173

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Date: February 3rd, 2023

To,
Board of Directors
Lyka Labs Limited
India

Dear Board Members,

Sub: Determination of Fair Market Value of Equity Shares of Lyka Labs Limited

We refer to your request for the valuation of the equity shares of **Lyka Labs Limited (hereinafter referred to as 'Lyka' or 'the Company')** as on **January 17, 2023**, for the purpose mentioned below. We are pleased to present herewith our report on the same.

Company Background

Lyka Labs Limited is a company registered under the Companies Act, 1956 incorporated on 29-Dec-1976 vide CIN: L24230GJ1976PLC008738 having its registered office at 4801 / B & 4802 / A, GIDC Industrial Estate, Ankleshwar, Gujarat, 393 002 and the Corporate Office at Ground Floor, Spencer Building, 30, Forjett Street, Grant Road (West), Mumbai-400 036.

The authorized, issued, subscribed and paid-up share capital of Lyka as on September 30, 2022 are as under:

Particulars	Amount (INR in lakhs)
Authorized Share Capital	
4,80,00,000 Equity Shares of INR 10 each	4,800
200,000 Redeemable Preference Shares of INR 100/-	200
TOTAL	5,000
Issued, subscribed and paid-up Share Capital	
2,86,90,000 Equity Shares of INR 10 each	2,869
TOTAL	2,869

Source: Unaudited Half yearly accounts as on 30-9-2022, Audited Accounts as on 31-3-2022

Valuation Background and Purpose

We have been informed that the Board of Directors of the company intends to issue and allot upto 20,00,000 of Equity Shares and upto 50,00,000 warrants convertible into Equity Shares on preferential basis to identified investors i.e., Ipca Laboratories Limited, a listed entity forming part of the Promoter Group of the Company. Each Warrant is convertible into One (1) Equity Share and the conversion can



be exercised at any time during the period of Eighteen (18) months from the date of allotment of Warrants, in one or more tranches, as the case may be, on such terms and conditions as applicable, entitling the Proposed Allottee to subscribe to and be allotted the Warrants convertible into Equity Shares of the Company. The total number of securities proposed to be issued would exceed 5% of the enhanced capital. As per Regulation 166A of SEBI (ICDR) Regulations, the floor price, in cases where allotment of more than 5% of the post issue fully diluted share capital of the issuer, shall be higher of the floor price determined –

- under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or
- the price determined under the valuation report from the independent registered valuer or
- the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Pursuant to the requirements of the Regulation 166A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we have been engaged by the Company to undertake a valuation exercise and express opinion on the fair value of equity shares of Lyka as on January 17, 2023 (“Valuation Date”).

We have been informed that this Valuation Report may be delivered to the Regulators, including the Stock Exchanges and to the Merchant Banker and may be referred for various disclosures to be made to Public Shareholders/ Regulatory Authorities and towards any compliances of SEBI ICDR Regulations, 2018.

Sources of Information

For the purpose of this valuation exercise, we have relied upon the following sources of information as provided to us by the management of the companies:

- (a) Limited Reviewed Financial Statements of Lyka for the period ended September 30, 2022
- (b) Audited Financial Statements of Lyka for the Financial Year 2019-20, 2020-21, 2021-22
- (c) Historical share price and volume databases of BSE India and NSE India
- (d) Such other information and explanations as we have required, and which have been provided by the Management including Management Representations.

The Management has been provided with the opportunity to review the Draft Report (excluding the recommended Fair Value per share) as a part of our standard practice to make sure that factual inaccuracies/omissions are avoided in the final report.

Valuation Base

As per Indian Valuation Standard 102 issued by The Institute of Chartered Accountants of India, Valuation Base means the indication of the type of value being used in engagement. In this engagement, Fair Value as determined shall be considered as the valuation base.

Valuation Approach and Date



- i. The valuation exercise involves selecting a method suitable for the purpose of valuation, by the exercise of judgment by the valuer, based on the facts and circumstances as applicable to the business of the company to be valued.
- ii. As mentioned earlier, the present valuation exercise is being undertaken in order to derive the fair value per share for preferential allotment as per SEBI ICDR Regulations.
- iii. We have been asked by the management to consider January 17, 2023 as the Valuation Date.

Valuation Methodology

- i. Valuation by its very nature, 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 judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can, therefore, be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness. The International Accounting Standard Board (IASB), which is the independent standard setting body of the IFRS Foundation, has set out two internationally accepted valuation methodologies for arriving at the fair value of a share namely, the income approach and the market approach.
- ii. For the purpose of determining fair value, a valuer may, therefore, use any of the approaches as per the generally / internationally accepted valuation methodologies which in its opinion are most appropriate based on the facts of each valuation.
- iii. The internationally / generally accepted valuation methodologies have been discussed hereinafter, along with the reasons for the choice of approach used based on the facts of the company.

(A) Market Approach

Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company. Regulation 164(1) of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 prescribes the method for calculating pricing of frequently traded shares. If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

(B) Asset Approach

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company. Usually, under the asset-based approach, the methods that may be applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value.

(C) Income Approach

Usually, under the Income-Based Approach, the methods that may be applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method.

Discounted Cash Flow Method

Under DCF approach, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the company. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Profit Earning Capacity Value Method

Under PECV method, the average earning on the basis of the past 3-5 year are first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc. After this, the normalized earnings are then capitalized at an appropriate discount rate.

Change in control

It has been represented that no change in control or Management of the Company is contemplated consequent to the proposed preferential issue of Equity Shares and the warrants and resultant Equity Shares being allotted upon conversion of the warrants. However, voting rights will change in accordance with the shareholding pattern. The pre and post issue holding of the proposed allottees in the company are as under:

Sr. No.	Name of proposed allottee	Ultimate Beneficial Owners of the proposed allottee	Pre-issue		Issue of Shares & Warrant	Post-issue#	
			Shares	Percentage		Shares	Percentage
1.	Ipca Laboratories Ltd.	Ipca Laboratories Ltd. is a listed public limited company promoted by	76,24,923	26.58%	70,00,000	1,46,24,923	40.98%



		Mr. Premchand Godha, Mr. M R Chadurkar and their associates					
		Total	76,24,923	26.58%	70,00,000	1,46,24,923	40.98%

#Assuming full conversion of warrants

Valuation Conclusion

In view of the foregoing, the value of Lyka Labs Limited needs to be determined with reference to various valuation approaches.

On the basis of the foregoing, in our opinion, the **Fair Value** per **Equity Share** of **Lyka** as on **January 17, 2023**, is arrived at **INR 138.14/- (Rupees One Hundred and Thirty-Eight and Fourteen paise only)**.

The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perception, key underlying assumption and limitations were given due consideration.

The Report assumes that the company complies fully with relevant laws and regulations applicable in all its area of operations unless otherwise states, and the company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

In the ultimate analysis, the 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 balance sheets, but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 2019 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the share, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is art, not an exact science. Mathematical certainty is not demanded nor indeed is it possible."

The value is required to be read in conjunction with the Valuation Summary in Annexure I and Statement of Assumptions and Limiting Conditions in Annexure II. The value so arrived can undergo



change in case of any change in any facts, information/assumptions provided to us by the management of Lyka. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

In accordance with our standard practice, the Management has been provided with an opportunity to review factual information in our draft Certificate to ensure that factual inaccuracies, omissions etc. are avoided in our final Certificate. We state that we are independent of the shareholders, directors and management of Lyka and do not have any financial association with the shareholders, directors and management of Lyka other than receipt of fees in connection with the professional services provided. Our fee for the engagement is not contingent upon the results reported.

For Perch Valuation LLP



Paras K. Savla

Partner

Reg. No. IBBI/RV-E/06/2022/173

Encl.

1. Annexure-I – Valuation Summary
2. Annexure-II - Statement of Assumptions and Limiting Conditions



Annexure I – Valuation Summary

(Figures in INR)

Method	Value per Share	Weights	Weighted Values
Asset Approach (A)	4.65	-	-
Income Approach (B)	89.66	-	-
Market Approach (C)	138.14	100%	138.14
Fair Value per share (INR)		100%	138.14

Notes:

- Pursuant to the definition provided under the SEBI ICDR Regulations 2018, the Shares of the Company are frequently traded.
- Considering the Regulation 166A price determined under regulation 164 is higher than price determined under other methods of valuation. Hence 100% weight have been considered for value determined under Regulation 164(1) while computing a fair value per equity share.

A. Asset Approach

The Company is a listed entity and its operating results for half-year ended September 2022 are available. The results are not full year results and are only subjected to “Limited Review” and are not “Audited”. Hence, we have based our conclusion only on full year audited results of FY 2021-22.

(INR in lakhs)

Particulars	31.03.2022
Paid up Share Capital	2,869.00
Reserves & Surplus	(1,535.16)
Net worth	1,333.84
No of Shares (in Lakhs)	286.90
Net Asset Value Per Share	4.65

B. Income Approach

Since Lyka Labs Limited is a listed company, financial projections of the company are considered to be price sensitive information. Thus, the management of the Company has not shared the financial projections. Hence, due to unavailability of financial projections, DCF method of valuation is not adopted.

Accordingly, we have adopted PECV method of valuation based on last 3 years of full year audited financial statements.

(INR in lakhs)

Particulars	31.03.2022	31.03.2021	31.03.2020
PAT	3,858.34	(998.10)	(6,295.15)
Capitalisation Rate	15.00%	15.00%	15.00%



Capitalised Value	25,722.27	(6,654.00)	(41,967.67)
Weights	1	-	-
Weighted Value	25,722.27	-	-
Sum of Weighted Value	25,722.27		
No. of Shares (Lakhs)	286.90		
PECV Per Share	89.66		

Since the company has incurred losses in the Financial Years 2020-21 and 2019-20, we have not assigned any weights for the loss-making years. Thus, weight of 1 has only been assigned to the last audited financial year 2021-22.

C. Market Price Method

Pursuant the definition provided under the SEBI ICDR Regulations 2018, the Shares of the Company are frequently traded. If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, as per Regulation 164(1) the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

90/10 trading days volume weighted average price at BSE

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	8,79,235	12,00,63,887	136.55
10 days data	97,433	1,32,91,542	136.42
Highest price at BSE			136.55

90/10 trading days volume weighted average price at NSE

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	1,07,71,074	1,47,26,39,966	136.72
10 days data	13,70,585	18,93,28,427	138.14
Highest price at NSE			138.14

Highest price at the BSE/NSE

Exchange	Price (INR)
Highest Price at BSE	136.55
Highest Price at NSE	138.14
Higher of the two	138.14

Considering Regulation 164 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 fair price works out to **INR 138.14**.

Share Trading Data on BSE Limited
(Period: September 9, 2022 to January 17, 2023)



Day	Date	Shares	Turnover (INR)
1	17-Jan-23	29,992	42,72,987
2	16-Jan-23	31,187	43,48,716
3	13-Jan-23	2,409	3,15,627
4	12-Jan-23	8,415	10,75,261
5	11-Jan-23	2,098	2,68,323
6	10-Jan-23	2,839	3,64,524
7	09-Jan-23	7,542	9,79,424
8	06-Jan-23	4,126	5,32,054
9	05-Jan-23	7,415	9,51,594
10	04-Jan-23	1,410	1,83,032
11	03-Jan-23	1,762	2,29,239
12	02-Jan-23	3,074	4,00,145
13	30-Dec-22	6,753	8,81,801
14	29-Dec-22	2,790	3,67,116
15	28-Dec-22	5,414	7,02,172
16	27-Dec-22	5,699	7,44,891
17	26-Dec-22	14,658	19,67,121
18	23-Dec-22	49,262	68,58,614
19	22-Dec-22	18,149	24,94,915
20	21-Dec-22	19,888	26,86,059
21	20-Dec-22	4,544	5,89,828
22	19-Dec-22	3,340	4,37,585
23	16-Dec-22	11,916	15,50,121
24	15-Dec-22	393	52,151
25	14-Dec-22	3,075	4,09,866
26	13-Dec-22	6,506	8,72,879
27	12-Dec-22	2,713	3,62,043
28	09-Dec-22	5,644	7,66,205
29	08-Dec-22	6,372	8,69,110
30	07-Dec-22	4,412	5,86,009
31	06-Dec-22	1,255	1,69,474
32	05-Dec-22	4,190	5,78,699
33	02-Dec-22	17,360	23,82,165
34	01-Dec-22	7,091	9,97,090
35	30-Nov-22	7,916	11,29,174
36	29-Nov-22	33,169	48,53,784
37	28-Nov-22	20,845	29,58,076
38	25-Nov-22	41,893	56,09,223
39	24-Nov-22	4,004	5,10,985
40	23-Nov-22	4,748	5,94,838
41	22-Nov-22	7,917	9,75,337
42	21-Nov-22	1,975	2,45,302
43	18-Nov-22	8,150	10,13,541
44	17-Nov-22	5,888	7,42,783
45	16-Nov-22	4,110	5,19,526
46	15-Nov-22	712	90,435
47	14-Nov-22	8,269	10,61,017
48	11-Nov-22	6,148	7,89,651
49	10-Nov-22	9,019	11,44,586
50	09-Nov-22	29,249	38,68,570



Day	Date	Shares	Turnover (INR)
51	07-Nov-22	3,219	4,53,212
52	04-Nov-22	11,989	17,06,996
53	03-Nov-22	7,703	11,04,069
54	02-Nov-22	14,024	19,90,624
55	01-Nov-22	11,328	15,65,400
56	31-Oct-22	20,345	27,91,335
57	28-Oct-22	2,733	3,65,080
58	27-Oct-22	22,977	31,35,722
59	25-Oct-22	3,669	4,70,364
60	24-Oct-22	6,973	9,07,602
61	21-Oct-22	4,266	5,48,804
62	20-Oct-22	5,028	6,34,363
63	19-Oct-22	3,535	4,51,323
64	18-Oct-22	8,311	10,76,406
65	17-Oct-22	4,812	6,25,533
66	14-Oct-22	4,466	5,88,161
67	13-Oct-22	2,378	3,11,072
68	12-Oct-22	3,120	4,12,862
69	11-Oct-22	1,695	2,28,798
70	10-Oct-22	6,711	9,23,915
71	07-Oct-22	8,055	11,08,191
72	06-Oct-22	15,635	22,21,998
73	04-Oct-22	17,734	24,20,287
74	03-Oct-22	8,531	10,62,532
75	30-Sep-22	8,759	11,06,539
76	29-Sep-22	3,446	4,29,155
77	28-Sep-22	6,410	8,07,878
78	27-Sep-22	3,092	3,89,325
79	26-Sep-22	7,073	9,06,040
80	23-Sep-22	6,148	8,23,190
81	22-Sep-22	5,073	6,94,381
82	21-Sep-22	9,245	12,83,862
83	20-Sep-22	10,937	15,00,331
84	19-Sep-22	11,021	14,95,430
85	16-Sep-22	21,350	29,49,984
86	15-Sep-22	18,564	26,67,261
87	14-Sep-22	15,877	23,15,792
88	13-Sep-22	8,615	12,77,576
89	12-Sep-22	28,248	42,26,337
90	09-Sep-22	18,435	27,32,489

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	8,79,235	12,00,63,887	136.55
10 days data	97,433	1,32,91,542	136.42
Highest price at BSE			136.55



Share Trading Data on National Stock Exchange of India Limited
(Period: September 9, 2022 to January 17, 2023)

Day	Date	Shares	Turnover (INR)
1	17-Jan-23	477,034	68,248,246
2	16-Jan-23	499,399	69,888,070
3	13-Jan-23	77,884	10,268,265
4	12-Jan-23	83,568	10,851,838
5	11-Jan-23	36,643	4,705,014
6	10-Jan-23	40,681	5,239,715
7	09-Jan-23	56,283	7,318,453
8	06-Jan-23	25,091	3,236,611
9	05-Jan-23	41,267	5,319,156
10	04-Jan-23	32,735	4,253,059
11	03-Jan-23	41,323	5,373,917
12	02-Jan-23	45,625	5,938,670
13	30-Dec-22	34,358	4,486,941
14	29-Dec-22	65,555	8,576,094
15	28-Dec-22	70,922	9,190,755
16	27-Dec-22	138,654	18,073,856
17	26-Dec-22	126,670	16,970,290
18	23-Dec-22	490,829	68,221,351
19	22-Dec-22	352,426	48,473,880
20	21-Dec-22	276,725	37,275,312
21	20-Dec-22	33,359	4,328,768
22	19-Dec-22	80,692	10,558,657
23	16-Dec-22	45,848	5,978,929
24	15-Dec-22	34,928	4,617,871
25	14-Dec-22	38,987	5,207,721
26	13-Dec-22	25,904	3,485,440
27	12-Dec-22	38,172	5,118,099
28	09-Dec-22	167,258	22,852,343
29	08-Dec-22	94,575	12,903,003
30	07-Dec-22	62,679	8,322,622
31	06-Dec-22	36,237	4,892,934
32	05-Dec-22	51,366	7,113,721
33	02-Dec-22	65,391	8,962,312
34	01-Dec-22	125,963	17,754,236
35	30-Nov-22	106,609	15,167,185
36	29-Nov-22	645,338	94,273,315
37	28-Nov-22	462,977	65,500,451
38	25-Nov-22	312,562	41,626,104
39	24-Nov-22	147,172	18,725,311
40	23-Nov-22	115,238	14,443,849



41	22-Nov-22	29,238	3,603,274
42	21-Nov-22	33,795	4,184,915
43	18-Nov-22	43,212	5,377,048
44	17-Nov-22	103,879	13,041,014
45	16-Nov-22	36,532	4,654,385
46	15-Nov-22	32,253	4,107,140
47	14-Nov-22	44,093	5,658,038
48	11-Nov-22	76,186	9,776,836
49	10-Nov-22	71,272	9,049,495
50	09-Nov-22	297,378	39,413,049
51	07-Nov-22	68,845	9,703,837
52	04-Nov-22	136,273	19,406,728
53	03-Nov-22	230,640	33,085,532
54	02-Nov-22	373,177	52,910,337
55	01-Nov-22	107,041	14,794,720
56	31-Oct-22	251,091	34,509,230
57	28-Oct-22	49,586	6,624,747
58	27-Oct-22	191,169	26,026,017
59	25-Oct-22	26,856	3,439,561
60	24-Oct-22	31,887	4,159,805
61	21-Oct-22	38,578	4,966,025
62	20-Oct-22	26,934	3,417,971
63	19-Oct-22	52,181	6,673,330
64	18-Oct-22	85,606	10,998,726
65	17-Oct-22	39,356	5,094,879
66	14-Oct-22	47,638	6,251,477
67	13-Oct-22	32,012	4,178,020
68	12-Oct-22	33,066	4,386,766
69	11-Oct-22	38,617	5,225,005
70	10-Oct-22	64,312	8,869,642
71	07-Oct-22	114,315	15,765,967
72	06-Oct-22	236,023	33,594,622
73	04-Oct-22	381,000	51,959,386
74	03-Oct-22	85,878	10,724,788
75	30-Sep-22	89,184	11,210,593
76	29-Sep-22	153,948	19,208,457
77	28-Sep-22	90,641	11,449,283
78	27-Sep-22	92,467	11,639,636
79	26-Sep-22	88,743	11,287,189
80	23-Sep-22	79,843	10,632,818
81	22-Sep-22	59,367	8,143,987
82	21-Sep-22	85,396	11,852,967
83	20-Sep-22	41,893	5,744,213
84	19-Sep-22	70,241	9,539,888



85	16-Sep-22	153,771	21,154,069
86	15-Sep-22	76,218	10,951,251
87	14-Sep-22	77,857	11,352,000
88	13-Sep-22	133,004	19,713,150
89	12-Sep-22	180,843	27,156,366
90	09-Sep-22	82,812	12,229,424

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	1,07,71,074	1,47,26,39,966	136.72
10 days data	13,70,585	18,93,28,427	138.14
Highest price at NSE			138.14



Annexure II - Statement of Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report.
2. We owe responsibility to only to the client that has appointed us under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
3. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
4. We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
5. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, we have provided a single value for the overall purpose of this report. Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
6. The client and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
7. We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or



estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

8. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
9. The valuation report is tempered by the exercise of judicious discretion by the valuers, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
10. We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.
11. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. Our report is subject to the scope and 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.
12. The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.
13. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.



14. 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 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. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
15. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
16. Our report is meant for the purpose mentioned 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.
17. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
18. Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
19. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without our written consent.
20. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public (except in cases where the report needs to be provided before any Government Authority) through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without our prior written consent and approval. We retain the right to deny permission for the same.
21. Though some similarities exist between the conclusion of value as used for this purpose and others, it would be incorrect to use the fair value as determined within our report for any other purposes due to specific timing, performance, and marketability issues that arise in evaluating the fair market value of a company. Accordingly, any such use of the value as determined within this report for other purposes would be inaccurate and possibly misleading and no such use shall be made out of the context presented herein.
22. Addressee shall hold harmless the Firm, its partners/directors and employees free from all actions, claims, proceedings, losses, damages, costs and expenses, whatsoever and however caused, incurred, sustained or arising, which Firm, its partners/directors and employees may suffer, arising from, or in connection with, the provision of the services.

