

# VSA Valuers LLP

Registered Valuer - Securities or Financial Assets

61, 6<sup>th</sup> Floor, Sakhar Bhavan, Plot No. 230, Nariman Point, Mumbai - 400021, Maharashtra.

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29<sup>th</sup> December, 2022

The Board of Directors,  
Caspian Corporate Services Limited  
F - Block, 105, First Floor, Surya Towers,  
Sardar Patel Road, Secunderabad,  
Hyderabad - 500003,  
Telangana.

Dear Sir,

Sub: - Valuation of Equity Shares of Caspian Corporate Services Limited

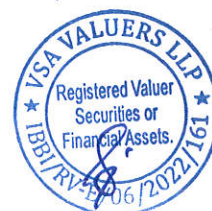
Ref: - Engagement Letter dated 16<sup>th</sup> December, 2022

In terms of the above mentioned engagement letter, duly accepted and signed by the management, we have carried out valuation of the **Equity Shares ('Shares')** of **Caspian Corporate Services Limited ('the Company'/'CCSL')** as the Company wishes to acquire 100% Shares of **Sumathi Corporate Services Private Limited ('SCSPL')**, and the consideration shall be settled partially with Shares of CCSL and balance in cash. Hence, CCSL proposes to issue further Shares by way of Private Placement / Preferential allotment in accordance with the provisions of the Companies Act, 2013 and Rules framed thereunder, to raise funds for the said consideration. In this regard the management has requested to determine the fair value of Shares of CCSL in accordance with the Companies Act, 2013 read with the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended by SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2022.

The valuation report is intended solely for the use by the Management of the Company and our recommendation is based on the events and circumstances prevailing as on **28<sup>th</sup> December, 2022 ('Valuation Date')**.

We have performed the valuation engagement and present the valuation report in conformity with the provisions of the SEBI ICDR Regulations, the Companies Act, 2013 and the Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India ('ICAI').

Our analysis and recommendation should be understood in the context of assumptions and the statements made in the detailed report enclosed herewith.



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Based on the assumptions and limiting conditions as described in the report, as well as the facts and circumstances as on the valuation date, we conclude that the fair value of 1 (One) Equity Share of INR 1 (Indian Rupees One only) each fully paid up, comes to around **INR 9.79 (Indian Rupees Nine and Paise Seventy Nine only)**.

Thanking You

Yours faithfully,

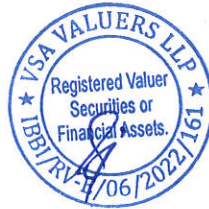
For **VSA Valuers LLP**

**Registered Valuer - Securities or Financial Assets**

**Regn. No. IBBI/RV-E/06/2022/161**

**Suraj Jaiswal**  
**(Partner)**

Encl.: As stated above.



#### EXECUTIVE SUMMARY

- i) Corporate Identity : **Caspian Corporate Services Limited ('the Company' / 'CCSL')** is listed public company limited by shares, incorporated on 3<sup>rd</sup> March, 2011 registered with the Registrar of Companies, Hyderabad at Telangana bearing Corporate Identification Numbers (CIN): L74110TG2011PLC162524 having its registered office at F-Block, 105, First Floor, Surya Towers, Sardar Patel Road, Secunderabad, Hyderabad - 500003, Telangana.
- ii) Business Activity : The Company is engaged as management and industrial consultants and also impart vocational training.
- iii) Purpose of Valuation : We understand from the management that CCSL intends to acquire 100% Equity Shares ('Shares') of SCSPL, and the consideration shall be settled partially with Shares of CCSL and balance in cash. Thus, CCSL proposes to issue Shares by way of Private Placement / Preferential allotment under the Companies Act, 2013, to raise funds for the said consideration. Thus, in order to determine the fair value of Shares of CCSL as on 28<sup>th</sup> December, 2022, the management of the Company has requested for valuation of the Shares to be carried out by the Registered Valuer to comply with the provisions of the Companies Act, 2013 read with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended by SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2022.
- iv) Valuation Base : Fair Value
- v) Premises of Value : Going Concern Value
- vi) Valuation Approach : Market Approach
- vii) Valuation Method : Comparable Companies Multiple (CCM) Method
- viii) Valuation Date : 28<sup>th</sup> December, 2022
- ix) Conclusion : Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on valuation date, we conclude that the fair value of 1 (One) Equity Share of INR 1 (Indian Rupee One only) each fully paid up, comes to around **INR 9.79 (Indian Rupees Nine and Paise Seventy Nine only)**.



**Detailed Valuation Report**  
**on**  
**Fair Value of Equity Shares as on 28<sup>th</sup> December, 2022**  
**of**  
**Caspian Corporate Services Limited**  
(CIN: L74110TG2011PLC162524)



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## VALUATION REPORT

### 1. ENGAGEMENT, CONTEXT AND PURPOSE

As desired, we have carried out valuation of **Equity Shares** (hereinafter referred to as “Shares”) of **Caspian Corporate Services Limited**, a listed public company (hereinafter referred to as ‘the Company’/ ‘CCSL’). We understand from the management that CCSL intends to acquire 100% Shares of SCSPL and the consideration shall be settled partially with Shares of CCSL and balance in cash. Hence, CCSL proposes to issue Shares by way of Private Placement / Preferential allotment under the Companies Act, 2013, to raise funds for the said consideration. We further understand that the underlying transaction is a preferential issue of equity shares of a frequently traded Company listed with BSE Ltd. (a recognized Stock Exchange). In terms of Regulation 166A read with Regulation 164 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended by SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2022 (hereinafter referred to as ‘SEBI ICDR Regulations’), a preferential issue which may result in change in control or allotment of more than 5% of the post issue fully diluted share capital of an issuer, to an allottee or to allottees acting in concert, shall require a valuation from independent registered valuer and should be considered for determining the floor price for issue of the Shares. Thus, in order to determine the fair value of Shares of CCSL as on the valuation date (defined below), the management of the Company has requested for valuation of Shares to be carried out in accordance with the provisions the Companies Act, 2013 and Rules framed thereunder read with SEBI ICDR Regulations.

### 2. DISCLOSURE OF VALUER INDEPENDENCE

We are independent of the Company and the professional charge for this report is not contingent in any way upon the opinion of fair value of the shares to be developed. We are not aware of any conflicts of interest, in whatsoever manner, in relation to this assignment. Our engagement does not, in any way preclude the Company from seeking other independent opinions of the fair value of Shares of the Company from other sources.

### 3. IDENTITY OF THE VALUER AND DETAILS OF APPOINTMENT

The assignment of valuation of Shares of the Company has been carried out by the undersigned, M/s. VSA Valuers LLP, registered with The Insolvency and Bankruptcy Board of India (IBBI) as Registered Valuer - Securities or Financial Assets bearing the registration number IBBI/RV-



E/06/2022/161 in terms of the engagement letter dated 16<sup>th</sup> December, 2022 duly accepted and signed by **Mr. Sukumar Reddy Garlapathi**, Managing Director of the Company.

#### 4. CONDITIONS AND MAJOR ASSUMPTIONS

##### Conditions

The financial information of the Company presented in this report is included solely for the purpose to arrive at a value determined in this report. In the course of this exercise, we have been provided with both written and verbal information/guidance, including financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this valuation report and (ii) the accuracy of information made available to us by the management of Company. We have not carried out a due diligence or audit of the Company for the purposes of this engagement, nor we have independently investigated or otherwise verified the data provided by the management of the Company. We do not express any form of assurance that the financial information or other information as prepared and provided by the management is accurate. Also, with respect to explanations and information sought from the management, we have been given to understand that they have not omitted any relevant and material factors and they have checked the relevance or materiality of any specific information to the present exercise with us. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. No investigation of the Company's claim to the title of assets or the business has been made for the purpose of this valuation. No responsibility is assumed for matters of legal nature. We were not required to carry out a legal due diligence review for the purpose of this valuation exercise.

##### Major Assumptions

The value of Shares of the Company given in this report is based on the information provided by the management of the Company. The management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the management of the Company and its impact on the valuation report. Also, we assume no responsibility for technical information (if any) furnished by the Company. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would not afford reasonable grounds upon which to base the valuation report. We have also assumed that the business of the Company will be operated prudently and there are no

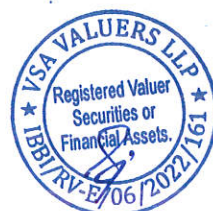




unforeseen adverse changes in the economic conditions affecting the business, the market or the industry. We have been informed by the management of the Company that there are no binding lawsuits or any other undisclosed liabilities which may potentially affect the business of the Company.

## 5. BACKGROUND OF THE COMPANIES AND THEIR CAPITAL

- a) CCSL is a listed public company limited by shares, incorporated on 3<sup>rd</sup> March, 2011 with the Registrar of Companies, Hyderabad, bearing Corporate Identification Number (CIN): L74110TG2011PLC162524 and having registered office at F - Block, 105, First Floor, Surya Towers, Sardar Patel Road, Secunderabad, Hyderabad - 500003, Telangana.
- b) The main objects to be pursued by CCSL as per its Memorandum of Association ('MOA') are as under:
- To carry on the business as management and industrial consultants, including consultancy and advisory services in relation to industrial relations, personnel training, employment services, man power supply services, Housekeeping services, mechanised housekeeping, business systems and processes and data processing, finance and leasing, town planning, taxation, insurance, public relations and tariffs and generally concerning the production, storage, distribution, marketing and sale of goods or the provisions of services.
  - To provide all types of Vocational Training, imparting Educational Programs in the areas of Soft Skills Languages, Medical Assistance, Information Technology, and Hardware & Networking, Employability Training, Job Readiness Training Program (JRTP) and all other allied activities.
  - To carry on the activity of Consultancy Services in managing the entire HR process right from recruitment, interviewing and selection, placement, payroll, compliance, training till providing detailed management reports and develop human capital by better manpower planning, competency profiling of roles and role holders, enhance the support to the Companies/Organizations as an agency by on-boarding of trained staff under its name or its Clients to the various levels of the organization whether temporary or permanent on commission basis and other related ancillary services in connection therewith.
  - To carry on the business of providing services/ solutions of information technology, information systems, Hardware and Software development, mobile application development, system networking and satellite communications protocols, call centers, medical transcription, medical billing, system development, computer training in software



and networking, and also providing infrastructure for above in India and outside India if required.

c) The capital and ownership structure of CCSL as on 28<sup>th</sup> December, 2022 are as follows:

| Particulars   | No. of Shares      | Amount (INR)       |
|---|--------------------|--------------------|
| <b>Authorized Share Capital</b><br>Equity Shares of INR 1 each                                    | 3,50,00,000        | 3,50,00,000        |
| <b>Issued, Subscribed and Paid-up Share Capital</b><br>Equity Shares of INR 1 each, fully paid up | 3,10,54,810        | 3,10,54,810        |
| <b>Shareholding Pattern/ Ownership</b><br>Sumathi Infratech Private Limited                       | 2,32,76,221        | 2,32,76,221        |
| Shareholders holding less than 5% of the Shares   | 77,78,589          | 77,78,589          |
| <b>Total</b>  | <b>3,10,54,810</b> | <b>3,10,54,810</b> |

d) As represented by the management, the Board of Directors of CCSL as on 28<sup>th</sup> December, 2022 comprises the following persons:

| Name                          | Designation          | DIN      |
|-------------------------------|----------------------|----------|
| Mr. Sukumar Reddy Garlapathi  | Managing director    | 00966068 |
| Mr. Sampath Rao Nemmani       | Director             | 07999868 |
| Mr. Pratik Surendrakumar Shah | Independent Director | 08233777 |
| Ms. Nidhi Jain                | Independent Director | 09184058 |
| Mr. Hetang Arunkumar Shah     | Independent Director | 02710970 |

## 6. VALUATION DATE

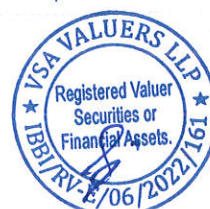
The analysis of fair value of Shares of CCSL have been carried out as on 28<sup>th</sup> December, 2022.

## 7. VALUATION BASES AND PREMISES OF VALUE

ICAI Valuation Standard 102 (paragraph 14 – 36) deals in 'Valuation Bases.' Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.

The Standard defines the following Valuation Bases:

- (a) **Fair value:** As defined in ICAI Standard 101, Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.





- (b) **Participant Specific Value:** As defined in ICAI Standard 101, Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants; and
- (c) **Liquidation Value:** As defined in ICAI Standard 101, Liquidation Value is the amount that will be realized on sale of an asset or a group of assets when an actual / hypothetical termination of the business is contemplated / assumed.

Considering the terms and purpose of this engagement, we have considered 'FAIR VALUE' as the Valuation Base.

ICAI Valuation Standard 102 (paragraph 37 – 51) deals in 'Premises of Value.' Premise of Value refers to the conditions and circumstances how an asset is deployed. Some of the common premises of value are –

- (a) Highest and Best Use
- (b) Going Concern Value
- (c) As-Is-Where-Is Value
- (d) Orderly Liquidation
- (e) Forced Transaction.

'Going Concern Value' is the value of a business enterprise that is expected to continue to operate in the future. In the given context and circumstances, we have considered 'GOING CONCERN VALUE' as the Premise of Value .

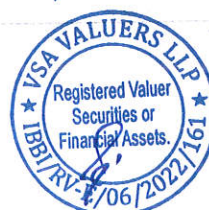
## 8. VALUATION APPROACHES AND METHODS

ICAI Valuation Standard 103 deals in 'Valuation Approaches and Methods. The Standard provides guidance for three main Valuation Approaches, which are as follows –

- (a) Market Approach
- (b) Income Approach
- (c) Cost Approach

### (a) 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.



Market Approach are more applicable in instances – (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.

The common valuation methods under the Market Approach are –

- Market Price Method– Under this method, the asset is being valued with reference to the price or volume of the asset as traded in the market.
- Comparable Companies Multiple (CCM) Method – This method is also known as ‘Guideline Public Company Method’ and it involves valuing an asset based on ‘market multiples’ derived from prices of market comparable traded on active market. Under this method, the major steps involve – (a) identify the appropriate market comparable; (b) select and calculate the market multiples of the identified market comparable; (c) compare the asset to be valued with the market comparable to understand material differences and make necessary adjustments to the market multiple to account for such differences, if any; (d) apply the adjusted market multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if value of the asset is derived by using market multiples based on different metrics/parameters, the reasonableness of the range of values may be considered. Identification of the appropriate comparable and the key difference with the asset – holds the key to the successful valuation under this method.
- Comparable Transaction Multiple (CTM) Method – This method is also known as ‘Guideline Transaction Method’ which involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued / market comparable (comparable transactions). The price paid in comparable transactions generally include control premium, except where transaction involves acquisition of non-controlling/minority stake, which needs proper adjustment. To use this method, the major steps are – (a) identify comparable transaction appropriate to the asset to be valued; (b) select and calculate the transaction multiples from the identified comparable transaction; (c) compare the asset to be valued with the market comparable and make necessary adjustments to the transaction multiple to account where differences, if any existed; (d) apply the adjusted transaction multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if valuation of the asset is derived by using transaction multiples based on different metrics or parameters, the reasonableness of the range of values may be considered. Identification of the



appropriate comparable transaction and the key transaction difference with the asset – holds the key to the successful valuation under this method.

#### (b) 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. This approach involves discounting future amounts (cash flows / income / cost savings) to a single present value.

Income Approach are more applicable in instances – (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.

The common valuation methods under Income Approach are –

- Discounted Cash Flow (DCF) Method – Under this method, the value of the asset is determined by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.
- Relief from Royalty (RFR) Method – In RFR method, the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.
- Multi-Period Excess Earnings Method (MEEM) - MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.
- With and Without Method (WWM) - Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios: (a) business with all assets in place including the intangible asset to be valued; and (b) business with all assets in place except the intangible asset to be valued.
- Option Pricing models such as Black-Scholes-Merton formula or binomial (lattice) model which are used to value options.





**(c) 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). Indication of instances where the cost approach is generally used 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.

The common valuation methods under Cost Approach are –

- Replacement Cost Method – This method is also known as ‘Depreciated Replacement Cost Method’ which 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.
- Reproduction Cost Method – This 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.

**9. SELECTION OF VALUATION APPROACH AND METHOD**

- Market Price Method and Comparable Companies Multiple (CCM) Method under Market based approach of valuation has been considered for valuation of Shares of the Company since the shares are listed on a recognised stock exchange and frequently traded.
- Discounted Cash Flow Method under Income Approach is not considered due to unavailability of business projections of CCSL. We understand that the financial projections of the Company would be price sensitive information and therefore, not made available to us for the purpose of valuation.
- In the present case, the business of CCSL is intended to be continued on a ‘going concern basis’ and there is no intention to dispose-off the assets, hence, the Net Asset Method is not appropriate for the present valuation exercise.
- Replacement and Reproduction methods under Cost Approach are best applicable for Capital Intensive business which is not the case for the given Company.



## 10. MARKET APPROACH

### 10.1 MARKET PRICE METHOD

**(A) Regulation 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended by SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2022: -**

166A (1) - Any preferential issue, which may result in a change in control or allotment of more than five per cent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price.

Provided that the floor price, in such cases, 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.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

166A (2) - Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.

We have been represented by the management of the Company that there shall be no change in control due to proposed preferential allotment. Also, the management has represented that the proposed allotment shall be more than 5% of the post issue fully diluted share capital of the Company. Accordingly, the provisions of the said regulations are applicable on the Company and the pricing (floor price) of the proposed preferential allotment of equity shares is required to be undertaken in the manner prescribed in the said SEBI ICDR Regulations.





**(B) Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended by SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2022: -**

Part IV of Chapter V of the SEBI ICDR Regulations deals with pricing of Preferential Issue. Considering the purpose of valuation of CCSL and discussion with management, we are of the view that the provision of Regulation 164 of SEBI ICDR Regulations dealing in "Pricing of frequently traded shares in preferential issue" shall apply in the instant case.

The relevant extract of the of the said regulation has been represented as follows: –

- 164(1) If the equity shares of the issuer have been listed on a recognized 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 recognized stock exchange preceding the relevant date; or
  - b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

- 164(5) For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

Explanation: For the purpose of this regulation, 'stock exchange' means any of the recognized stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.



Considering the prevailing circumstances and purpose of valuation, the Valuation Approach and Method have been adopted on the basis of the following rationale: –

- a) As per Section 62(1)(c) of the Companies Act, 2013 read along with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 we understand that the SEBI ICDR Regulations, 2018 shall apply in the instant case.
- b) The value of the Shares of CCSL is determined as on the valuation date 28<sup>th</sup> December, 2022 which is considered to be the 'relevant date' as defined in Regulation 161 of the SEBI ICDR Regulations.
- c) Based on the data retrieved from the BSE Ltd. (<https://www.bseindia.com/stock-share-price/caspian-corporate-services-ltd/caspian/534732/>), the recognized stock exchange where the equity shares of CCSL are listed, we understand that the Shares having face value of INR 1/- (Indian Rupee One only) each of CCSL are "frequently traded shares" in terms of the Regulation 164(5) of the SEBI ICDR Regulations.

|  |                                   |
|--|-----------------------------------|
| Traded turnover on BSE Ltd. (recognized stock exchange) during the 240 trading days (i.e., 10 <sup>th</sup> January, 2022 to 27 <sup>th</sup> December, 2022 preceding the relevant date (i.e., 28 <sup>th</sup> December, 2022, Friday) | 62,35,323 number of Shares Traded |
| Total number of shares of such class of shares of CCSL   | 3,10,54,810 number of Shares      |
| % of traded turnover to total number of shares   | 20.08%                            |
| Conclusion in terms of Regulation 164(5) of SEBI ICDR Regulations, 2018  | Frequently Traded Shares          |

- d) In view of the foregoing context laid down in clause (a), (b) and (c) above, we conclude that the valuation of Shares of CCSL shall attract the pricing norms laid down in Regulation 164(1) of SEBI ICDR Regulations.

## 10.2 COMPARABLE COMPANIES MULTIPLE (CCM) METHOD

Under the Comparable Companies Multiple (CCM) method, the valuation ratio of a publicly traded company applies to the company being valued. The valuation ratio typically expresses the valuation as a function of measure of financial performance (viz. Revenue, EBITDA, EBIT, or Book Value) as compared to its peers.



A key benefit of CCM Method analysis is that the methodology is based on the current market stock price of multiple companies in the same industry or sector. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.

In the instant case, we have applied the CCM method to arrive at the value of equity shares as the listed peers of CCSL were available. CCM method is found to be appropriate in the given circumstances as the proposed transaction is not a majority/control transaction and hence, the investors would be investing considering the market price of equity shares.

## 11. VALUATION OF THE COMPANY'S SHARES

### 11.1 MARKET PRICE METHOD

With reference to the conclusion made in the clause 10.1 B (d) above, the fair value of the Equity Shares of INR 1/- of CCSL is determined in accordance with the provision of Regulation 164(1) of SEBI ICDR Regulations , which is higher of the following –

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

On evaluation of the data retrieved from BSE Ltd. in the context of the above, we conclude that the fair value of Equity Shares of INR 1/- each is INR 9.79 (Indian Rupees Nine and Paise Seventy Nine only).

|   |          |
|---|----------|
| Volume Weighted Average Price (VWAP) for 90 trading days<br>(i.e., from 18 <sup>th</sup> August, 2022 to 27 <sup>th</sup> December, 2022)                     | INR 9.10 |
| Volume Weighted Average Price (VWAP) for 10 trading days<br>(i.e., from 14 <sup>th</sup> December, 2022 to 27 <sup>th</sup> December, 2022)                   | INR 9.79 |
| Fair Value of the Shares having face value INR 1/- each as on 28 <sup>th</sup> December, 2022 (valuation date / relevant date), being the higher of the above | INR 9.79 |





## 11.2 COMPARABLE COMPANIES MULTIPLE (CCM) METHOD

We have selected the comparable companies based on industry specifications and financial performance subject to data available on public domain in alignment with the discussions with the management of the Company. We have assigned the following multiple and equal weights to both for the purpose of valuation purposes:

- EV/EBITDA Multiple- This multiple is used in the instant case as it enables valuation of the core business operations, reflecting its growth prospects ignoring the capital structure of the company, a constraint identified in other mechanisms.

| Note 1: EV/EBITDA Multiple of Comparable Companies<br>(Source: Capitaline database) |              |
|---|--------------|
| Name of Comparable Companies  | EV/EBITDA    |
| Kuberan Global Edu Solutions Limited  | 11.85        |
| CL Educate Limited  | 15.82        |
| Golden Crest Education & Services Limited   | 340.33       |
| Shanti Education Initiatives Limited  | 153.27       |
| Virtual Global Education Limited  | 108.72       |
| VJTF Eduservices Limited  | 18.47        |
| Career Point Limited  | 10.3         |
| Global Education Limited  | 3.62         |
| <b>AVERAGE</b>  | <b>82.80</b> |

- P/BV (Price/ Book Value) Multiple – This multiple is used in the instant case as the Company is an established company with strong market standing.

| Note 2: PV/BV Multiple of Comparable Companies<br>(Source: Capitaline database) |             |
|---|-------------|
| Name of Comparable Companies  | PV/BV       |
| Kuberan Global Edu Solutions Limited  | 0.93        |
| CL Educate Limited  | 0.66        |
| Golden Crest Education & Services Limited                                       | 1.95        |
| Shanti Education Initiatives Limited  | 4.19        |
| Virtual Global Education Limited  | 1.11        |
| VJTF Eduservices Limited  | 7.7         |
| Career Point Limited  | 0.47        |
| Global Education Limited  | 1.51        |
| <b>AVERAGE</b>  | <b>2.32</b> |



Having regard to all factors in their totality and after considering appropriate weightage of these factors as on valuation date, we conclude that the fair value of Equity Shares of INR 1/- each as per CCM methodology is arrived at **INR 5.80 (Indian Rupees Five and Paise Eighty only)**.

|   |          |
|---|----------|
| EV/EBITDA Multiple [Annexure C]   | INR 7.87 |
| PV/BV Multiple [Annexure D]   | INR 3.73 |
| Price determined under the valuation report from the independent registered Valuer (giving equal weights to price determined under both the multiple), being average price of the above | INR 5.80 |

## 12. FAIR VALUE OF SHARES OF THE COMPANY'S SHARES

On evaluation of the data, the floor price of the Company's Shares having face value INR 1 each in terms of SEBI ICDR Regulations comes to **INR 9.79 (Indian Rupees Nine and Paise Seventy - Nine only)**.

|   |                 |
|---|-----------------|
| Floor Price in terms of first proviso to the sub regulation I of Regulation 166A of the SEBI ICDR Regulations shall be <b>higher of the following</b> :                         |                 |
| Floor Price in terms of the sub-regulation I of Regulation 164 of the SEBI ICDR Regulations [Annexure A & Annexure B]   | INR 9.79        |
| Price determined under the valuation report from the independent registered valuer (giving equal weights to price determined under both the multiple) [Annexure C & Annexure D] | INR 5.80        |
| Price determined in accordance with the provisions of the Articles of Association of the issuer   | Not Applicable  |
| <b>Floor Price of the equity shares i.e., higher of the above</b>   | <b>INR 9.79</b> |

## 13. SOURCES OF INFORMATION

The management of the Company has provided the following documents and we have relied upon the same:

- Audited Financial Statements of the Company as at 31<sup>st</sup> March, 2022;
- Memorandum and Articles of Association of the Company;
- Trading history data of Equity Shares of the Company as available on BSE online portal (Source: <https://www.bseindia.com/Indices/IndexArchiveData.html>)
- Analysis of information and valuation multiples related to comparable companies as available in the Capitaline database;





- Engagement Letter dated 16<sup>th</sup> December, 2022 duly signed by the management of the Company;
- Management Representation Letter dated 29<sup>th</sup> December, 2022 duly signed by the management of the Company.

Further, we have relied upon the following:

- Publicly available information of the Company;
- Verbal and written information and explanations provided by the management of the Company.

#### 14. RESTRICTIONS ON USE OF THE VALUATION REPORT

The valuation analysis contained herein represents the value on the date specifically stated in this report. Further, our report is meant for the purpose mentioned in Paragraph 1 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.

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. This report and the conclusion of the value arrived at herein are for the exclusive use of the Company for the sole and specific purposes as noted herein.

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 through advertising media, public relations, news media, sales media, mail, direct transmission, or any other means of communication without our prior consent and approval.

#### 15. LIMITATIONS AND DISCLAIMER

Our valuation is based on the information and the explanations furnished to us by the management of the Company which we believe are complete in all material respect.

Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. Although, we have reviewed such data for consistency and



reasonableness, we have not investigated or otherwise verified the data provided for material mis-statement. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, do not express any opinion with regards to the same.

We have relied upon written/oral representation from the management of the Company that the information contained in the report is materially accurate and complete, fair in the manner of its portrayal and therefore, forms a reliable basis of the valuation. Also in this connection, VSA Valuers LLP, Registered Valuer, does not undertake responsibility in any way whatsoever to any person in respect of any error arising out of any incorrect information provided by the management of the Company.

This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

The valuer, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the Shares in question unless arrangements have been previously made.

Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

No change in any item in this valuation report shall be made by anyone other than us and we shall have no responsibility for any such unauthorized change.

It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report.

We have relied on the representations of the management of the Company and assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business and any other assets or liabilities of the Company, except as specifically stated to the contrary in this report.

We have made no investigation of title to property and assume that the Company's claim to the property is valid. 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 entity has good title to all assets.



We understand that no material event has occurred between the valuation date and the report signing date which is likely to materially affect the value of the assets. The management of the Company did not disclose the existence of any such material event, to us before signing this valuation report.

The 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 may 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; we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company on the basis of our report.

For VSA Valuers LLP  
Registered Valuer – Securities or Financial Assets  
Regn. No. IBBI/RV-E/06/2022/161

  
(Suraj Jaiswal)  
Partner

Place: Kolkata  
Date: 29<sup>th</sup> December, 2022



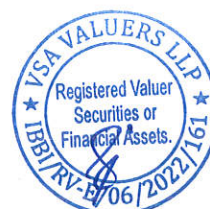


Annexure A

| Date      | Number of Shares Traded | Total Turnover (INR) |
|-----------|-------------------------|----------------------|
| 27-Dec-22 | 1,35,817                | 14,60,450            |
| 26-Dec-22 | 2,92,127                | 32,13,552            |
| 23-Dec-22 | 9,218                   | 97,157               |
| 22-Dec-22 | 35,730                  | 3,58,729             |
| 21-Dec-22 | 26,917                  | 2,57,595             |
| 20-Dec-22 | 34,483                  | 3,14,484             |
| 19-Dec-22 | 1,713                   | 14,885               |
| 16-Dec-22 | 2,96,185                | 24,52,411            |
| 15-Dec-22 | 4,415                   | 34,834               |
| 14-Dec-22 | 6,050                   | 45,496               |
| 13-Dec-22 | 316                     | 2,265                |
| 12-Dec-22 | 1,324                   | 9,012                |
| 09-Dec-22 | 1                       | 6                    |
| 08-Dec-22 | 1,295                   | 8,428                |
| 07-Dec-22 | 6,000                   | 39,000               |
| 06-Dec-22 | 15,216                  | 1,05,854             |
| 05-Dec-22 | 8                       | 54                   |
| 01-Dec-22 | 359                     | 2,434                |
| 30-Nov-22 | 1,934                   | 12,725               |
| 29-Nov-22 | 5,879                   | 38,301               |
| 28-Nov-22 | 5,228                   | 35,654               |
| 23-Nov-22 | 720                     | 5,148                |
| 22-Nov-22 | 5,000                   | 35,670               |
| 18-Nov-22 | 975                     | 6,678                |
| 17-Nov-22 | 311                     | 2,281                |
| 16-Nov-22 | 1,503                   | 10,309               |
| 15-Nov-22 | 1,944                   | 13,608               |
| 14-Nov-22 | 300                     | 2,166                |
| 11-Nov-22 | 5,990                   | 45,578               |
| 10-Nov-22 | 155                     | 1,194                |
| 09-Nov-22 | 8,941                   | 72,073               |
| 07-Nov-22 | 2,275                   | 16,102               |
| 04-Nov-22 | 4,281                   | 31,109               |
| 03-Nov-22 | 12,000                  | 89,599               |
| 02-Nov-22 | 252                     | 1,930                |
| 01-Nov-22 | 6,100                   | 48,177               |
| 31-Oct-22 | 2,686                   | 21,096               |
| 28-Oct-22 | 1,075                   | 8,869                |
| 27-Oct-22 | 10                      | 82                   |
| 25-Oct-22 | 95                      | 756                  |
| 24-Oct-22 | 540                     | 4,438                |
| 21-Oct-22 | 3,199                   | 25,816               |
| 20-Oct-22 | 376                     | 3,111                |
| 19-Oct-22 | 101                     | 883                  |



|                        |          |           |
|------------------------|----------|-----------|
| 18-Oct-22              | 8,879    | 81,328    |
| 17-Oct-22              | 11,114   | 1,01,139  |
| 14-Oct-22              | 4,413    | 37,744    |
| 13-Oct-22              | 7,946    | 67,120    |
| 12-Oct-22              | 5,276    | 44,019    |
| 11-Oct-22              | 11,563   | 97,016    |
| 10-Oct-22              | 49,071   | 4,22,166  |
| 07-Oct-22              | 6,280    | 53,371    |
| 06-Oct-22              | 3,015    | 25,728    |
| 04-Oct-22              | 7,592    | 64,044    |
| 03-Oct-22              | 4,262    | 35,144    |
| 30-Sep-22              | 11,927   | 95,692    |
| 29-Sep-22              | 13,250   | 1,11,219  |
| 28-Sep-22              | 4,690    | 37,467    |
| 27-Sep-22              | 12,468   | 99,675    |
| 26-Sep-22              | 32,196   | 2,63,828  |
| 23-Sep-22              | 7,776    | 64,503    |
| 22-Sep-22              | 7,982    | 69,957    |
| 21-Sep-22              | 6,388    | 56,824    |
| 20-Sep-22              | 11,574   | 1,04,582  |
| 19-Sep-22              | 28,342   | 2,65,148  |
| 16-Sep-22              | 21,121   | 1,91,745  |
| 15-Sep-22              | 43,400   | 4,02,944  |
| 14-Sep-22              | 31,535   | 2,85,692  |
| 13-Sep-22              | 61,510   | 5,47,688  |
| 12-Sep-22              | 44,578   | 3,96,950  |
| 09-Sep-22              | 42,188   | 3,59,135  |
| 08-Sep-22              | 8,765    | 75,727    |
| 07-Sep-22              | 22,032   | 1,89,414  |
| 06-Sep-22              | 29,051   | 2,56,370  |
| 05-Sep-22              | 1,30,004 | 11,46,582 |
| 02-Sep-22              | 22,357   | 1,90,034  |
| 01-Sep-22              | 18,507   | 1,49,906  |
| 30-Aug-22              | 3,469    | 26,638    |
| 29-Aug-22              | 2,363    | 17,920    |
| 26-Aug-22              | 18,677   | 1,43,514  |
| 25-Aug-22              | 8,304    | 66,052    |
| 24-Aug-22              | 13,592   | 1,06,996  |
| 23-Aug-22              | 20,836   | 1,68,700  |
| 22-Aug-22              | 19,089   | 1,58,097  |
| 19-Aug-22              | 2,317    | 18,745    |
| 18-Aug-22              | 36,758   | 2,97,868  |
| VWAP for 90 days (INR) |          | 9.10      |





Annexure B

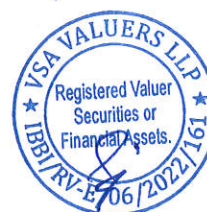
| Date                   | Number of Shares Traded | Total Turnover (INR) |
|------------------------|-------------------------|----------------------|
| 27-Dec-22              | 1,35,817                | 14,60,450            |
| 26-Dec-22              | 2,92,127                | 32,13,552            |
| 23-Dec-22              | 9,218                   | 97,157               |
| 22-Dec-22              | 35,730                  | 3,58,729             |
| 21-Dec-22              | 26,917                  | 2,57,595             |
| 20-Dec-22              | 34,483                  | 3,14,484             |
| 19-Dec-22              | 1,713                   | 14,885               |
| 16-Dec-22              | 2,96,185                | 24,52,411            |
| 15-Dec-22              | 4,415                   | 34,834               |
| 14-Dec-22              | 6,050                   | 45,496               |
| VWAP for 10 days (INR) |                         | 9.79                 |



## CASPIAN CORPORATE SERVICES LIMITED

## Valuation as per Comparable Companies Multiple (CCM) Method- EV / EBITDA Multiple

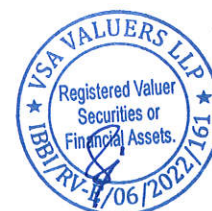
| Particulars                                      | FY 2019-20<br>(INR in Lakhs) | FY 2020-21<br>(INR in Lakhs) | FY 2021-22<br>(INR in Lakhs) |
|--|------------------------------|------------------------------|------------------------------|
| <b>Profit before Exceptional Items &amp; tax</b> | 23.25                        | 20.54                        | 68.51                        |
| <b>Add:</b>                                      |                              |                              |                              |
| Depreciation & Amortisation                      | -                            | -                            | -                            |
| Finance Cost                                     | -                            | -                            | -                            |
| <b>Less:</b>                                     |                              |                              |                              |
| Other Income                                     | 8.29                         | 6.60                         | 11.89                        |
| <b>EBITDA</b>                                    | <b>14.97</b>                 | <b>13.94</b>                 | <b>56.62</b>                 |
| <b>Average EBITDA (A)</b>                        |                              |                              | <b>28.51</b>                 |
| Multiple (B) (Note 1)                            |                              |                              | 82.80                        |
| <b>Enterprise Value (A*B)</b>                    |                              |                              | <b>2,360.63</b>              |
| Add: Cash and Bank equivalents                   |                              |                              | 82.55                        |
| <b>Equity Value</b>                              |                              |                              | <b>2,443.18</b>              |
| Number of Equity Shares                          |                              |                              | 31,054,810                   |
| <b>Value per Equity Share (INR)</b>              |                              |                              | <b>7.87</b>                  |



**CASPIAN CORPORATE SERVICES LIMITED**

Valuation as per Comparable Companies Multiple (CCM) Method- Price / Book Value Multiple

|   | Financial Year 2021-2022 |                      |                      |
|---|--------------------------|----------------------|----------------------|
|   | Amount<br>(In Lakhs)     | Amount<br>(In Lakhs) | Amount<br>(In Lakhs) |
| <b>1) Non-Current Assets</b>            |                          |                      |                      |
| a) Financial assets                     |                          |                      |                      |
| -Loans                                  |                          | 333.62               |                      |
| b) Income tax assets (net)              |                          | 4.34                 | 337.96               |
| <b>1) Current Assets</b>                |                          |                      |                      |
| a) Financial assets                     |                          |                      |                      |
| - Trade Receivables                     | 43.70                    |                      |                      |
| - Cash and cash Equivalents             | 82.55                    | 126.25               |                      |
| b) Other Current Assets                 |                          | 10.68                | 136.93               |
| <b>TOTAL ASSETS (A)</b>                 |                          |                      | <b>474.89</b>        |
| <b>1) Current Liabilities</b>           |                          |                      |                      |
| a) Other Current Liabilities            |                          |                      | 10.55                |
| <b>TOTAL LIABILITIES (B)</b>            |                          |                      | <b>10.55</b>         |
| <b>BOOK VALUE OF NET ASSETS (C=A-B)</b> |                          |                      | <b>464.34</b>        |
| PBV ratio (D) (Note 2)                  |                          |                      | 2.32                 |
| <b>Enterprise Value (E=C*D)</b>         |                          |                      | <b>1,077.27</b>      |
| Add: Cash & Bank Balances               |                          |                      | 82.55                |
| <b>Equity Value</b>                     |                          |                      | <b>1,159.82</b>      |
| Number of Equity Shares                 |                          |                      | 31,054,810           |
| <b>Value per Equity Share (INR)</b>     |                          |                      | <b>3.73</b>          |





23300081BGRPGO2342

# VSA Valuers LLP

Registered Valuer - Securities or Financial Assets

61, 6<sup>th</sup> Floor, Sakhar Bhavan, Plot No. 230, Nariman Point, Mumbai - 400021, Maharashtra.  
E-Mail: vsavaluers@vsinghi.com | Phone: +91 22 6250 1800

29<sup>th</sup> December, 2022

The Board of Directors,

Caspian Corporate Services Limited

F - Block, 105, First Floor, Surya Towers,  
Sardar Patel Road, Secunderabad,  
Hyderabad - 500003, Telangana.

Dear Sir,

**Sub: - Valuation of Equity Shares of Sumathi Corporate Services Private Limited.**

**Ref: - Engagement Letter dated 16<sup>th</sup> December, 2022**

In terms of the above mentioned engagement letter, duly accepted and signed by the management of Caspian Corporate Services Limited ('CCSL'), we have carried out valuation of **Equity Shares ('Shares')** of **Sumathi Corporate Services Private Limited ('the Company'/'SCSPL')** as CCSL wishes to acquire 100% Shares of SCSPL. Thus, in order to determine the fair value of the Shares of SCSPL, the management of CCSL has requested for valuation of the Shares to be carried out in accordance with provisions of the Companies Act, 2013 and Rules framed thereunder.

The valuation report is intended solely for the use by the Management of the CCSL and our recommendation is based on the events and circumstances prevailing as on **15<sup>th</sup> December, 2022 ('Valuation Date')**.

We have performed the valuation engagement and present the valuation report in conformity with the provisions of the Companies Act, 2013 and the Indian Valuation Standards 2018 issued by The Institute of Chartered Accountants of India ('ICAI').

Our analysis and recommendation should be understood in the context of assumptions and the statements made in the detailed report enclosed herewith.

Based on the assumptions and limiting conditions as described in the report, as well as the facts and circumstances as on as on 15<sup>th</sup> December, 2022, we conclude that the fair value of 1 (One) Equity Share of INR 10 (Indian Rupees Ten only) each fully paid up, comes to around **INR 36.21 (Indian Rupees Thirty Six and Paise Twenty One only)**.

Thanking You

Yours faithfully,

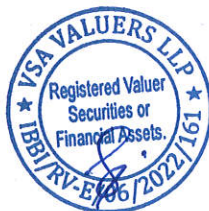
For VSA Valuers LLP

Registered Valuer - Securities or Financial Assets

Regn. No. IBBI/RV-E/06/2022/161



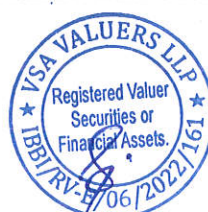
Suraj Jaiswal  
(Partner)



Encl.: As stated above.

## EXECUTIVE SUMMARY

- i) Corporate Identity : **Sumathi Corporate Services Private Limited** (formerly known as 'Sumathi Corporate Facility Management Services Private Limited') [**'the Company'/'SCSPL'**] is a private company limited by shares, incorporated on 23<sup>rd</sup> April, 2007 and registered with the Registrar of Companies, Hyderabad in Telangana, bearing Corporate Identification Numbers (CIN): U93090TG2007PTC053727 having its registered office at #105, F - Block, First Floor, Surya Towers, S P Road, Secunderabad, Hyderabad - 500003, Telangana.
- ii) Business Activity : The Company is engaged as management and industrial consultants and also impart vocational training.
- iii) Purpose of Valuation : We understand from the management that **Caspian Corporate Services Limited ("CCSL")** intends to acquire 100% Equity Shares ('Shares') of SCSPL. Thus, in order to determine the fair value of Shares of SCSPL as on 15<sup>th</sup> December, 2022, the management of CCSL has requested for valuation of the Shares to be carried out by the Registered Valuer in accordance with the provisions of the Companies Act, 2013 and Rules framed thereunder.
- iv) Valuation Base : Fair Value.
- v) Premises of Value : Going Concern Value.
- vi) Valuation Approach : Income Approach
- vii) Valuation Method : Discounted Cash Flow Method
- viii) Valuation Date : 15<sup>th</sup> December, 2022
- ix) Conclusion : Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as on 15<sup>th</sup> December, 2022, we conclude that the fair value of 1 (One) Equity Share of INR 10 (Indian Rupees Ten only) each fully paid up, comes to around **INR 36.21 (Indian Rupees Thirty Six and Paise Twenty One only)**.





**Detailed Valuation Report**  
**on**  
**Fair Value of Equity Shares as on 15<sup>th</sup> December, 2022**  
**of**  
**Sumathi Corporate Services Private Limited**  
(CIN: U93090TG2007PTC053727)

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## VALUATION REPORT

### 1. ENGAGEMENT, CONTEXT AND PURPOSE

As desired, we have carried out valuation of **Equity Shares** (hereinafter referred to as 'Shares') of **Sumathi Corporate Services Private Limited** (formerly known as 'Sumathi Corporate Facility Management Services Private Limited') [hereinafter referred to as 'the Company' / 'SCSPL']. We understand from the management of **Caspian Corporate Services Limited ('CCSL')** that CCSL intends to acquire 100% Shares of SCSPL. Thus, in order to determine the fair value of Shares of SCSPL as on the valuation date, the management of CCSL has requested for valuation of Shares to be carried out in accordance with the provisions the Companies Act, 2013 and Rules framed thereunder.

### 2. DISCLOSURE OF VALUER INDEPENDENCE

We are independent of the Company and the professional charge for this report is not contingent in any way upon the opinion of fair value of the shares to be developed. We are not aware of any conflicts of interest, in whatsoever manner, in relation to this assignment. Our engagement does not, in any way preclude the Company from seeking other independent opinions of the fair value of the Shares of SCSPL from other sources.

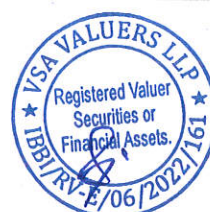
### 3. IDENTITY OF THE VALUER AND DETAILS OF APPOINTMENT

The assignment of valuation of Shares of SCSPL has been carried out by the undersigned, M/s. VSA Valuers LLP, registered with the Insolvency and Bankruptcy Board of India (IBBI) as Registered Valuer - Securities or Financial Assets bearing the registration number IBBI/RV-E/06/2022/161 in terms of the engagement letter dated 16<sup>th</sup> December, 2022 duly accepted and signed by **Mr. Sukumar Reddy Garlapathi**, Managing Director of the Company.

### 4. CONDITIONS AND MAJOR ASSUMPTIONS

#### Conditions

The financial information of SCSPL presented in this report is included solely for the purpose to arrive at a value determined in this report. In the course of this exercise, we have been provided





with both written and verbal information/guidance, including financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this valuation report and (ii) the accuracy of information made available to us by the management of CCSL. We have not carried out a due diligence or audit of the Company for the purposes of this engagement, nor we have independently investigated or otherwise verified the data provided by the management of CCSL. We do not express any form of assurance that the financial information or other information as prepared and provided by the management of CCSL is accurate. Also, with respect to explanations and information sought from the management of CCSL, we have been given to understand that they have not omitted any relevant and material factors and they have checked the relevance or materiality of any specific information to the present exercise with us. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. No investigation of the Company's claim to the title of assets or the business has been made for the purpose of this valuation. No responsibility is assumed for matters of legal nature. We were not required to carry out a legal due diligence review for the purpose of this valuation exercise.

#### Major Assumptions

The value of Shares of SCSPL given in this report is based on the information provided by the management of CCSL. The management has indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the management of CCSL and its impact on the valuation report. Also, we assume no responsibility for technical information (if any) furnished by CCSL. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the valuation report. We have also assumed that the business of the Company will be operated prudently and there are no unforeseen adverse changes in the economic conditions affecting the business, the market or the industry. We have been informed by the management of CCSL that there are no binding lawsuits or any other undisclosed liabilities which may potentially affect the business of the Company.



## 5. BACKGROUND OF THE COMPANY AND ITS CAPITAL

- a) SCSPL is a private company limited by shares, incorporated on 23<sup>rd</sup> April, 2007 with the Registrar of Companies, Hyderabad, bearing Corporate Identification Number (CIN): U93090TG2007PTC053727 and having registered office at #105, F - Block, First Floor, Surya Towers, S P Road, Secunderabad, Hyderabad - 500003, Telangana. SCSPL was formerly known as 'Sumathi Corporate Facility Management Services Private Limited'.
- b) The main objects to be pursued by SCSPL as per its Memorandum of Association ('MOA') are as under:
- To carry on the business as management and industrial consultants, including consultancy and advisory services in relation to industrial relations, personnel training, employment services, man power supply services, Housekeeping services, mechanised housekeeping, business systems and processes and data processing, finance and leasing, town planning, taxation, insurance, public relations and tariffs and generally concerning the production, storage, distribution, marketing and sale of goods or the provisions of services.
  - To provide all types of Vocational Training, imparting Educational Programs in the areas of Soft Skills Languages, Medical Assistance, Information Technology, and Hardware & Networking, Employability Training, Job Readiness Training Program (JRTP) and all other allied activities.
- c) The capital and ownership structure of SCSPL as on 15<sup>th</sup> December, 2022 are as follows:

| Particulars  | No. of Shares    | Amount (INR)       |
|--|------------------|--------------------|
| <b><u>Authorized Share Capital</u></b>                     |                  |                    |
| Equity Shares of INR 10 each                               | 45,00,000        | 4,50,00,000        |
| <b><u>Issued, Subscribed and Paid-up Share Capital</u></b> |                  |                    |
| Equity Shares of INR 10 each, fully paid up                | 45,00,000        | 4,50,00,000        |
| <b><u>Shareholding Pattern/ Ownership</u></b>              |                  |                    |
| Mr. Sukumar Reddy Garlapathi                               | 36,45,000        | 3,64,50,000        |
| Mr. Satyanarayana Reddy Garlapathi                         | 8,55,000         | 85,50,000          |
| <b>Total</b>   | <b>45,00,000</b> | <b>4,50,00,000</b> |

- d) SCSPL's Board of Directors as on 15<sup>th</sup> December, 2022 comprises the following persons:

| Name                               | Designation       | DIN      |
|------------------------------------|-------------------|----------|
| Mr. Sukumar Reddy Garlapathi       | Managing director | 00966068 |
| Mr. Satyanarayana Reddy Garlapathi | Director          | 00966199 |



## 6. INDUSTRY OVERVIEW AND FUTURE PROJECTIONS<sup>1</sup>

India occupies a significant position in the global education sector. One of the world's largest networks of institutions of higher learning is found in India. With almost 27% of India's population in the age group of 0-14 years, India's education sector provides numerous opportunities for growth.

The education sector in India was estimated to be worth US\$ 117 billion in FY20 and is expected to reach US\$ 225 billion by FY25. The Indian edtech market size is expected to reach US\$ 30 billion by 2031, from US\$ 700 to US\$ 800 million in 2021. 100% FDI (automatic route) is allowed in the education sector in India.

The online education sector in India is growing rapidly, with growth of US\$ 2.28 billion expected during 2021-2025, at a CAGR of almost 20%. Higher education institutes in India are focusing on creating online programmes due to the increasing demand from consumers.

The Central Government has approved the "New India Literacy Programme" for the period FY22-27 to cover all the aspects of adult education to align with the National Education Policy 2020 and Budget Announcements 2022-23.

In 2030, it is estimated that India's higher education will:

- Combine training methods that involve online learning and games, and it is expected to grow by 38% in the next 2-4 years.
- Adopt transformative and innovative approaches in higher education.
- Have an augmented Gross Enrolment Ratio (GER) of 50%.
- Emerge as the single largest provider of global talent with one in four graduates in the world being a product of the Indian higher education system.
- Be among the top five countries in the world in terms of research output with an annual R&D spend of US\$ 140 billion.

The education sector has seen a host of reforms and improved financial outlays in recent years that could possibly transform the country into a knowledge haven. With human resource increasingly gaining significance in the overall development of the country, development of the country's education infrastructure is expected to remain the key focus in the current decade. In this scenario, infrastructure investment in the education sector is likely to see a considerable increase.

<sup>1</sup><https://www.ibef.org/industry/education-sector-india.aspx>





## 7. VALUATION DATE

The analysis of fair value of Shares of SCSPL have been carried out as on 15<sup>th</sup> December, 2022.

## 8. VALUATION BASES AND PREMISES OF VALUE

ICAI Valuation Standard 102 (paragraph 14 – 36) deals in 'Valuation Bases.' Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.

The Standard defines the following Valuation Bases:

- (a) **Fair value:** As defined in ICAI Standard 101, Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.
- (b) **Participant Specific Value:** As defined in ICAI Standard 101, Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants; and
- (c) **Liquidation Value:** As defined in ICAI Standard 101, Liquidation Value is the amount that will be realized on sale of an asset or a group of assets when an actual / hypothetical termination of the business is contemplated / assumed.

Considering the terms and purpose of this engagement, we have considered 'FAIR VALUE' as the Valuation Base.

ICAI Valuation Standard 102 (paragraph 37 – 51) deals in 'Premises of Value.' Premise of Value refers to the conditions and circumstances how an asset is deployed. Some of the common premises of value are –

- (a) Highest and Best Use
- (b) Going Concern Value
- (c) As-Is-Where-Is Value
- (d) Orderly Liquidation
- (e) Forced Transaction.

'Going Concern Value' is the value of a business enterprise that is expected to continue to operate in the future. In the given context and circumstances, we have considered 'GOING CONCERN VALUE' as the Premise of Value.



## 9. VALUATION APPROACHES AND METHODS

ICAI Valuation Standard 103 deals in 'Valuation Approaches and Methods. The Standard provides guidance for three main Valuation Approaches, which are as follows –

- (a) Market Approach
- (b) Income Approach
- (c) Cost Approach

### (a) 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.

Market Approach are more applicable in instances – (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.

The common valuation methods under the Market Approach are –

- Market Price Method– Under this method, the asset is being valued with reference to the price or volume of the asset as traded in the market.
- Comparable Companies Multiple (CCM) Method – This method is also known as 'Guideline Public Company Method' and it involves valuing an asset based on 'market multiples' derived from prices of market comparable traded on active market. Under this method, the major steps involve – (a) identify the appropriate market comparable; (b) select and calculate the market multiples of the identified market comparable; (c) compare the asset to be valued with the market comparable to understand material differences and make necessary adjustments to the market multiple to account for such differences, if any; (d) apply the adjusted market multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if value of the asset is derived by using market multiples based on different metrics/parameters, the reasonableness of the range of values may be considered. Identification of the appropriate comparable and the key difference with the asset – holds the key to the successful valuation under this method.

- **Comparable Transaction Multiple (CTM) Method** – This method is also known as ‘Guideline Transaction Method’ which involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued / market comparable (comparable transactions). The price paid in comparable transactions generally include control premium, except where transaction involves acquisition of non-controlling/minority stake, which needs proper adjustment. To use this method, the major steps are – (a) identify comparable transaction appropriate to the asset to be valued; (b) select and calculate the transaction multiples from the identified comparable transaction; (c) compare the asset to be valued with the market comparable and make necessary adjustments to the transaction multiple to account where differences, if any existed; (d) apply the adjusted transaction multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and (e) if valuation of the asset is derived by using transaction multiples based on different metrics or parameters, the reasonableness of the range of values may be considered. Identification of the appropriate comparable transaction and the key transaction difference with the asset – holds the key to the successful valuation under this method.

**(b) 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. This approach involves discounting future amounts (cash flows / income / cost savings) to a single present value.

Income Approach are more applicable in instances – (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.

The common valuation methods under Income Approach are –

- **Discounted Cash Flow (DCF) Method** – Under this method, the value of the asset is determined by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.





- Relief from Royalty (RFR) Method – In RFR method, the value of the asset is estimated based on the present value of royalty payments saved by owning the asset instead of taking it on lease. It is generally adopted for valuing intangible assets that are subject to licensing, such as trademarks, patents, brands, etc.
- Multi-Period Excess Earnings Method (MEEM) - MEEM is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.
- With and Without Method (WWM) - Under WWM, the value of the intangible asset to be valued is equal to the present value of the difference between the projected cash flows over the remaining useful life of the asset under the following two scenarios: (a) business with all assets in place including the intangible asset to be valued; and (b) business with all assets in place except the intangible asset to be valued.
- Option Pricing models such as Black-Scholes-Merton formula or binomial (lattice) model which are used to value options.

#### (c) 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). Indication of instances where the cost approach is generally used 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.

The common valuation methods under Cost Approach are –

- Replacement Cost Method – This method is also known as ‘Depreciated Replacement Cost Method’ which 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.
- Reproduction Cost Method – This 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. SELECTION OF VALUATION APPROACH AND METHOD

- Market based approach of valuation was not considered owing to the absence of strictly comparable transactions and paucity of publicly available data in the relevant industry. Thus, because of these limitations the market-based approach is not suitable for valuation of Shares of SCSPL.
- In the instant case certain methods prescribed under the Income Approach are not found to be appropriate for the purpose of valuation of the Shares of the Company, for the reasons described below:
  - Relief from Royalty (RFR) Method is generally adopted for valuing intangible assets that are subject to licensing such as trademarks, patents, brands etc.
  - Multi-Period Excess Earnings Method (MEEM) is generally used for valuing intangible asset that is leading or the most significant intangible asset out of group of intangible assets being valued.
  - With or Without Method (WWM) is more applicable where a particular intangible asset needs to be valued.
  - Option Pricing Model specifically applies to valuing of option.
- Discounted Cash Flow Method under Income Approach is found to be appropriate as SCSPL is considered to be Going Concern and its management has estimated cash flow projections for future years based on the historical financial statements.
- Replacement and Reproduction methods under Cost Approach are best applicable for Capital Intensive business which is not the case for the given Company.

### 10.1 INCOME APPROACH – DISCOUNTED CASH FLOW (DCF) METHOD

The Discounted Cash Flow (DCF) analysis represents the net present value (NPV) of projected cash flows, net of the cash needed to be invested for generating the projected growth. This method is forward-looking and depends more on future expectations, rather than historical results. Moreover, this method is focused on cash generating capacity of the entity and is less affected by accounting practices and assumptions.



Further following points are to be considered:

- Projections are based on investment and capital commitments;
- The projections are based on the best estimates of the management of SCSP and therefore, the actual growth cannot be accurately forecasted.

Considering the factors discussed above, and estimates drawn for future cash flows, in our opinion it is the most appropriate method for carrying out the valuation of SCSP.

## 11. VALUATION OF THE COMPANY'S SHARES

Under the discounted free cash flow method, present value of future cash flows is determined, and it is divided by the total number of outstanding shares to arrive at the value of a share. The management of CCSL has provided the projections of sales, margins and net profit after tax, capital expenditure, sources of fund and free cash flows for the period beginning from 16<sup>th</sup> December, 2022 and ending on 31<sup>st</sup> March, 2027.

The cash flows arrived at has been adjusted with tax outflow to arrive at free cash flows. Capital expenditure, sources of funds and disbursements of funds as provided by the management has been considered in arriving at the net cash flows during the explicit period.

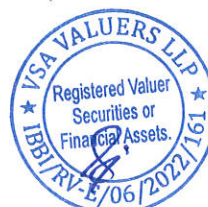
The terminal value of cash flows after 31<sup>st</sup> March, 2027 has been arrived at by taking the weighted average cost of capital and growth rate on free cash flows of 5<sup>th</sup> year. This terminal value has been added to the present value of the explicit period cash flows to arrive at the present value of cash flows.

### I. Free Cash Flow to the Firm

Free Cash Flows to Firm (FCFF) refers to cash flow that a company generates or is expected to generate, in the course of its operation and that are available to all the providers of capital, i.e., equity shareholders, preference shareholders and lenders. Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.

FCFF can be calculated as follows:

FCFF = Net Profit [(Profit after Tax (PAT)) + Depreciation + Interest Payment on Debt - Capital Expenditures + Change [(+) Decrease / (-) Increase] in Working Capital



### **Net Profit [(Profit after Tax (PAT))]**

The projected Net Profit is calculated on the basis of projected total revenue reduced therefrom the projected total expenses comprising of Cost of Sales, Indirect Expenses, Depreciation and Amortization Expenses and Tax Expenses.

### **Capital Expenditure**

To underpin the growth, the entity needs to keep investing in capital items such as property, plants & machineries, equipment, technology and other. The Capital Expenditure is calculated by taking change in gross fixed asset as disclosed in a company's projected balance sheet.

### **Change in Working Capital**

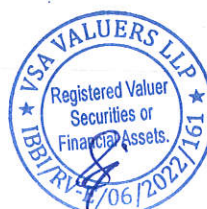
Working capital refers to the cash a business requires for day-to-day operations or, more specifically, short-term trade financing (creditors) to maintain current assets such as debtors. The faster a business expands the more cash it will need for working capital and investments. Working capital is calculated as current assets minus current liabilities. Net changes in working capital are the difference in working capital levels from one year to the next. When more cash is tied up in working capital than the previous year, the increase in working capital is treated as an outflow against free cash flow and decrease in working capital than previous year is treated as an inflow to the cash flow.

## **II. Weighted Average Cost of Capital (WACC)**

The Weighted Average Cost of Capital ("WACC") is the rate that a company is expected to pay on an average to all its security holders to finance its assets. The WACC is the minimum return that a company must earn on an existing assets base to satisfy its creditors, owners, and other providers of capital. The WACC is arrived at after giving proportionate weights to the Equity and borrowed capital. The management has provided us with the mix of capital and borrowed funds for five financial years. The WACC has been calculated considering the factors as described below:

- **Cost of Equity**

The annual rate of return that an investor expects to earn when investing in shares of a company is known as the cost of equity. That return is composed of the dividends paid on the shares and any increase (or decrease) in the market value of the shares. The most commonly accepted method for calculating cost of equity comes from the Capital Asset Pricing Model (CAPM).





Determining Cost of Equity ( $R_m$ ) using Capital Asset Pricing Model (CAPM):

$$K_e = R_f + \beta (R_m - R_f)$$

Where;

$R_f$  = Risk Free Rate

$\beta$  = Beta of the Security

$R_m$  = Expected Market Rate of Return

- **Risk free rate of Return ( $R_f$ )**

The nominal risk-free rate is derived based on the long-term bond yield rates. We have considered 10 years Government of India securities yield at 7.27% for the purpose of arriving at nominal risk-free rate of return.

- **Market Rate of Return ( $R_m$ )**

The market rate of return has been arrived at 12.83% based on 10 years Historical Market Return of S&P BSE 500 from 16<sup>th</sup> December, 2012 to 15<sup>th</sup> December, 2022.

- **Beta ( $\beta$ )**

Beta is the measure of the risk of the shares of a company. Beta is the co-variance between the return on sample stock and the return on the market (say Sensex). In order to determine the appropriate beta factor for a company, consideration must be given either to the market beta of the company or betas of comparable quoted company. We have considered the unlevered beta of 0.79 based on Damodaran database for Education industry. Based on the existing debt equity ratio of the Company, geared beta is arrived at 1.02.

Hence, Cost of Equity ( $K_e$ ) = 7.27% + 1.02 (12.83% - 7.27%) = 12.94%

- **Cost of Debt**

There are borrowings in SCSPL, hence, the cost of debt (pre-tax) has been considered as 9%. Based on the debt equity ratio of SCSPL as on the valuation date, WACC arrived at 11.20%.

- **Specific Risk**

We have also considered specific risk premium to the extent 50% of WACC i.e., 5.60% to capture additional risks associated with the size and operations of SCSPL as well as illiquidity involved in investing in an unlisted private company.





Based on the above parameters, the adjusted WACC is arrived at 16.80% (11.20% + 5.60%) which has been considered in discounting the future cash flows of SCSPL.

### III. Growth Rate

We have considered a 'growth rate' of 1% based on discussion with the management on returns expected from SCSPL's present and future business.

### IV. Terminal Value

Terminal value represents the present value at the end of explicit forecast horizon. It basically represents the present value of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life. The terminal value of cash flows after 31<sup>st</sup> March, 2027 has been arrived at by taking the weighted average cost of capital and growth rate on free cash flows of 5<sup>th</sup> year. This terminal value has been added to the present value of the explicit period cash flows to arrive at the present value of cash flows.

There are several ways to estimate a terminal value of cash flows, but most commonly used method is to value the company as a perpetuity using the Gordon Growth Model, which is as follows-

$$\text{Terminal Value} = \frac{\text{Final Year's Projected Cash Flow} \times (1 + \text{Growth Rate})}{(\text{Discounting Factor} - \text{Growth Rate})}$$

Thus, by applying the growth rate of 1% on 5<sup>th</sup> year's projected cash flows i.e., of FY 2026-27, we have determined the Terminal Value.

### V. Debt Funds

Borrowings comprising of outstanding balances of long-term borrowings as on valuation date, have been considered for the purpose valuation.

### VI. Cash and Cash Equivalent

Cash and Cash Equivalents comprises of Cash in Hand and Balances with Bank as on the valuation date, have been considered for the purpose valuation.

### VII. Surplus Assets

Surplus Assets which consist of Non-Current Investments as on the valuation date, have been considered for the purpose of valuation.



#### VIII. Number of Outstanding Shares

The Issued, Subscribed and Paid-up Share Capital as on the valuation date is INR 4,50,00,000 (Indian Rupees Four Crores Fifty Lakhs only) divided into 45,00,000 (Forty Five Lakhs) Shares of INR 10 (Indian Rupees Ten only) each. Thus, the number of outstanding Shares for the purpose of valuation has been considered as 45,00,000 (Forty Five Lakhs) Shares of INR 10 (Indian Rupees Ten only) each.

#### 12. FAIR VALUE OF THE COMPANY'S SHARES

Having regard to all the factors in their totality and after considering appropriate weightage of these factors as on the valuation date, the Equity value of SCSPL is arrived at around **INR 1,629.54 Lakhs (Indian Rupees Sixteen Crores Twenty Nine Lakhs and Fifty Four Thousand only)** and the fair value per Share comes to around **INR 36.21 (Indian Rupees Thirty Six and Paise Twenty One only)** as per Annexure 'A'.

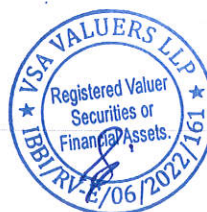
#### 13. SOURCES OF INFORMATION

The management of CCSL has provided the following documents and we have relied upon the same:

- Audited Financial Statements of SCSPL as at 31<sup>st</sup> March, 2022;
- Trial Balance of SCSPL as on 15<sup>th</sup> December, 2022 certified by the management of CCSL;
- Cash Flow Projections of SCSPL for the period 16<sup>th</sup> December, 2022 to 31<sup>st</sup> March, 2027 prepared and certified by the management of CCSL;
- Certificate of Incorporation pursuant to name change of SCSPL;
- Altered Memorandum and Altered Articles of Association of SCSPL;
- Engagement Letter dated 16<sup>th</sup> December, 2022 duly signed by the management of CCSL;
- Management Representation Letter dated 29<sup>th</sup> December, 2022 duly signed by the management of CCSL.

Further, we have relied upon the following:

- Publicly available information of the Company;
- Verbal and written information and explanations provided by the management of CCSL.



#### 14. RESTRICTIONS ON USE OF THE VALUATION REPORT

The valuation analysis contained herein represents the value on the date specifically stated in this report. Further, our report is meant for the purpose mentioned in Paragraph 1 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.

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. This report and the conclusion of the value arrived at herein are for the exclusive use of CCSL for the sole and specific purposes as noted herein.

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 through advertising media, public relations, news media, sales media, mail, direct transmission, or any other means of communication without our prior consent and approval.

#### 15. LIMITATIONS AND DISCLAIMER

Our valuation is based on the information and the explanations furnished to us by the management of CCSL which we believe are complete in all material respect. As represented by the management of CCSL, the revenue projection is based on the future business plan of SCSPL. The projected revenue forecasted by SCSPL have been evaluated on rationale basis and found satisfactory. However, the same may differ from other individual opinion which might affect the outcome of this valuation.

Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. Although, we have reviewed such data for consistency and reasonableness, we have not investigated or otherwise verified the data provided for material mis-statement. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, do not express any opinion with regards to the same.





We have relied upon written/oral representation from the management of CCSL that the information contained in the report is materially accurate and complete, fair in the manner of its portrayal and therefore, forms a reliable basis of the valuation. Also in this connection, VSA Valuers LLP, Registered Valuer, does not undertake responsibility in any way whatsoever to any person in respect of any error arising out of any incorrect information provided by the management of CCSL.

The report is based on the financial projections of SCSPL provided to us by the management of CCSL and thus, the responsibility for forecasts and the assumptions on which they are based is solely that of the management of CCSL and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgment. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of data. We have assumed that the business continues normally without any disruptions due to statutory or other external/ internal occurrences.

This valuation reflects the facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

The valuer, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the Shares in question unless arrangements have been previously made.

Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.

No change in any item in this valuation report shall be made by anyone other than us and we shall have no responsibility for any such unauthorized change.

It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report.





We have relied on the representations of the management of CCSL and assume no responsibility concerning the value and useful condition of all equipment, real estate, investments used in the business and any other assets or liabilities of SCSPL, except as specifically stated to the contrary in this report.

We have made no investigation of title to property and assume that the Company's claim to the property is valid. 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 entity has good title to all assets.

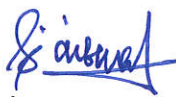
We understand that no material event has occurred between the valuation date and the report signing date which is likely to materially affect the value of the assets. The management CCSL did not disclose the existence of any such material event, to us before signing this valuation report.

The Report is issued on the understanding that the management of CCSL has drawn our attention to all matters of which they are aware, which may 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 an investment advice; we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company on the basis of our report.

For VSA Valuers LLP  
Registered Valuer – Securities or Financial Assets  
Regn. No. IBBI/RV-E/06/2022/161

  
(Suraj Jaiswal)  
Partner



Place: Kolkata  
Date: 29<sup>th</sup> December, 2022

## Valuation of Equity Shares as per Discounted Cash Flow Method

Annexure "A"

(INR in Lakhs)

| Financial Year  | 16 December 2022<br>to 31 March 2023 | 31-03-2024      | 31-03-2025      | 31-03-2026      | 31-03-2027       | Perpetuity      |
|---|--------------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Particulars   | 106 days                             | 12 months       | 12 months       | 12 months       | 12 months        |                 |
| Income from Operations  | 5,567.19                             | 9,562.04        | 10,040.14       | 10,542.15       | 10,930.89        |                 |
| Cost of Sales   | 4,277.20                             | 7,200.21        | 7,537.63        | 7,811.73        | 8,157.17         |                 |
| Indirect Expenses   | 1,188.11                             | 1,900.93        | 1,989.96        | 2,162.19        | 2,153.38         |                 |
| <b>Total Cost except Depreciation and Income Tax</b>                  | <b>5,465.31</b>                      | <b>9,101.14</b> | <b>9,527.59</b> | <b>9,973.92</b> | <b>10,310.55</b> |                 |
| <b>Earning Before Depreciation, Interest &amp; Income Tax</b>         | <b>101.88</b>                        | <b>460.90</b>   | <b>512.55</b>   | <b>568.23</b>   | <b>620.34</b>    |                 |
| Less: Financial Charges   | 88.02                                | 245.92          | 245.92          | 245.92          | 245.92           |                 |
| Less: Depreciation & Amortisation                                     | 4.05                                 | 11.51           | 13.71           | 15.91           | 18.11            |                 |
| <b>Profit before Tax (PBT)</b>  | <b>9.81</b>                          | <b>203.47</b>   | <b>252.92</b>   | <b>306.40</b>   | <b>356.31</b>    |                 |
| Less: Income Tax / MAT (as applicable)                                | 1.42                                 | 52.02           | 64.94           | 78.88           | 91.92            |                 |
| <b>Profit after Tax (PAT)</b>   | <b>8.39</b>                          | <b>151.46</b>   | <b>187.98</b>   | <b>227.52</b>   | <b>264.39</b>    |                 |
| <b>Add/(Less): Non-Operative/ Non-Cash Items</b>                      |                                      |                 |                 |                 |                  |                 |
| Add: Interest   | 65.86                                | 184.02          | 184.02          | 184.02          | 184.02           |                 |
| Add: Depreciation & Amortisation                                      | 4.05                                 | 11.51           | 13.71           | 15.91           | 18.11            |                 |
| (Incremental) / Decremental Working Capital                           | 287.36                               | (126.46)        | (133.19)        | (140.27)        | (148.23)         |                 |
| <b>Free Cash Flow from Operations (A)</b>                             | <b>365.66</b>                        | <b>220.53</b>   | <b>252.52</b>   | <b>287.18</b>   | <b>318.29</b>    |                 |
| <b>Cash flow from Investing Activities</b>                            |                                      |                 |                 |                 |                  |                 |
| Development/ Purchase of Property/ Assets                             | (9.00)                               | (10.00)         | (11.00)         | (11.00)         | (11.00)          |                 |
| <b>Cash flow from Investing Activities (B)</b>                        | <b>(9.00)</b>                        | <b>(10.00)</b>  | <b>(11.00)</b>  | <b>(11.00)</b>  | <b>(11.00)</b>   |                 |
| <b>Cash flow from Financing Activities</b>                            |                                      |                 |                 |                 |                  |                 |
| Issue of Equity Shares/ Long Term Borrowings                          | -                                    | -               | -               | -               | -                |                 |
| <b>Free Cash flow from Financing Activities (C)</b>                   | <b>-</b>                             | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>         |                 |
| <b>Net Free Cash Flow (A+B+C)</b>                                     | <b>356.66</b>                        | <b>210.53</b>   | <b>241.52</b>   | <b>276.18</b>   | <b>307.29</b>    |                 |
| <b>Free Cash Flow For Perpetuity</b>                                  |                                      |                 |                 |                 |                  | 310.04          |
| <b>Growth Rate</b>  |                                      |                 |                 |                 |                  | 1.00%           |
| <b>Capitalised Value for Perpetuity after Tax</b>                     |                                      |                 |                 |                 |                  | 1,981.90        |
| Year Reference  | 0.29                                 | 1.29            | 2.29            | 3.29            | 4.29             |                 |
| Discounting Factor @ 16.8%  | 0.9559                               | 0.8184          | 0.7007          | 0.5999          | 0.5136           | 0.5136          |
| <b>Net Present Value of Cash Flows</b>                                | <b>340.93</b>                        | <b>172.29</b>   | <b>169.23</b>   | <b>165.68</b>   | <b>157.82</b>    | <b>1,017.90</b> |
| <b>Enterprise Value as on 15 December, 2022</b>                       |                                      |                 |                 |                 |                  | <b>2,023.85</b> |
| Add: Cash & Cash Equivalents as on 15 December, 2022                  |                                      |                 |                 |                 |                  | 241.30          |
| Add: Surplus Assets as at 15 December, 2022                           |                                      |                 |                 |                 |                  | 0.95            |
| Less: Long Term Borrowings as on 15 December, 2022                    |                                      |                 |                 |                 |                  | (636.56)        |
| <b>Adjusted Value for Equity Shareholders as on 15 December, 2022</b> |                                      |                 |                 |                 |                  | <b>1,629.54</b> |
| Number of shares  |                                      |                 |                 |                 |                  | 45,00,000       |
| <b>Value per Share (Face Value INR 10)</b>                            |                                      |                 |                 |                 |                  | <b>36.21</b>    |



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