

Valuation of equity shares for compliance with Regulation 164 and 166A of Securities and Exchange Board of India (Issue of capital and Disclosure requirements) Regulation 2018 as amended by Securities and Exchange Board of India (Issue of capital and Disclosure requirements) (Amendments) Regulation, 2023

PURPOSE: Preferential Allotment of Unlisted Equity Warrants

For

**Indostar Capital Finance Limited
CIN: L65100MH2009PLC268160**

Report Date: 17th Mar 2024

Strictly private and confidential

Date: 17th Mar 2024

To,
The Board of Directors
IndoStar Capital Finance Limited (ICFL)
Corporate Avenue,
Wing 2/E, 5th Floor, Andheri-Ghatkopar Link Road,
Chakala, Andheri (East), Mumbai 400 093

SUBJECT: REVISED VALUATION OF EQUITY SHARES OF INDOSTAR CAPITAL FINANCE LIMITED (ICFL).

Dear Sir/Madam,

We have issued the valuation report of equity shares to ICFL dated 26th Feb 2024. This updated valuation report is prepared to value the equity shares of ICFL for a preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR 2018) after considering valuation under the Income Approach as well, pursuant to the requirements of NSE letter dated March 15, 2024 bearing reference number NSE/LIST/40389.

In this connection, ICFL has requested Deepanjan Periwal, Registered Valuer, to carry out the valuation of equity shares based for compliance with Regulation 164 and 166A of Securities and Exchange Board of India (Issue of capital and Disclosure requirements) Regulation 2018 as amended by Securities and Exchange Board of India (Issue of capital and Disclosure requirements) (Amendments) Regulation, 2023.

The valuation workings are detailed in **Annexure I** below. As per the attached annexure, the fair value per equity share of ICFL is **INR 183.46 (Indian Rupee One Hundred Eight Three and Forty Six Paisa Only)**.

This certificate has been prepared by Deepanjan Periwal and has been prepared solely for the purpose as stated above and has to be read along with the annexure which is appended to this certificate.

Thanking you,

**For DEEPANJAN PERIWAL
IBBI REGISTERED VALUERS**


Deepanjan Periwal
Reg No.: IBBI/RV/06/2020/13107



Place: Mumbai

I. PURPOSE

We have been engaged by ICFL having Registered office at OFF NO - 301, WING A, CTS NO 477, SILVER UTOPIA, CHAKALA ROAD, OPP PROCTOR AND GAMBLE, ANDHERI (E) Sahargaon, Mumbai, Maharashtra, India, 400099 for the purpose of valuation of equity shares of ICFL ("ICFL"/ "Company").

ICFL is evaluating the fair market value of equity shares under preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR 2018). Since, the Board of the Directors proposed to issue equity shares more than 5% to some of the proposed allottees, ICFL requires Valuation of its shares for issuing shares in terms of the amended regulation 166A of SEBI ICDR 2018.

Accordingly, as per the request received from the company, we are valuing the Equity Shares of the Company.

The information contained herein and our report is confidential. It is intended only for the sole use for ICFL, and only in connection with the purpose mentioned above. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid, can be done only with our prior permission in writing.

II. ABOUT THE VALUER

Mr. Deepanjan Perival is an Independent valuer and he is registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No.: IBBI/RV/06/2020/13107 for the purpose of carrying out the said valuation of equity shares.

III. BACKGROUND / INFORMATION ABOUT THE ICFL

ICFL is based at Mumbai and Incorporated in the year 2009. The Registered office of the Company is situated at OFF No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E) Sahargaon, Mumbai, Maharashtra, India, 400099.

ICFL started business as a wholesale financier in fiscal 2011 and entered the SME finance (loans against property) segment in fiscal 2015. In fiscal 2018, the company started offering vehicle finance and housing finance (through wholly owned subsidiary, IndoStar Home Finance Pvt Ltd). ICFL got publicly Listed company in May 2018 and the current market capitalization of the company is above INR 2,500 Cr (As on 19th Jan 2024). In fiscal 2019, ICFL acquired the Commercial Vehicle finance business of IIFL Finance Ltd. The company plans to focus on used Commercial Vehicle financing and affordable housing finance hereon. The Company is presently listed on BSE Limited (BSE) (Unique ID: 541336) and National Stock Exchange of India Limited (NSE) (Unique ID: INDOSTAR).




Directors and Key Managerial Persons

Sr. No	DIN/PAN	Name	Designation
1	1216114	NAINA KRISHNA MURTHY	Director
2	8684627	ADITYA HEMANT JOSHI	Director
3	551588	HEMANT KAUL	Director
4	AIGPP2263C	VINODKUMAR MADHAVAN PANICKER	CFO
5	2018124	DHANPAL ARVIND JHAVERI	Director
6	19437	BOBBY KANUBHAI PARIKH	Director
7	8768297	VIBHOR KUMAR TALREJA	Director
8	10056556	KARTHIKEYAN SRINIVASAN	Whole-time director
9	AJCPK4108L	KARTHIKEYAN SRINIVASAN	CEO
10	10294876	DEV DUTT VINAYAK MARATHE	Director
11	ATSPJ9538R	SHIKHA JAIN	Company Secretary

IV. SHARE HOLDING PATTERN OF ICFL

The Share Capital of the Company, on a fully diluted basis, as on 31st Dec, 2023 is as under:

Particulars	No. of Equity Shares	Face Value per Equity share	Amount
Issued, subscribed and paid-up Capital	136,079,295	10	1,36,07,92,950

Shareholding Pattern as on 31st Dec 2023 is as follows:

Particulars	No. of Shareholders	No of Equity Shares	% of Holding
Promoter & Promoter Group	3	10,20,58,226	75.00
Public	72,849	3,40,21,069	25.00
Non-Promoter- Non Public	-	-	-
Total	72,852	13,60,79,295	100.00

(Source: Shareholding Pattern as on 31st Dec, 2023 filed with NSE)

V. APPOINTING AUTHORITY

We were assigned with this project of valuation of the Equity shares of the Company via the engagement letter dated 18th Jan 2024

VI. DISCLOSURE OF VALUER'S INTEREST/ CONFLICT:

The Valuer is not related to the ICFL or its promoters or its director or their relatives. The valuer does not have any interest or conflict of interest with respect to the valuation under consideration.

VII. SOURCE OF INFORMATION

For the purpose of valuation, we have relied on the following information provided by ICFL and also the information available on Public Domain related to ICFL and other information as required for the purpose of valuation:

Information provided by ICFL:

- Brief background of the business of the Company.
- Memorandum and Articles of Association of the Company (Latest and amended, if any).
- Financial Statement for the period Ending on 31st Dec 2023.
- Estimated Profit & Loss Account, Balance Sheet and cash flow statement for Quarter Mar 2024.
- Projected Profit & Loss Account, Balance Sheet and cash flow statement for YE Mar 2025 to YE Mar 2029



- Discussion with the management on various business specific parameters and functioning.

Information obtained from Public Domain:

- Audited Financial Statements for FYE 19, FYE 20, FYE 21, FYE 22 and FYE 23.
- Latest Shareholding Pattern on 31st Dec 2023.
- Market prices available on BSE Websites.
- Market prices available on NSE Websites.
- PE Ratio for most comparable companies.
- Other Information available in the Public Domain.

VIII. APPROACH CONSIDERED IN OUR VALUE ANALYSIS

General Principle for Valuation

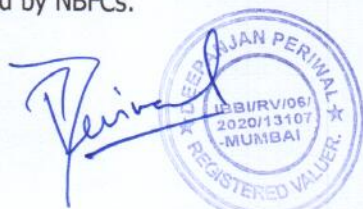
There is no single definition of the term 'Value' that is always suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

Broadly followed Valuation approaches are as follows:

- ✓ Book Value Approach (BV)
- ✓ Comparable Company Multiple Approach (CCM)
- ✓ Market Approach (MA)
- ✓ Free Cash Flow to Equity Method (FCFE)

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate. The brief methodology in each of the three approaches as mentioned above is as mentioned hereunder:

- **Book Value (BV) Approach:** This method considers the Net value of the assets of the business, or the net worth as represented in the financial statements of the Company. For the purposes of arriving at Book Value per share, the net worth so arrived at shall be divided by the total number of outstanding equity shares issued and paid-up.
- **Comparable Company Multiple (CCM) Approach:** Comparable Company Analysis is a relative valuation method in which a company's value is derived from comparisons to the current stock prices of similar companies in the market. Once the peer group of comparable companies and the appropriate valuation multiples have been established, the median or mean multiple of the peer group is applied to the corresponding metric of the target company to arrive at its comps-derived valuation.
- **Market Approach (MV):** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.
- **Income Approach (AI):** Under Income approach, For a Non-Banking Financial Company (NBFC), the Free Cash Flow to Equity (FCFE) method is generally more appropriate, considering FCFE specifically measures the cash flow available to the company's equity shareholders after all expenses, debts, and reinvestment needs. Since NBFCs rely on debt financing and their capital structure can significantly impact their valuation, FCFE provides a clearer picture of the equity value by accounting for the financial leverage used by NBFCs.



IX. SELECTION OF VALUATION METHODOLOGY

The objective of the valuation process is to make a best reasonable judgment of the value of the Equity Shares of the Company. The Company's Equity shares are presently listed on BSE and NSE and are frequently traded at BSE and NSE. However, the Company has highest trading volume at NSE.

Further, since the Company proposed to issue equity warrants more than 5% to some of the allottees, in terms of the provisions of Regulation 166 of SEBI ICDR 2018, as amended upto date, ICFL requires Valuation of its Equity shares for issuing such Equity warrants on preferential basis. Accordingly, the minimum price shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164 or the price determined by the independent registered Valuer, or the price determined in accordance with the provisions of the Articles of Association of the issuer.

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:

Therefore, for the evaluation of fair valuation, we, being an independent Valuer, have considered best reasonable judgment to value the equity shares through weighted average of Market Approach (Price calculated in terms of sub-regulation (1), (2) or (4) of regulation 164 of SEBI ICDR 2018) and Net Asset Value and comparable company multiple approach.

Further, the Equity Shares of the Company is frequently traded at the BSE and NSE and highest trading volume at NSE and Price in terms of sub-regulation (1), (2) or (4) of regulation 164 of SEBI ICDR 2018 has been determined considering 21st Feb 2024 as relevant date in terms of SEBI ICDR 2018 as follows:

Minimum of the Higher of the price determined through following methods was considered:

- Price determined under sub-regulation (1), (2) or (4) of regulation 164 of SEBI ICDR Regulations as per following provisions i.e. price shall be not less than higher of the following:
- ✓ The 90 (ninety) days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or
- ✓ The 10 (ten) days volume weighted average price of the related on the 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.

The minimum price per Equity Share in accordance with Regulation 164 of the SEBI (ICDR) Regulations is calculated at INR 183.46 per equity share as per **Annexure 1/A** and we, being an Independent Valuer, have calculated INR 181.65 per equity shares as the fair value price of each Equity Share in accordance with Regulation 166A of the SEBI (ICDR) Regulations as per **Annexure 1/B**.

Further, as informed by the management, there is no change in the control of the issuer and thus, there we have not computed any control premium, over and above the price determined in terms of the first proviso:



Following is the summary of the Valuation:

Particulars	Value Per Share In INR
Value per Share as per Regulation 164 of SEBI ICDR 2018 - <i>as per Annexure-1/A</i>	183.46
Fair Value per Share- <i>as per Annexure-1/B.</i>	181.65
Price Calculated as per Articles of Association of the Company <i>as per Annexure-1/C</i>	181.65
Whichever is higher as above	183.46
Minimum price per Equity Share as per regulation 166A of SEBI ICDR 2018 before giving effect to change of control	183.46
Control Premium due to change in Control of the Issuer	NIL
Minimum price per Equity Share as per regulation 166A of SEBI ICDR 2018 after giving effect to change of control of the issuer	183.46

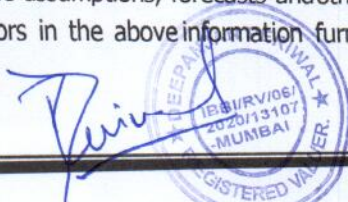
X. VALUATION & CONCLUSION

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment considering all the relevant factors.

The Fair Market Value per equity share of ICFL as per above methodology is INR 183.46/- (Indian Rupees One Hundred Eight Three and Forty Six paise only).

XI. LIMITATIONS AND DISCLOSURES

- Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence, or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.
- Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- During the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present





exercise.

- Our valuation is inter-alia based in the estimates of future cash flows as projected by the Management, which represents their view of reasonable expectations at the point of time when they were prepared based on assumptions and after giving due considerations to the commercial and financial aspects of the Company and the industry in which the Company operate and taking into account the current economic scenario. The realization of the projections will be dependent on continuing validity of assumptions on which they are based and the actual results are likely to be different from the projected results due to events and circumstances not occurring as expected and such differences could be material. Such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the Equity shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- The decision to carry out the transaction (including consideration thereof) based on this valuation lies entirely with ICFL and our work and our finding shall not constitute a recommendation as to whether the ICFL/ Company should carry out the transaction.
- Our report is meant for the purpose as mentioned 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.
- Neither Valuer, nor its partners/directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim all liability for or based on or relating to any such information contained in the valuation.

Deepanjan Periwal
(Registered Valuer)

IBBI/RV/06/2020/13107



Date: 17th Mar, 2024
Place: Mumbai

Annexure-1/A

Verification of companies shares as Frequently traded or not frequently Traded:

For the purpose of SEBI ICDR 2018, 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.

Particulars	Traded Turnover
Total Traded Turnover in BSE in 90 Trading Days (from 12th Oct 2023 to 20th Feb 2024) (A)	13,57,062
Total Traded Turnover in NSE in 90 Trading Days (from 12th Oct 2023 to 20th Feb 2024) (B)	1,03,54,148
Maximum Traded Turnover in Exchange (Higher of A and B)	NSE

Particulars	Amount
Total Number of Equity shares (A) (Outstanding as on 31st Dec 2023)	13,60,79,295
Total Volume in NSE in 240 Trading Days (B) (from 2nd Mar 2023 to 20th Feb 2024)	3,71,63,113
% Share Traded (A)/(B)	27%

Calculation of Price as per regulation 164 of SEBI ICDR 2018.

As per SEBI ICDR 2018, the Company's Equity shares are Frequently Traded (note 1) at BSE and NSE and has highest trading volume at NSE. 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:

Particulars	Amount
The 90 trading days volume weighted average price quoted at NSE during the 90 trading days preceding the relevant date (Note 1 below from 12th Oct 2023 to 20th Feb 2024) (A)	181.80
The 10 trading days volume weighted average price quoted at NSE during the 10 trading days preceding the relevant date (Note 2 below from 7th Feb 2024 to 20th Feb 2024) (B)	183.46
Higher of Above (A) or (B)	183.46




Note (1)

The 90 trading days volume weighted average price quoted at NSE during the 90 trading days preceding the relevant date from 12th Oct 2023 to 20th Feb 2024:

Sr. No.	Date	Volume	Value	Sr. No.	Date	Volume	Value	Sr. No.	Date	Volume	Value
1	20-Feb-24	1,18,404	2,13,44,516	31	08-Jan-24	1,78,727	3,15,71,721	61	23-Nov-23	29,472	48,29,992
2	19-Feb-24	77,894	1,38,73,994	32	05-Jan-24	1,96,637	3,38,30,952	62	22-Nov-23	58,298	95,66,771
3	16-Feb-24	46,486	83,46,425	33	04-Jan-24	2,85,329	4,89,16,454	63	21-Nov-23	83,890	1,36,36,430
4	15-Feb-24	29,382	53,20,374	34	03-Jan-24	1,96,729	3,37,99,263	64	20-Nov-23	49,689	82,65,942
5	14-Feb-24	49,061	88,84,461	35	02-Jan-24	1,20,151	2,04,73,612	65	17-Nov-23	85,444	1,43,51,243
6	13-Feb-24	47,596	84,17,319	36	01-Jan-24	96,600	1,65,77,355	66	16-Nov-23	54,700	94,06,147
7	12-Feb-24	65,246	1,18,85,045	37	29-Dec-23	59,934	1,01,52,935	67	15-Nov-23	44,104	76,08,514
8	09-Feb-24	58,183	1,09,65,675	38	28-Dec-23	92,236	1,56,74,991	68	13-Nov-23	39,830	68,64,831
9	08-Feb-24	2,37,145	4,45,63,951	39	27-Dec-23	99,711	1,69,94,468	69	12-Nov-23	13,334	23,27,749
10	07-Feb-24	83,135	1,54,63,586	40	26-Dec-23	1,13,205	1,91,71,495	70	10-Nov-23	23,090	39,93,151
11	06-Feb-24	96,363	1,80,11,347	41	22-Dec-23	36,048	58,95,288	71	09-Nov-23	43,832	77,33,786
12	05-Feb-24	96,416	1,78,84,479	42	21-Dec-23	46,837	75,71,041	72	08-Nov-23	1,59,561	2,83,01,247
13	02-Feb-24	97,740	1,85,59,503	43	20-Dec-23	1,18,364	1,96,26,298	73	07-Nov-23	1,00,026	1,74,10,676
14	01-Feb-24	1,19,650	2,30,16,916	44	19-Dec-23	75,828	1,28,83,039	74	06-Nov-23	1,37,765	2,27,81,401
15	31-Jan-24	2,09,249	4,05,98,510	45	18-Dec-23	62,954	1,06,54,762	75	03-Nov-23	18,331	29,34,159
16	30-Jan-24	4,31,028	8,25,10,607	46	15-Dec-23	70,761	1,20,08,609	76	02-Nov-23	94,839	1,50,52,392
17	29-Jan-24	37,339	73,48,315	47	14-Dec-23	70,351	1,20,09,396	77	01-Nov-23	1,65,570	2,64,80,661
18	25-Jan-24	28,791	59,64,056	48	13-Dec-23	2,11,330	3,65,22,775	78	31-Oct-23	48,142	76,77,820
19	24-Jan-24	1,55,609	3,36,33,113	49	12-Dec-23	71,048	1,24,04,562	79	30-Oct-23	2,91,574	4,69,42,269
20	23-Jan-24	1,77,983	3,90,30,571	50	11-Dec-23	55,004	95,65,968	80	27-Oct-23	1,44,285	2,45,98,555
21	20-Jan-24	2,55,468	5,57,65,405	51	08-Dec-23	50,198	86,22,952	81	26-Oct-23	48,479	81,98,159
22	19-Jan-24	1,27,505	2,64,84,717	52	07-Dec-23	54,079	93,42,854	82	25-Oct-23	74,568	1,27,74,277
23	18-Jan-24	82,763	1,63,66,170	53	06-Dec-23	53,579	92,69,758	83	23-Oct-23	69,123	1,19,24,692
24	17-Jan-24	94,578	1,87,16,145	54	05-Dec-23	29,881	52,08,776	84	20-Oct-23	53,073	93,99,531
25	16-Jan-24	1,25,240	2,50,00,948	55	04-Dec-23	1,65,249	2,89,02,250	85	19-Oct-23	1,32,389	2,34,10,559
26	15-Jan-24	2,45,055	5,02,20,949	56	01-Dec-23	82,447	1,39,83,563	86	18-Oct-23	70,637	1,26,55,722
27	12-Jan-24	5,08,524	10,29,74,702	57	30-Nov-23	80,641	1,39,43,073	87	17-Oct-23	65,510	1,16,46,974
28	11-Jan-24	3,80,031	7,34,11,994	58	29-Nov-23	1,15,963	2,05,98,583	88	16-Oct-23	1,21,502	2,14,89,154
29	10-Jan-24	4,32,991	7,93,38,821	59	28-Nov-23	2,82,476	4,93,64,904	89	13-Oct-23	43,447	77,73,406
30	09-Jan-24	1,64,232	2,86,64,576	60	24-Nov-23	67,344	1,13,58,183	90	12-Oct-23	70,916	1,28,30,389
TOTAL VALUE										1,88,23,33,670	
TOTAL VOLUME										1,03,54,148	
90 Days Trading Average VWAP										181.80	

Note (2)

Market Price (10 trading days volume weighted average price quoted at NSE during the 10 trading days preceding the relevant date i.e. 21st Feb, 2024):

Sr. No.	Date	Volume	Value
1	20-Feb-24	1,18,404	2,13,44,516
2	19-Feb-24	77,894	1,38,73,994
3	16-Feb-24	46,486	83,46,425
4	15-Feb-24	29,382	53,20,374
5	14-Feb-24	49,061	88,84,461
6	13-Feb-24	47,596	84,17,319
7	12-Feb-24	65,246	1,18,85,045
8	09-Feb-24	58,183	1,09,65,675
9	08-Feb-24	2,37,145	4,45,63,951
10	07-Feb-24	83,135	1,54,63,586
TOTAL VALUE		14,90,65,345	
TOTAL VOLUME		8,12,532	
10 Days Trading Average VWAP		183.46	



Calculation of Fair Value using different method as per Independent Valuer:**1. Book Value Method**

For arriving at Book Value method, financial data was available till the period ending 31st Dec 2023 and thus, Book Value per Equity shares has been calculated as on 31st Dec 2023

Particulars	Amount (INR Lacs)
ASSETS	
Financial Assets (A)	
Cash and cash equivalents	59,698.58
Bank balances other than cash and cash equivalents	25,554.37
Loans	7,01,906.06
Investments	1,11,389.46
Other financial assets	34,635.65
Non-financial assets (B)	
Current tax assets (net)	7,766.81
Deferred tax assets (net)	31,643.62
Property, plant and equipment	6,823.99
Assets acquired in satisfaction of claim	1,300.00
Goodwill	30,018.69
Intangible assets	1,547.99
Other non-financial assets	5,248.27
TOTAL ASSETS C = (A+B)	10,17,533.49
LIABILITIES	
Financial liabilities (D)	
Trade payables	1.86
Debt securities	2,85,762.38
Borrowings (other than debt securities)	3,82,478.08
Other financial liabilities	27,420.13
Non-financial liabilities (E)	
Current tax liabilities (net)	-
Provisions	642.71
Deferred tax liabilities (net)	1,058.77
Other non-financial liabilities	632.25
TOTAL LIABILITIES F = (D+E)	6,97,996.18
Book Value of Net Assets (G) = [F-C]	3,19,537.31
Nos. of Fully Paid-up Equity Shares (H)	1,360.79
Book Value Per Share (I) = [G / H] (Rounded Off to 2 Decimals)	234.82

The above figures are taken from consolidated financial statement and has been taken from the Publicly available information.



2. Market Approach:

The Fair value of equity shares in terms of regulation 164 of SEBI ICDR 2018 (Amended 2023) as on the relevant date that is 21st Feb 2024 is Rs. 183.46 per Equity Share. Refer details as per Annexure 1/A.

3. Comparable Company Multiple Method

PEER COMPANIES AVERAGE P/E RATIO

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1	Cholaman.Inv.&Fn	1085.55	28	91174.02	0.18	872.02	27.34	5007.42	49.2	9.72
2	Shriram Finance	2355.95	13.31	88423.14	1.49	1873.59	3.74	9300.7	19.31	12.13
3	Muthoot Finance	1324.2	13.65	53171.12	1.66	1027.26	13.93	3167.73	19.1	12.06
4	Aditya Birla Cap	182.6	17.61	47526.98	0	760.3	2.79	8800.06	26.84	11.38
5	M & M Fin. Serv.	289	18.42	35677.75	2.08	622.95	-5.88	4100.08	23.36	8.87
6	IIFL Finance	602.45	12.74	22959.31	0.66	545.19	29.64	2647.48	24.83	11.54
7	Manappuram Fin.	178.6	7.41	15125.54	1.68	575.31	46.08	2305.28	34.41	11.74
8	Ujjivan Fin.Ser.	551.45	8.18	6710.67	0.91	281.49	-5.67	1575.67	37.7	10.29
9	LIC HF	640.9	7.24	35253.54	1.33	1166.6	152.58	6804.19	15.52	7.57
10	PNB HF	726.75	13.8	18855.83	0	346.54	27.29	1748.05	-2.19	8.27
11	GIC HF	234.45	8.43	1263.04	1.92	35.6	-45.57	261.11	-7.02	8.69
	Average		13.56							

Based on the discussion with the management, above are the companies with similar business model and most comparable peers in the industry. Value as per P/E Multiple

Sr. No.	Particulars	Amount
(A)	Diluted Earnings Per Share (Trailing Twelve Months) TTM	11.50
(B)	Average P/E Ratio of peer Companies	13.56
(C)	Price per Share [B * C] (Rounded off to 2 Decimals)	155.97

4. Income Approach:

Under Income approach, For a Non-Banking Financial Company (NBFC), the Free Cash Flow to Equity (FCFE) method is generally more appropriate, considering FCFE specifically measures the cash flow available to the company's equity shareholders after all expenses, debts, and reinvestment needs. Since NBFCs rely on debt financing and their capital structure can significantly impact their valuation, FCFE provides a clearer picture of the equity value by accounting for the financial leverage used by NBFCs.

Valuation of the Company under FCFE method is based on the projections of the Company from Q4 FY 2023-24 to FY 2028-29 as provided by the Management. For these purposes free cash flows mean cash available for distribution to the owners after considering the change in capital expenditure and reinvestment required to sustain the operations and growth of the business.

- Profits after Tax (PAT) as per projections have been considered.
- Book depreciation has been added back to the PAT, Incremental working capital other than cash has been adjusted to arrive at the Operating Cash Flows
- Inc/(Dec) in long term liabilities, (Inc)/Dec in long term loans and Advances and (Inc)/Dec in Fixed Assets and other such values are further adjusted to arrive at free cash flows to equity.



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

Note: All Amt in INR million

DCF Date	31-Dec-23					
Period	Q4FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Year End	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
Days	91	365	365	365	366	365
Cash flow from Operation Activity	671	3,746	6,254	8,665	10,875	13,814
Less: Capex	-100	-500	-550	-605	-666	-732
Less: Taxes	-33	-292	-872	-1,375	-1,796	-2,325
Less: Change in Working Capital and others	-5,172	-3,713	-7,892	-6,199	-7,903	-10,101
FCFE	-4,634	-758	-3,060	485	512	656

- The cash flows of each year are then discounted with the Cost of Equity.

The discount rate i.e. Cost of capital ("Ke"), which is applied to the free cash flows should reflect the opportunity cost to all the capital providers of the company. To the value of the operating business so arrived, the value of surplus / non-operating assets, debt and contingent liabilities / assets, if any, and other assets / liabilities as appropriate have to be adjusted to arrive at the total value of the business for the equity and Preference shareholders of the company. The Cost of Equity is worked out using the following formulae:

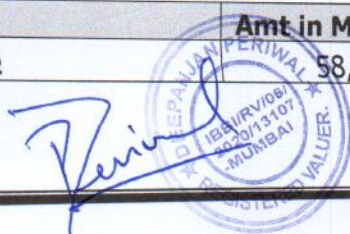
- Risk free return + (Beta x Equity Risk Premium) + Liquidity Premium
- The risk free rate of return is taken at 7.21% (based on the return on the 10 Year Bond Yield).
- Beta is taken at 1.08 (specify to the industry) &
- Equity Risk Premium is taken at 7.54%
- Business Risk is taken at NIL.

Based on the above, the Cost of Equity comes to 15.32%.

All amt in INR million						
Period	Q4FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Year End	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
FCFE	-4,634	-758	-3,060	485	512	656
Discounting Factor	1.02	1.11	1.28	1.48	1.71	1.97
PV of cash flows	-4,552	-681	-2,384	328	300	333
Cumulative PV of Explicit Period	-6,657					

- After the explicit period, the business will continue to generate cash. In FCFE method, therefore, perpetuity value is also considered to arrive at the business value. For NBFCs, the book value, which represents the net asset value of the company, is a critical measure, considering the balance sheets are heavily asset-driven, The Price to Book (P/B) ratio provides a direct reflection of how the market values the company's net assets. The P/B ratio is widely used in the financial industry as a benchmark. Since NBFCs are part of this sector, using the P/B ratio for calculating terminal value ensures alignment with industry standards, facilitating easier comparison and valuation. The P/B ratio tends to be more stable for NBFCs compared to other metrics like Price to Earnings (P/E), which can be highly volatile due to fluctuations in earnings. This stability makes P/B a more reliable metric for calculating terminal value, especially when projecting the long-term value of an NBFC. The use of the P/B ratio for calculating the terminal value of an NBFC via the exit multiple method is justified due to its relevance to the company's core assets, alignment with industry standards, stability, simplicity, and its ability to reflect market perceptions. The Terminal Value as per exit method is as follows:

Particulars	Amt in Mn INR
Terminal Value	58,330



PV Terminal Value	29,639
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• The Equity Value so arrived is adjusted by Non Restricted Cash and Cash Equivalents and goodwill as per the books of accounts and the value so arrived is divided by the number of Equity shares. The exclusion of goodwill from shareholders' equity calculation is primarily due to its nature as an intangible asset that does not directly contribute to the tangible net worth of the company

Particulars	Amt in INR mn
PV of Explicit Period	-6,657
PV of Terminal value	29,639
Total FCF Value	22,982
Add: Current Cash	8,492
Less: Goodwill	-3,002
Total FCFE Value	28,473
No. of Equity Shares (Mn)	136
Value per Share (INR)	209.24

On the basis of above the Value per share based on Free Cash Flow on Equity Method is Rs. 209.24/- per share. The detailed working for the same is enclosed in below tables:

Fair Value – Closing Market Price as on relevant date as follow:

Particulars	Fair Value per Share	Weight	Weighted Price Per Share
Market Price Method	183.46	50.00%	91.73
Comparable Company Multiple Method	155.97	30.00%	46.79
Free Cash Flow to Equity	209.24	15.00%	31.39
Book Value Method	234.82	5.00%	11.74
Weighted Average Price Per Share		100.00%	181.65

Note A

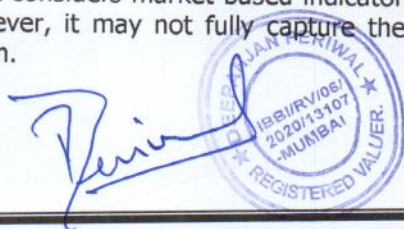
Assigning weights to different valuation methods is a subjective decision that depends on various factors, including the nature of the business, the industry it operates in, and the availability and reliability of data. The weights assigned to different valuation methods reflect the importance or relevance attributed to each method in the overall valuation process. Rationale for assigning weights of is as follows:

1. Market Price Method (Weight: 50.00%):

Rationale: The Market Price Method is given the highest weight because it directly reflects the current market sentiment and investor perceptions of the company's value. This method is based on the current trading price of the company's shares in the open market, providing a real-time assessment of the company's worth. In dynamic and liquid markets, this method is often considered a reliable indicator of the market's collective opinion on the company's value.

2. Comparable Company Multiple Method (Weight: 30.00%):

Rationale for Comparable Company Multiple Method: The Comparable Company Multiple Method involves comparing the financial metrics (such as price-to-earnings ratios, EBITDA multiples, etc.) of the target company to those of comparable publicly traded companies. This method is given a moderate weight because it considers market-based indicators and incorporates the valuation multiples of similar businesses. However, it may not fully capture the unique aspects of the target company that could affect its valuation.



3. Free Cash Flow to Equity Method (Weight: 15.00%):

Rationale for Income Method: FCFE specifically measures the cash flow available to the company's equity shareholders after all expenses, debts, and reinvestment needs. The same is further adjusted considering the risk free rate of return, cost of equity, Company specific risk, cash flow for the company for perpetuity period and various other assumptions. However, it is not relatively necessary that the projection being made shall be achieved by the company as it depends on various market related factors which are not in control of the company.

4. Book Value Method (Weight: 5.00%):

Rationale: The Book Value Method relies on the company's accounting records and represents the net asset value of the business. This method is given the lowest weight because it may not reflect the market's perception of the company's future earnings potential or intangible assets. Book values are historical and may not account for changes in the market environment or the company's competitive position.

It's important to note that these weights are subjective and can vary based on the circumstances surrounding the valuation. Additionally, a comprehensive valuation analysis often considers a combination of methods to arrive at a more robust and well-rounded estimate of the company's value.



The image shows a handwritten signature in blue ink over a circular blue stamp. The stamp contains the text: "PANKAJ PERIWAL", "135/HRV/1051", "20/2011/31/07", "MUMBAI", and "REGISTERED VALUER".

Annexure 1/C

Method of determination of price as per the Articles of Association of the Company –

Clause 7: Further issue of Share Capital and Shares at the Disposal of the Directors, under Article of association empowers the Board of Director and/or company to issue additional shares.

Clause 7 (f) mentions that Any persons, when authorized by a special resolution, whether or not those person include the persons referred to in clause (a) or I above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to such conditions as may be specified in the relevant Rules.

Above clause defines that the price of such shares should be determined by valuation report from Registered Valuer. However, the clause is silent on any specific method to be used to arrive at fair value per share and thus for the purpose of this report.

Thus, the valuation done as per Annexure 1/B above by registered valuer should be considered as valuation report as per Article of association of the company.

The fair value per Equity share as per Article of Association is INR 181.65

The image shows a handwritten signature in blue ink, which appears to be 'Zain'. To the right of the signature is a circular blue stamp. The stamp contains the text 'DIPLOMA PERIWAJ' at the top, 'REGISTERED VALUER' at the bottom, and 'MUMBAI' in the center. There is also a number '2820113107' visible within the stamp.