

VALUATION
REPORT OF

KINETIC
ENGINEERING
LIMITED

CMA Harshad S Deshpande,

Cost Accountants & Registered Valuer
Registration No. : IBBI/RV/05/2018/10310

HARSHAD S. DESHPANDE

COST ACCOUNTANTS & REGISTERED VALUERS

403, Kumar Millennium, Shivtirtha Nagar Kaman, Paud Road, Kothrud, Pune 411 038

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a) Introduction and Scope of the Report:

We have been appointed by the Board of Directors of Kinetic Engineering Limited as an Independent Valuer for the purpose of determining valuation of equity shares issued by the Company.

Scope of the Report:

The Company proposed to undertake a Scheme of further issue of equity share capital of the Company and other applicable provisions /rules made there under.

Our scope of services under this letter is restricted to the services specified in scope of work as above and does not cover any other services including, illustratively, the following:

- Legal advice, opinion and representation in any form;
- Accounting and taxation matters, opinion and representation in any form
- Any other certification services.

Reliance would be placed on the information that may be provided by the company. We will not independently verify the accuracy of data provided to us for review.

The valuation in the present case involves valuation of equity share capital of the Company and hence is performed on a limited scope basis.

b) Statement of Limiting conditions:

It may be noted that Valuation is a highly subjective exercise and the opinion on valuation may differ from valuer to valuer depending on the individual perception of the attendant circumstances. At the best, it is an expression of opinion or a recommendation based on certain assumptions. We are to state that:

a) Valuation does not include the Auditing of Financial Data provided by Management and therefore we do not take any responsibility for its accuracy and completeness.

b) Valuation should not be considered as an opinion on the achievability of Financial Projections either mentioned in, or relied upon for this report.

The report is to be considered only for the purpose of determining the further issue of equity share.

c) Background information of the asset being valued:

Kinetic Engineering Limited is registered at Registrar of Companies Pune on 8th October 1970 and it is categorised as Company limited by Shares and Non government Company. The company's Corporate Identification Number (CIN) is L35912MH1970PLC014819.

Company's authorized capital stands at Rs 195,90,82,530 and has Paid-up capital of Rs 19,87,65,000. It has its Registered Office D1 Block, Plot No.18/2, Chinchwad, Pune MH 411019 IN.

Company is involved in Manufacturing & Selling of Motor Vehicles & two wheelers.

The following are the directors of Kinetic Engineering Limited:

DIN/PAN	Name	Begin date	End date	Surrendered DIN
00041420	VENKATAIAH MADIPALLI	10/02/2021	-	
00049838	JINENDRA HIRACHAND MUNOT	20/10/2020	-	
00052851	SULAJJA FIRODIA MOTWANI	04/05/1996	-	
00057324	ARUN HASTIMAL FIRODIA	01/07/1987	-	
00170659	SHIRISH RATANLAL KOTECHA	27/11/1987	-	
00306688	RAMESH JANKIRAM KABRA	28/06/2014	-	
00328499	JAYASHREE ARUN FIRODIA	27/10/2017	-	
00332204	AJINKYA ARUN FIRODIA	06/04/2009	-	
00590469	ROHIT PRAKASH BAFANA	13/02/2019	-	

d) Purpose of Valuation and Appointing Authority

Company intends to offer equity shares on preferential basis under section 62(1)(c) with section 42 with section 247 of the Companies Act, 2013. The appointing authority for valuation is the Board of Directors.

e) Identity of the Valuer and any other experts involved in the valuation

CMA Harshad Deshpande, Registered Valuer for Securities or Financial Assets,
Registration No. : IBBI/RV/05/2018/10310

f) Disclosure of valuer interest or conflict, if any

Registered Valuer CMA Harshad S Deshpande do not have any interest in the Kinetic Engineering Limited, neither there is any possible conflict of interest.

g) Date of appointment, valuation date and date of report;

We were appointed by Board of Directors on 1st August 2023 for the purpose of valuation.

We have considered the valuation date to be 13th July 2023 and the date of report to be, 3rd August, 2023.

g) Inspections and/or investigations undertaken;

We have not made any investigation / inspection of the financial statements provided by company. It is presumed that the financial statements submitted are true and correct.

We have not carried out any validation procedure or due diligence with respect to the information provided /extracted to carry out any verification of the assets or comment on the achievability of the assumptions underlying the financial projections, save for satisfying ourselves to the extent possible that they are consistent with the other information provided to us in the course of the engagement.

h) Nature and sources of the information used or relied upon

The Sources of information includes,

- Share price information from stock exchanges BSE
- Details as per MCA master data as on valuation date and business profile provided by them.
- Other Industry related information is obtained from Internet and various publicly available sources.

i) Procedures adopted in carrying out the valuation and valuation standards followed

It should be understood that the valuation of any company/business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of company. Further, the valuation fluctuates with lapse of time because of change in market condition, financial prospects and other factor which generally influence the valuation of companies and their assets.

The following are commonly used and accepted methods for determining the value of the equity shares of the company / business.

1. Market Approach

- a. Market Price Method
- b. Comparable Companies Quoted Multiples Method
- c. Comparable Companies Transaction Multiples Method

2. Income Approach- Discounted Cash Flows Method

3. Asset Approach – Net Asset Value Method.

1. Market Approach

a. Market Price Method:

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as proper index of the fair value of the share, especially where

the market values are fluctuating in a volatile capital market. Further in the case of an amalgamation, where there is a question of evaluating shares of one Company against those of another, the volume of transactions and the number of shares available on the trading of stock exchange over a reasonable period would have to be of comparable standard.

Kinetic Engineering Limited have equity share listed in recognized stock exchange in India. Shares of company are frequently traded, hence Market Price Method has been adopted for the valuation.

b. Comparable Companies Quoted Multiples Method:

Under this method, value of the equity shares of a Company is arrived at by using multiples derived from valuations of comparable companies as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

There is no such listed comparable company having similar structure / business / size and the company is going concern basis. Hence comparable companies quoted multiples method has not been adopted for valuation.

c. Comparable Companies' Transaction Multiple ('CCM') Method:

Under this Method, value of the equity shares of the Company / business is arrived at by using multiples derived from valuations in comparable Companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

There are certain listed companies in India, which involved in Manufacture of Motor Vehicles & two wheelers. Since Kinetic Engineering Limited is listed company & market price is available, we have not adopted the CCM approach for the purpose of the valuation.

2. Income Approach – Discounted Cash Flow Method

Under the DCF method, the projected free cash flows to the business are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

- Estimating future free cash flows:-

Free cash flows are the cash flows expected to be generated by the Company that are available to the providers of the Company's capital and debt.

- Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital :-

This discount rate which is applied to the free cash flows to the firm, Should reflect the opportunity cost to the debt providers and equity capital providers. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of the DCF valuation, the free cash flow forecasts are based on Financial Projections as provided by the Management. While carrying out this engagement, we have relied extensively on historical information made available to us by the management and the financial projections for future related information. We did not carry out any validation procedure or due diligence with respect to the information provided /extracted to carry out any verification of the assets or comment on the achievability of the assumptions underlying the financial projections, save for satisfying ourselves to the extent possible that they are consistent with the other information provided to us in the course of the engagement.

Management of M/s Kinetic Engineering Limited has provided Projected Cash flows, therefore DCF method under the Income Approach has also been adopted.

3. Asset approach- Net Asset Value (NAV) Method:

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

This valuation approach is mainly used in case where the firm is to be on "As is" basis. The company is going concern, hence this approach is not adopted.

j) Restrictions on use of the report, if any:

The report can be used only for the purpose mentioned above by the intended User (Company).

k) Major factors that were taken into account during the valuation**A) Valuation of share as per Market Price method:**

Date	Open Price	High Price	Low Price	Close Price	W AP	No of Shares	No. of Trades	Total Turnover (Rs.)
12-07-23	124.20	124.20	121.55	124.20	124.14	84548	345	10495844
11-07-23	118.20	118.30	113.00	118.30	117.43	39613	287	4651820
10-07-23	113.60	114.00	110.00	112.70	112.70	8336	143	939476
07-07-23	114.75	114.75	108.30	110.65	110.92	10358	140	1148876
06-07-23	115.00	115.00	113.00	113.10	113.65	6274	118	713027
05-07-23	120.00	120.00	112.00	113.35	113.41	8503	112	964356
04-07-23	122.65	122.65	111.50	117.55	116.82	11103	161	1297037
03-07-23	112.80	116.90	112.80	116.90	116.17	15465	132	1796556
30-06-23	110.50	112.00	108.10	111.35	110.15	10976	94	1209001
28-06-23	114.00	115.00	109.00	110.50	111.81	6294	139	703735
27-06-23	112.00	114.00	108.75	112.30	110.79	9769	134	1082319
26-06-23	112.50	112.50	107.50	110.50	109.43	5227	124	572000
23-06-23	111.00	111.00	107.10	108.35	108.19	11262	105	1218463
22-06-23	112.00	112.00	107.00	107.35	109.24	9291	123	1014923
21-06-23	111.70	112.50	107.30	109.05	110.07	8091	102	890603
20-06-23	112.10	114.90	108.00	109.65	110.64	9912	149	1096700
19-06-23	110.00	113.00	110.00	112.20	111.55	4974	87	554826
16-06-23	115.45	116.15	109.70	110.95	110.81	26723	216	2961179
15-06-23	117.00	120.00	114.20	115.45	116.89	21104	186	2466918
14-06-23	107.55	114.65	105.30	114.65	113.10	16060	153	1816460
13-06-23	115.70	115.70	108.35	109.20	110.20	27123	420	2988918
12-06-23	119.00	119.00	112.10	114.00	113.71	29761	291	3384244
09-06-23	125.00	125.00	118.00	118.00	119.30	44426	402	5299962
08-06-23	122.95	124.95	122.00	124.20	124.44	85547	709	10645580
07-06-23	116.80	119.00	115.00	119.00	118.58	77140	577	9147614
06-06-23	114.00	118.60	108.35	113.35	113.06	26306	231	2974230
05-06-23	113.40	113.95	109.30	113.95	113.09	46526	330	5261444
02-06-23	106.00	108.55	104.00	108.55	107.93	24305	166	2623230
01-06-23	101.20	105.15	98.15	103.40	103.33	30761	296	3178496
31-05-23	104.12	104.12	97.00	101.19	100.46	45674	461	4588502
30-05-23	94.45	99.17	94.05	99.17	97.72	41279	224	4033720
29-05-23	93.00	94.45	86.35	94.45	93.18	21037	116	1960239
26-05-23	90.00	91.00	89.55	89.96	90.12	5340	74	481227
25-05-23	89.26	91.00	89.26	90.18	90.10	5654	82	509409
24-05-23	89.26	91.48	89.26	89.83	89.93	5765	86	518435
23-05-23	89.26	92.45	89.26	89.74	90.34	7566	124	683518
22-05-23	89.26	91.89	89.26	90.06	90.11	4208	94	379184
19-05-23	89.96	92.40	88.85	89.89	90.32	10173	156	918868
18-05-23	90.95	93.00	89.50	89.90	91.09	11533	162	1050564

17-05-23	92.91	94.00	90.05	90.66	91.19	6170	134	562673
16-05-23	94.29	95.00	91.35	92.91	92.48	6532	116	604082
15-05-23	92.00	96.30	91.90	92.00	92.42	10351	118	956640
12-05-23	91.96	93.98	91.95	93.30	92.94	3335	60	309962
11-05-23	91.05	94.00	91.05	92.86	92.97	1950	46	181299
10-05-23	94.57	94.57	92.00	92.66	93.51	2140	65	200108
09-05-23	93.00	94.00	92.10	92.57	93.04	1465	37	136309
08-05-23	94.45	94.45	90.96	93.32	92.24	5717	75	527358
05-05-23	92.00	93.00	90.00	92.63	91.67	3544	90	324870
04-05-23	91.90	93.38	91.40	92.07	92.46	5561	60	514148
03-05-23	95.00	95.49	91.00	92.80	92.84	8974	110	833115
02-05-23	95.55	95.99	93.50	93.85	94.70	3019	66	285904
28-04-23	92.01	94.00	91.00	93.68	92.56	4838	86	447799
27-04-23	91.43	94.47	91.13	92.91	92.24	1235	35	113916
26-04-23	92.20	95.90	90.86	91.43	92.14	5315	74	489746
25-04-23	92.50	94.70	92.40	94.00	93.38	3482	28	325136
24-04-23	91.95	95.25	91.95	94.89	93.67	4315	33	404168
21-04-23	94.00	95.00	93.00	93.45	94.44	2858	31	269915
20-04-23	91.05	95.00	91.05	94.29	93.55	1375	34	128638
19-04-23	93.00	93.00	90.55	92.23	91.41	9239	104	844523
18-04-23	95.00	95.00	91.45	92.44	92.78	2941	63	272871
17-04-23	92.00	96.00	92.00	93.22	93.95	6530	94	613505
13-04-23	94.62	94.64	91.50	92.07	92.20	4098	72	377840
12-04-23	94.00	94.92	92.01	93.04	92.86	2918	59	270962
11-04-23	98.20	98.20	93.55	93.91	94.75	8243	103	781044
10-04-23	98.25	99.00	95.00	97.40	97.90	4041	59	395608
06-04-23	100.99	100.99	93.20	95.93	96.81	6061	78	586764
05-04-23	94.50	99.15	94.50	97.55	98.51	20994	111	2068093
03-04-23	89.21	94.50	89.21	94.43	93.40	6714	75	627119
31-03-23	90.85	93.64	88.01	90.11	92.64	17330	59	1605530
29-03-23	89.00	90.00	86.01	89.20	88.64	4494	60	398337
28-03-23	89.39	90.39	88.00	88.35	88.73	2843	67	252263
27-03-23	91.05	94.87	88.55	89.39	90.29	97866	109	8836337
24-03-23	95.70	97.25	89.00	92.87	94.89	91352	129	8668198
23-03-23	90.00	93.07	88.50	92.98	89.46	55985	131	5008472
22-03-23	88.00	92.39	88.00	88.64	89.01	8960	67	797571
21-03-23	91.90	93.95	88.00	89.33	90.86	8246	77	749242
20-03-23	90.90	91.90	89.60	90.90	90.44	1931	63	174645
17-03-23	89.30	92.00	89.05	91.01	89.73	4014	51	360177
16-03-23	90.75	90.89	88.50	90.14	89.61	4363	81	390951
15-03-23	93.75	94.25	89.70	90.57	91.08	18346	120	1670992
14-03-23	93.00	95.50	91.21	91.72	93.04	9699	104	902354
13-03-23	98.75	98.75	93.00	93.08	95.74	7718	122	738926
10-03-23	91.57	97.84	91.57	96.81	96.59	26570	127	2566353
09-03-23	92.40	95.00	92.40	93.19	93.44	5713	94	533809
08-03-23	97.00	97.00	91.70	93.14	92.94	17106	194	1589916
06-03-23	99.45	99.45	94.31	96.00	96.13	5257	113	505370
03-03-23	94.40	97.80	93.12	96.72	96.10	2748	63	264083

02-03-23	97.80	97.80	90.28	94.04	92.03	7654	166	704368
01-03-23	91.30	97.40	91.30	95.03	94.25	8402	90	791927
28-02-23	93.45	93.95	90.65	93.15	92.42	3351	106	309693

A. Calculation for 90 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 90 trading days	15,04,95,132
Sum total of No. of shares traded in last 90 trading days	14,37,910
Volume weighted average price (A)	104.66

B. Calculation for Last 10 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 10 trading days	2,39,19,728
Sum total of No. of shares traded in last 10 trading days	2,01,470
Volume weighted average price (A)	118.74

Higher of above (A) and (B)

118.74/-

B) Valuation of share as per Discounted Cash Flow (DCF) method:

Particulars	2023	2024	2025	2026
Sales	14,603	16,063	17,669	19,436
Other Op Income (Int)	265	265	265	232
COGS	12,076	13,364	14,789	16,365
Gross Margin	2,791	2,964	3,145	3,303
Overheads	1,000	1,100	1,250	1,400
EBIDTA	1,791	1,864	1,895	1,903
Depreciation	755	785	815	935
EBIT	1,036	1,079	1,080	968
Interest	608	592	494	402
PBT- Operations	428	487	586	566
Non-Operating Income - Net				
PBT	428	487	586	566
Tax				
PAT	428	487	586	566
Dividends				
Retained Earnings	428	487	586	566

Particulars / Financial Year	FYE	FYE	FYE	FYE
	2023	2024	2025	2026
EBITDA	1719	1864	1895	1903
Less: Working capital Changes	-626	-502	-1016	664
Less: Capex	-300	-300	-400	-800
Less: Tax	-	-	-	-
Free cash flows to the firm	773	1062	479	1767
Discounted Factor	0.89	0.79	0.70	0.62
Discounted Free Cash Flows	687	839	336	1,103

The Calculation of fair value as per DCF method is as Under :

Particulars	Amount
Cumulative Discounted Free Cash Flows	2,966
Terminal Value	24,732
Discounted Terminal Value	15,440
Total Enterprise Value	18,406
Less: Debts o/s	(6,760)
Less: Preference Share Capital	(1,964)
Less: Contingent Liabilities	(240)
Add: Cash and Cash Equivalents	78
Add: Fair Value Of Surplus Investment	551
Equity Value	10,070
No. of Equity Shares o/s	1,98,76,500
Fair Value as per Share	50.66

I) Conclusion;

The Present value of equity per share is **Rs. 118.74/-** as per as per Market Price method.

The Present value of equity per share is **Rs. 50.66/-** as per as per Discounted Cash Flow (DCF) method.

As per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 :

Sec 164. (1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 184[90 trading days] or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be **not less than higher of the following**:

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

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.

Articles of Association of Company are salient on method for Valuation.

Hence higher of two Valuation will be considered.

The services do not represent accounting, audit, and financial due diligence review, consulting, transfer pricing or domestic tax related services that may otherwise be provided by us. Hence no investment decision should made on this basis.

We did not have access to the detailed record pertaining to provisional Financial Statements are projected financial statement as per accounting standard requirement and hence have assumed the line item of profit and loss account and relied upon the net cash flows provided by the management. We solely relied on explanations and information provided by the management of the company and accepted the information provided to us as consistent and accurate on an "as in 'basis. Therefore, we assume no for the accuracy of the data.

Similarly, we have relied on the data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data .we have assumed that the business continues normally without any disruptions due to statutory or internal/external occurrences. We have also assumed that the transaction proceeds as envisaged without any delays or disruptions and is consummated immediately.

m) Declaration

We hereby declare that:

1. The information furnished in this report is true and correct to the best of our knowledge and belief.
2. We have no direct or indirect interest in the assets valued.
3. As, limited Information was provided to us for preparing the valuation report, No responsibility is accepted by us and / or its affiliates and / or its employees / officers for this report or for any direct or consequential loss/losses arising from any use of the information, statements in this Report.
4. The valuation report will remain valid only for the purpose for which it is made.
5. This report is strictly issued without any prejudice.
6. We reserve rights to change/ prepare the Valuation report if any additional information is made available to us by the promoters of the company.

Deshpande



Harshad S. Deshpande
Cost Accountants & Registered Valuer
Registration No. : IBBI/RV/05/2018/10310
Place: Pune
UDIN :

Date: 03/08/2023