

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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o)	Declaration

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 42,75,67,260. 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:

Sr. No	DIN/PAN	Name	Designation	Date of Appointment
1	328499	JAYASHREE ARUN FIRODIA	Director	27/10/2017
2	590469	ROHIT PRAKASH BAFANA	Director	30/05/2024
3	57324	ARUN HASTIMAL FIRODIA	Director	1/7/1987
4	41420	VENKATAIAH MADIPALLI	Director	10/2/2021
5	332204	AJINKYA ARUN FIRODIA	Managing Director	6/4/2009
6	49838	JINENDRA HIRACHAND MUNOT	Director	20/10/2020
7	10207503	DATTATRAY PARVATI NAVALE	Director	11/8/2023
8	3543151	ACHAL SHIRISH KOTECHA	Director	11/8/2023

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 11th July 2023 for the purpose of valuation.

We have considered the valuation date to be 31st May 2024 and the date of report to be, 31st May, 2024.

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 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	WAP	No.of Shares	No. of Trades	Total Turnover (Rs.)
31-May-24	173.1	178.9	168.2	173.95	172.2347298	23035	231	39,67,427
30-May-24	180.05	183.4	173	176.3	178.334851	22622	223	40,34,291
29-May-24	184	184	180	181.05	181.6554043	30041	122	54,57,110
28-May-24	182.2	183.25	179.95	182.65	181.615177	39639	178	71,99,044
27-May-24	185.5	187.6	176	179.85	181.6536327	36750	252	66,75,771
24-May-24	179.15	180	178.2	178.7	179.0069382	3315	52	5,93,408
23-May-24	181.25	182.45	178.4	179.15	180.3461504	11287	136	20,35,567
22-May-24	183.8	183.8	179.85	181.4	181.0095324	11120	92	20,12,826
21-May-24	183.05	183.15	178.6	179.65	180.9729076	9929	142	17,96,880
18-May-24	180.8	184.4	178.2	183.05	181.7097248	2725	34	4,95,159
17-May-24	183.05	184	179	179.75	181.1638633	7610	126	13,78,657
16-May-24	188	188	180.4	182.15	182.7779038	8816	109	16,11,370
15-May-24	185.5	185.7	180.2	183.85	183.8243622	21755	176	39,99,099
14-May-24	171.8	178	169.1	176.9	175.0029937	10021	155	17,53,705
13-May-24	177.3	177.3	166.1	171.8	170.305592	12965	208	22,08,012
10-May-24	173.95	177.4	166.85	174.15	173.8067858	25583	193	44,46,499
09-May-24	180.4	184.65	173.55	173.95	179.0421666	25589	204	45,81,510
08-May-24	183.95	184.9	180.95	182.65	183.0952231	6364	136	11,65,218
07-May-24	188	189.35	178.05	182.15	186.0997091	39535	231	73,57,452
06-May-24	191.1	193	184	185	187.4683636	13829	218	25,92,500
03-May-24	192.25	198	188.4	190.95	192.595415	41309	296	79,55,924
02-May-24	198	199.2	188.35	196.6	194.6920172	69124	512	1,34,57,891
30-Apr-24	195.95	195.95	185	193.1	191.9589342	128282	583	2,46,24,876
29-Apr-24	177.25	186.65	175.1	186.65	182.9900379	34531	239	63,18,829
26-Apr-24	188	188	175.1	177.8	182.7783023	31561	290	57,68,666
25-Apr-24	186.8	186.8	175.05	180.7	185.4631377	60509	386	1,12,22,189
24-Apr-24	177.95	177.95	177.95	177.95	177.9499655	11592	78	20,62,796
23-Apr-24	160	169.5	160	169.5	168.2954665	18970	90	31,92,565
22-Apr-24	158	163	158	161.45	160.872384	6833	81	10,99,241
19-Apr-24	158	162	153	160.25	159.3908914	4106	87	6,54,459
18-Apr-24	164	164.95	157.2	159.35	161.278114	15695	138	25,31,260
16-Apr-24	161	164.75	155	161.2	162.6225895	5082	70	8,26,448
15-Apr-24	163.4	165	159.55	160.2	161.5771511	13830	146	22,34,612
12-Apr-24	168	170	165	166.4	166.7710346	10661	106	17,77,946
10-Apr-24	167.9	174.4	164	168.4	169.4532374	12510	120	21,19,860
09-Apr-24	169	171.6	165	166.75	167.84289	9121	111	15,30,895
08-Apr-24	170	172	164.5	167.65	168.1730352	29520	160	49,64,468
05-Apr-24	164.95	168	161.3	167.9	163.2547505	28734	130	46,90,962
04-Apr-24	162.1	165.9	159.5	164.95	164.0307959	12112	102	19,86,741
03-Apr-24	164	166	160	162.1	162.5665447	13397	126	21,77,904
02-Apr-24	162.5	164.95	161.1	163.95	163.0566948	5803	86	9,46,218
01-Apr-24	159.6	164.2	157	162.6	160.6468037	8760	127	14,07,266
28-Mar-24	154.5	162.85	151	159.5	156.3356005	11174	182	17,46,894
27-Mar-24	163.8	164.75	156.75	157.65	158.8712538	23791	201	37,79,706
26-Mar-24	169.75	169.75	164.8	164.85	166.8075031	11995	99	20,00,856
22-Mar-24	170	171	163.15	165.25	166.3313579	7762	136	12,91,064

21-Mar-24	170	173.85	166.5	171.7	171.3714593	18570	177	31,82,368
20-Mar-24	167.2	167.2	161.55	166.3	165.5267948	27468	251	45,46,690
19-Mar-24	153.95	159.25	153.95	159.25	157.835401	13864	103	21,88,230
18-Mar-24	154.9	154.9	148.3	151.7	151.0669796	7883	91	11,90,861
15-Mar-24	152.55	157	146	151.85	150.5507929	18034	142	27,15,033

A. Calculation for 90 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 90 trading days	62,42,88,910
Sum total of No. of shares traded in last 90 trading days	34,90,361
Volume weighted average price (A)	178.86

B. Calculation for Last 10 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 10 trading days	3,42,67,483
Sum total of No. of shares traded in last 10 trading days	1,90,463
Volume weighted average price (A)	179.92

Higher of above (A) and (B)

179.92/-

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

Particulars	2025	2026	2027	2028
Sales	16,063	17,669	19,436	21,380
Other Op Income (Int)	265	265	232	255
COGS	13,364	14,789	16,365	18,002
Gross Margin	2,964	3,145	3,303	3,633
Overheads	1,100	1,250	1,400	1,540
EBIDTA	1,864	1,895	1,903	2,093
Depreciation	785	815	935	1,029
EBIT	1,079	1,080	968	1,065
Interest	592	494	402	442

PBT- Operations	487		566	623
		586		
Non-Operating Income - Net				
PBT	487		566	623
		586		
Tax				
PAT	487		566	623
		586		
Dividends				
Retained Earnings	487		566	623
		586		

Particulars / Financial Year	FYE	FYE	FYE	FYE
	2,025			
		2,026	2,027	2,028
EBITDA	1,864			
		1,895	1,903	1,922
Less: Working capital Changes	626	-502	1016	664
Less: Capex	-300	-300	-400	-800
Less: Tax				
Free cash flows to the firm	2190	1093	2519	1786
Discounted Factor	0.89	0.89	0.89	0.89
Discounted Free Cash Flows	1955	976	2249	1595

(Rs. In Lakhs)

Particulars	Amount
Cumulative Discounted Free Cash Flows	6,775
Terminal Value	
Discounted Terminal Value	11,390
Total Enterprise Value	18,166
Less: Debts o/s	-4,271
Less: Preference Share Capital	-2,060
Less: Contingent Liabilities	-222.26
Add: Cash and Cash Equivalents	29.79
Add: Fair Value Of Surplus Investment	1887.6
Equity Value	13,530
No. of Equity Shares o/s	22,161,500
Fair Value as per Share	61.05

I) Conclusion;

The Present value of equity per share is **Rs. 179.92/-** as per as per Market Price method.

The Present value of equity per share is **Rs. 61.05/-** 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

Date: 31/05/2024