

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 an issuance of the Fully Convertible Equity Share Warrants in compliance with the 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.

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 proposed issuance of the Fully Convertible Equity Share Warrants.

c) Background information of the asset being valued:

Kinetic Engineering Limited is registered at Registrar of Companies Pune on 08th October 1970. The Company is categorised as Company limited by Shares and Non-government Company. The company's Corporate Identification Number (CIN) is L35912MH1970PLC014819 and the Registration number is 014819. Its Email address is kelinvestors@kineticindia.com

The 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 411019 Maharashtra, India.

The main object of the company is involved in Manufacturing & Selling of Motor Vehicles & two wheelers.

All the information considers in report is as per the Ministry of Corporate Affairs (MCA) data & also from information provided by the company.

The following are the Directors of Kinetic Engineering Limited Details: -

DIN/PAN	Name	Designation	Begin date
00328499	JAYASHREE ARUN FIRODIA	Director	27/10/2017
00590469	ROHIT PRAKASH BAFANA	Director	30/05/2024
00057324	ARUN HASTIMAL FIRODIA	Director	1/7/1987
00041420	VENKATAIAH MADIPALLI	Director	10/2/2021
00332204	AJINKYA ARUN FIRODIA	Managing Director	6/4/2009
00049838	JINENDRA HIRACHAND MUNOT	Director	20/10/2020

10207503	DATTATRAY PARVATI NAVALE	Director	11/8/2023
03543151	ACHAL SHIRISH KOTECHA	Director	11/8/2023

d) Purpose of Valuation and Appointing Authority

Company intends to offer Fully Convertible Equity Share Warrants 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 21st January, 2025 for the purpose of valuation.

We have considered the valuation date and the date of report to be, 21st January, 2025 respectively.

h) 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.

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

The Sources of information includes,

- Share price information from stock exchanges BSE.
- Projection for next 5 years provided by the company.
- Details as per MCA master data as on valuation date and business profile provided by the company.
- Other Industry related information is obtained from Internet and various publicly available sources.

j) 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. Cost of debt is typically based on market rates.

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.

The management of M/s Kinetic Engineering Limited has provided projected Cash flows and financial information for each year and therefore adopted the DCF method under the Income Approach.

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 liquidated i.e. it does not meet the “going concern criteria” or in case where the assets base exceeds earnings capability.

Since the company is meeting the “going concern” criteria, Net Asset Value method has not been considered for valuation.

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

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

l) 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	Total Turnover (Rs.)
20-Jan-25	159.25	166.2	159.25	164.85	163.2035789	21068	34,38,373
17-Jan-25	163.4	163.4	157.15	159.05	159.315508	9537	15,19,392
16-Jan-25	158.1	163	158.1	161.9	160.814581	14416	23,18,303
15-Jan-25	155	158.75	154.5	157.1	155.9456063	10424	16,25,577
14-Jan-25	145.8	157	145.8	154.7	154.2717386	40550	62,55,719
13-Jan-25	152.85	154.95	143	147.3	147.8627891	23176	34,26,868
10-Jan-25	157.3	162.5	153	154.4	155.7816451	14078	21,93,094
09-Jan-25	161.35	164.25	159.15	159.9	160.3428478	6096	9,77,450
08-Jan-25	161.2	166.95	159.85	161.35	161.6178131	8679	14,02,681
07-Jan-25	161.4	169	161.4	165.65	165.388551	11180	18,49,044
06-Jan-25	173.75	173.75	161.55	162.25	165.0028771	18074	29,82,262
03-Jan-25	171.45	175.7	169	172.65	173.0942698	34030	58,90,398

02-Jan-25	164	172.9	162.9	168.6	168.7549611	22727	38,35,294
01-Jan-25	164.5	166.45	160.15	162.9	162.3337273	12693	20,60,502
31-Dec-24	168.25	168.25	161	164.5	163.5150029	8765	14,33,209
30-Dec-24	160	169.5	160	164.45	165.9697114	52528	87,18,057
27-Dec-24	159.9	160.3	155.65	156.65	157.4727025	9543	15,02,762
26-Dec-24	160.15	161.65	156.1	158.55	158.7222747	8476	13,45,330
24-Dec-24	161.7	161.7	156.8	157.1	158.5829787	3055	4,84,471
23-Dec-24	159.7	161.8	155.1	159.2	157.644521	8414	13,26,421
20-Dec-24	163.25	163.25	153.1	155.05	156.6633399	14629	22,91,828
19-Dec-24	161.5	163.35	158.05	160.25	161.199827	16189	26,09,664
18-Dec-24	169.3	169.3	160	161.95	164.2675735	14923	24,51,365
17-Dec-24	166.1	172	165	166.2	167.2122449	10780	18,02,548
16-Dec-24	168	171.7	166.25	168.9	169.5446323	9287	15,74,561
13-Dec-24	164.55	170	163.1	165.65	164.9988821	10734	17,71,098
12-Dec-24	166.95	170.65	165.05	168.2	168.3496986	18250	30,72,382
11-Dec-24	166	168	163	164.65	165.3874912	8506	14,06,786
10-Dec-24	169	169.85	163.55	165.25	165.6894932	5111	8,46,839
09-Dec-24	170	170	160.25	165.5	166.7346586	35867	59,80,272
06-Dec-24	168.05	172	166.25	167.95	169.1639976	22043	37,28,882
05-Dec-24	171.35	175	167	167.85	170.0653431	33546	57,05,012
04-Dec-24	176.2	179.7	163.1	167.95	169.928781	62385	106,01,007
03-Dec-24	161.8	181.5	161.8	176.2	170.8337753	128964	220,31,407
02-Dec-24	161.55	162.4	159	159.65	160.7035219	22204	35,68,261
29-Nov-24	160.1	162.3	160	161.55	160.2094403	35910	57,53,121
28-Nov-24	162.05	165	157	158.8	160.6046115	14659	23,54,303
27-Nov-24	156.25	161.8	155	160.15	159.4836043	7258	11,57,532
26-Nov-24	164.7	164.7	156.2	157.3	158.6511988	2586	4,10,272
25-Nov-24	163.3	167.9	150.25	157.75	158.2044603	10672	16,88,358
22-Nov-24	162.9	162.9	160	160.05	160.3898372	2519	4,04,022
21-Nov-24	155	166.8	152.1	161.95	161.0181103	14743	23,73,890
19-Nov-24	151	158	151	155.45	155.8369169	18371	28,62,880
18-Nov-24	157.4	157.4	149	152.55	151.9517511	12021	18,26,612
14-Nov-24	153	156.8	152	153.75	154.5837403	10443	16,14,318
13-Nov-24	163.2	164.95	150.85	151.55	153.2745709	45857	70,28,712
12-Nov-24	166	169.75	161.2	163.2	164.7997918	6723	11,07,949
11-Nov-24	170.95	170.95	165.15	165.95	167.2549077	3413	5,70,841
08-Nov-24	167.55	172	165	167.6	167.761287	9790	16,42,383
07-Nov-24	169	169.95	165	167.55	167.2804134	12289	20,55,709
06-Nov-24	169	171.3	168.7	170.85	170.3170224	5763	9,81,537
05-Nov-24	164.05	169.3	164	168.15	167.112114	4210	7,03,542
04-Nov-24	171.5	171.7	164	164.6	166.1870335	7234	12,02,197
01-Nov-24	174.95	174.95	167.3	169.4	170.6374568	7235	12,34,562
31-Oct-24	164.9	174.9	164.9	170.15	167.2648319	13771	23,03,404
30-Oct-24	162.05	168.5	162.05	164.8	163.9764306	10310	16,90,597
29-Oct-24	160.7	167.45	160.7	165.35	164.1598881	5360	8,79,897

28-Oct-24	155.65	168.8	155.65	164.3	163.8730335	23455	38,43,642
25-Oct-24	162	163	152.4	155.6	155.1093911	35981	55,80,991
24-Oct-24	166.1	170	156	160.15	161.9123053	24209	39,19,735
23-Oct-24	171.35	172.7	166.4	167.75	169.953524	10457	17,77,204
22-Oct-24	167.4	174.5	166	167.05	169.9511924	13502	22,94,681
21-Oct-24	182	182	167.05	171.8	173.0456271	16065	27,79,978
18-Oct-24	185.8	185.8	175	176.8	179.0176996	18136	32,46,665
17-Oct-24	189.9	190	181	182.2	184.652757	42872	79,16,433
16-Oct-24	175.8	192	175.05	186.65	186.0513436	89982	167,41,272
15-Oct-24	166.5	179.8	166.5	174.6	172.0242174	31754	54,62,457
14-Oct-24	170.35	171.45	166.65	168.55	169.0504046	11368	19,21,765
11-Oct-24	173.95	173.95	165.85	166.65	167.6750724	20026	33,57,861
10-Oct-24	169	173.5	165	169.65	169.1720702	23688	40,07,348
09-Oct-24	169.15	174.8	168.65	170.95	171.1322421	10080	17,25,013
08-Oct-24	186.25	186.25	155	169.15	166.4288648	25810	42,95,529
07-Oct-24	170	171.95	152.45	155.7	157.1410037	66133	103,92,206
04-Oct-24	171	173.3	166.05	169.35	169.9044474	28466	48,36,500
03-Oct-24	169.65	175	169.65	171.05	171.7587935	10377	17,82,341
01-Oct-24	176	179.5	173.05	175.6	175.5796304	15258	26,78,994
30-Sep-24	179.4	183	174	175.85	178.2573015	28453	50,71,955
27-Sep-24	182.95	182.95	175.15	177.45	178.7512301	13820	24,70,342
26-Sep-24	177.15	187	176.05	181.05	182.1563512	55887	101,80,172
25-Sep-24	182.85	182.85	175.3	180.95	179.4903348	17951	32,22,031
24-Sep-24	182.7	183	179	179.85	180.8635932	13687	24,75,480
23-Sep-24	180	182	178.25	179.55	179.7464523	22832	41,03,971
20-Sep-24	177	181.9	176.2	178.2	179.2151445	9482	16,99,318
19-Sep-24	186.95	186.95	176.55	178.55	179.2318269	16219	29,06,961
18-Sep-24	186.1	189.3	180.1	183.8	184.5504574	14210	26,22,462
17-Sep-24	187.95	188	184.3	187.55	186.3250058	17172	31,99,573
16-Sep-24	191.85	194.6	184.05	185.15	188.3088143	67186	126,51,716
13-Sep-24	189.85	189.85	185.1	188.5	187.4452845	20104	37,68,400
12-Sep-24	185.25	187.7	183	185.2	185.0691472	18034	33,37,537
11-Sep-24	190	190.05	183.05	185.25	186.097489	28475	52,99,126

I) Calculation for 90 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 90 trading days	31,74,43,416
Sum total of No. of shares traded in last 90 trading days	18,73,195
Volume weighted average price (A)	169.47

II) Calculation for Last 10 Trading days

Particulars	Amount in INR
Sum total of total turnover of last 10 trading days	2,50,06,501
Sum total of No. of shares traded in last 10 trading days	1,59,204
Volume weighted average price (A)	157.07

Higher of above (A) and (B)

169.47/-

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

(‘Rs in Lakhs’)

Particulars	2025	2026	2027	2028
Sales	16,063	17,669	19,436	21,380
Other Operating Income	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	586	566	623
Non-Operating Income - Net				
PBT	487	586	566	623
Tax	-	-	-	-
PAT	487	586	566	623
Dividends	-	-	-	-
Retained Earnings	487	586	566	623

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	0.80	0.71	0.64
Discounted Free Cash Flows	1955	871	1793	1,135

B) Valuation of Shares:

(Rs. In Lakhs)

Particulars	Amount
Cumulative Discounted Free Cash Flows	5,755.00
Terminal Value	
Discounted Terminal Value	8,108.00
Total Enterprise Value	13,862.00
Less: Debts o/s	(4,271.00)
Less: Preference Share Capital	(2,060.00)
Less: Contingent Liabilities	(222.26)
Add: Cash and Cash Equivalentents	29.79
Add: Fair Value Of Surplus Investment	1,887.60
Total Equity Value	9,226.13
No. of Equity Shares o/s	22161500
Fair Value as per Share	41.63

m) Conclusion;

The Present value of equity per share warrant is Rs. 169.47/- as per Market Price method.

The Present value of equity per share warrant is Rs. 41.63/- 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.

n) Caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.

This Valuation Report is formulated by CMA Harshad S. Deshpande. The purpose of this Report is to identify the Valuation of Shares. The provision of valuation recommendations and consideration of the issue described herein are the area of our regular corporate advisory practice. 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 be made on this basis.

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.

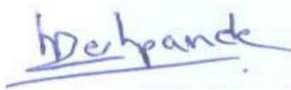
The responsibility for forecasts and the assumptions on which they are based is solely that of the management of the company and we provide no confirmation or assurance on the achievability of these professional financials. It must be emphasized that profit forecasts necessarily depend upon the subjective judgement. They are to greater or lesser extent, according to the nature of the business and period the covered by the forecasts, subject to substantial inherent uncertainties, in consequences, they are not capable of audited or substantiated in the same way as financial statements, which present the results of completed periods.

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.

o) 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 the information required by us is made available to us by the promoters of the company.



Harshad S. Deshpande

Cost Accountants & Registered Valuer

Registration No.: IBBI/RV/05/2018/10310

Place: Pune

Date: 21/01/2025

UDIN: 2525054ZZMVQ0MF618