

# VALUATION REPORT

on

Fair Value of Equity Shares

**Tirupati Tyres Ltd**

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## Valuation Analysis

We refer to our Engagement Letter dated 13<sup>th</sup> September 2022 as independent valuers of **Tirupati Tyres Ltd** (the “Company”). In the following paragraphs, we have summarized our valuation Analysis (the “Analysis”) of the business of the Company as informed by the management and detailed herein, together with the description of the methodologies used and limitation on our scope of work.

### 1 Context and Purpose

Based on discussion with the management, we understand that the Company is evaluating the possibility of **Fair Value of Equity shares under as per regulation 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**. In the context of the proposed transaction, the management requires our assistance in determining the **Fair Value of Equity shares** of the Company.

#### Proposed Transaction:

During the Financial Year 2022-23, Company is evaluating the possibility of issuing further securities to prospective investors. In this context, the management of **Tirupati Tyres Ltd** (the “Management”) has requested us to estimate the fair value of the Equity Shares. - “Proposed Transaction”.

### 2 Conditions and major assumptions

#### Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed or compiled the financial statements and express no assurance on them.

Readers of this report should be aware that a business valuation is based on future earnings potential that may or may not be materialised

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or

the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to require to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

#### **Assumptions**

The opinion of value given in this report is based on information provided by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company.

We have been informed by the management that there are no significant lawsuits or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.



### 3 Background of the Company

Tirupati Tyres is engaged Trading in Tyres and allied products

Further data of the company is as under:

CIN	L25111MH1988PLC285197
Company / LLP Name	TIRUPATI TYRES LTD
ROC Code	RoC-Mumbai
Registration Number	285197
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	50000000.00
Paid up Capital (Rs)	34435000.00
Number of Members (Applicable in case of company without Share Capital)	0
Date of Incorporation	03/05/1988
Registered Address	B1/D, Utkarsh Co-op Housing Society, M.A. Road, Andheri West Mumbai Mumbai City MH 400058 IN
Email Id	tirupatityres1988@gmail.com
Whether listed or not	Listed
Date of last AGM	30/09/2021
Date of Balance Sheet	31/03/2021

#### Shareholding Details

Particulars	No. of Shares	% Holdings
<b>Public Shareholding</b>		
Bodies Corporate	8,98,740	26.10%
Artlink Vintrade Limited	2,04,900	5.95%
Dulcet Advisory	1,70,000	4.94%
Sandarv Trading Private Limited	1,50,000	4.36%
Indrawati Enterprises Private Limited	1,50,000	4.36%
Taru Pallav Projects Private Limited	81,600	2.37%
HUF	79,183	2.30%
Gretex Share Broking Private Limited	75,969	2.21%
Hasit Dinkerroy Amin	47,956	1.39%
Somesh Shivraj Chounde	38,519	1.12%
Non-Resident Indian (Nri)	23,312	0.68%
Clearing Members	12,614	0.37%
Others	15,10,707	43.87%
<b>Total</b>	<b>34,43,500</b>	<b>100.00%</b>

Face Value Per Share is Rs. 10.00/-

#### Directors and Key Managerial Persons

DIN/PAN	Name	Begin date	Designation
AKXPP0016A	Nikita Hardik Parekh	30/08/2018	CFO(KMP)
0006800141	Nikita Hardik Parekh	30/08/2018	Managing Director
0007899665	Apeksha Manoj Jadhav	30/08/2018	Director
0008103078	Vishal Jagannath Sonawane	30/08/2018	Director
0008198477	Vijayshree Krishnat Desai	05/01/2022	Additional Director

#### 4 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

#### 5 Valuation Date

The Analysis of the Fair Value of Equity share of Tirupati Tyres Ltd as on 14<sup>th</sup> September 2022.

#### 6 Valuation Standards

The Report has been prepared in compliance with the internationally accepted valuation standards and valuation standard adopted by ICAI Registered Valuers Organisation.

#### 7 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated



- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

### 1. Asset Approach

#### Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

### 2. Market Approach

#### Comparable Company Market Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early stage company and different business model the problem aggravates further.

#### Comparable Transactions Multiple Method

This approach is somewhat similar to the market multiples approach except that the sales and EBITDA multiples of reported transactions in the same industry in the recent past are applied to the sales and EBITDA of the business being valued.

### 3. Income Approach

#### Discounted Cash Flows - "DCF"

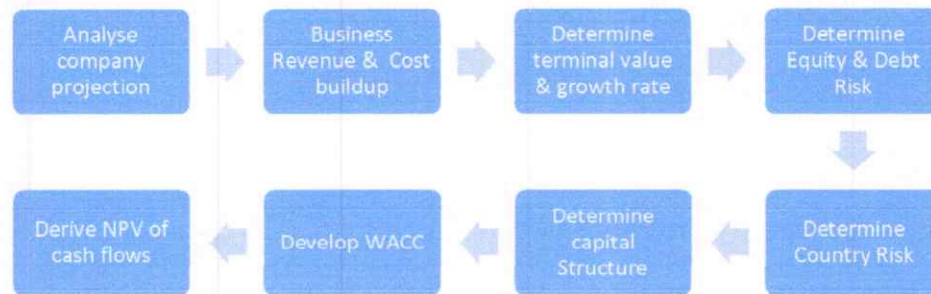
DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a

discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows



**Valuation Methodology**

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.

In this case, the Company being a listed Company, we have considered valuation regulations applicable to preferential issue of Equity Shares as defined in Securities and Exchange Board of India (Issue of Capital & Disclosure) Regulations, 2018, the requirements of the Articles of Association of the Company and the provisions of the Companies (Share Capital and Debentures) Rules, 2014 (as amended).

SEBI Regulations for requirement of Valuation:

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED**

The relevant Regulations under SEBI (ICDR) are reproduced as under:

***Regulation 164(1) - Pricing of frequently traded shares***

*If the equity shares of the issuer have been listed on a recognised 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:*

- the 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
- 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*

....



**Regulation 166A (1): Other conditions for pricing**

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

*Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.*

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

....

**Regulation 161:** "relevant date" means: a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

.....

*Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.*

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

## 8 Source of Information

The Analysis is based on trading prices and volumes as available in the public domain. Specifically, the sources of information include:

- Historical Data of Trading Price and Volume traded of the stock on Bombay Stock Exchange

Further, we have also been informed by the Company that

1. The Equity Shares of the Company are listed on the Bombay Stock Exchange.
2. The Equity Shares are frequently traded on the Bombay Stock Exchange and meet the definition of Frequently traded shares as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
3. The Company is proposing to hold Extra-Ordinary General Meeting of Members on 17<sup>th</sup> October 2022 to approve the proposed preferential issue and hence, the relevant date is 16<sup>th</sup> September 2022.
4. The present issue of Equity Shares shall not result in change in control of the Company.

## 9 Caveats

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

We have relied on data from Recognized Stock Exchange. This source is considered to be reliable and therefore, we assume no liability for the accuracy of the data.

The valuation worksheets prepared for the exercise are proprietary to the Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically Stated in this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

Our Report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues.

Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities. This report does not in any manner address, opine on or recommend the prices at which the securities of the Company could or should transact.

## 10 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Tirupati Tyres Ltd.** It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared according to the terms of SEBI ICDR Regulation, 2018.

## 11 Opinion on Fair Value of Equity Shares

Based on our valuation exercise Fair Value of the Equity Shares is as under:


Method		in INR
As per Regulation 164 SEBI, ICDR	A	24.92
Price determined under the valuation report from the independent registered valuer	B	10.01
Higher of A & B	C	24.92

### Control Premium

The present issue of Equity Shares shall not result in change in control of the Company. Hence guidance on control premium is not considered under Regulation 166A.

We trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully

  
Bhavesh M Rathod  
Chartered Accountants  
M No: 119158  
Registered Valuer - Securities or Financial Assets  
(Reg No: IBBI/RV/06/2019/10708)



Date: 19/09/2022

Place: Mumbai

UDIN: 22119158 ATAVCO4401



## 12 Annexure 1

As per Regulation 164 SEBI, ICDR

Method		in INR
90 trading days' volume weighted average price (*)	A	17.10
10 trading days' volume weighted average price (*)	B	24.92
Higher of A & B	C	24.92

Volume Weighted Average Price for 90 trading Days

Sr. No.	Date	No. of Shares Traded	Total Turnover Traded (Rs.)
1	15-Sep-22	58,741	14,39,801
2	14-Sep-22	80,179	17,87,847
3	13-Sep-22	53,061	11,84,736
4	12-Sep-22	72,971	17,61,363
5	09-Sep-22	2,85,689	73,71,978
6	08-Sep-22	6,24,429	1,58,62,859
7	07-Sep-22	8,056	1,97,372
8	06-Sep-22	18,296	4,27,211
9	05-Sep-22	14,841	3,30,212
10	02-Sep-22	16,000	3,39,200
11	01-Sep-22	30,638	6,18,887
12	30-Aug-22	38,148	7,34,349
13	29-Aug-22	58,106	10,19,658
14	26-Aug-22	16,751	2,88,919
15	25-Aug-22	64,056	11,06,241
16	24-Aug-22	2,86,133	48,58,649
17	23-Aug-22	20,630	3,26,416
18	22-Aug-22	6,053	93,671
19	19-Aug-22	26,918	4,35,320
20	18-Aug-22	75,271	12,99,712
21	17-Aug-22	61,323	10,89,878
22	16-Aug-22	3,63,320	61,67,956
23	12-Aug-22	28,131	4,51,543
24	11-Aug-22	14,789	2,27,516
25	10-Aug-22	13,024	1,89,943
26	08-Aug-22	39,312	5,39,982
27	05-Aug-22	17,959	2,44,386
28	04-Aug-22	22,664	3,23,257
29	03-Aug-22	65,542	9,45,430
30	02-Aug-22	12,936	1,85,631

31	01-Aug-22	45,006	6,79,590
32	29-Jul-22	7,044	1,11,647
33	28-Jul-22	64,853	10,83,938
34	27-Jul-22	3,50,531	64,03,889
35	26-Jul-22	42,242	7,70,570
36	25-Jul-22	4,48,529	77,05,036
37	22-Jul-22	19,703	3,26,478
38	21-Jul-22	11,702	1,84,774
39	20-Jul-22	2,25,922	33,98,577
40	19-Jul-22	98,945	14,19,515
41	18-Jul-22	39,068	5,10,942
42	15-Jul-22	1,23,619	17,25,479
43	14-Jul-22	6,550	89,014
44	13-Jul-22	7,275	94,211
45	12-Jul-22	2,087	25,753
46	11-Jul-22	10,900	1,27,408
47	08-Jul-22	8,591	96,219
48	07-Jul-22	72,000	7,63,306
49	06-Jul-22	44,012	4,47,429
50	05-Jul-22	8,721	88,055
51	04-Jul-22	24,993	2,50,824
52	01-Jul-22	63,666	6,41,550
53	30-Jun-22	20,024	2,00,240
54	29-Jun-22	11,355	1,08,213
55	28-Jun-22	4,017	36,474
56	27-Jun-22	13,134	1,13,182
57	24-Jun-22	8,181	67,379
58	23-Jun-22	8,874	66,605
59	22-Jun-22	18,174	1,36,018
60	21-Jun-22	23,781	1,75,222
61	20-Jun-22	15,555	1,15,783
62	13-Jun-22	33,500	2,32,897
63	06-Jun-22	11,201	78,149
64	30-May-22	29,294	2,14,139
65	23-May-22	101	776
66	25-Apr-22	14,071	1,17,141
67	20-Apr-22	11,068	94,188
68	19-Apr-22	22,299	1,80,557
69	18-Apr-22	29,446	2,25,623
70	13-Apr-22	35,144	2,54,715
71	12-Apr-22	22,573	1,58,327
72	11-Apr-22	27,435	1,89,469
73	08-Apr-22	29,804	1,95,223
74	07-Apr-22	18,952	1,22,260
75	06-Apr-22	18,663	1,14,747
76	05-Apr-22	16,618	97,524



77	04-Apr-22	20,577	1,14,965
78	01-Apr-22	13,552	73,177
79	31-Mar-22	18,176	96,483
80	30-Mar-22	20,606	1,03,052
81	29-Mar-22	11,753	58,177
82	28-Mar-22	8,893	46,332
83	25-Mar-22	1,116	6,115
84	24-Mar-22	4,469	25,741
85	23-Mar-22	8,206	49,728
86	22-Mar-22	9,850	63,237
87	21-Mar-22	37,175	2,49,654
88	17-Mar-22	17,587	1,10,372
89	16-Mar-22	22,156	1,34,215
90	15-Mar-22	12,830	73,498
<b>Total</b>		<b>48,70,136</b>	<b>8,32,93,724</b>

<b>Total Turnover</b>	<b>8,32,93,724.00</b>
<b>Total No. of Shares traded</b>	<b>48,70,136</b>
<b>Volume Weighted Average Price for 90 trading Days</b>	<b>17.10</b>

**Volume Weighted Average Price for 10 trading Days**

Sr. No.	Date	No. of Shares Traded	Total Turnover Traded (Rs.)
1	15-Sep-22	58,741	14,39,801
2	14-Sep-22	80,179	17,87,847
3	13-Sep-22	53,061	11,84,736
4	12-Sep-22	72,971	17,61,363
5	09-Sep-22	2,85,689	73,71,978
6	08-Sep-22	6,24,429	1,58,62,859
7	07-Sep-22	8,056	1,97,372
8	06-Sep-22	18,296	4,27,211
9	05-Sep-22	14,841	3,30,212
10	02-Sep-22	16,000	3,39,200
		<b>12,32,263</b>	<b>3,07,02,579</b>

<b>Total Turnover</b>	<b>3,07,02,579.00</b>
<b>Total No. of Shares traded</b>	<b>12,32,263.00</b>
<b>Volume Weighted Average Price for 10 trading Days</b>	<b>24.92</b>



## 13 Annexure 2

Method	Value per share	Weight	Product
NAV Method	3.51	1	3.51
CCM Method	13.25	2	26.51
PECV Method (*)	NA	0	0.00
<b>Weight Average Value per share</b>			<b>10.01</b>

(\*) As Net Profit after Tax in 2 financial years out of 3 financial years are negative, PECV Method is not considered

### NAV Method as on 31<sup>st</sup> March 2022

(In INR)

Particulars		Book Value
<b>Assets</b>		
<b>Current Assets</b>		
Trade receivables		123.05
Cash and cash equivalents		3.26
<b>Total Assets</b>	<b>A</b>	<b>126.32</b>
<b>Current liabilities</b>		
Other current liabilities		5.48
<b>Total Liabilities</b>	<b>B</b>	<b>5.48</b>
<b>Net Worth</b>	<b>A - B</b>	<b>120.83</b>
No. of Equity Shares	<b>C</b>	34,43,500
<b>Value Per Share</b>	<b>(A - B) / C</b>	<b>3.51</b>

## Comparable Company Method (CCM)

(INR Lakhs)

Particulars	Amount
PAT as on 30 <sup>th</sup> June 2022 (TTM)	18.18
P/E Ratio of Peer Companies (Refer Note 1)	25.10
Fair Value of Equity	456.39
No. of Shares	34,43,500
Fair Value per share	13.25

## Note 1: -

## P/E Multiple of Listed Peer Company

Particulars	P/E Ratio
Balkrishna Industries Ltd.	28.77
TVS Srichakra Ltd.	28.15
Goodyear India Ltd.	19.85
PTL Enterprises Ltd.	13.33
Krypton Industries Ltd.	35.41
<b>Average</b>	<b>25.10</b>