REMSONS INDUSTRIES LIMITED

As on 28th February, 2025

Recommendation for Fair Value of Equity Shares
Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (‘SEBI ICDR Regulations)’

Prepared By:
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Nikhil P Chandak
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STRICTLY PRIVATE & CONFIDENTIAL

30/04/2025

To,

The Board of Directors

Remsons Industries Ltd.

401, 4th Floor, Gladdiola Hanuman Road,

Vile Parle East, Mumbai,

Maharashtra, India - 400057

Sub: Recommendation for Equity Share Valuation to ascertain Fair Value of the equity of Remsons Industries Ltd. as on 28th February, 2025.

Dear Sirs,

As requested by management of **Remsons Industries Ltd.**, we have undertaken the valuation exercise of the Equity shares to recommend **Fair Value** of **Remsons Industries Ltd.** as on **28th February, 2025.**

This Report is structured under the following broad heads:

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1 PURPOSE OF VALUATION

1.1 We have been requested by the Management to submit a report on our Recommendation for Fair Valuation of Enterprise, in accordance with the provisions of the Companies Act, 2013 and rules made there under as well as Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations'), under which company has proposed to issue new shares on preferential basis in consideration for purchase of equity shares of Astro Motors Private Limited. This report recommends, what in our opinion, is a fair and equitable Equity Valuation of the company.

1.2 The information contained herein and our report is confidential. It is intended only for the sole use and information of the Company. Any person / party intending to provide finance / invest in the shares / businesses 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. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, in the company as aforesaid, can be done only with our prior permission in writing.

1.3 The purpose of the valuation is to determine the fair value for the acquisition of Astro Motors Private Limited shares. For the acquisition, the company is swapping a few of the shares.

2 BRIEF BACKGROUND OF THE COMPANY

2.1 **REMSONS INDUSTRIES LIMITED** is a public company incorporated on 11 Dec 1971.

2.2 It is classified as non-government company and is registered at Registrar of Companies, Mumbai.

2.3 Its authorized share capital is Rs. 120,000,000 and its paid-up capital is Rs. 69,757,570.

2.4 The Company is engaged in the manufacture of Auto Control Cables and Gear Shift Mechanisms with Push Pull Cables.

2.5 Existing Share Capital pattern as on 28th February, 2025:

Authorized capital- 6,00,00,000 Equity shares of 2/- each	**120,000,000/-**
Paid up capital- 3,48,78,785 Equity shares of 2/- each	**69,757,570/-**

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3 EXCLUSIONS, ASSUMPTIONS AND LIMITATIONS

3.1 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.

3.2 The method adopted for doing valuation is based on representation received from the Management.

3.3 We do not certify the historical financial statements including the results of the companies 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 and the valuation date mentioned in the report is as per the agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

3.4 Sales figure and all other expenses are taken as per management projection and if any changes, though accepted by the management for their future plans.

3.5 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 company has drawn our attention to all the material information, 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 shares of the company for the Equity Valuation of the company, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date.

3.6 The realization of the projections in the business plan, based on which the report has been prepared, is dependent on the continuing validity of the assumptions on which they are based. The report cannot be directed to provide an assurance about the achievability of these financial projections. Since these projections relate to future, actual results may be different from the forecast and the differences could be material. We express no opinion as to how closely the actual results will correspond to the projections.

3.7 The Firm, nor its partners or employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

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Nikhil

3.8 The information contained herein and our report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of any of the company/divisions, 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. 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 proposed investment as aforesaid, can be done only with our prior permission in writing. Valuation analysis and results are specific to the date of this Report.

3.9 We have no responsibility to update this Report for events and circumstances occurring after the date of this Report. The reporting date for the purpose of valuation has been taken as 28th February, 2025.

4 SOURCES OF INFORMATION

To perform the valuation exercise, we have relied upon the following sources of information provided by the management.

4.1 Memorandum, Articles of Association, and Certificate of Incorporation of the Company.

4.2 Annual Report of the company for the financial year ended 31st March, 2024.

4.3 Provisional Balance sheet statement of the company as of 28th February, 2025.

4.4 Management Certified Financial Projections for the period starting from, 1st April, 2025 to 31st March, 2030.

4.5 Other relevant details regarding Company such as its history, its promoters, past and present activities, existing shareholding pattern and other relevant information and data, including information in the public domain.

4.6 Such other information and explanations as we required, and which have been provided by the management of Company.

We have relied upon the financial statements and the information and explanation provided to us for carrying out the valuation of each of the Company Assets, without carrying out any audit or other tests to verify the accuracy thereof.

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5 VALUATION APPROACH

5.1 For the purpose of arriving at the fair equity value of the Company, it would be necessary to select an appropriate basis of valuation amongst the various alternatives. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of the company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Thus, the market value would be the most indicative price.

5.2 There are various methods adopted for valuation of the Company. Certain methods are based on asset value of an entity while certain other methods are based on the earnings potential of the company. Each method proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the methods to be adopted for a particular valuation exercise must be judiciously chosen.

5.3 There are various valuation methods for the purposes of valuation of the company. These are as follows: -

- Income Approach- Discounted Cash Flow (DCF) Method;-(Applied)
- Net Asset Value Method; (underlying asset approach); (Applied)
- Market-based valuation approach (Applied)

6 DISCOUNTED CASH FLOW METHOD; (DCF)

The DCF method seeks to capture the discounted present value of free cash flows generated by a going concern business over a period of time. It requires two key estimates:
- The free cash flow generated by a business over a period; and
-The weighted average cost of capital.
In developing the free cash flow forecast, length of the forecast period and determination of the perpetuity value of the business at the end of the forecast period are required.
The free cash flows generated are discounted using a minimum acceptable rate of return which is the weighted average cost of capital of the business (including the risk element).

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The DCF valuation is ascertained by discounting the free cash flow of the Company with the weighted average cost of capital.

We have considered this as an appropriate method for the purpose of valuation of TMI Healthcare Private Limited since the method considers discounted value of all the cash flows of the TMI Healthcare Private Limited which it expects to receive based on cost of capital of business and expectation of shareholders.

Valuation Analysis

- The Free Cash Flows to Equity (FCFE) have been calculated based on Financial Projections of the Remsons Industries Limited

Discount Rate

The discount rate considered for arriving at present value of the free cash flows. I have used Cost of equity. Cost of Equity is 13.68% and the company has interest-bearing debt which is scheduled to be settled in future.

Though we have considered the cost of equity to arrive the equity value of the company.

Cost of Equity

Risk Free Rate:

The nominal risk-free rate of return is considered as 6.72%.

The risk-free rate is the rate available on instruments considered to have virtually no possibility of default, such as Government of India securities. The yield on the 10-year Government bond as at the valuation date has been considered as the risk-free rate.

Equity Risk Premium (ERP):

The equity risk premium is the additional return that investors expect to earn in excess of government securities to compensate for the additional risk, or the degree of uncertainty, that the expected future equity returns will not be realized. We have considered the market rate of return of 12.68% based on the return of the BSE Sensex Index Returns for last 20 years.

Beta (B):

Beta is a measure of the risk of the shares of a company. Beta is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate

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beta factor, consideration must be given either to the market beta of the comparable quoted companies. The observed beta in the market reflects actual financing structures.

In undertaking a DCF analysis of this company we have taken beta as 1.

Company Specific Risk Premium (CSRP):

The factors considered for adding a company specific risk premium include relation between company size & return, stability of industry in which the company operates, stability of earnings, earnings margins, financial structure, management depth and achievability of projections. Therefore, an additional risk premium of 1% is added.

Calculation of the Cost of Equity:

The Cost of the Equity (Ke) is 13.68% which is derived from Capital Asset Pricing Model (CAPM) as follows: -

Ke	R(f)+ B(R(m)-R(f)) + CSRP
R(f)	Risk free rate
R(m)	Market return (assumed @ 12.68% based on the return of BSE Sensex over last 20 years)
B	Sensitivity of index to the market / Measure of market risk.
CSRP	Company Specific Risk Premium

Calculation of Terminal value

Perpetual Value: The perpetuity value has been calculated on the basis of financials of FY2030 as a Terminal stable year.

The Company will continue its business indefinitely and hence the terminal value is considered by assuming the growth rate of 5% indefinitely after the end of the forecast period. The same has been calculated as per below formula: -

FV of Terminal Value = (FCFE) * (1+g)/ (Ke-g)

PV of Terminal Value = FV of Terminal Value/ (1+Ke) ^n

Calculation of the Cost of Capital:

The Cost of Equity has been determined at 13.68% as per CAPM model.

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DCF METHOD

6.1 On the basis of the foregoing, in our opinion, Equity Value of the company through Income approach would be **INR 55,633 Lakhs (approx.)** (Indian Rupees Five Hundred Fifty-Six Crores, Thirty-Three Lakhs).

6.2 Number of Equity shares 34,878,785 outstanding in numbers of Face Value Rs 2/- each

6.3 Therefore, the value of per Equity share is **INR 159.50** only.

(Details in Annexure-III)

7 NET ASSET VALUE METHOD (UNDERLYING ASSET APPROACH)

Under this approach, the replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company. In the present case, this method is most suitable method to derive the valuation of equity shares of the Company.

Hence in case of the Net Asset Value method, the value is determined by dividing the net assets of the company by the number of shares. Asset Approach indicates the value by considering the asset and liability balances at the Valuation Date. Asset Approach is usually based on the summation of individual piecemeal values of the underlying assets less value of the liabilities.

In view of the above discussion, we have adopted the Asset Approach. We have considered the Provisional Review financial results for the year ended 28th February, 2025 along with Statement of Assets and Liabilities as on 28th February, 2025 for the purpose of valuation and the same is determined in the following manner:

$$\text{Fair market value of unquoted equity shares} = \frac{\text{(Assets – Liabilities)}}{\text{Paid up equity capital}} \times \text{Paid up value of such equity shares}$$

Value of equity shares of the Company as on 28th February, 2025 is arrived at considering the adjusted book value based on the method as prescribed aforesaid.

We have considered NAV method to value the equity shares of Remsons Industries Limited as on 28th February, 2025.

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NAV METHOD

7.1 The Equity Value has been arrived on the basis of valuation of the Company and various qualitative factors relevant to the company and the business dynamics.

7.2 On the basis of the foregoing, in our opinion, Equity Value of the company through Assest approach would be **INR 11,153.98 Lakhs (approx.)** (Indian Rupees One Hundred Eleven Crores, Fifty-Three Lakhs and Ninety-Eight Thousand).

7.3 Number of Equity shares 34,878,785 outstanding in numbers of Face Value Rs 2/- each Therefore, the value of per Equity share is **INR 31.98/-** only.

(Details in Annexure-II)

8 MARKET BASED VALUATION APPROACH

The market value of listed stock carries significant weightage in the analysis of the equity value of the company. The price at which the shares of the listed company are quoted on a recognized stock exchange is an indicator of the value of the company. This method is effective in various situations as market forces collectively determine the price quoted on the stock exchanges. The market value is an outcome of various factors like quality and integrity of the management, present and prospective Competition, yield on comparable securities, market sentiment, etc.
In the instant case, the company is listed on both exchange BSE and NSE Limited, thus we have considered NSE data as appropriate to apply this method in the present case as it has higher trading volume to perform the valuation.
We have considered Higher of last 10 trading days weighted average market price and last 90 trading days weighted average market price.

Particulars	Total Volume	Total Value	Weighted Avg Price
	(A)	**(B)**	**(B)/(A)**
Last 10 Days Average Price	16,39,505.00	19,39,92,564.96	118.32
Last 90 Days Average Price	82,20,297	1,08,00,96,535	131.39
Fair Market value of Shares (Higher of the two)			**131.39**

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9 COMPUTATION OF WEIGHTED AVERAGE FAIR VALUE OF EQUITY SHARES

The fair value of the equity shares has been determined using a weighted average of three widely accepted valuation methodologies—Market Value Method, Net Asset Value (NAV) Method, and Discounted Cash Flow (DCF) Method. The respective weights have been assigned based on the relevance and reliability of each method in the given context.

9.1 **Market Value Method**: Given the active trading of the company's shares, this method has been accorded the highest weight of **80%**, resulting in a value of **₹131.39 per share**.

9.2 **NAV Method**: This method considers the book value of assets and liabilities, assigned a **10%** weight, with a value of **₹31.98 per share**.

9.3 **DCF Method**: Reflecting the intrinsic value based on future cash flows, this method is also weighted at **10%**, with a value of **₹159.50 per share**.

10 RECOMMENDATION OF EQUITY SHARE VALUE

EQUITY SHARE VALUATION SUMMARY

10.9 The fair value of equity shares has been derived using a weighted average of three valuation approaches:

- **Market Value Method** (80% weight): **₹131.39**
- **NAV Method** (10% weight): **₹31.98**
- **DCF Method** (10% weight): **₹159.50**

10.10 Therefore, the **Weighted Average Fair Value** of the shares is **₹124.26** per share. (**Annexure-I)**

Thank you,

Yours Faithfully,

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Place: Mumbai

Date: 30/04/2025

Annexure I

Statement Showing Summary Calculation of Weighted Share Valuation of Remsons Industries Limited

Particulars	Price	Weight	Weighted Avg Price
	(A)	(B)	(A) X (B)
Market Value Method	131.39	80%	105.12
NAV Method	31.98	10%	3.20
DCF Method	159.50	10%	15.95
Weighted Average Fair Value of the shares		**100%**	**124.26**

Annexure II

Statement Showing Calculation of the NAV Method of Remsons Industries Limited

Particulars	As on February 28, 2025	
	Book Value	**Fair Value**
Assets	**Amount in Lakhs**	**Amount in Lakhs**
Non-Current Assets		
Property Plant Equipment	5,562.69	5,562.69
Right of Use Assets	448.85	448.85
Capital Work-in-Progress	464.52	464.52
Other Intangible Assets	228.38	228.38
Investments	4,264.32	4,264.32
Other Financial Assets	206.54	206.54
Other Non-Current Assets	55.62	55.62
Total Non-Current Assets	**11,230.92**	**11,230.92**
Current Assets		
Inventories	4,567.85	4,567.85
Trade Receivables	4,672.18	4,672.18
Cash & Bank Balances	372.47	372.47
Loans	862.58	862.58
Other Financial Assets	152.46	152.46
Current Tax Assets (Net)	3.27	3.27
Other Current Assets	381.63	381.63
Total Current Assets	**11,012.44**	**11,012.44**
Total Assets (A)	**22,243.36**	**22,243.36**
Current liabilities		
Short Term Borrowings	4,144.95	4,144.95
Lease Liability	136.36	136.36
Trade Payables	4,040.31	4,040.31
Other Financial Liabilities	819.41	819.41
Other Current Liabilities	209.37	209.37
Provisions	(5.25)	(5.25)
Total Current Liabilities	**9,345.15**	**9,345.15**
Non-Current Liabilities		
Long Term Borrowings	1,235.04	1,235.04
Lease Liability	371.92	371.92
Provisions	44.89	44.89
Deferred Tax Liabilities (Net)	92.38	92.38
Total Non-Current Liabilities	**1,744.23**	**1,744.23**
Total Liabilities (B)	**11,089.38**	**11,089.38**
Net Asset Value (A-B)	**11,153.98**	**11,153.98**
No of Equity Shares FV @ 2 each		**3,48,78,785**
Value per share (in Rs.)		**31.98**

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Annexure III

Statement Showing Calculation of the DCF Method of Remsons Industries Limited

Amount in Lakhs

Particulars	01 Mar 25-Mar 25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Terminal Stable Year
Profit after tax	95	1,359	1,770	2,140	3,958	6,627	6,958.48
Add: Depreciation	75	950	980	1,000	1,000	1,000	1,000
Add/Less: Changes in Working Capital	1,113	(167)	266	498	549	722	722
Add/Less: Capital Expenditure	(163)	(1,914)	(1,528)	(2,000)	(1,842)	(2,080)	-1000
Net Borrowings	1,082	(1,009)	(950)	(650)	(1,171)	(942)	-
FCFE	**2,201**	**(781)**	**538**	**988**	**2,494**	**5,327**	**7,681**
Discounting Rate	13.68%	13.68%	13.68%	13.68%	13.68%	13.68%	13.7%
Discounting period	0.08	1.08	2.08	3.08	4.08	5.08	5.1
Discounting factor	0.99	0.87	0.77	0.67	0.59	0.52	0.52
Discounted Cash Flow	**2,178**	**(680)**	**412**	**666**	**1,477**	**2,776**	**4,003**

Horizon Value	6,829
Terminal Value	48,431
Enterprise Value	**55,260**
Add: Cash and Cash Equivalents	372
Equity Value	**55,633**
No. of Equity Shares FV 2/-	3,48,78,785
Equity Value per share	**159.50**

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