

Valuation Report
on
Value of Equity Instruments as on
29 February 2024
of
YOGIJI DIGI PRIVATE LIMITED



ValuGenius Advisors LLP

Registered Valuer Entity

IBBI Registration No. IBBI/RV-E/07/2023/197

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1. EXECUTIVE SUMMARY

Corporate Identity	Yogiji Digi Private Limited, is a Private Limited Company having CIN U74899HR1993PTC032121 and its registered office at Plot No-148, Sector -58, Faridabad, Haryana, India, 121004
Purpose of Valuation	The Company is planning to issue equity shares on Preferential basis. Accordingly, in order to determine the price of equity shares, the management of the Company has requested for valuation of Shares to be carried out by the Registered Valuer as per the provisions of the Companies Act, 2013
Valuation Base	Fair Value in terms of paragraph 34 of the ICAI Valuation Standard 102
Premises of Value	Going concern value in terms of paragraph 37 of the ICAI Valuation Standard 102
Valuation Approach	Income Approach
Valuation Method	Discounted Cash Flow Method
Valuation Date	29 February 2024
Conclusion	Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as 29 February 2024, I estimate the Value of – 1 (One) equity share of INR 100/- each, fully paid up is INR 7,934/- (Seven Thousand Nine hundred thirty four rupees only);





2. BACKGROUND OF THE COMPANY

Yogiji Digi Private Limited, is a Private Limited Company having CIN U74899HR1993PTC032121 and its registered office at Plot No-148, Sector -58, Faridabad, Haryana, India, 121004.

The company is in the business of manufacturing, selling, import, export, repair, renovate, decondition or otherwise deal in variable speed drives for DC Motors, motors induction etc and to doing a business of manufacturing and trading of cold rolling mills, metal coating lines, galvanizing & galvalume lines, colour coating lines, slitting lines, electrostatic cleaning lines, Hot strip mills, cut to length lines.

The Capital Structure of the Company as on the valuation date has been tabled below:

Particulars	Number of Shares	Amount (in INR)
Authorised Share Capital:		
a) Equity Shares of INR 100/- each fully paid up	5,00,000	5,00,00,000
b) Preference Shares of INR 100/- each fully paid up	25000	25,00,000
Issued, Subscribed and Paid up Capital:		
a) Equity Shares of INR 100/- each fully paid up	1,89,050	1,89,05,000

The Majority Shareholders of the Company are as follows:

SI No.	Name of the Shareholder	Number of Shares	% Of Holding
1.	Navneet Singh	64,661	34.20
2.	Samir Bansal	57,480	30.40
3.	Ashok Kumar Rana	22,686	12
4.	Satish Kumar Tripathi	22,686	12

3. IDENTITY OF THE VALUER AND DETAILS OF APPOINTMENT

The assignment of Valuation of Equity Shares of the Company has been carried out by us, ValuGenius Advisors LLP, Registered Valuer Entity having Registration No. IBBI/RV-E/07/2023/197 based on engagement letter dated 01/03/2024 duly accepted by management of the Company.





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Team member for this assignment is CA Jainam Hitesh Shah, bearing the registration number IBBI/RV/07/2020/13500. He is also fellow member of the Institute of Chartered Accountants of India vide membership no. 176792

4. DISCLOSURE OF VALUER INDEPENDENCE

We are independent of the Company and the professional charges for this report is not contingent in anyway upon the opinion of fair value of the shares to be developed. I am not aware of any conflicts of interest, in whatsoever manner, in relation to this assignment. Our engagement does not, in any way preclude the Client from seeking other independent opinions of the fair value of the Company's Shares from other sources.

5. VALUATION DATE

The Analysis of the value of the equity of the Company has been carried out as on 29 February 2024

6. VALUATION STANDARDS

The Report has been prepared in compliance with the Valuation Standards issued by the Institute of Chartered Accountants of India.

7. APPLICABLE LEGAL PROVISIONS, GUIDELINES AND DIRECTIVES

Considering the purpose of valuation (as detailed in clause 1 above) and the prevailing circumstances, I understand that the following legal provisions, guidelines and directives shall apply for the purpose of this valuation exercise –

(a) Section 62(1)(c) of the Companies Act, 2013

Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(a) ... (specifies matters relating to Rights issue) ...

(b) ... (specifies matters relating to ESOPs) ...

(c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

(b) Section 247 of the Companies Act, 2013





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(1) Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company.

8. VALUATION BASES AND PREMISES OF VALUE

ICAI Valuation Standard 102 (paragraph 14 - 36) deals in 'Valuation Bases.' Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.

The Standard defines the following Valuation Bases:

- a) Fair value: As defines in ICAI Standard 101, Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.
- b) Participant Specific Value: As defines in ICAI Standard 101, Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants; and
- c) Liquidation Value: As defines in ICAI Standard 101, Liquidation Value is the amount that will be realized on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

Not applicable in terms of paragraph 5 and 6 of the ICAI Valuation Standard 102

ICAI Valuation Standard 102 (paragraph 37 - 51) deals in 'Premises of Value.' Premise of value refers to the conditions and circumstances how an asset is deployed. Some of the common premises of value are -

- a) Highest and Best Use
- b) Going Concern Value
- c) As-Is-Where-Is Value
- d) Orderly Liquidation
- e) Forced Transaction

Not applicable in terms of paragraph 5 and 6 of the ICAI Valuation Standard 102

9. VALUATION METHODOLOGY AND APPROACH

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 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 are available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer.

A. Asset Approach:

The value arrived at under this approach is based on the recent unaudited 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 to their fair value or for any contingent liabilities that are likely to materialise.

The current NAV would not be reflective of its growth potential going forward and thus would not reveal the true business value of the Company. Hence, keeping the context and purpose of the Report in mind, we have not used this method in the Analysis.

B. 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. 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.

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. *We have not used this methodology in the Analysis as we understand that there are no exact comparable listed companies in the sector to which the Company belongs.*

C. Income Approach:

Maintainable Profit Method (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

Keeping in mind the context and purpose of the Report, we have used the DCF method as it captures the growth potential of the business going forward. We have used this method to calculate the fair value of equity of the Company based on the financial projections prepared by the Management of the Company.

Free Cash Flows

We have been provided with the projected financial statements of the Company for 4 years ending on 31 March 2028 by the Company, which we have considered for our Analysis. These include projected income statement and projected balance sheet. Accordingly, the projected free cash flows to firm ("FCFF") based on these financial statements is set out Annexure 2.

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy. Based on dynamics of the sector and discussions with the Management, we have assumed a terminal growth rate of 5% (as per management estimate) for the Company beyond the projection period. The cash flows of March- 28 have been used to determine the terminal value.

Based on these assumptions, the terminal value has been calculated at Rs. 9,853/- lakhs

Discount Factor

The Discount Factor considered for arriving at the present value of the free cash-flows to firm is the cost of weighted average cost of capital ('WACC'). WACC is calculated by combining a prorated portion of a firm's cost of equity with a prorated portion of a firm's cost of debt. Formula for computation of WACC is as follows:

$$WACC = K_e * \% \text{ of equity} + K_d * \% \text{ debt} (1-t)$$

K_e = cost of equity (required rate of return); K_d = cost of debt; T = tax rate

The cost of equity (K_e) is computed using the Capital Asset Pricing Model (CAPM) using the formula shown below.

$$\text{Cost of equity} = R_f + (R_m - R_f) * \beta$$

Where,

r_f = Risk free rate; r_m = Market return; β = Sensitivity of the index to the market/ Measure of Market Risk





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- Risk free return (rf) – yield on the 10 year government bond – 7.07% (Source: <https://countryeconomy.com/bonds/india?dr=2024-02>)
- Market rate of return (rm) - Cumulative average return on the BSE Smallcap index last 20 years is 16.99%
- Measure of market risk (β)- Beta is considered as 1 (assumed)

Based on the above parameters, the cost of equity has been calculated at 16.99%.

The cost of debt (Kd) is computed using the formula shown below.

$$Kd = \text{Interest rate} * (1-t)$$

$$Kd = 8.50\% * (1-25.17\%)$$

Based on the above parameters, the cost of debt has been calculated at 6.36%.

WACC is computed as follows:

Source of finance	Cost (K)	Weight(W)	K*W
Debt	6.36	0.37	2.35
Equity	16.99	0.63	10.70
WACC			13.06%
Add: Liquidity Premium			2.00%
Adjusted WACC			15.06%

Using these cash flows and a discount rate of 15.06%, we estimate the value of the Company at **Rs. 14,999/- lakhs** as on the valuation date and **Rs. 7,934/-** per share value

10. SOURCES OF INFORMATION

The Analysis is based on a review of the unaudited financial statements of the Company provided by the Management and information relating to the Company as available in the public domain. Specifically, the sources of information include:

- Discussions with the Management on various issues relevant for the valuation
- MOA & AOA
- Incorporation Certificate
- Audited financial statements as on 31/03/2023
- Provisional financial statements as on 29/02/2024
- Projected financial statements FY 2023-24 to 2027-28
- Management Representation letter

In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.





11. 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.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the Report.

The report is based on the fair value estimates provided to us by the management of the company and thus the responsibility for the assumptions on which they are based is solely that of the Management of the Company and we do not provide any confirmation or assurance on the achievability of these estimates. It must be emphasized that estimates necessarily depend upon subjective judgement. Similarly, we have relied on 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 other external/internal occurrences.

The valuation worksheets prepared for the exercise are proprietary to us 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. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which may have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

12. 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





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them. The financial information about the company presented in this report includes normalization adjustments made solely for the purpose to arrive at value conclusions presented in this report. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

Normalization adjustments as reported are hypothetical in nature and are not intended to present restated historical financial results or forecasts of the future. Readers of this report should be aware that business valuation is based on future earnings potential that may or may not be materialized. Any financial projections e.g. projected balance sheet, projected profit and loss account, Projected Cash flow Statement as presented in this report are included solely to assist in the development of the value conclusion. The actual results may vary from the projections given, and the variations may be material, which may change the overall value. 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, 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 be required 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 in part 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 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 through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

We have been informed by management that there are no environmental or toxic contamination problems, any 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.





13. DISTRIBUTION OF REPORT

The Analysis is confidential and has been prepared exclusively for management of the Company, ROC and Investors. 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 from us. Such consent will only be given after full consideration of the circumstances at the time. However, there will be no restriction on sharing this report with investors and any governmental or tax agency

14. OPINION OF VALUE

Based on the Analysis of the Business of the Company, in our assessment, the value of shares based on 29 February 2024 financial statements is as follows:

Equity value (per share): Rs. 7,934/-

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.

For ValuGenius Advisors LLP

IBBI Registration No: IBBI/RV-E/07/2023/197

CA Jainam Shah

Partner



IBBI Registration no. IBBI/RV/07/2020/13500

COP No. COP/05/ONL/20-21/345

UDIN: 24176792BKCRSK4666

Date: 05/03/2024

Place: Mumbai



Discounted Cash Flow Value

Amount (in Rs lakhs)

Particulars	Amount	Amount
NPV of Explicit Period		8,072
Present Value of Perpetuity		9,853
Enterprise Value		17,925
Add/(Less): Adjustments		
Contingent liability		-
Borrowings		(4,768)
Equity Value		13,157
Add:		
Non-current Investments at Book Value		1,799.91
Cash and bank balance		41.70
Total Value attributable to the Current Equity Shareholders of the company (In Rs)		14,999
No. of Equity Shares		1,89,050
Value per Equity Share		7,934

Yearly Cash Flows - Explicit Period

Amount (in Rs lakhs)

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28
Yearly Converter	0.09	1.09	2.09	3.09	4.09
PAT	192.58	2,586.94	4,370.38	6,289.72	8,872.78
Add: Depreciation	28.61	405.73	409.96	412.93	309.06
Add: Interest	53.50	391.11	350.70	312.12	274.92
Total Inflows	274.69	3,383.78	5,131.04	7,014.77	9,456.75
Less: Outflows					
Incremental Working Capital	31.48	824.50	2,125.64	2,721.34	7,782.57
Capital Expenditure	79.27	300.00	-	-	-
Non-Operating income	-	-	-	-	-
Total Outflows	110.75	1,124.50	2,125.64	2,721.34	7,782.57
Free Cash Flows	163.94	2,259.28	3,005.40	4,293.43	1,674.18
Discount rate	15.06%	15.06%	15.06%	15.06%	15.06%
Discounting factor	0.99	0.86	0.75	0.65	0.56
Discounted Cash Flows	161.93	1,939.63	2,242.54	2,784.39	943.66

Perpetuity Value

Amount (in Rs lakhs)

Particulars	Amount	Amount
Cashflows of 2028-29		1,674
Growth Rate		5.0%
PBT for perpetuity		1,758
Adjustments		
Less: Tax	0.00%	-
Additional Gross Capex	-	-
Less: Tax Benefit	-	-
Incremental Working Capital	-	-
Net Cash Flow for Perpetuity		1,758
Capitalised Value for Perpetuity		17,480
Total Capitalised Value		17,480
Discounting Factor		0.56
Present Value of Perpetuity		9,853

