

Valuation Report
Of
KUMBHAT FINANCIAL SERVICES LTD
CIN: L65991TN1993PLC024433

Prepared by:
N V SUBBARAO KESAVARAPU
(IBBI REGISTERED VALUER)
Registration No: IBBI/RV/02/2019/12292

Report Date: 18th February, 2025

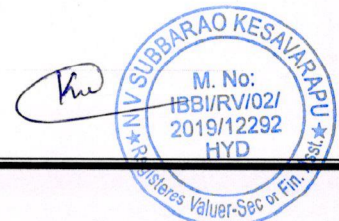
Contact Details

Pratima Arcade, Karnataka Bank building, Flat no 201, KPHB phase 6
Kukatpally, Hyderabad, Telangana
M: +91 8499800661, E-Mail: knvsubbarao@gmail.com



Table of Contents

Purpose
About the Valuer
Background/Information of the Company
Shareholding Pattern of the Company
Appointing Authority
Disclosure of Valuer's Interest
Source of Information
Approach Considered in Value Analysis
Selection of Valuation Methodology
Valuation & Conclusion
Limitations & Disclaimers



Date: 18th February 2025

To,

The Board of Directors

Kumbhat Financial Services Limited

Kumbhat Complex, 5th Floor, No.29, Rattan Bazaar, Park Town, Chennai, Tamil Nadu, 600003

Dear Sir/Madam,

Subject: Valuation of Equity Shares of Kumbhat Financial Services Limited (KFSL)

I. Purpose:

We have been engaged by KFSL having Registered office at Kumbhat Complex, 5th Floor, No.29, Rattan Bazaar, Park Town, Chennai, Tamil Nadu, 600003 for the purpose of valuation of Equity Shares of KFSL.

KFSL is evaluating the fair market value of equity shares under preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR 2018). Thus a valuation report is required for the same under Regulation 165 as the shares of the Company are infrequently trade and since, the Board of the Directors may issue of equity shares of more than 5% to some of the proposed allottees, KFSL requires Valuation of its shares for issuing shares in terms of the amended regulation 166A of SEBI ICDR 2018.

Accordingly, as per the request received from the company, we are valuing the Equity Shares of the Company considering **14th February, 2025 as relevant date.**

The information contained herein and our report is confidential. It is intended only for the sole use for KFSL, and only in connection with the purpose mentioned above. 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 purpose as aforesaid, can be done only with our prior permission in writing.

II. About the Valuer:

Mr. N V Subbarao Kesavarapu is an independent valuer and he is registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No.: BBI/RV/02/2019/12292 for the purpose of carrying out the said valuation of equity shares.

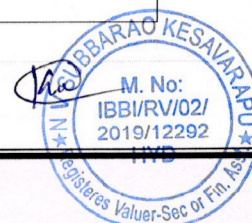
III. Background/Information about KFSL

KFSL was incorporated in Tamilnadu in 1993. The Registered office of the company is situated at Kumbhat Complex, 5th Floor, No.29, Rattan Bazaar, Park Town, Chennai, Tamil Nadu, 600003.

The Company is presently listed on BSE Limited (BSE).

The share capital and holding structure of the Company, on a fully diluted basis, as on 31st December, 2024 is as under:

Particulars	Amount in INR
Issued, subscribed and paid up Capital 47,50,000 Equity Share of INR 10 each fully paid-up	4,75,00,000



(Source: Shareholding Pattern as on 31st December, 2024 filed with BSE)

IV. Shareholding Pattern of KFSL

Shareholding pattern as on 31st December, 2024.

Particulars	No of Shares/ % of Holding
Promoter & Promoter Group	7,27,516 (15.32%)
Other than Promoter & Promoter Group	40,22,484 (84.68%)
Total	47,50,000 (100%)

(Source: Shareholding Pattern as on 31st December, 2024 filed with BSE)

V. Appointing Authority:

We were assigned with this project of valuation of the Equity shares of the Company by the Audit Committee of Board (ACB) of Company and engagement letter for this project has been signed by Mr.Sanjay Kumbhat, Director of the company .

VI. Disclosure of Valuer's Interest/ Conflict:

The Valuer is not related to the KFSL or its promoters or its Directors or their relatives. The valuer does not have any interest or conflict of interest with respect to the valuation under consideration.

VII. Sources of Information:

We were provided with the following information by KFSL for the valuation purpose as aforesaid:

- Brief background of the business of the Company.
- Audited Financial Statements of last 3 years.
- Information available in the Public Domain;
- Latest Shareholding Pattern on 31st December, 2024
- Market prices available on BSE Website.

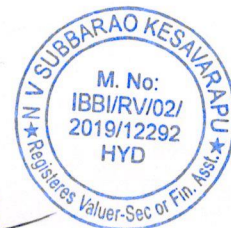
VIII. Approach Considered in our Value Analysis:

General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

Broadly there are three approaches of Valuations which are as follows:

- a) "Net Asset Approach"
- b) "Profit Earning Capacity Value"- PECV approach
- c) "Market" Approach



IN SUMMARY:

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate. The brief methodology in each of the three approaches as mentioned above is as mentioned hereunder:

- **Net Asset Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at net asset value per share, the net worth so arrived at shall be divided by the number of equity shares issued and paid-up.
- **Profit Earning Capacity Value (PECV) Approach:** This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.
- **Market Approach:** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.

Selection of Valuation Methodology

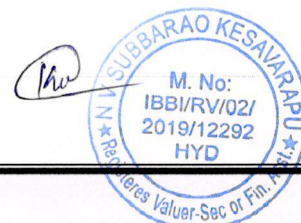
The objective of the valuation process is to make a best reasonable judgment of the value of the Equity Shares of the Company. The Company's Equity shares are presently listed on BSE and are infrequently traded at BSE.

Further, since the Company may issue shares more than 5% to some of the allottees, in terms of the provisions of Regulation 166A of SEBI ICDR 2018, as amended upto date, KFSL requires Valuation of its Equity shares for issuing Equity shares on preferential basis. The best reasonable judgment of the value will be referred to as higher of fair value as per this report and Price calculated in terms of the provisions of SEBI ICDR 2018.

Fair Value as calculated hereinafter as on 14 th February, 2025 being relevant date- as per Annexure-I.	Rs. 14.84
--	-----------

Valuation & Conclusion:

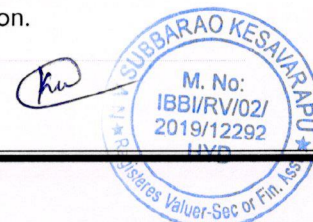
In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors.



The Fair Market Value per equity share of KFSL as per above methodology is INR 14.84/- (Indian Rupees Fourteen and Eighty Four Paise) Which is the minimum price at which the Equity shares may be issued to the Investors.

Limitations & Disclaimers:

- 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 and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- No investigation on the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.
- Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Company 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 mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Company. We assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- 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 Management has drawn our attention to all the matters, 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 Equity shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- Any person/party intending to provide finance/invest in the shares/business 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.



- The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with KFSL and our work and our finding shall not constitute a recommendation as to whether or not the KFSL/ Company should carry out the transaction.
- Our report is meant for the purpose as mentioned and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- Neither Valuer, nor its partners/directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the 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.

N V Subbarao Kesavarapu

**N V Subbarao Kesavarapu
(Registered Valuer)**

IBBI/RV/02/2019/12292

UDIN: 25224318BMHYDX1922



Date: Hyderabad

Place: 18th February 2025

1. Net Asset Approach

Amount in INR Lakhs

A] NAV METHOD	Amt in INR Lakhs
EQUITY CAPITAL -30.09.2024	475.00
RESERVES AND SURPLUS AS ON 30.09.2024	-201.90
NETWORTH	273.10
Number of Shares	47,50,000
NAV	5.75

** Rounded off upto two decimal places.

2. Profit Earning Capacity Value (PECV) Approach:

This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.

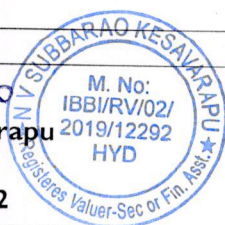
B] PECV METHOD	PAT	Weights	Product
2024	-179.22	1	-179
2023	9.63	1	10
2022	7.59	1	8
2021	-87.76	1	-88
AVG		4	(250)
	Capitalised Value		(416)
	No of Share		47,50,000
	Value per share		(8.76)

* Capitalisation rate has been calculated considering the CAGR of BSE Sensex S&P 500 from 1st February, 1999 to 31st December, 2024 i.e. 15.24% and rounded off @15% - Source: www.bseindia.com

3. Closing Market Price as on 13th February, 2025 preceding to relevant date – INR 17.11 (www.bseindia.com)

Weightaged Average	Price per Share	Weight	Product
NAV	5.75	20%	1.15
PECV	(8.76)	-	-
Market Price as on 13 th February, 2025	17.11	80%	13.69
	Fair Market Price		14.84

N.V. Subbarao
N V Subbarao Kesavarapu
 (Registered Valuer)
 IBBI/RV/02/2019/12292
 UDIN: 25224318BMHYDX1922



Date: 18th February 2025
 Place: Hyderabad